August 2020

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

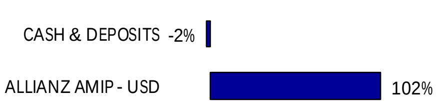
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	0.88%	4.85%	5.68%	1.11%	27.60%	73.59%	2.43%	4.27%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	2.27%	3.42%	4.30%	4.66%	38.61%	65.64%	-4.01%	3.89%
Allianz Asian Multi Income Plus ($USD)	2.73%	6.84%	8.74%	7.68%	34.50%	44.87%	1.67%	3.76%

Ringgit depreciated 1.78% (YTD) and depreciated 1.52% (since inception).
* Source: Bursa.
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.

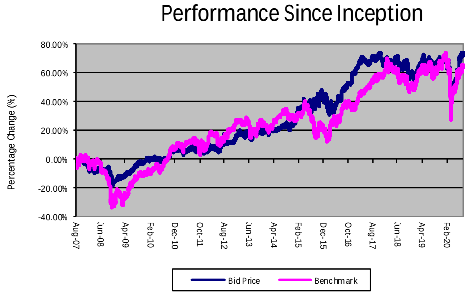
Facts on CIS

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	RM2.108 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 31st August 2020) - Bid	1.729
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

- Overall, equity markets in the Asia Pacific ex Japan generated positive returns over August. While encouraging economic data from China provided support, this was tempered by an escalation in US-China tensions against the backdrop of the US presidential election campaign. The month also brought fresh hopes on COVID-19 vaccinations and treatments.
- Chinese stocks rallied, with the CSI 300 Index reaching a fresh five-year high. This was despite some headwinds for Chinese technology stocks, which were hindered by the Trump administration's move to issue executive orders against social media apps TikTok and WeChat, which are owned by ByteDance and Tencent respectively. Elsewhere, Australian equities were also in positive territory despite weaker performance from the Energy and Financials sectors. ASEAN markets were mixed. Indonesia advanced while Malaysia, Thailand and the Philippines lost ground. Singapore was broadly flat, held back by its large weighting in the Financials sector.
- Amid stronger risk sentiment over August, Asian high yield bonds continued to deliver strong performance over the month driven by credit spread compression in the segment. The J.P. Morgan Asia Credit Index Non-Investment Grade returned 2.15% as of 31 August with the index spread compressing from 696 basis points (bps) to 655bps. In contrast, US Treasuries was flat, with the 5 year rate rising slightly from 0.2% to 0.27%. Performance in the asset class was broad based as investors went down the credit curve in search of yield. New issuance was low in August ahead of earnings reporting season and this further exacerbated the lack of supply in the market.
- In August, the Fund delivered positive returns in USD terms.
- The top contributor over the month was one of the largest global electric vehicle (EV) battery manufacturers. The company has been winning orders from large auto companies in Europe. Given that many governments are boosting fiscal spending in environmentally friendly 'new infrastructure', we expect this company should continue to benefit from industry and policy structural growth tailwinds.
- On the negative side, the top detractor was Sri Trang Gloves, the largest glove producer in Thailand. The share price saw some consolidation after recent strong performance. We continue to like the company given increasing awareness of hygiene post COVID-19, and the supply/demand dynamics for glove production remains strong. We see a structural step-up in glove usage over the long term.
- Our asset allocation at the end of the month was 63.7% invested in Asian equities and 33.2% in Asian fixed income, with the remainder in cash. We maintain an asset allocation close to the 65:35 level.
- In terms of portfolio activity, we have selectively added to both structural growth and dividend growth stocks, funded by taking profits in names with strong recent performance. For example, we topped up our position in a Chinese cement name, where we see price and shipment hikes later this year. The close to 5% dividend yield enhances total return potential. Conversely, we trimmed our position in a leading EV battery producer given potential risks of a new competitor entering the market.
- The fixed income sleeve adopts a lower turnover income focused approach. For August, we invested in some shorter dated Chinese industrial names and Indonesian issuers with longer maturities.
- At the end of the month, we held 69 equities and 74 fixed income securities. The equity portfolio yield was 2.4% and the average fixed income coupon was 7.6% with an average credit rating of BB and duration of less than 2 years.

Market Outlook and Strategy

- In an eye-catching and perhaps highly symbolic event, for the first time this year in the Fortune Global 500 list there are now more Chinese (124) than American (121) companies. And the gap to third place Japan (53) is huge. Ten years ago, China had nearly the same number of companies on the list as Germany and France – now it has more than Germany, France and Britain combined.
- It seems likely that China's lead will stretch in years to come. The latest high-profile market listing is Ant Group, operator of China's largest mobile payment services platform Alipay and the crown jewel of Alibaba's empire. With an estimated value over USD 200 billion, Ant demonstrates the extent of dynamism and innovation in Asia. This is only being reinforced by the deteriorating US-China relations. China's strategic need to reduce reliance on the US is leading to a surge of investment in 'new infrastructure' such as 5G, semiconductors, data centres and other areas that will underpin structural growth in years to come.
- USD Asian high yield bonds continue to climb steadily higher. We continue to expect credit spreads to grind tighter towards the end of the year amidst attractive valuations and progress towards a COVID-19 vaccine. We favour higher quality issuers for interest accrual.