May 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.

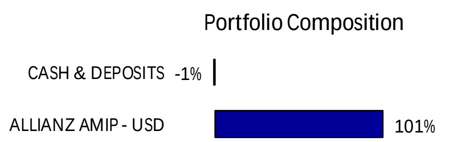
Performance Indicator

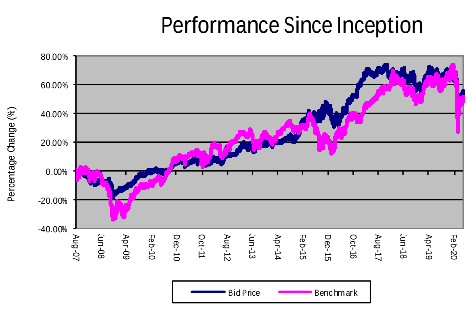
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	1.44%	-8.40%	-6.63%	-6.91%	11.92%	57.58%	-8.23%	3.47%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-0.92%	-8.80%	-6.10%	0.43%	10.35%	61.49%	-12.74%	3.20%
Allianz Asian Multi Income Plus ($USD)	1.35%	-12.13%	-9.26%	-5.18%	-0.79%	30.43%	-13.64%	2.53%

Ringgit depreciated 6.13% (YTD) and depreciated 1.88% (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	RM1.889 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 May 2020) - Bid	1.549
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.
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Manager's Comment

Market Commentary

- Equity markets in Asia Pacific ex Japan generated mixed returns over May. Australia and New Zealand, which have made significant progress in eliminating COVID-19, appreciated. However, Hong Kong fell sharply on news that China was to impose a new national security law on the territory. The move prompted the US to signal its intention to revoke Hong Kong's special trade and economic status, under which the territory is treated as separate from China on terms that have underpinned its status as a global financial hub.
- Chinese stocks declined slightly as the US administration stepped up its anti-China rhetoric. In terms of economic data, while both the official and Caixin purchasing managers' indices slipped back modestly in April, Chinese exports rose 8.2% year on year, compared to a 3.5% fall in March. Industrial production also improved, rising 3.9% year on year in April, compared to a 13.5% decline in the first two months of the year.
- Asian high yield bonds continued to perform well in May as countries began to look towards reopening of their economies and as leading economic indicators began to print better than expected. The J.P. Morgan Asia Credit Non-Investment Grade Index rose by 3.02% over the month, driven by high interest accrual and compressing credit spreads (to 820bps from 869bps). Performance was broad based across Chinese, Indonesian and Indian issuers but smaller lower rated issuers continued to lag. The primary market for high yield bonds also reopened with new issues very heavily oversubscribed.
- In May, the Fund return was positive in USD terms.
- The top contributor over the month was a medical device manufacturer in China. Its pipeline of high-end medical devices, wide product range and innovative platform are supporting strong growth potential. We also benefitted from our Australia holdings including James Hardie Industries, the building materials provider and selective REITs. These holdings had previously fallen sharply in the Australian market weakness.
- On the negative side, the top detractors were mainly Hong Kong holdings, reflecting the broad-based decline of the Hong Kong equity market. Given the uncertain outlook, we decided to trim overall Hong Kong equity exposure. However, we have retained exposure to stocks which we believe were unfairly punished in the downturn. These include AIA, the regional insurance group, which has a high quality business model and which we expect to recover strongly once the economic situation has stabilised post COVID-19.
- Our asset allocation at the end of the month was 61.1% invested in Asian equities and 33.7% in Asian fixed income, with the remainder in cash. We maintain an asset allocation close to the 65:35 level.
- Over the month, we have reduced our Hong Kong equity exposure and also separately reduced Financials, given the operating challenges of the very low interest rate environments and deteriorating asset quality. We used the funds to add to companies where there is a more visible earnings profile. For example, we initiated positions in two Taiwanese technology companies. We also initiated a position in a dominant dairy product brand in China, as we expect the company to rebound from a temporary downturn related to COVID-19.
- On the fixed income side, we invested in a Chinese property bond and an Indian renewable energy bond. 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 62 equities and 64 fixed income securities. The equity portfolio yield was 3.7% and the average fixed income coupon was 7.7% with an average credit rating of BB+ and duration of less than 2 years.

Market Outlook and Strategy

- US-China tensions continue to dominate the market headlines. The latest escalation came as a result of China's plan for a new national security law for Hong Kong. Although the initial market reaction was negative, since then Hong Kong equities have recovered steadily. Indeed, the share price of the Hong Kong Stock Exchange (388 HK) is trading close to a record high level – not something you would expect from a region in crisis.
- One explanation for this is that while the risk premium of Hong Kong has gone up in the eyes of Western investors, it has now almost certainly gone down from the perspective of mainland China companies. After a period of time when they have been scared off by political risk and social instability, it is likely that mainland institutions and state owned firms will feel more comfortable in continuing to grow their presence in Hong Kong.
- Despite the strong rally in USD Asian high yield bonds over the last 2 months, valuations remain compelling and yields are above the average trading range. As the pipeline for primary issues remains light and demand remains high, we continue to expect credits to continue the rally and for yields to tighten further. We continue to favour liquid higher quality benchmarks issuers for interest accrual.

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