

July 2018

Allianz Life Asia Multi-IncomePLUS Fund



Investment Objective

The Allianz Asian Multi-IncomePLUS (the "Fund") feeds into Allianz Asian Multi Income Plus- USD ("CIS") and aims to achieve stable income stream and potential capital appreciation by investing primarily in Asian local currency denominated fixed income and quasi-fixed income instruments.

Investor Profile

The Fund is designed for investors who are generally risk averse and require stable returns.

Performance Indicator

	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	1.04%	-2.53%	-2.58%	22.44%	38.25%	-1.60%	4.71%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	2.44%	-6.10%	2.40%	25.21%	32.32%	-1.91%	4.28%
Allianz Asian Multi Income Plus (\$USD)	0.90%	-6.06%	3.94%	19.52%	16.71%	-0.94%	4.08%

Ringgit appreciated 0.02% (YTD) and depreciated 1.55% (since inception).

* Source: Bloomberg.

The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

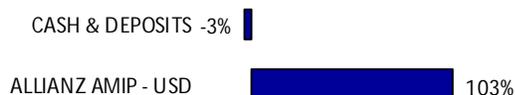
Facts on CIS

Name	Allianz Asian Multi Income Plus- USD ("Allianz AMIP - USD")
Type	Managed Fund
Fund Manager	Allianz Global Investors Singapore Limited
Fund Currency	USD

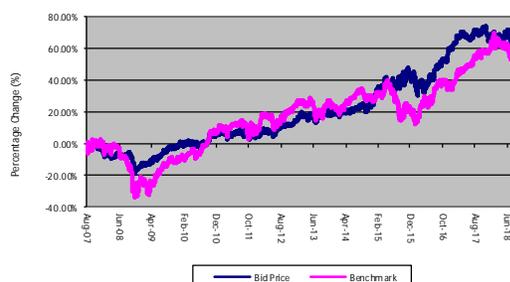
Key Fund Facts

Fund Size	RM2.117 million
Risk Profile	Moderate Investor
Launch Date	4 th June 2007
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ (as at 31st July 2018) - Bid	1.659
Management Fee	1.00% p.a
Other Charges ²	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

Portfolio Composition



Performance Since Inception



1. The price per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. To ensure fair treatment to all unit holders, transaction costs of acquiring and disposing of assets of the Fund are recouped by making a dilution or transaction cost adjustment to the NAV per unit of the Fund. Allianz Life Insurance Malaysia Berhad retains the right to suspend issuance or redemption of units of the Fund under exceptional circumstances, e.g. temporary closure of any stock exchange, as disclosed in the fund brochure.
2. Expenses directly related to and necessary in operating the Fund.

Disclaimer:

The Allianz Life Asia Multi-IncomePLUS Fund is a unit-linked fund offered by Allianz Life Insurance Malaysia Berhad (Allianz). This fact sheet is prepared by Allianz and is for information only. The fund fact sheet of the CIS will be available at < <http://www.allianzlife.com> >. The performance of the Fund is not guaranteed and the value of the units and the income derived there from may increase or decrease. Past returns and any forecast is not necessarily a guide to future performance. Allianz does not warrant or make any representations that the Fund will guarantee profits, or not result in losses or the correctness, accuracy, reliability, or otherwise of this fact sheet. Before deciding to invest in the Allianz Life Asia Multi-IncomePLUS Fund, you should carefully consider your investment objectives, level of experience, and risk appetite. Allianz disclaims any and all liabilities against loss, damages, etc. whether direct, indirect or consequential as a result of your reliance on this fact sheet. You should be aware of all the risks associated with fluctuations in a unit-linked fund and are advised to seek the advice of your financial consultant before making any investment.

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Manager's Comment

Market Commentary

- Asia Pacific equity markets rose modestly over July. While heightened risks regarding a global trade war continued to weigh on sentiment, markets were lifted by an easing in monetary policy in China and positive corporate earnings. However, returns at an individual country level varied significantly. Among the region's more developed markets, Taiwanese equities were the standout performers. Australian shares also advanced modestly, as did Hong Kong equities. However, shares in South Korea retreated slightly over July.
- Chinese equities also ended the month lower, with high-profile technology stocks suffering contagion effects from the correction of the popular FAANG stocks (Facebook, Apple, Amazon, Netflix, and Google) in the US. China's economy expanded 6.7% on a year-on-year basis in Q2, its slowest pace of expansion since 2016. In response, the authorities announced a package of tax cuts and infrastructure spending, and the People's Bank of China injected the equivalent of USD 74 billion into the banking system. This follows recent cuts to the reserve requirement ratio for Chinese banks.
- Asian USD credits turned around in July due to compelling valuations and China's looser monetary policy, with the investment grade credits rising by 0.44% and high yield credits rebounding strongly by 1.94%, both based on the J.P. Morgan Asia Credit Index. While Treasury yields were higher over the course of the month, the rebound was driven by aggressive credit spread compression. Investment grade spreads compressed by 10 basis points (bps) while high yield spreads compressed by 39 bps.
- Under such environment, the fund return was close to flat in US dollar terms. The monthly distribution was paid from income.
- The Indonesian telco XL Axiata was again one of the top contributors. The stock had previously de-rated significantly in the face of extreme competitive pricing pressure. With an improvement in the structure of the Indonesia telecom industry we believe this pressure will ease and XL Axiata can benefit from an earnings recovery. Our conviction was reinforced by a recent Grassroots® Research project on mobile SIM card sales in Indonesia which validated the improving competition landscape.
- On the negative side, China Dongxiang, a sports apparel company which distributes the Kappa brand in China, was a key detractor. The stock became a victim of profit-taking triggered by speculation made in a market research report on the company's improper accounting. We bought this company as a turnaround play as the management is taking measures to improve product mix and reposition the Kappa brand. The stock also offers a decent dividend yield of above 4% which enhances the total return potential.
- Our asset allocation at the end of the month was 65.7% invested in Asian equities and 31.9% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level.
- The core of the equity portfolio is companies with sustainable dividends and long-term growth potential. In the recent months of market volatility many quality stocks have also been punished and valuations have come back to more attractive levels. We took advantage of this and added to a Philippines Bank, select Macau casino operators as well as oil refinery companies in Australia and Korea.
- On the fixed income side, we have been prudently increasing our holdings in a number of existing and new issues. Valuations are cheap and we have been able to invest in attractively priced issues for long term interest accrual. The Fund generally holds shorter-dated, less volatile issuers. We also continued to access a more diversified portfolio of Asian USD high yield credits through the Allianz Dynamic Asian High Yield fund.
- At the end of the month, we held 65 equities and 81 fixed income securities. The equity portfolio yield was 3.4% and the average fixed income coupon was 6.9% with an average credit rating of BB and duration of less than 3 years.

Market Outlook and Strategy

- As a result of the slowing pace of global growth, notably in China, and the weakening of the commodity complex, the macro picture has become decidedly less attractive. This is being reflected at a company level where earnings expectations, previously supportive for regional Asian markets, are now being downgraded. Having said that, we are still keen on the companies in the portfolio and their business outlook for coming years. Although we are going through a rocky period for markets, exacerbated by 'hot' money attracted to the China story in the last year, we see this as a shorter-term issue.
- The portfolio continues to have a good spread of exposure geographically. In addition to the bigger markets like China, Hong Kong and Australia, the portfolio is well represented in South Korea, Taiwan and the ASEAN markets. We continue to manage a broadly diversified portfolio to help enhance resilience during periods of market volatility.
- Asian credit markets have found support at current yield levels. The new bond supply coming to the market has also been managed more prudently and this has further supported market sentiment. China's effort to deleverage the economy is also more measured and this should further ease the refinancing risk for issuers. Despite the market rebound in July, bond yields continue to be at the higher end of the long term range and still present attractive value.

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