November 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

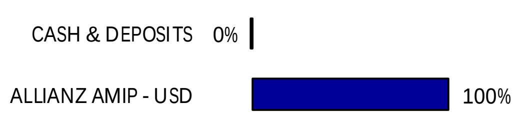
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	2.63%	-4.54%	-4.82%	12.06%	32.28%	-5.22%	4.22%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	1.70%	-6.07%	-4.73%	23.82%	20.14%	-6.88%	3.68%
Allianz Asian Multi Income Plus ($USD)	2.93%	-8.82%	-6.11%	17.88%	7.99%	-7.27%	3.35%

Ringgit depreciated 3.08% (YTD) and depreciated 1.78% (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.

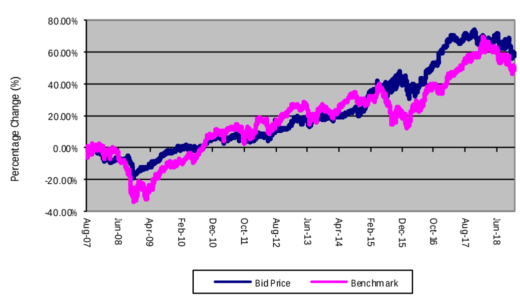
Facts on CIS

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

Portfolio Composition



Performance Since Inception



Key Fund Facts

Fund Size	RM2.039 million
Risk Profile	Moderate Investor
Launch Date	4th June 2007
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit[1] (as at 30th November 2018) - Bid	1.598
Management Fee	1.00% p.a
Other Charges[2]	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

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.

Allianz Life Insurance Malaysia Berhad (104248-X)
Level 29, Menara Allianz Sentral , 203 , Jalan Tun Sambanthan, Kuala Lumpur Sentral , 50470 Kuala Lumpur.
Allianz Life Call Centre : 603-2264 1188
www. allianz.com.my

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Manager's Comment

Market Commentary

- Equity markets in the Asia Pacific ex Japan advanced slightly over November, the first monthly gain at a regional level since July. Sentiment was lifted by hopes for a thawing in trade tensions between the US and China, as well as speculation that the US Federal Reserve may not raise interest rates as much as previously thought. Among the region's more developed markets, Hong Kong shares rallied strongly, helped by a rebound in Tencent. Elsewhere South Korea also rose, but Taiwan and Australia retreated modestly.
- Having been among the weakest performers on a global basis in October, Chinese equities rebounded in November, posting healthy gains. On balance, economic data indicated that China's economy was on stable ground and overcoming the ongoing trade rift with the US. While both the official and Caixin Markit purchasing managers' indices of manufacturing activity came in close to 50 – a level which indicates the economy is neither expanding or contracting – exports picked up, despite higher tariffs, rising 15.6% year-on-year in October, and imports also increased.
- Asian USD High Yield credits closed the month flat (+0.02% based on the J.P. Morgan Asia Credit Index). The market initially continued to see weakness spilling over from October but risk sentiment recovered towards the end of the month in anticipation of the G20 meeting. On a month on month basis, credit spreads widened 31 basis points (bps) to 610bps, negating the high interest accrual for the month while the 5yr US Treasury yield compressed 16bps to 2.81%, mitigating the credit spread widening.
- In November the fund return was positive in USD terms and the monthly distribution was paid from income.
- Shenzhen Expressway was one of the key contributors. As a toll highway operator in China, the company continued to see good earnings growth prospects driven by new projects in the pipeline and the recently acquired environmental business. The company also confirmed it would sell back three toll roads to the government which will provide them a significant disposal gain. This will be included in the profit distribution for dividend payout which enhances the already attractive dividend yield of 4.7%.
- On the negative front, following a rally of almost 50% in the first three quarters this year, WorleyParsons, the leading oil service provider in Australia, experienced profit taking as oil prices weakened. The share price was also weak following an issuance of shares to fund an acquisition of the energy, chemicals and resources arm of a leading engineering services provider. We expect the acquisition will bring synergies along the value chain and therefore we participated in the institutional entitlement offer.
- Our asset allocation at the end of the month was 67.4% invested in Asian equities and 31.3% 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 November we continued to take profit in stocks that have had a good run, including a Chinese oil company, an Australia engineering and contractors provider and an Indonesia telco. We used the funds to add to stocks that have underperformed but have good recovery potential. For example, we initiated a position in a leading Australian bank. The banking sector in Australia has de-rated significantly amid a Royal Commission enquiry into misconduct. We expect the regulatory concern is reaching the tail end and valuations have become very attractive. This bank also pays a dividend yield of more than 6%.
- On the fixed income side, we continue to hold the existing bonds for interest accrual and are selectively investing in both new and secondary issues. The Fund generally holds shorter dated, less volatile issuers.
- At the end of the month, we held 58 equities and 72 fixed income securities. The equity portfolio yield was 3.7% and the average fixed income coupon was 7.0% with an average credit rating of BB- and duration of less than 2 years.

Market Outlook and Strategy

- The volatility of recent weeks has been extreme and following the sharp market declines, we believe a number of stocks have been overly punished. Although earnings downgrades have been increasingly widespread, in many cases we see this as likely to be a temporary slowdown with the potential for recovery in the first half of the new year.
- The outcome of the G20 meeting between President Trump and President Xi, with agreement on a temporary truce to tariff escalations, was better than expected. Combined with the US Federal Reserve signaling a more dovish tone on future interest rates, some of the macro headwinds that have impacted Asian equities this year are set to ease, at least for the time being. As a result, the recovery we have seen in markets over recent weeks now has an improved chance of continuing into the year end. We continue to manage a broadly diversified portfolio which provides multiple sources of growth and income potential.
- For Asian credits, secondary market liquidity is likely to remain thin in December while primary issuance will also taper off. Credit valuations are very attractive now and interest accrual should be the primary driver of returns in the near term. Risk sentiment in the high yield bond market has also improved and the market should start the year on a more positive note. Our short dated higher quality diversified portfolio has an interest accrual focus and should be well positioned for the market.

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