June 2019

Allianz Life Asia Multi-IncomePLUS Fund

Allianz

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.

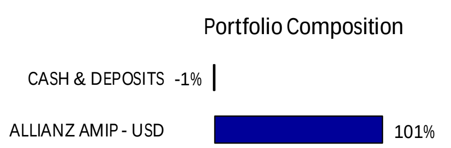
Performance Indicator

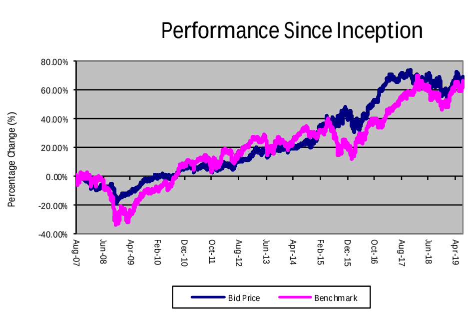
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	1.93%	10.02%	2.98%	20.61%	39.18%	82.61%	10.02%	4.51%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	4.42%	11.00%	7.65%	28.26%	27.69%	99.70%	11.00%	4.38%
Allianz Asian Multi Income Plus ($USD)	3.51%	11.54%	2.15%	23.72%	15.06%	71.60%	11.54%	3.87%

Ringgit appreciated 0.07% (YTD) and depreciated 1.60% (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	RM2.11 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 June 2019) - Bid	1.691
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.

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Manager's Comment

Market Commentary

- After the weak end to May, equity markets in Asia Pacific ex Japan rebounded over June. A more dovish tone from central banks helped fuel the rally, sparking gains from both developed and developing markets in the region. Chinese stocks were the standout performers, bolstered by optimism that the People's Bank of China would step up stimulus measures to help cushion China's economy from the impact of higher US tariffs. The rally in Chinese shares also buoyed Hong Kong stocks, which proved resilient in the face of political demonstrations against a new extradition bill.
- Elsewhere, Australian equities posted solid gains, building on May's advance. As widely expected, the Reserve Bank of Australia cut interest rates to a record low of 1.25% and indicated that further easing may be appropriate. Taiwan and South Korea also advanced, lifted by a more positive month for technology companies, particularly chipmakers. ASEAN markets also rallied with Singapore leading the advance. Thai stocks posted strong gains as well, buoyed by the largest foreign inflow in three years in June.
- After being range-bound for 2 months, Asian USD high yield credits rose strongly in June, with the J.P. Morgan Asia Credit Non-Investment Grade Index rising by 1.58%. As global trade tensions continued to simmer, the US Federal Reserve (Fed) sounded more dovish and the market began to aggressively price in the first rate cut in 10 years. Credit spreads at the index level tightened by 7 basis points (bps) to 539bps while the 5yr US Treasury yield decreased by 14bps to 1.77%. There was also a positive technical position with strong inflows into the asset class while the volume of primary issuance was insufficient to meet demand.
- Under such environment, the Fund rebounded strongly in USD terms in June. The monthly distribution was again paid from income.
- WorleyParsons, an Australia-based engineering company which provides project delivery and consultancy services to the energy sector, was the top contributor. We like this name as a beneficiary of an expected pick-up in the capital expenditure cycle. We also benefitted from names that rebounded strongly after profit taking in May. For instance, China holdings such as a Macau casino operator, a China-based oil service provider, and the company which operates KFC and Pizza Hut in China were key contributors in June.
- On the negative side, a key detractor was a leading annuity product provider in Australia following the announcement of disappointing results. The share price weakness combined with a reset of expectations following the appointment of a new CEO has brought valuations back to reasonable levels. The company continues to have a very strong capital position from which to launch its future growth strategy.
- Our asset allocation at the end of the month was 63.7% invested in Asian equities and 33.8% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level.
- In June, we continued to trim selective exposure to reduce risk in the event of a global and China macro slowdown, especially given the heightened uncertainty on the US-China tensions. We exited positions in a high-end focused Macau casino operator, one of the big four state-owned Chinese banks, and an acoustic component maker in China. We used the funds to further diversify the portfolio by adding non-China exposures. For instance, we added positions in electricity generators in Malaysia and Thailand. Both names pay a stable dividend yield of around 4%.
- 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 68 equities and 79 fixed income securities. The equity portfolio yield was 3.7% and the average fixed income coupon was 7.4% with an average credit rating of BB- and duration of less than 2 years.

Market Outlook and Strategy

- The region had a strong rebound in June with Chinese stocks being the standout performers. Most of the losses incurred in May have been recovered, and this was before the agreement at the end of the month between President Xi and President Trump at the recent G20 meeting in Osaka to resume trade talks. Despite the media focus on trade, so far the corporate earnings impact in China of the trade conflict has been less than the market has feared. That is especially the case now with the more pro-active government policy in China. Reserve ratio requirement (RRR) cuts for banks have improved the flow of credit and liquidity. And broad-based tax relief, in the form of personal tax cuts as well as VAT cuts, has also been positive for domestic consumption and profit margins.
- Our view is that despite the recent rapprochement between Trump and Xi, we are unlikely to have heard the last of the trade dispute. So the coming months will likely remain choppy. But the lesson is that when politics dictates the headlines and creates volatility, this also provides stockpicking opportunities. We continue to manage a broadly diversified portfolio with good spread of exposure in both sector and country aspects to help enhance resilience during periods of market volatility.
- Against a backdrop of policy rate cuts and strong inflows, the Asian high yield market is expected to continue grinding higher. Asian credits still provide attractive yields and interest accrual will continue to be the primary supporter of returns in the medium term. Our bond portfolio will continue to be well diversified across short dated higher quality bonds with the primary aim of interest accrual.

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