January 2021

Allianz Life Asia Multi-IncomePLUS Fund

Investment Objective

The Allianz Life Asia Multi-IncomePLUS (the "Fund") aims to provide investors with long term capital appreciation and income, through feeding into Allianz Asian Multi Income Plus-USD ("CIS") that invests primarily in equites, trusts and interest bearing securities with a focus on the Asia Pacific Region.

Investor Profile

The Fund is designed for investors who are generally risk averse and require stable returns.

Performance Indicator

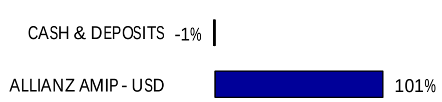
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	3.62%	11.84%	17.82%	12.63%	43.81%	78.49%	3.62%	4.94%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	0.16%	10.55%	8.02%	5.50%	52.89%	62.03%	0.16%	4.37%
Allianz Asian Multi Income Plus ($USD)	3.29%	18.73%	21.71%	13.45%	62.37%	51.52%	3.29%	4.76%

Ringgit depreciated 0.56% (YTD) and depreciated 1.25% (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.

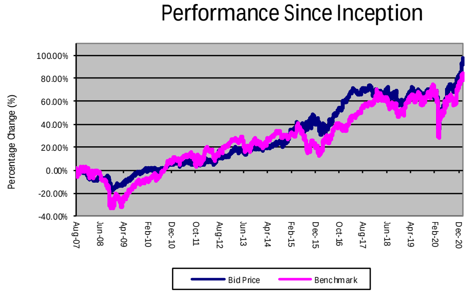
Facts on CIS

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	RM2.318 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 January 2021) - Bid	1.917
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)
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Allianz Life Asia Multi-IncomePLUS Fund

Manager's Comment

Market Commentary

- Equity markets in the Asia Pacific started January on a strong footing, underpinned by the new US administration's plans for further massive fiscal support and positive economic data out of China. In this environment, Chinese stocks rallied again amid hopes that the new US administration would usher in an era of improved US/China relations. Chinese GDP expanded by a stronger-than-expected 6.5% in Q4 2020, taking growth over the whole year to 2.3%. This makes China the only major economy to see its economy return to pre-pandemic levels in 2020.
- Elsewhere, Taiwan and South Korea stood out among the region's more developed markets, with companies associated with the semiconductor supply chain particularly strong. Hong Kong shares also advanced, with the Hang Seng Index hitting multi-year highs. In January, Chinese investors poured record amounts of money into Hong Kong-listed stocks via the Stock Connect link-ups with the Shanghai and Shenzhen exchanges. In contrast, Australian stocks closed the month with flat returns.
- Asian USD high yield bonds were rangebound in January, with the JP Morgan JACI Non-Investment Grade Index returning 0.15%. Market sentiment was dented by a surge in Chinese property new issuance ahead of the Lunar New Year, while idiosyncratic credit concerns impacted a Chinese real estate developer. Rising US Treasury yields also hurt bond returns in January, with the 5 year US Treasury yield rising from 0.36% to 0.42%. Credit spreads were stable, tightening slightly to 616bps from 618bps. Despite the rangebound return in January, investor sentiment for Asian credits is currently at its most bullish since March 2010.
- The Fund had a strong start in the new year with a positive return in January 2021.
- The top contributors over the month include Taiwan Semiconductor Manufacturing Company (TSMC) and Mediatek. These two semiconductor companies are well positioned to benefit from the rollout of 5G and the ongoing adoption of artificial intelligence. TSMC also has a dividend yield of approximately 3% which enhances the total return potential.
- On the negative side, one of the key detractors was a Chinese solar glass manufacturer. The stock faced profit-taking pressure following a strong rally of more than 50% in December. There is no change to our conviction on the fundamental drivers of this company. We believe it is well positioned to benefit from the structural growth in the global solar industry driven by continuous cost reduction and conversion improvement.
- The asset allocation at the end of the month was 64.9% 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.
- In terms of portfolio activity, we added to preferred stocks which have lagged during the rally. One example is a dominant hotel chain in China which was initially impacted badly by Covid-19, but which we also expect to gain from the strong rebound in domestic tourism. We also initiated a position in a Taiwanese semiconductor foundry as a beneficiary of higher demand for electric vehicles. This stock has a valuation discount to TSMC and pays a dividend yield of approximately 3%.
- On the fixed income side, we continue to invest in bonds with the aim of interest accrual. In January, in addition to topping up existing holdings, we invested in a variety of issuers across different countries, sectors and slightly longer tenures to diversify the portfolio.
- At the end of the month, we held 68 equities and 110 fixed income securities. The equity portfolio yield was 2.3% 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

- January was notable because for the first time since the Covid-19 outbreak, China has stepped in to tighten liquidity. Interbank rates increased to their highest level in more than a year. The background is that China's debt to GDP ratio increased by 25% in the first 3 quarters of 2020 to 270%. The government, however, faces a delicate balancing act. There is over USD 300 billion of medium to long-term bonds issued by local state-owned enterprises maturing in 2021, so there will be pressure to prevent credit conditions becoming too tight. Nonetheless, with financial stability remaining the top economic priority in China, we would expect to see some further modest tightening as the economic recovery strengthens, and this could be the catalyst for some market consolidation in the short term.
- Overall, we would not be surprised to see some short term 'speed bumps' in the equity markets especially after the extent of the recent rally. Having said that we remain positive on the longer-term outlook for the region. With the vaccination program being rolled out across a number of countries, the biggest focus is when, not if, economies will start to recover. In this environment, the equity portfolio will continue to be broadly balanced between structural growth and dividend growth stocks.
- Following the pause in credit markets in January, we expect markets to recover for the rest of the quarter. Supported by Covid-19 vaccination programmes, Asian economies are expected to recover further and default rates for Asian credits should remain manageable. Valuations for Asian high yield bonds are not stretched and for the full year, we expect returns to be mainly driven by interest accrual and returns to be around portfolio yield.

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