March 2020

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.

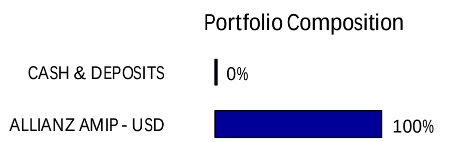
Performance Indicator

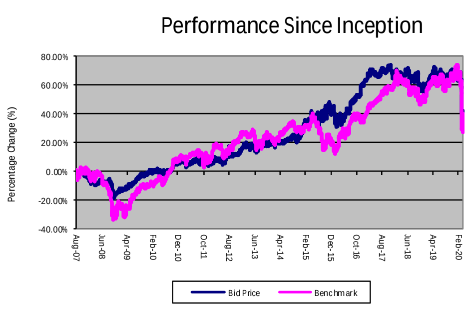
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-13.83%	-13.93%	-14.60%	-16.61%	4.03%	40.97%	-15.82%	2.81%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-12.18%	-12.89%	-14.38%	-4.73%	5.80%	49.03%	-18.49%	2.69%
Allianz Asian Multi Income Plus ($USD)	-17.12%	-17.22%	-19.55%	-12.46%	-6.68%	16.00%	-21.13%	1.83%

Ringgit depreciated 5.56% (YTD) and depreciated 1.86% (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





Key Fund Facts

Fund Size	RM1.732 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 March 2020) - Bid	1.421
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

March 2020

Allianz Life Asia Multi-IncomePLUS Fund

Manager's Comment

Market Commentary

- Equity markets in Asia Pacific ex Japan declined over March amid growing concerns over the impact of the COVID-19 pandemic. Australian stocks in particular were hard hit, compounded by weakness in the currency. The Australian dollar, for example, fell to an 18-year low against its US counterpart. The Reserve Bank of Australia slashed interest rates twice, taking them to a new record low of 0.25%, and the government unveiled a massive AUD 80 billion fiscal package to help support the economy.
- In this environment, Chinese stocks declined but outperformed the broader region. China appeared to be over the worst of the COVID-19 outbreak. Workers gradually returned to factories, and quarantine measures in the province of Hubei were also gradually lifted. China's official purchasing managers' index of manufacturing activity rebounded to a stronger-thanexpected reading of 52.0 in March, a sharp jump from a record low of 35.7 recorded in February. Elsewhere, ASEAN markets tumbled, with the Philippines shutting its financial markets temporarily. Many countries imposed travel restrictions and other quarantine measures.
- Asian USD High Yield credits were beaten down for most of March before recovering slightly in the last week of the month, in tandem with their global peers. The risk off sentiment was driven by fears of a prolonged COVID-19 induced recession and increased risk of defaults. The selloff was exacerbated by weak liquidity in global markets and this was corrected when the US Federal Reserve decisively slashed policy rates to zero and launched large scale asset purchases. The J.P. Morgan Asia Credit Non-Investment Grade Index fell by -12.63% for the month. Returns were supported by interest accrual and stronger US Treasuries (5 year yields dropped from 0.94% to 0.38%) but these were negated by much wider credit spreads (from 592 to 958 basis points).
- Under this environment, the Fund return was negative in USD terms in March.
- Several Australia holdings were top detractors as share prices fell sharply along with the Australia equity market. Usually Australia is a safe haven market, less volatile and more defensive than the rest of Asia. We believe there are many stocks in Australia which have overshot and are already trading at distressed valuations. We added to some of our preferred holdings in Australia during the month. These include one of the major banks, REITs, an insurance company and a leading supermarket chain operator.
- On the positive side, Yonghui Superstores was the top contributor in March. This China A-share company is one of the nationwide supermarket operators in China. They have been upgrading their store format to improve efficiencies and gain market share from traditional mom and pop stores. The COVID-19 outbreak also boosted supermarket sales as people stocked up on daily necessities.

Market Outlook and Strategy

- Our asset allocation at the end of the month was 62.7% invested in Asian equities and 32.2% 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 sold out of several equity holdings this month, including a Korean REIT and a toll road company in China where we were concerned about the requirement to do 'national service', with damaging impact to earnings and dividends. We continue to use the market weakness to add to high conviction equity positions, particularly in Australia. Also we have increased our China A-shares exposure.
- On the fixed income side, we had two bonds that matured and were paid back at par. We also modestly trimmed some exposure in the China property sector. Our positions remain in better quality high yield names for yield carry and where we are comfortable with the credit fundamentals. The Fund generally holds shorter dated, less volatile issuers.
- At the end of the month, we held 64 equities and 62 fixed income securities. The equity portfolio yield was 4.4% and the average fixed income coupon was 7.7% with an average credit rating of BB+ and duration of less than 2 years.
- It has been noticeable how resilient China's capital markets have been relative to the rest of the world. This includes not only the onshore and offshore equity markets, but also China's bond markets and the currency. One explanation is that the measures taken to combat Covid19 in China – and in a number of other countries across Asia – have not resulted in the same extreme level of economic dislocation and corporate solvency challenges.
- We expect economic activity to be sharply depressed globally in Q2 as most governments enforce varying degrees of quarantine and social distancing. As time passes however, confidence will recover as a result of containment successes and better availability of test kits and ventilators. Around the region, many countries have already announced both fiscal and monetary stimulus packages, which should help to cushion the impact of economic weakness. Our base case is to see an economic recovery in H2 2020.
- The market for Asian High Yield credits is more liquid now compared to early March. Outflows from the asset class have tapered off while the market has begun to see some inflows. The market is expected to consolidate at the current level until we see improvement in the COVID19 pandemic which will then lead to a gradual resumption of economic activity. Credit spreads are currently the widest in a decade. Although default rates are expected to rise this year to about 4%, credit spreads currently price in a default rate of more than 10%. Credits are cheap and we expect spreads to tighten as economic activity resumes. In the meantime, interest accrual is high.

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