

August 2019

# Allianz Life Asia Multi-IncomePLUS Fund



## Investment Objective

The Allianz Life Asia 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	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-2.50%	-1.03%	-2.50%	10.69%	31.83%	69.18%	6.44%	4.16%
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 *	-3.68%	-1.51%	0.12%	14.26%	17.53%	80.79%	5.27%	3.86%
Allianz Asian Multi Income Plus (\$USD)	-4.75%	-4.02%	-4.02%	11.23%	4.91%	54.96%	5.87%	3.36%

Ringgit depreciated 1.81% (YTD) and depreciated 1.74% (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.

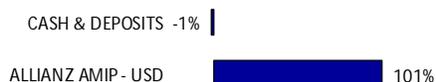
## Facts on CIS

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

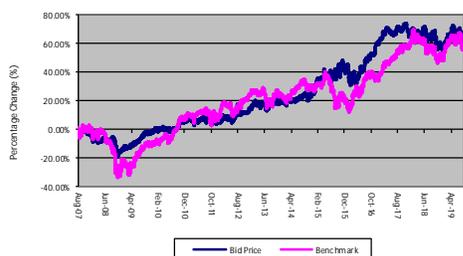
## Key Fund Facts

Fund Size	RM2.025 million
Risk Profile	Moderate Investor
Launch Date	4 <sup>th</sup> June 2007
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit <sup>1</sup> (as at 31st August 2019) - Bid	1.636
Management Fee	1.00% p.a
Other Charges <sup>2</sup>	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.allianzghk/>>. 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

- Equity markets in Asia Pacific ex Japan retreated over August. In particular, Chinese stocks fell as the trade war with the US escalated. The US imposed tariffs on a further USD 30 billion of Chinese goods – effectively taxing all Chinese exports to the US – and branded China a currency manipulator after it allowed its currency to weaken through the psychologically important rate of RMB 7 per USD. In retaliation, China announced higher tariffs on another USD 75 billion of US goods. Economic data was also weak, with industrial output recording its lowest monthly growth since 2002 in July. In response, Beijing announced it would roll out a plan to boost disposable income and spur private consumption.
- Elsewhere in the region, markets generally weakened amid concerns over the outlook for global trade and growth. Hong Kong was one of the region's weakest markets with stocks falling sharply as ongoing protests disrupted business and led to the closure of Hong Kong's international airport. ASEAN markets also weakened over August. The month saw rate cuts from several central banks within the region, including the Reserve Bank of New Zealand, the Bank of Thailand, Bank Indonesia and the Philippine central bank.
- Asian USD high yield credits retraced in August, with the J.P. Morgan Asia Credit Non-Investment Grade Index correcting by -0.95%. Further escalation in trade tensions between the US and China, prolonged protests in Hong Kong and lighter seasonal liquidity in summer contributed to a weaker market. Credit spreads widened from 537 basis points (bps) to 598 bps although this was mitigated by lower 5yr US Treasury yields (1.39% from 1.83%) and high interest accrual. Primary issuance activity was also very low during this summer period.
- Under such environment, the Fund return retreated in USD terms but was less volatile than the overall equity market.
- A key detractor for the month was Brambles, an Australian supply-chain logistics company that specialises in the provision of pallets, crates and containers. The stock fell after reporting disappointing quarterly earnings as a result of higher costs. We have owned this name for its turnaround potential as the company sold off non-core investments and focused on improving margins of their core business. While we believe the share price correction is overdone, we will continue to monitor the recovery progress of the company.
- On the positive side, the top contributor was Mediatek, a Taiwanese semiconductor company. We like this stock as a beneficiary of the Huawei trade ban. Its mobile phone shipments have demonstrated resilience due to a diversified client base. We also expect its 5G development to accelerate, and the business momentum has been a key reason for the resilient share price during the market volatility.
- Our asset allocation at the end of the month was 65.2% invested in Asian equities and 34.0% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level.
- In August, we continued to diversify the portfolio. We added to the position in Ratch Group PCL, a Thai electricity power producer, as well as to stocks in the Telecoms sector in Thailand given the improving outlook. We also initiated a position in a leading regional insurance group given its strong distribution capabilities, excellent execution track record and good management quality. As a source of funds we reduced exposure to the Energy sector, taking advantage of the share price recovery in selective names.
- 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 71 equities and 74 fixed income securities. The equity portfolio yield was 3.7% and the average fixed income coupon was 7.8% with an average credit rating of B+ and duration of less than 2 years.

### Market Outlook and Strategy

- Recent events have contributed to a volatile market environment. In August, there was a further escalation of the trade war uncertainties. The tone of the rhetoric worsened significantly, highlighted by a Trump tweet which threatened to prevent all US companies from doing business in China. The weakening of the RMB versus the US dollar also brought China companies with significant US dollar debt into the spotlight. Elsewhere, the Hong Kong economy will also face growing pressures in H2 2019 due to local events which have disrupted the normal functioning of business activities.
- With all these events, there have been growing concerns on the outlook for global growth, which has contributed to reduced earnings growth expectations across Asia. In this environment, we continue to focus on companies where we see a more sustainable growth profile despite the challenging macro conditions, and we will look to use the volatility to add to preferred stocks on weakness. We manage a broadly diversified portfolio with a good spread of exposure across sectors.
- Risk sentiment continues to be driven by global trade tensions and this is unlikely to stabilise soon. Short dated higher quality bonds as held by our portfolio provide a safe haven in this sort of environment. We continue to expect further policy rate cuts this year and lower primary issuance given the weaker macro backdrop. These should provide some technical support to the market.

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