November 2021

Allianz Life Global Artificial Intelligence Fund

Investment Objective

The Allianz Life Global Artificial Intelligence Fund (the "Fund") feeds into Allianz Global Artificial Intelligence Fund- USD ("CIS") and aims to provide long term capital growth by investing in global equity markets with a focus on the evolution of artificial intelligence.

Investor Profile

The Fund is designed for investors who pursue the objective of general capital formation/asset optimisation and/or above-average participation in price changes; have basic knowledge and/or experience of financial products; and are capable of bearing a financial loss. The Fund may not be suitable for investors who wish to withdraw their capital from the Fund within a short or medium timeframe.

Performance Indicator

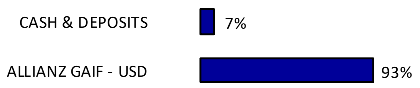
	1 month	3 months	YTD (Since Inception)
Allianz Life Global Artificial Intelligence Fund	2.42%	2.52%	1.70%
Benchmark	0.09%	1.19%	9.90%
Allianz Global Artificial Intelligence (USD)	0.25%	1.09%	5.68%

Ringgit depreciated 2.86% (YTD since inception).
Source: Bloomberg and https://sg.allianzgi.com/
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.

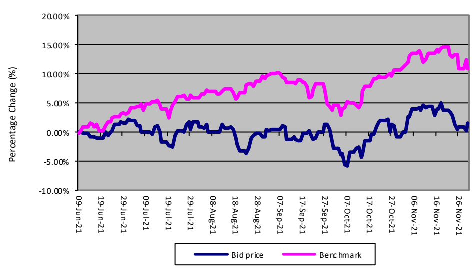
Facts on CIS

Name	Allianz Global Artificial Intelligence Fund- USD ("Allianz GAIF - USD")
Type	Undertaking for Collective Investment in Transferable Securities
Fund Manager	Allianz Global Investors US
Fund Currency	USD

Portfolio Composition



Performance Since Inception



Key Fund Facts

Fund Size	RM26.239 million
Risk Profile	Moderate Investor
Launch Date	8th June 2021
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit[1] (as at 30th November 2021) - Bid	1.017
Management Fee	1.50% 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 (198301008983)
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

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Allianz Life Global Artificial Intelligence Fund

Manager's Comment (For Allianz Global Artificial Intelligence Fund- USD)

Market Commentary

- Global equities initially rallied, buoyed by robust corporate earnings and dovish signals from major central banks. However, the discovery of a new COVID-19 variant caused stocks to plummet towards the month end as investors feared that increased restrictions may derail the global economic recovery. The new strain, which has been named Omicron, carries a record number of mutations. Financial markets face a nervous period while scientists race to identify whether it is more contagious and causes more severe disease than the now-dominant Delta variant, and whether vaccines and treatments still work. At sector level, Energy and Financials fell the most while Technology stocks were a rare area of strength amid fears that lockdowns may return.
- Information Technology and related stocks outperformed the broader market during the period. Semiconductor stocks were the clear leaders in the group with earnings reports and commentary highlighting strong pricing power and a durable demand environment. Software and Internet stocks were mixed with larger companies faring better than small-caps given the risk-off tone of the market. Payments stocks underperformed as they faced tough year-on-year growth comparisons and renewed COVID-19 concerns.
- During the period, the Fund underperformed on a gross of fees in USD basis the custom benchmark (50% MSCI All Country World Index/50% MSCI World Information Technology Index).
- Contributors: Our position in ON Semiconductor was one of the top contributors. The company's chip solutions are used in power and data management applications with key end markets being the Automotive, Industrial, and Communications segments. Shares surged after the company reported strong quarterly results that beat on the top and bottom lines. Management guided for profit margins to remain strong amid surging demand and for an ongoing mix shift towards higher-value product areas, which command better pricing. We maintain a favourable view on the company as we believe the more focused company can realise a higher earnings power and valuation over time.
- A global technology company that provides a self-service platform for ad buyers to purchase and manage data-driven digital advertising campaigns across advertising formats was also among the top contributors during the period. Shares gained after the company reported solid Q3 results that beat expectations. Management highlighted a robust and diversifying mix of advertisers and strong growth channels such as connected TV as contributors to the results. We remain positive on the company, seeing it as the leading independent programmatic ad buying platform across digital channels.
- Detractors: Our position in Roku, a manufacturer of video streaming devices and a digital over-the-top TV operating system, was a top detractor. Shares fell after quarterly results showed supply chain issues had negatively impacted player unit sales. Conversely, advertising sales and commentary were robust growing over 80% year-over-year. We expect near-term results to be noisy given prior year growth comparisons and ongoing supply chain disruptions. However, we believe the company stands to be a significant beneficiary of the powerful secular trends in video streaming and an increasing mix toward ad-supported formats.
- Our position in a payments and software provider was also one of the top detractors. Shares came under pressure following the company's quarterly report which showed a moderation in the growth rate of its consumer finance app segment. Meanwhile, the seller payments and software business maintained its steady recovery trajectory. Commentary on business trends suggested stability but near-term results may remain under pressure as government stimulus impacts fade. We continue to believe the long-term growth trajectory is attractive given the company's expanding and cohesive platform for business and consumer financial services.
- Purchases and Sales: During the period, we initiated a position in a cloud-based artificial intelligence (AI) lending platform. The company's lending solutions rely on advanced machine learning models to more accurately price and approve consumer credit applications. We chose to initiate a position at this time as shares have recently experienced a pullback post the company reporting financial results. While results beat street expectations, the strong performance of shares meant expectations were a bit elevated beyond published estimates. Additionally, management's comments regarding attempts by bad actors to create fraudulent loan applications raised some concerns. Based on management's commentary, we believe these concerns are being appropriately addressed. Given the pullback, we believe the reward to risk in the company's shares is compelling.

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Allianz

Manager's Comment (For Allianz Global Artificial Intelligence Fund- USD)

Market Outlook and Strategy

- Market volatility was elevated over the past month as investors contemplated a faster normalisation of monetary policy and COVID-19 re-emerged as a top-of-mind risk. Companies across many sectors are demonstrating improved pricing power of their products and services which is offsetting higher input costs from supply chain disruptions, labour shortages, and rising commodity prices. However, these dynamics have contributed to the view that currently elevated measures of inflation may prove more persistent. We continue to believe that supply and labour disruptions will begin to ease in 2022 baring any further setbacks in the fight against the virus.
- With the new COVID-19 variant (Omicron) and shifts in monetary policy outlooks, we expect equity market volatility to remain elevated but trend lower from recent highs as investors navigate this dynamic environment. Shares of companies with long-duration growth profiles have borne the brunt of the downside volatility recently as the market applies a higher discount rate to their future earnings power. The valuations on many of these companies are approaching more normalised levels while revenue and earnings estimates have moderated from higher levels earlier this year.
- We expect monetary policy adjustments along with alleviating demand/supply constraints to contribute to a moderating inflation picture, which should dampen rate hike expectations and provide support for valuations of high-growth companies. Meanwhile, we seek to maintain a balanced exposure among growth, valuation, and quality, but above all, continue to focus on innovation. Looking into 2022 and beyond, we continue to see a favourable market backdrop particularly for innovative companies poised to deliver strong financial results amid durable demand for digital and productivity enhancing technologies.
- AI Infrastructure: We expect healthy demand for the ongoing build-out of AI infrastructure in the coming years. As AI training progresses past the pilot stage, the next phase will be about the new types of processing and storage needed to deploy AI from the cloud to billions of edge devices. We continue to believe the global rollout of 5G will accelerate going forward, and the resulting higher bandwidth will enable the collection of more data from billions of mobile and Internet of Things (IoT) devices.
- Within AI Infrastructure, we maintain a constructive view on the Semiconductor space. In line with the upswing in other pro-cyclical areas, Semiconductors have performed well fundamentally and in terms of share price. Looking forward, demand across many areas of end demand remains strong and supply is relatively constrained. We think these dynamics should remain in place over the next several quarters and are supportive of further upside in Semiconductor shares.
- AI Applications: We are seeing AI get embedded into an increasing number of software applications and systems to help make more intelligent decisions. AI is helping to drive higher levels of automation, better recommendations, faster decision-making, and significant cost savings. As AI continues to advance, we expect software and apps to offer even more personalised services, made possible through an increased understanding of user behaviour and search patterns, allowing companies to deliver more human-centric experiences in real-time. Smart assistants will begin to move from passive to proactive interactions by anticipating the user's needs rather than simply waiting for instructions. AI and machine learning will continue to automate mundane tasks and complicated analyses to free up employees to focus more time and attention on creative and strategic tasks. The recent introduction of quantum cloud computing could lead to significant breakthroughs in AI and machine learning in the coming years as researchers design new algorithms to exploit the exponentially faster computing power. We are just beginning to see AI become a part of more applications, which could potentially create an even bigger market opportunity than past IT transformation eras.

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Manager's Comment (For Allianz Global Artificial Intelligence Fund- USD)

Market Outlook and Strategy

- AI-enabled Industries: We are seeing more companies begin to leverage AI to drive innovation. Many of our portfolio holdings in the Automotive, Consumer, Health Care, and Finance sectors are already seeing the early benefits from AI, which is allowing them to introduce unique products and services enabling them to outperform their industry peers. We expect to see more industries roll out AI projects across more of their operations to accelerate their digital transformation. We believe companies will continue to adopt AI technologies such as facial recognition for identification and fraud detection, autonomous vehicles and robots for transportation and logistics, robotic process automation (RPA) and virtual digital workers to automate repetitive office tasks, predictive maintenance powered by IoT to minimise maintenance costs and equipment down time, and augmented and virtual reality (AR/VR) to create engaging experiences and entertainment.
- Overall, we continue to believe we are at the very early stages of massive disruptive change brought about by advancement in AI and its deployment. We believe that these changes will drive meaningful growth for companies that are able to take advantage and drive disruption within their respective industries. While it is expected at times that markets may question the underpinnings of this growth, we believe the compounding effect from AI disruption will create long-term shareholder value. We believe that stock picking will be imperative to capturing the benefits of this opportunity, especially in an environment characterised by disruption and change.

Investment Strategy & Approach

Investors should realize that there are risks of investing in the Funds as listed below:-

- **Market Risk** – The value of the Fund's investment assets may be affected by changes in economic fundamentals, interest rate movement, regulatory policy, political and industrial developments. These market factors may result in fluctuations in the value of the Fund's investment assets. This risk may be mitigated by ensuring a rigorous review of macroeconomic factors and asset allocation strategy.

- **Currency Risk** – For foreign investment, fluctuations in currency exchange rates may have an impact on the value of the Fund's investment assets. This risk may be minimized by engaging in foreign currency hedging.

- **Country/Foreign Investment Risk** – This risk refers to the risks of investing in foreign markets. The value of the foreign investment assets directly or indirectly held by the Fund may be affected by country-specific factors, such as the country's economic fundamentals, social and political stability and regulatory policy. This risk may be mitigated by ensuring a rigorous review of macroeconomic factors and asset allocation strategy.

- **Specific Security Risk** – The value of the assets in particular securities and money market instruments may be affected by company-specific factors, such as business situation, financial condition and corporate governance of the company. This risk may be minimized through diversification of investments in a wide scope of companies belonging to a multitude of sectors.

- **Sector Risk** – The value of the Fund's investment assets may be adversely affected by the changes in sector-specific factors, such as the business condition, industry outlook and demand/supply dynamic of the industry. This risk may be minimized through portfolio diversification and control on sector concentration risk.

- **Liquidity Risk** – If an asset has insufficient liquidity, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price. The lack of liquidity of an asset may cause its purchase price to increase significantly. The risk is managed by including liquidity factor into security selection and further mitigated by diversification.

- **Target Fund Risk** – As the Fund is a feeder fund, it will invest into a Target Fund which is being managed by a Target Fund Manager. While we would make every effort to ensure that the objectives of the Target Fund are appropriately aligned with those of ours, we do not have control over the Target Fund Manager's investment in terms of its approach, intelligence, operations and management. In the unlikely event of any mishandling of the Target Fund, the NAV of our Fund, which is investing predominantly into the Target Fund, could be similarly adversely affected. This risk may be mitigated by our constant monitoring of the Target Fund, which is requisite to ensuring that the Target Fund's objective, risk profile and characteristics are in line with ours.

Overall, on top of regulatory limits imposed by Bank Negara Malaysia, we have put in place tight internal investment limits for all asset class with oversight by risk officer to ensure that the Fund does not take on excessive risk, albeit we cannot guarantee the total elimination of risks associated with investing in the Fund.