Market Review and Outlook

April 2025

The content of this document is supplementary to the Monthly Fund Factsheets.

For the following funds:

Allianz Life Master Bond Fund ("MBF")
Allianz Life Master Equity Fund ("MEF")
Allianz Life Master Dividend Fund ("MDF")
Allianz Life Master Dana Ekuiti ("MDE")
Allianz Life Master ASEAN Plus Fund ("AMAF")
Allianz Life Managed Fund ("MF")
Allianz Life Equity Fund ("EF")
Allianz Life Dynamic Growth Fund ("DGF")
Allianz Life Equity Income Fund ("EIF")
Allianz Life Bond Fund ("BF")
Allianz Life Dana Padu ("DP")
Allianz Life ASEAN Plus Fund ("AAF")

Market Review

Global equity markets had a turbulent month in April, with the MSCI World Index gaining +0.74% mom, while the American Dow Jones Index fell by 3.17% mom and S&P 500 Index declined by 0.76% mom. During the early part of April, global markets were rattled after President Trump announced his "Liberation Day" tariffs, which sparked concerns of a full – blown trade war and threatened to upend the global trade order. In April 2025, the International Monetary Fund (IMF) lowered its 2025 global growth forecast by 0.5 pp to 2.8% – the slowest pace since the pandemic in 2020 and warned of further downside risks should trade tensions escalate. However, sentiment improved toward the end of the month as President Trump announced a 90 – day pause in implementing the reciprocal tariffs for all countries bar China, offering temporary relief to global markets.

In the US, March's nonfarm payrolls (NFP) surged by +228k mom, (Survey: +140k mom) and higher than the previous month's revised NFP of +102k mom. The unemployment rate was slightly higher at 4.2%, as compared to 4.1% in the previous month. Consumer Price Index (CPI) in March declined to +2.4% yoy, as compared to +2.8% yoy in February. Similarly, March's advance retail sales was in line with consensus at +1.4% mom, and higher than the prior month's +0.2% mom. However, industrial production declined 0.3% mom, as compared to an increase of +0.7% mom in February.

Over in Europe, the Stoxx 50 Index declined by 1.68% mom, despite the April HCOB Eurozone Manufacturing Purchasing Manager's Index (PMI) increasing slightly to 49.0, as compared to 48.7 in the previous month. The Eurozone unemployment rate also ticked up to +6.2% in March, as compared to +6.1% in February. Eurozone Core CPI also increased to +2.7% yoy in April, as compared to +2.4% yoy in March. The European Central Bank decided to cut interest rates for the 7th time in a year by 25 basis points and warned that economic growth will take a big hit from US tariffs.

On the other hand, China's Shanghai Composite Index fell 1.70% mom, despite the Consumer prices index improving to a slight drop of 0.1% yoy in March, compared to a drop of 0.7% yoy in February. Retail sales YTD in March grew +5.9% yoy, as compared to +4.0% yoy in February. The People's Bank of China maintained key lending rates unchanged in March for the 6th consecutive month, with the one-year loan prime rate (LPR) at 3.1% and the five-year LPR at 3.6%. The Caixin China Manufacturing PMI slowed to 50.4 in April, lower than the 51.2 in March. The latest reading is the lowest recorded since January.

In April, Brent crude oil price plunged 17.5% mom to USD61.06/barrel due to concerns that OPEC+ would decide to expedite its output hikes that will increase global supply at a time when the demand outlook is uncertain. Crude palm oil price fell 9.3% mom to RM3,911/tonne, as compared to RM4,312/tonne at end March, as palm oil production rose 16.8% mom in March, marking the start of the seasonal uptrend in supply.

For the ASEAN region, Singapore's Straits Times Index (STI) fell 3.52% mom, as its non-oil domestic exports slowed to +5.4% yoy in March, as compared to a gain of +7.6% in February. However, indusrial production in March was up +5.8% yoy, as compared to a decline of 1.3% the previous month. On a yoy basis, retail sales increased 1.1% in March 2025, reversing the 3.5% decrease in February 2025. Indonesia's Jakarta Composite Index rose +3.93% mom despite a much lower S&P Global Manufacturing PMI reading of 46.7 in April, as compared to 52.4 in the previous month. Exports also slowed to +3.14% yoy in March, as compared to +14.05% yoy in February. The Stock Exchange of Thailand gained +3.38% mom despite a slightly lower S&P Global Manufacturing PMI reading of 49.5 in April, as compared to 49.9 in the previous month. Its Business Sentiment Index also fell to 47.1 in April, as compared to 50.2 in March. Over in Malaysia, the FBMKLCI increased by +1.76% mom despite a lower industrial production reading of +1.5% yoy in February, as compared to +2.0% in the previous month. Its S&P Global Manufacturing PMI was also slightly lower at 48.6 in April, as compared to 48.8 in March. April saw continued net foreign outflow of RM1.9bn, bringing year-to-date net outflow to RM11.9bn.

The US Treasuries (UST) yield curve steepened in April as the 3 – 10y tenors yield declined by 5 – 27bps mom while the 20y and 30y tenors yield increased by 10 – 11bps mom. April was a volatile month as shifting US trade policies under President Donald Trump and his public criticism of the Fed fueled concerns that foreign investors might gradually lose appetite for American assets. The tariff announcement on April 2 triggered a stock market selloff that initially boosted demand for UST and pushed most yields to year – to – date lows by April 4. It was however short – lived as heightened market volatility spurred investors to unwind crowded positions and sent yields upwards. The UST staged a late-month rally as signs of faltering US economy intensified speculation that the Fed would accelerate interest – rate cuts. Fed fund futures as of end – April now indicate an implied rate cut of 102bps by year – end compared to 76bps as of end – March.

Malaysian Government Securities (MGS) yield curve steepened in April as well, with the 3 – 7y tenors yield declining by 12 – 23bps mom while the 10 – 30y tenors yield declining by 7 – 11bps mom. Malaysia's advance GDP estimate for 1Q25 shows growth moderating further to 4.4% yoy (Survey: +4.8% yoy, 4Q24: +5.0% yoy) as all major sectors experienced slower growth, with the mining sector contracting at a more pronounced rate. Malaysia's March headline inflation moderated to 1.4% yoy (Survey: +1.6% yoy, February: +1.5% yoy) with Bank Negara Malaysia (BNM) attributing the divergence to the waning effects of past policy adjustments on non-core consumer price index (CPI) components, including water and electricity tariffs, which had risen in the same period last year.

Foreign funds net bought Ringgit bond holdings in April with net inflows of RM10.2bn (March: + RM3.2bn). This was the largest monthly inflow since July 2023. The foreign share of both MGS and MGS+MGII climbed to 33.6% (March: 32.5%) and 21.4% (March: 20.9%) respectively. Malaysia's foreign reserves increased by USD1.2bn to USD118.7bn as of end – April (March: USD117.5bn).

Market Outlook

While policy uncertainty remains elevated and a comprehensive resolution could be distant, investors found some comfort in the recent May 2025 pause in escalation especially between US and China which now appear more conciliatory. Now all eyes will be on how these developments will impact real economic activity, including consumption, earnings, and GDP growth. In the near term, markets will remain volatile due to the trade tariff uncertainty. Locally, investors would keenly observe the implementation of some important policies such as RON95 fuel subsidy rationalization and Malaysia's response to the US on their tariff measures and its potential impacts on the market.

As we navigate the volatile equity market environment of 2025, we remain cautious to investing in fundamentally good investments over long – term investment horizons. As always, we will opportunistically engage in trading activities to capitalize on any prevailing market volatility. All the same, we will keep vigil over any potential geopolitical and other risks that may necessitate the gravitation towards new strategies to adjust to the ever – volatile market conditions.

While the IMF continues to expect the global economy to avoid a recession in 2025, it raised the probability of a US recession to 40%, up from 25% in its January outlook. Despite the aggressive rate cuts expectations for 2025 and into 2026, Fed Chair Jerome Powell has said that while uncertainty is high and downside risks have risen, the economy is still in a good place and the Fed will wait before further rate moves. On local monetary policy, BNM is expected to closely monitor the impact of external developments on growth and price stability before making any policy adjustments. Demand for Ringgit government bonds have gained traction as investors sought safer assets and central banks globally have increased their probability for rate cut(s). All said, bond volatility will remain, but we would selectively accumulate bonds at reasonable valuations while prioritizing good quality names.

For Allianz Life Global High Payout Fund:

Target Fund Manager's Comment (For Allianz Global High Payout Fund)

What helped?

- Growth and dividend growth related factors could perform better than global equity markets and added to relative performance.

What hurt?

- The Fund could not outperform in April and slightly lagged its benchmark.
- Higher-yielding stocks as well as value names lagged global equity markets.

Market Review

Global equities had another volatile month in April. Stocks initially plummeted amid fears that the global response to President Donald Trump's "Liberation Day" tariff offensive would plunge the global economy into recession but recovered most of their earlier losses when the president announced an abrupt U-turn to provide scope for trade negotiations. Trump's subsequent attack on US Federal Reserve (Fed) Chair Jerome Powell for not cutting interest rates heightened concerns over the central bank's independence and prompted a renewed sell-off, although easing tariff tensions and optimism around Q1 corporate earnings releases brought some welcome respite near month-end.

After the worst quarter since 2022, US equities plunged further on heightened recession risk after President Donald Trump announced sweeping tariffs against the US's trading partners in his "Liberation Day" announcement on 2 April. The S&P 500 Index recorded one of the most volatile periods on record in the ensuing market meltdown, as hawkish Fed commentary and concerns about weakening fundamentals added to the risk-off mood. US equities were buffeted further after Trump's attack on Powell prompted concern about the central bank's independence. However, equities rallied into month-end, rounding out the first 100 days of Trump's second term in office on a brighter note as trade tensions eased, and closed the month only slightly down.

European equities closed April broadly flat against a volatile backdrop of escalating trade war tensions. Stocks sold off early in the month amid heightened economic uncertainty following President Donald Trump's "Liberation Day" of sweeping tariffs, but later recovered after the US president's U-turn effectively paused most tariffs for 90 days. At a sector level, Energy was the weakest sector by far, dragged lower by falling oil prices, while Real Estate and Utilities were the best performing sectors in April.

Market Outlook

In March, our Macro Breadth Growth Index declined for the second time in a row – a development which points to a significant loss of economic momentum. The broad deterioration across key developed economies (including the US, the euro area, Japan and the UK) and a number of emerging economies was not fully offset by a recovery in China and Brazil. The import tariffs announced by President Trump at the beginning of April will probably turn the global economic and trade system upside down. Investors will have to deal with far-reaching structural shifts, which may (particularly in the US) lead to stagflation or recession. Risk premiums for riskier asset classes, such as equities, probably do not reflect yet the increase in uncertainty and the deterioration of the growth and inflation outlook. From our vantage point, the probability of significant price movements or a longer correction period has increased, above all in highly valued market segments such as the US market. While some European and Chinese stocks might benefit from increased government spending, these regions will be faced with structural headwinds and the negative impact on demand caused by the US tariffs. Since the market environment may bring considerable surprises and is characterised by deviating regional developments, we believe that investors should pursue an active portfolio management approach based on fundamentals.

For Allianz Life Asia Multi-IncomePLUS Fund:

Target Fund Manager's Comment (For Allianz Asian Multi Income Plus)

Market Review

April was a volatile month for Asia Pacific ex Japan equities. Stocks tumbled following President Donald Trump's "Liberation Day" of sweeping tariffs early in the month, with tariff-related turmoil dominating the headlines throughout the rest of April.

China dragged regional equities lower amid fears that tit-for-tat tariff hikes by the world's two biggest economic powers could signal the start of a full-blown trade war. Taiwanese stocks also moved lower, despite index heavyweight Taiwan Semiconductor Manufacturing Company's bullish outlook and the Taiwanese government deploying a USD 15 billion financial stabilisation fund. ASEAN equity markets rose in aggregate, with central banks in both the Philippines and Thailand cutting interest rates. The Reserve Bank of India (RBI) also cut interest rates, and the Indian equity market recovered strongly in April on the back of better liquidity conditions and the return of foreign inflows.

For fixed income, after an initial weak start, the market rebounded as sentiment recovered when the tariffs were granted a temporary reprieve. Asian credit (JACI Composite) was flat for the month of April. Investment grade (IG) credits returned 0.3%, with favourable US Treasury movements contributing 0.5%, while credit spreads detracted -0.3%. High yield (HY) credits corrected by -1.7%, as the positive interest rate return of 0.4% was not sufficient to offset the negative spread return of -2.1%.

In this environment, the Fund return was negative in USD terms in April.

In the equity portfolio, a leading detractor was an Internet of Things (IoT) and edge-artificial intelligence (edge-AI) software design service provider from China. The company works with international brands to integrate AI capabilities into their products. The share price saw some profit taking after the rally fuelled by an emerging Chinese startup which launched an open-sourced AI model in previous months.

On the positive side, a top contributor came from a major food online delivery and "quick commerce" platform in India with a strong footprint across the country's megacities. Platform growth is being driven by expanding delivery categories across groceries, electronics and fashion to service demands of the urban consumer.

The asset allocation at the end of the month was 69.7% invested in Asian equities and 30.0% in Asian fixed income.

During the month, we exited select positions where we anticipate higher levels of business impact from tariffs in favour of companies focused more on domestic-oriented demand. For example, we exited our position in a semiconductor testing equipment company in Taiwan and added to a toll-road operator in Australia, a telecommunications company in India, and a popular freshly made tea brand in China.

Within the fixed income portfolio, we took the opportunity to pick up bonds at attractive level and switched out the outperformers. Also, we were actively involved in the primary market to capture the new issue premium.

At the end of the month, we held 59 equities and 57 fixed income securities. The equity portfolio yield was 2.6% (based on forward 12-month estimates), and the average fixed income coupon was 5.6% with an average credit rating of BB+ and average duration of 2.4 years.

Market Outlook

Shortly after the end of the month, Asian equity markets were turned on their head by Trump announcing significantly higher-than-expected tariffs. Although China basically matched US actions rather than escalating further, showing it is still open to negotiation, in practice the outlook is highly uncertain. We expect a significant policy response from China focused on stimulating domestic demand.

While we are still facing uncertainty as Trump is disrupting the global economic / trade order with his tariff announcements and more time is needed to see where things settle, there could be channels for Asia to see some respite. Regional central banks have some propensity for policy easing, for example, especially if the US dollar continues to weaken. India is a more domestic demand-driven economy and is correspondingly less exposed to US tariff risk. India equity valuations have also come down significantly.

On the fixed income side, the latest corporate earnings have shown evidence of stable to improving profitability, decreasing leverage with right-sized businesses across most sectors in Asian credit space. Spreads are more attractive now while solid credit fundamentals and strong technicals should continue to support Asian credit valuation. With attractive all-in yields, we remain constructive on Asia credit with a slight preference of HY to IG and expect carry and security selection to be the key positive contributors to performance.

For Allianz Life Amanah Dana Ikhlas:

Collective Investment Schemes Fund Manager's Comment (For Maybank Malaysia Balanced-I Fund)

Market Review

Sukuk Review

Trump Administration's recent tariff announcements have challenged the decade-long rapid globalisation and highly intertwined global supply chain. There are also increasing distrust of current US dominated financial system and the mighty USD. UST yields fell across the board by 6-31 bps, especially the short to belly parts of the curve as market is looking to 50-75bps rate cuts by FOMC this year. 10Y UST fell to 4.17% from 4.23%. In local market, in a similar vein, government yields fell across the board, especially after US announced the postponement of reciprocal tariffs on 75 countries by 90 days. The rally also further propelled by unexpected 1QGDP contraction in US, boosting chances of the monetary easings in US and across the globe. Local govvie yields fell 8 - 20bps, with 10y MGS closed the month at 3.66%.

Equity Review

April was quite a remarkable month for equity markets. Stocks witnessed a steep drop early of the month as the US administration unveiled its "Liberation Day" tariff plans, with VIX spiking above 50. As quickly as it was announced, markets made an extraordinary V-shared recovery on the policy U-Turn, starting with the 90-day delay (except China with a higher 145% tariff). Sentiment was also lifted by the exempted tariffs on semis and high-tech goods. The other focus was on the volatility in the US Treasury market as well as the weak USD on questions of US exceptionalism.

Price action in the KLCI was also similar, closing +1.8% for the month with the added sentiment albeit temporarily, from President XI Jinping's visit. 31 MOUs were signed across sectors including tech, energy, infrastructure and communications. Regionally, markets were higher except for Singapore which fell 3.5%. Indonesia was the best performing gaining 3.9% whereas Thailand and Philippines were up 3.4% and 2.8% respectively.

In currencies, USD gyrations saw the DXY Index weakened by 4.6% on confidence loss as a risk-off asset. Consequently, most Asean currencies appreciated, such as MYR, SGD, PHP and THB gained 2.8%, 2.7%, 2.4% and 1.5% respectively. However, the IDR was weaker 0.2%.

In foreign flows, Asian markets continue to see persistent selling. Indonesia, Thailand, Malaysia and Philippines saw selling amount to US$1.2bn, US$432m, US$417m (RM1.89bn) and US$54m respectively. To note, Malaysia had the most single day foreign outflow in 11 years amounting to RM1.06bn on 7 of April although it has 6 consecutive days for net foreign inflows towards the end of the month. This brings the net foreign selling to RM11.9bn on year-to-date basis, only the second largest outflow after Indonesia (US$3.06bn).

Driven by tariffs and recession concerns, gold's upward momentum continued into April, rising ~5% to reach a high of US$3,500/oz sometime during in the month to finally settle at US$3,288/oz on the 30th. Slower demand expectations as well as rising recession risks led to contrasting performance in cyclical commodities. LME Metal Index was lower by ~6%, with copper down by ~9%, aluminum lower by ~5%, and nickel fell ~3%.

Market Outlook

Sukuk Outlook & Strategy

As anticipated, Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 3.00% during today's Monetary Policy Committee (MPC) meeting. With headline inflation easing to a four-year low of 1.4% in March and 1Q GDP growth moderating to 4.4%, BNM is taking a cautious approach to safeguard economic stability. BNM also reduced the Statutory Reserve Requirement (SRR) ratio by 100bps to 1%, effective 16 May 2025, releasing c. RM19 billion in liquidity into the banking system. We remain positive on Malaysian fixed income, which offers solid capital gain potential with limited downside risk. Growth remains underpinned by resilient domestic demand, while inflation stays benign, providing a conducive backdrop for fixed income. Meanwhile, MGS has displayed resilience and stability YTD in 2025 despite the volatility in UST over the same time, reflective of stable demand and strong investor confidence. In addition, the ongoing fiscal consolidation, increase in liquidity, and the healthy demand reflected by the strong Bid-to-Cover (BTC) YTD create opportunities for better return potential, particularly in high-quality names.

BNM maintained the OPR at 3.00% as expected in most recent MPC meetings. The monetary policy remains neutral given the favorable combination of solid economic growth and anchored inflation trajectory that is expected to sustain into 2025. We expect the recovery in Malaysia's fixed income market to continue, as most central banks around the world have started embarking on rate cuts.

For Allianz Life Amanah Dana Ikhlas:

Collective Investment Schemes Fund Manager's Comment (For Maybank Malaysia Balanced-I Fund)

Strategy wise, we aim to be well invested and gradually increase duration exposure to a mildly overweight stance in anticipation of a dovish monetary policy stance. Our focus remains on strong AA-rated names for attractive yield and carry, with potential upside from rating upgrades as domestic activity improves. We are reinvesting into higher-yielding, longer-tenor papers and selectively participating in new primary issuances to enhance returns.

Equity Outlook & Strategy

Combination of the Trump administration's incendiary policy as regards to trade combined with US's extreme fiscal deterioration has led to volatile performance of US markets which has reverberated global equity markets. As at writing, markets have seen recovered from the lows in early April following the reversal from the Trump administration, and more recently the trade truce between US and China which substantially lowers the tariff rates. However, we reckon that markets are likely to remain soft as the US policy changes continue to create uncertainty in financial markets. Already, macroeconomic data has turned soft, prior to these announcements. e.g. US 1Q GDP lower by 0.3% qoq, this will add to the rising recession risks.

At this juncture, market participants are closely monitoring the outcome of the negotiations deals as well as policy responses. Currently, negotiations have been focusing on US allied countries. In any case, it remains difficult to ascertain with any high conviction the market impact given the fluidity of the situation given the reciprocal measures as aforementioned. However, the prolonged effect of these reciprocal measures affects the economic environment and negative growth, sentiment as well as pressure on inflation.

Going forward, we think that tariffs are likely to be a permanent feature of the current US administration, with rates to bespoke based on negotiation deals on G2G basis. There is also concern that the US will make concessions with its allied parties at the expense of China to create leverage, but this bears watching.

Although markets have already recovered above "Pre-Liberation Day" levels, we remain cautious in the near-term as we see profit taking, approaching earnings season as well as still tepid fundamentals. Beyond these in the local context, we remain constructive supported by sound fundamentals, stable politics and improving FDI/DDI momentum. Strategy-wise, we maintain slightly higher cash levels and focus on large-cap, domestic-centric stocks. As we weather through these crosscurrents, we are likely to prioritize earnings quality certainty and defensive stocks growth-centric stocks. Having said that, we are looking opportunistically at stocks that we like but have been sold off, with perhaps a high margin of safety. These sectors include real estate, technology, industrials etc.

For Allianz Life All China Equity Fund and Allianz Life All China Equity Fund (USD):

Target Fund Manager's Comment (For Allianz All China Equity)

Market Review

The Fund lagged the benchmark in April as Trump's tariffs prompted significant intra-market volatility. Stock selection in the Industrials sector was the main detractor.

At a single stock level, a detractor last month was a leading smartphone and consumer electronic component provider and a key supplier to a US smartphone, computer and communications equipment producer. The share price saw a pullback after the higher-than-expected US tariffs prompted concerns about a slowdown in smartphone demand. We reduced the position size given near-term risks. In longer term, the company continues to gain market share in the US producer's supply chain by enhancing its ongoing vertical integration and supplying a broader range of capabilities.

Conversely a key contributor was a technology company, which specialises in LiDAR (light detection and ranging) sensors. These use laser technology to create detailed 3D maps and play a key role in areas such as autonomous vehicles and robotics. The stock saw a strong recovery in April after some previous profit taking. In longer term, we believe the company is well positioned to benefit from accelerating adoption of advanced driver assistance systems (ADAS) in China.

Market Outlook

In line with other global markets, China equities – especially offshore markets – initially gapped lower after the tariff announcements on "Liberation Day" before subsequently recovering a good part of the losses through the rest of the month. China A-shares were notably less volatile, with government support limiting the downside.

In the near term, the tariff outlook remains uncertain. China's negotiating position has hardened notably. This is partly because of the belief they can sustain the economic attrition for longer than the US. Operating under US export controls for the last five years has resulted in a meaningfully enhanced degree of self-sufficiency in critical industries.

Having said that, the current situation will result in significant economic damage for both China and the US. There is little historical precedent for this scale of tariff increase, but sell-side estimates suggest this could, in isolation, have a close to 2% gross domestic product (GDP) impact on China. As such, it is in the interests of both sides to de-escalate the situation. Recent days suggest some early signs of a move towards negotiations.

Looking ahead, a key question is to what extent China will lean against the tariff headwinds and the looming economic slowdown with renewed efforts to stimulate domestic demand. Just a few weeks ago, China set an official GDP target for 2025 of "around 5%". Given the importance attached to achieving the annual growth target – it has been met or exceeded in each of the last 15 years with the exception of COVID in 2022 – both monetary and fiscal policy should be dialled up in coming months.

On paper, there is significant untapped potential including more than USD 20 trillion of household savings. But the consumption power and confidence of China consumers have been significantly hampered by the severe housing market downturn and labour market pressures in the post-COVID era. We think it is increasingly likely that there will be decisive and forceful policy changes, including the government stepping up support for asset prices, not just in equities but in the crucial housing market as well.

Indeed, the most evident policy move so far has been the "national team" boosting support for equity markets. Domestic exchange-traded funds (ETFs) have seen significant inflows, more than 240 China A-share companies have announced share buybacks in April, and insurance companies have been guided to increase their exposure to equities. The "Beijing put" has been in action several times over the last year, with the 3,000 level on the Shanghai Composite Index appearing to be the line in the sand. The current level of around 3,280 should therefore provide some indication of the expected downside risk.

In this environment, portfolio activity in April included adding to companies which are expected to benefit from ongoing import substitution, particularly in technology-related industries. These include the development of processor chips for artificial intelligence (AI) applications as well as other parts of the semiconductor supply chain.

At month end, the portfolio has around 35% in China A-shares. The portfolio continues to have relatively close-to-benchmark sector allocations, so that stock selection remains the key relative performance driver. At month end, the largest sector overweight is Information Technology (+2.3%), while the largest underweight is Communication Services (-3.5%).

For Allianz Life Global Artificial Intelligence Fund and Allianz Life Global Artificial Intelligence Fund (USD):

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

Market Review

Global equities had a choppy month in April. Stocks initially sold off on President Donald Trump's aggressive retaliatory tariffs announced on 2 April "Liberation Day". The initial reaction was a sharp risk-off environment that was broad-based with most equity styles down double digits until markets reached a bottom on 8 April. In the following weeks, tariff tensions began to ease, and earnings were better-than-feared, helping stage a market recovery over the last few weeks.

The US economy unexpectedly shrank in Q1, with gross domestic product (GDP) falling 0.3% on an annualised basis, as companies accelerated imports ahead of tariff. Headline year-on-year inflation fell to 2.4% in March, down from 2.8% in February, while core inflation also eased more than expected, reaching the lowest rate since March 2021. In Asia, the Bank of Japan (BoJ) and the People's Bank of China (PBoC) held key lending rates steady at their meetings during the month. Meanwhile, the European Central Bank (ECB) cut interest rates by 25 basis points (bps) to 2.25%, as widely anticipated, citing the deteriorating growth outlook due to rising trade tensions.

Oil prices fell in April as heightened trade tensions softened the outlook for global energy demand. Brent crude prices fell following the "Liberation Day" tariff announcement, briefly dipping below USD 60 per barrel – the lowest level in more than four years. Fears of a supply surplus also weighed on oil prices after the Organization of the Petroleum Exporting Countries Plus (OPEC+) announced plans to increase output in May. Meanwhile, gold continued to soar on safe-haven demand, breaching USD 3,500 an ounce for the first time on record before retreating modestly into month-end on profit-taking.

From a sector perspective, for the MSCI All Country World Index, Consumer Staples and Utilities were the top performing sectors given the preference for defensive stocks amid a volatile environment. Energy and Health Care were the only sectors with negative returns.

During the period, the Fund outperformed the blended benchmark (50% MSCI ACWI Index/50% MSCI World Information Technology Index). The market backdrop in the second half of April rebounded as tariff tensions started to ease, allowing artificial intelligence (AI) related stocks to recover some from oversold conditions. From a sector perspective, Information Technology and Energy were the largest contributors, while Consumer Discretionary and Communication Services were slightly offsetting. The AI infrastructure theme experienced a sharp recovery as new data points indicate healthy data centre buildout trends. AI applications performed slightly below the benchmark due to a pullback among our China equity holdings, which have been outperformers in prior months. AI-enabled industries also slightly underperformed from our Health Care and Industrials exposure.

Contributors

Among the top relative contributors over the period was Broadcom Inc., which designs, develops and supplies a broad range of leading semiconductors, enterprise software and security solutions. Shares recovered off oversold conditions, as semiconductors were given some tariff exemptions and AI companies provided positive commentary on the data centre spending environment. Looking forward, the company is on track for meaningful acceleration in revenue and earnings growth driven by AI-related computing and networking programmes, software infrastructure and a recovery in its wireless semiconductor business.

Our underweight position in technology hardware producer Apple Inc. was among the top contributors due to its significant weighting in the custom benchmark. Apple had an average 11.87% weight in the benchmark, while the Fund had an average exposure of 3.01%. Shares were lower during the period due to supply chain risks from tariffs.

Detractors

The top detractor was a Chinese e-commerce operator. The company operates primarily as a business-to-consumer platform, selling products directly to customers and manages a vast logistics network. Shares pulled back on growing competition with its new food delivery business. In longer term, the company remains well positioned for a China recovery, which could be catalysed by more stimulus policies. Further, given the combination of aggressive buybacks, improving business trends and an undemanding valuation, the company continues to have an attractive reward-to-risk profile.

Shares of a Chinese internet and e-commerce company were lower as trade tensions escalated between the US and China but recovered as the situation eased towards the end of month. Looking forward, the company is positioned to benefit from a recovery in gross merchandise value as macroeconomic conditions improve, greater penetration into lower-tier cities and new monetisation opportunities on its platform.

For Allianz Life Global Artificial Intelligence Fund and Allianz Life Global Artificial Intelligence Fund (USD):

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

New Buys and Sells

A new name that we purchased on the pullback was a provider of an AI-powered technology platform that helps manage digital advertising campaigns. Shares in recent months underwent a correction because of short-term execution issues, but we believe the company is well positioned to grow in the long term as the shift to programmatic advertising continues. It is also well positioned to capture the shift of traditional television advertising budgets towards streaming video.

We also initiated a new position in a global medical device company that leverages AI in their products. Moreover, we believe the company is likely to continue seeing strong results from the recent launch of an AI-enhanced device used for treatment of heart rhythm disorders.

We exited the remaining position in a life science and diagnostics equipment manufacturer as it continues to face headwinds in its core markets, especially as it relates its China business.

Market Outlook

Although we maintain a positive long-term outlook for equities, markets may undergo short periods of volatility. A more complicated policy backdrop can contribute to potential risks of inflation and a growth slowdown. For now, tariff tensions appear to be easing but it remains to be seen when trade deals will be signed. As deals get announced, they would serve as blueprints for other countries to follow.

A lot of uncertainty remains discounted into equity prices, especially with stocks in the AI innovation ecosystem. Near-term earnings expectations have come down while valuations have compressed. As lingering uncertainties get resolved and companies resume their long-term earnings growth trajectory, markets should find their footing and continue to recover.

We continue to believe the Trump administration wants the US to maintain its leadership in AI innovation and is focused on bringing more manufacturing back onshore. Several announcements have been made to further onshore the AI ecosystem and the technology supply chain to the US. This included plans for a USD 500 billion investment from Nvidia and a USD 500 billion investment from Apple. More announcements should be constructive for the AI innovation ecosystem.

We continue to maintain an opportunistic approach to security selection, as we seek companies that are better positioned to navigate through a more complicated environment. Amid additional volatility, there may be opportunities to upgrade select names and add to high conviction ideas to better position the portfolio for improved performance.

From an innovation perspective, progress with AI development is accelerating as more powerful capabilities becomes readily available from the robust "phase one" infrastructure buildout. We are beginning to enter "phase two" where new generative AI use cases and application adoption drive significant benefits over the coming years. Our analysis suggests that investments in AI could lower the marginal costs of operations, much like the information technology (IT) revolution did. Furthermore, the advanced features of AI-enhanced products or services can drive new levels of productivity, cost savings and revenue opportunities across industries in "phase three". Given the transformative potential of AI investments, we believe profit margins may not simply hold steady but could in fact grow, supporting valuations for innovative companies that are investing now to disrupt the status quo.

AI infrastructure: Spending on AI infrastructure should continue to be robust over the next several years as more powerful AI data centres are built around the globe. Nvidia's upcoming Blackwell AI chips provide up to a 30 times performance increase compared to the previous generation and more hyperscalers are designing custom AI chips to meet their unique specific needs. This is driving demand for new data centre architectures that can handle the higher power, cooling, space and networking requirements. Overall demand for generative AI training remains durable as more companies across the ecosystem are rushing to build better foundational models or fine-tune other models. Growth in AI inference systems is also expanding to process and respond to new data in real time and support applications that require low latency and high reliability at the edge of the network. Newer reasoning engines require more "think time" to yield better results, driving additional workload demand.

For Allianz Life Global Artificial Intelligence Fund and Allianz Life Global Artificial Intelligence Fund (USD):

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

AI applications: Generative AI applications are evolving into their next phase with the emergence of AI agents. Unlike AI copilots designed to answer a single question, AI agents have decision engines that allow them to operate autonomously and complete complex tasks. AI agents can be easily customised to handle repetitive tasks and have human-like decision making capabilities to adapt to different situations. This can create a new level of automation and dramatically cut costs and improve productivity. We believe there will be an upcoming surge of new generative AI infused applications across many areas of consumer and enterprise workflows over the next several years, driving more investment opportunities.

AI-enabled industries: AI continues to open up new possibilities to drive true industry transformation across every industry. Many companies in AI-enabled industries are increasing investments in generative AI to train one's own industry-specific model on its proprietary content or knowledge to compete better. In Health Care, the application of AI could dramatically speed up the time for drug discovery, accelerate clinical trials and dramatically improve efficacy of medical devices. Within Financial Services, there are companies with significant volumes of data related to transactions, customer interactions and research. This allows for the creation of AI solutions to enhance operational efficiency, improve fraud detection and personalise client service. There are similar opportunities within Automotive, Consumer, Industrials, Energy and even Mining. We think this is only the beginning as innovative companies embrace AI to enhance efficiency, lower costs, launch new products, take market share and drive higher levels of profitability.

We are still in the early innings of the AI era. Despite significant advancements, there is a lot more potential to be unlocked in the future. The industry is rapidly evolving, with major investments and innovations continuing to drive progress towards artificial general intelligence, possibly within the next decade. AI is becoming more integrated into various fields, from finance to health care to humanoid robotics. It is an exciting time, and we are likely to see even more transformative changes in the coming years.

Our view remains that the compounding effect from AI disruption will create opportunities for innovative companies across every sector. We believe that stockpicking will be essential to capturing the benefits of this opportunity, as today's AI winners may change in the future in an environment characterised by rapid change and disruption. We remained focused on identifying the companies that can best leverage AI to deliver the most shareholder value creation over the long term.

For Allianz Life Oriental Income Fund and Allianz Life Oriental Income Fund (USD):

Target Fund Manager's Comment (For Allianz Oriental Income)

Market Review

April was a volatile month for Asia Pacific equities. Stocks tumbled following President Donald Trump's "Liberation Day" of sweeping tariffs early in the month, with tariff-related turmoil dominating the headlines throughout the rest of April. China dragged regional equities lower amid fears that tit-for-tat tariff hikes by the world's two biggest economic powers could signal the start of a full-blown trade war. Hopes of fresh stimulus measures from Beijing and signs of de-escalating trade war tensions brought some relief towards month end.

Taiwanese stocks also moved lower, despite the bullish outlook of an index heavyweight semiconductor company. During the month, the Taiwanese government deployed a USD 15 billion financial stabilisation fund after Trump's tariff announcement spurred the stock market's biggest loss on record. Meanwhile, tech-heavy Korean equities outperformed most regional peers, even as officials warned of escalating downside risks. Elsewhere, returns to international investors in Japan were boosted by the strength of the yen, which hit the psychological barrier of USD/JPY 140 for the first time this year. Dovish commentary from the Bank of Japan (BoJ) Governor Kazuo Ueda also helped to calm market jitters.

The Fund underperformed the benchmark in April. Stock selection in the Information Technology sector was the main source of weakness. A Taiwanese semiconductor company focused on high-complexity and high-volume chip design was the main detractor. It is vulnerable to slower revenue growth amid uncertainty around AI chip demand in light of tariff trade barriers and broader ambiguity around what success will look like for cloud and AI solutions in a quickly evolving technology environment. We have reduced the position size.

Conversely, a top contributor was a Korean industrial company that specialises in aerospace and is particularly known for its technological innovation. The company has been benefitting from improving sales and margins, and the sector - as a whole - has been a beneficiary of global geopolitical uncertainty. We believe this company is well positioned given its expanded product range, which includes more eco-friendly products using electric engines and hydrogen fuel cells.

There is a high level of uncertainty as countries across Asia reassess their relationship with the US. We see some potential for downside risk as higher risk premiums are not fully discounted in markets. As such, we have been building a buffer for some downside protection by raising cash and adding to fixed income. We will aim to deploy the cash in periods of market weakness.

Since last year, we have increased the portfolio exposure to China. This is partly a reflection of improved valuations as well as increasingly supportive government policy action. The announcement of an open-sourced artificial intelligence (AI) model developed by an emerging Chinese startup also demonstrated China's impressive advances in technology and AI. We have added to e-commerce/Internet stocks as well as Insurance and Health Care companies.

Conversely, we have significantly reduced the allocation to Taiwan from 24% at the beginning of the year to 9% at the end of April. There are signs of weakening demand for certain Technology companies, related in part to the fast-moving changes in AI-related developments. In Japan, we continue to focus on stocks where we see potential for enhanced shareholder returns and an improved earnings outlook as a result of governance reforms and a more inflationary environment. Many of these names sit in the Industrials and Financials sectors.

A large proportion of the Fund remains invested in mid and small cap stocks, which can lead to shorter-term volatility but has historically been a key source of added value and an area where we believe we can find differentiated ideas that are mispriced.

For Allianz Life Oriental Income Fund and Allianz Life Oriental Income Fund (USD):

Target Fund Manager's Comment (For Allianz Oriental Income)

Market Outlook

In early April, Asian equity markets were turned on their head by Trump announcing significantly higher-than-expected tariffs. After signalling restraint earlier in the year, China in particular retaliated with a strong tit-for-tat response. Although China basically matched US actions rather than escalating further, showing it is still open to negotiation, in practice the outlook is highly uncertain. We think it is increasingly likely there will be decisive and forceful policy changes including the government stepping up support for asset prices, not just in equities but in the crucial housing market as well.

Across the region, there could be channels for Asia to see some respite. Regional central banks have some propensity for policy easing, for example, especially if the US dollar continues to weaken. India is a more domestic demand-driven economy and is correspondingly less exposed to US tariff risk. Structural drivers also remain in place for a more positive outlook in Japan. Our focus has been on companies that have the franchise strength to better withstand tariff pressures.

While we are still facing significant uncertainty as Trump is disrupting the global economic/trade order with his tariff announcements and more time is needed to see where things settle, we are looking to add to stocks that have been overly punished in the market volatility, as well as potential beneficiaries of Asian domestic policy stimulus measures to offset the tariff impact.

For Allianz Life Total Return Asian Equity Fund:

Target Fund Manager's Comment (For Allianz Total Return Asian Equity)

Market Review

April was a volatile month for Asia ex Japan equities. Stocks tumbled following President Donald Trump's "Liberation Day" of sweeping tariffs early in the month, with tariff-related turmoil dominating the headlines throughout the rest of the April. China dragged regional equities lower amid fears that tit-for-tat tariff hikes by the world's two biggest economic powers could signal the start of a full-blown trade war. Hopes of fresh stimulus measures from Beijing and signs of de-escalating trade war tensions brought some relief to equities towards month-end.

Taiwanese stocks also moved lower, despite index heavyweight Taiwan Semiconductor Manufacturing Company's (TSMC's) bullish outlook. During the month, the Taiwanese government deployed a USD 15 billion financial stabilisation fund after Trump's tariff announcement spurred the stock market's biggest loss on record. Meanwhile, tech-heavy Korean equities outperformed most regional peers, even as officials warned of escalating downside risks. ASEAN equity markets also rose in aggregate, with central banks in both the Philippines and Thailand cutting interest rates. The Reserve Bank of India (RBI) also cut interest rates, and the Indian equity market recovered strongly in April on the back of better liquidity conditions and the return of foreign inflows.

The Fund outperformed the benchmark in April. From a market perspective, stock selection in India and Singapore was a source of relative contribution. At the sector level, selection effects in the Financials and Health Care sectors also contributed positively.

A key stock contributor was a Chinese biotech name initiated during the month. The company has several innovative drugs on its commercial platform that treat autoimmune diseases and cancer, with further drugs in various stages of its development pipeline. The share price rallied in April following positive Stage 3 trial results for an important new product.

Conversely, our overweight position in Chinese ecommerce player Alibaba was a source of detraction. The share price pulled back due mainly to geopolitical uncertainties and tariff concerns. We continue to believe that Alibaba will remain a leading competitor across the verticals of ecommerce, logistics, and cloud computing and see Ali Cloud, in particular, as a top tier asset.

During the month, the main activity was to reposition somewhat in Hong Kong/China, especially in the areas of Health Care and Consumer Discretionary, by selectively adding to stocks expected to benefit from domestic demand. These include the aforementioned Chinese biotech company, as well as an online travel agency and an auto parts manufacturer in the electric vehicle (EV) and humanoid robotics supply chains. We also initiated more defensive positioning in India through Utilities and Industrials exposure. In turn, we exited several Technology names in Taiwan as signs of weakening demand, related in part to the fast-moving changes in artificial intelligence (AI) related developments, have started to surface.

At the market level, the portfolio is overweight in the ASEAN region, especially the Philippines and Indonesia. This is balanced out by underweight positions in Korea and Taiwan. At a sector level, Financials and Health Care are the primary overweight positions, while Industrials and Consumer Staples are among the main underweights. Top names in the portfolio at month end included TSMC, Tencent, and Alibaba.

Market Outlook

In early April, Asian equity markets were turned on their head by Trump announcing significantly higher-than-expected tariffs. After signalling restraint earlier in the year, China in particular retaliated with a strong tit-for-tat response. Although China basically matched US actions rather than escalating further, showing it is still open to negotiation, in practice the outlook is highly uncertain. We think it is increasingly likely there will be decisive and forceful policy changes including the government stepping up support for asset prices, not just in equities but in the crucial housing market as well.

Across the region, there could be channels for Asia to see some respite. Regional central banks have some propensity for policy easing, for example, especially if the US dollar continues to weaken. India is a more domestic demand-driven economy and is correspondingly less exposed to US tariff risk. Our focus has been on companies that have the franchise strength to better withstand tariff pressures.

While we are still facing significant uncertainty as Trump is disrupting the global economic/trade order with his tariff announcements and more time is needed to see where things settle, we are looking to add to stocks that have been overly punished in the market volatility, as well as potential beneficiaries of Asian domestic policy stimulus measures to offset the tariff impact.

For Allianz Life Global Income Fund:

Target Fund Manager's Comment (For Allianz Global Income)

Market Review

Global markets were higher in April. Early in the month, markets sold off after President Trump announced sweeping tariffs as well as subsequent retaliatory measures. however, over the remainder of the month, markets rallied. Several factors contributed to the positive shift in market tone, including a softened stance on tariffs, stabilisation in the US dollar and 10-year US Treasury yield, trade deal optimism, and a better-than-feared start to Q1 earnings season. On the other hand, corporate outlooks were cautious with many companies pulling full-year guidance and warning of price hikes. Economic reports released during the month were generally balanced, although most strategists expect trade policy and uncertainty to begin dragging on growth mid-year.

In this environment, key markets were higher:

- Global equity markets, as measured by the MSCI World Index, returned +0.94%.*
- Global convertible securities, as measured by the ICE BofA Global 300 Convertible Index, returned +1.16%.**
- Global high yield bonds, as measured by the ICE BofA Global High Yield Index, returned +0.92%.**
- Global fixed income, as measured by the Bloomberg Global Aggregate Index, returned +2.64%.^

The portfolio was positively impacted by strength in global equity, convertible security, and corporate bond holdings.

Top contributors in the period included Microsoft on reaccelerating cloud growth and a streaming platform provider on favourable engagement, pricing, and advertising trends. A number of highly tariff-impacted positions, including a semiconductor designer, a private equity firm, and a pharmaceutical developer, all outperformed as trade-related angst eased mid-month. Several consumer-facing holdings, including exposures to traditional, discount, and online retail, also rallied as fears subsided. Conversely, multiple software holdings benefitted from the industry's low perceived risk to tariffs.

Top detractors in the period included a health care provider that reduced full-year earnings guidance. Tariff uncertainty and regulatory scrutiny pressured Amazon and a social media platform, respectively, but both stocks finished well above intramonth lows. In the Energy space, offshore drilling and services exposures were negatively impacted by sharp declines in the price of crude oil and natural gas. A number of other companies were lower following their respective earnings reports, including positions in insurance, fintech, and freight.

Exposure increased the most in Technology, Health Care, and Consumer Staples, and decreased in Energy, Materials, and Utilities. Covered call option positioning decreased month-over-month.

Market Outlook

In our 2025 outlook, we wrote that the equity market's path would not be linear, with bouts of volatility throughout the year. We also noted convertible securities and corporate bonds – given their defensive characteristics – could mitigate equity market weakness. Going forward, the portfolio is well positioned if volatility persists without sacrificing upside participation and income-generation potential.

Outside of the US, monetary and fiscal policy stimulus measures could help to stabilise the global economy. The US economy could expand in 2025, but tariffs have become a bigger headwind than previously thought, with most strategists expecting trade policy and uncertainty to begin dragging on growth mid-year. When clarity improves, uncertainty should lessen, and spending, investment, hiring, and mergers and acquisitions (M&A) activity can resume. In addition, tailwinds such as deregulation and taxation measures still exist with productivity gains and demand tied to reindustrialisation, onshoring, and the private sector acting as other potential growth drivers.

The US Federal Reserve (Fed) likely remains on hold as they assess the effect of trade policies on inflation, employment, and the potential for stagflation. Interest rate cuts could restart later this year to support their dual mandate. A resumption of monetary policy easing would closer align the Fed with accommodation by central banks overseas.

While the range of near-term outcomes for the global equity market is broad, its directionality will likely hinge on economic and earnings growth. Evidence supporting a stabilisation or positive inflection in either of these metrics could benefit the equity market.

For Allianz Life Global Income Fund:

Target Fund Manager's Comment (For Allianz Global Income)

Global convertible securities have an attractive asymmetric return profile, providing upside participation potential when stock prices rise and downside mitigation when stock prices fall. The asset class may outperform the broad equity market if volatility continues. USD 60-65 billion of new issuance# is expected in 2025 due to coupon savings demand and elevated refinancing needs. Aside from diversification benefits, new issuance expands the opportunity set of investments with attractive terms and the desired risk/reward characteristics.

The global high yield market, yielding nearly 8%^^, could deliver a coupon-like return in 2025. As a result, the asset class continues to offer equity-like returns but with less volatility. The market's attractive total return potential is a function of its discount to face value and higher coupon, which also serves to cushion downside volatility. Credit fundamentals are stable, near-term refinancing obligations remain low, and management teams continue to exercise balance sheet discipline. In this environment, new issuance is expected to remain steady, and the default rate should stay below the historical average of 3-4%.

Global investment grade corporate bond's risk/reward opportunity is compelling. Rising interest rates are a risk for high grade corporates, however the investment opportunity remains attractive given higher coupons and yields, and a positive fundamental outlook with limited default risk. The asset class trades at a discount to par, offering compelling total return potential and downside cushioning. If the 10-year US Treasury yield finishes 2025 near the lower bound of the expected range of 3.5-4.5%, the asset class return could exceed mid-single digits.

A covered call options strategy can be utilised to generate premium income. In periods of elevated or rising equity volatility, premiums collected may translate into more attractive annualised yields.

Collectively, these asset classes can provide a steady source of income and a compelling "participate and protect" return profile.

The Fund is a client solution designed to provide high monthly income, the potential for capital appreciation, and less volatility than an equity-only fund.

All data are sourced from Allianz Global Investors dated 30 April 2025 unless otherwise stated.
* Source: MSCI, as at 30 April 2025
^ Source: Bloomberg, as at 30 April 2025
** Source: BofA Merrill Lynch, as at 30 April 2025
^^ Source: ICE Data Services, as at 30 April 2025
# Source: BofA Research, as at 30 April 2024

For Allianz Life Thematica Fund and Allianz Life Thematica Fund (USD):

Target Fund Manager's Comment (For Allianz Thematica)

Market Review and Outlook

Global equities had another volatile month in April. Stocks initially plummeted amid fears that the global response to President Donald Trump's "Liberation Day" tariff offensive would plunge the global economy into recession but recovered most of their earlier losses when the president announced an abrupt U-turn to provide scope for trade negotiations. Trump's subsequent attack on US Federal Reserve (Fed) Chair Jerome Powell for not cutting interest rates heightened concerns over the central bank's independence and prompted a renewed sell-off, although easing tariff tensions and optimism around Q1 corporate earnings releases brought some welcome respite near month-end.

At a sector level, Energy was the weakest sector in the MSCI All Country World Index, dragged lower on falling oil prices. Meanwhile, Consumer Staples and Utilities delivered positive returns as investors rotated into defensive names. Information Technology and Communication Services stocks also staged a partial comeback near month-end on optimism around corporate earnings releases.

Global bonds advanced over April. European bonds rallied the most as hopes grew that the European Central Bank (ECB) and Bank of England (BoE) would continue to cut rates. In the US, the yield curve steepened, with short-term yields falling sharply while the 30-year Treasury bond yield rose, amid growing fears that President Donald Trump would interfere with the Fed's independence in his quest for lower interest rates. Credit markets generally lagged government bonds.

Escalating fears of a global trade war and slowing global growth dominated the headlines for most of April, with investors and policymakers alike grappling with President Donald Trump's whipsawing tariff chaos. The Bank of Japan (BoJ) and the People's Bank of China (PBoC) held key lending rates steady at their meetings during the month. Meanwhile, the ECB cut interest rates by 25 basis points (bps) to 2.25%, as widely anticipated, citing the deteriorating growth outlook due to rising trade tensions.

Oil prices fell in April as heightened trade tensions clouded the outlook for global energy demand. Brent crude prices tumbled, briefly dipping below USD 60 a barrel – the lowest level in more than four years.

The Fund returned negatively (in EUR, gross of fees) in April, outperforming global equity markets as represented by the MSCI AC World index. Stock selection as well as sector allocation have been a positive drier to overall performance. The Fund benefitted from the overweight to Industrials as well as the underweight to Energy and Health Care. The underweight to Consumer Staples, Communication Services and Financials has been a negative contributor.

From a thematic perspective, the Fund benefitted from the exposure to themes like Infrastructure and Intelligent Machines which have been positive contributors to overall performance. Themes like Clean Water and Land as well as Digital Finance slightly detracted over the course of April.

From a single stock perspective, the Fund benefitted from the exposure to ServiceNow (Artificial Intelligence (AI) Adaption), and a cyber security company (AI Adaption) after both companies reported decent earnings. Iberdrola (Infrastructure) has been among the positive contributors as well. A fintech and payments company (Digital Finance), and a Chinese ecommerce platform (AI Adaption) detracted slightly.

Considering the heightened market uncertainty and the not entirely unwarranted fears surrounding a potential reset of global supply chains and a move towards regionalised protectionism, we have decided to adjust our exposure within thematic allocations. In recent days, we have proactively taken steps to de-risk the portfolio by exiting higher-beta stocks that we deem more susceptible to setbacks from escalating tariffs. In their place, we have added exposure to lower-beta names, particularly in areas like Utilities, which are more insulated from global trade disruptions. We maintain full confidence in our current thematic selections and their underlying beneficiaries. We also anticipate that markets may overreact to the present uncertainty. As such, we will continue to monitor thematic corrections closely and may consider them as potential buying opportunities during this period of adjustment.

For Allianz Life Elite Income Fund and Allianz Life Elite Income Fund (USD):

Target Fund Manager's Comment (For PIMCO GIS Income Fund (Accumulation))

Market Review

The return of protectionist trade policies under the new US administration continued to feed market volatility in April. This was amplified on April 2nd, when the administration announced a set of tariffs that were broader and more punitive than expected, putting pressure on risk assets. Nevertheless, data released in early May showed US labour markets remained resilient in April, as non-farm payrolls came in well above consensus expectations, up 177k versus forecasts of 138k. The annual inflation rate in the US eased to 2.4% in March, down from 2.8% in February. In the Eurozone, the annual inflation rate was 2.2% in March 2025, down from 2.3% in February and in the UK, the annual inflation rate slowed to 2.6% in March, down from 2.8% in February and below market and the BoE's forecasts of 2.7%.

Bond markets experienced elevated intra-month volatility but stabilized toward the end of the month as the US administration softened its rhetoric on tariffs, coupled with a less confrontational stance toward Federal Reserve Chair Jerome Powell. In the US, the 10-year Treasury yield fluctuated in a 50 bps range from an intra-month high of 4.49% to a low of 3.99%, ultimately settling 4 bps lower on the month at 4.16%. The UK 10-year gilt yield fell 34 bps from its intra-month peak of 4.78% to 4.44% at month-end, while the German 10-year Bund yield fell 29 bps during the month to 2.44% as the ECB cut rates by 25 bps.

Despite a historically volatile month for equities, developed market equities ended the month up +0.9%, while US equities continued to underperform their global peers as the S&P 500 declined by -0.7%. Elsewhere, emerging market equities were relatively resilient buoyed by strong returns from Mexico and Brazil, as the MSCI EM Index rose by +1.3% in April. In credit, US investment grade and Euro investment grade spreads widened 12 and 16 bps. Meanwhile, US high yield and Euro high yield spreads widened 39 and 44 bps.

During the month, the PIMCO GIS Income Fund returned 0.00% after fees (in USD, for the Institutional class, Accumulation share), bringing YTD '25 performance to 3.31%.

For Allianz Life World Healthscience Fund:

Target Fund Manager's Comment (For BGF World Healthscience Fund)

Market Review and Outlook

Market:

• The month of April saw moderately positive performance in global equities, with the MSCI ACWI posting a +1.0% gross return, bringing the index to -0.25% year to date. Volatility was markedly present throughout the month, which began with a wave of tariffs announced by President Trump on Liberation Day. However, broad stock indices stabilized after the U.S. announced a 90-day pause on these measures.

• The U.S. equity markets struggled in March, with the S&P 500 down -0.7%, primarily driven by tariff policies from the government having negative effects and bleak consumer sentiment signaling economic uncertainty.

• Amidst mixed news surrounding weaker activity and sticky inflation, the Federal Reserve ("Fed") Chair Jerome Powell pointed to a continuation of current policy, opting to wait for greater clarity before considering adjustments. Markets have since priced out some Fed rate cuts, including the possibility of cuts as soon as July.

• Large cap European equities had a positive month of performance, with the STOXX Europe 50 returning +2.4% over the period. April began under challenging circumstances as the EU was not spared from tariff news, with the U.S. planning a 20% blanket tariff on member countries. However, tariff concerns waned and data revealed Eurozone GDP growth beating expectations, which buoyed performance in the latter portion of the month.

• In commodities markets, gold broke record highs multiple times throughout the month before closing April at $3,319. Economic volatility, fears of a U.S. recession, and concerns about fiscal spending led investors to seek refuge in this precious metal's defensive nature.

• 8 of 11 global sectors posted positive returns for the month with utilities (+3.6%) and consumer staples (+3.6%) leading the way for the month.

Stocks:

• An underweight position in managed health care company United Health was the top contributor to relative returns over the period. The company's stock struggled over the course of the month as medical costs trended upward, causing the firm to lower its forward-looking guidance.

• An overweight position in Lonza also contributed to relative returns. The life sciences tools & services company's stock rose over the course of the month as the firm benefited from broad bioprocessing market recovery.

• Elsewhere, an underweight position in Eli Lilly was the largest detractor to relative returns as the company's stock rose on the back of strong quarterly results and positive news from oral GLP-1 trials.

• An underweight position in GE Healthcare was another detractor from relative performance, as lower-than-expected tariffs from foreign countries benefited the stock during April.

Changes:

• During the month, we increased our exposures to pharmaceutical companies with strong prescription data, which suggests solid quarterly performance and added to health care services firms with expectations of an improvement in execution. Additionally, we reduced exposures to life sciences & tools companies amidst uncertainty on R&D spending and locked in profits from select biotechnology companies.

For Allianz Life World Healthscience Fund:

Target Fund Manager's Comment (For BGF World Healthscience Fund)

Key Positioning & Outlook:

• Despite a relatively strong start to the year for the healthcare sector, we continue to expect a high degree of stock dispersion in the sector driven by increasing scientific innovation, emerging technologies and policy shifts underscoring a flexible approach to investing across the sector while emphasising scientific attributes at the company level.

• The tariff landscape remains fluid, and we continue to monitor developments closely. From a sector perspective, healthcare is not immune, but it may be less affected than others. Its defensiveness stems from non-discretionary demand—healthcare consumption typically holds steady even during periods of economic stress.

• While certain healthcare industries may see continued volatility under the new federal government leadership, change is unlikely to be immediate or unilateral. With a more stable earnings profile and valuations trading below long-term averages we see a favourable risk-reward profile for the sector.

• Over the long-term, secular drivers for the sector remain in place; firstly, aging demographics in both developed and developing countries and secondly, innovation in medical science and technology. The combination of these secular trends, with favourable valuation creates an attractive long-term investment opportunity.

For Allianz Life ESG-Integrated Multi-Asset Fund:

Target Fund Manager's Comment (For BGF ESG Multi-Asset Fund)

Market Review and Outlook

Market Review:

• April was marked by extraordinary macroeconomic volatility following the surprise announcement of sweeping US reciprocal tariffs, which triggered a global market sell-off. Equity markets responded with remarkable speed and intensity, with a dramatic two-day decline that evoked comparisons to previous crises. Volatility surged to levels not seen since the early pandemic period. However, sentiment gradually began to improve after the Trump administration announced a temporary pause on tariffs for certain countries and signalled openness to negotiation, which helped ease market stress by the end of the month.

• Equity markets experienced extreme swings throughout April. While headline monthly returns appeared relatively modest, they masked a historic level of intraday and weekly volatility. The month featured both the strongest single-day gain and the sharpest daily loss for the S&P 500 in years. Market direction was heavily influenced by developments around the tariff policy, changing guidance from US officials, and reassurances from the Federal Reserve. By the end of the month, investor sentiment had stabilized somewhat, with equities recovering from their mid-month lows.

• In fixed income, US Treasury markets came under significant pressure as yields surged, particularly at the long end of the curve. The sudden policy shift prompted fears about inflation and fiscal sustainability. Federal Reserve communications underscored their commitment to anchoring inflation expectations, which added to the volatility. Meanwhile, European sovereign bonds saw strong demand, benefiting from the risk-off sentiment and questions around the role of US assets as global safe havens.

• Elsewhere, Gold was in demand amid heightened uncertainty, gaining from its status as a traditional safe-haven asset. The US dollar weakened sharply over the course of the month, reflecting growing concerns over US policy credibility. Commodity markets were also affected, with oil prices declining significantly due to concerns over global demand and the implications of slower trade activity.

Performance:

• In this context the ESG Multi-Asset Fund delivered a negative return over the month however our strong focus on dynamic asset allocation and hedging strategies helped to mitigate losses over the period.

• The allocation to Developed Market Equities was the key detractor, with exposures to the US via both underlying managers and thematic equity baskets facing headwinds. Technology focused exposures, such as the US Enterprise Tech Basket, as well as those with sensitivity to global supply chains and consumer confidence, such as the Global Brands basket, suffered due to the uncertainty of the impact of tariffs. Well-timed monetization of hedging and volatility strategies in the form of a DAX put option spread strategy and VIX Call spread strategy helped to cushion losses.

• Fixed Income exposures across both Government Bonds and Corporate Credit provided ballast to the portfolio as yields broadly fell over the month.

• Elsewhere, Alternatives were flat over the month with the positive contribution from Renewable Energy and Battery Storage exposures being offset by more growth-oriented listed Private Equity and Venture Capital allocations.

• The allocation to Cash contributed positively over the month, providing some defensiveness, however the stark 5% weakening of the US Dollar relative to the Euro proved to be a headwind for the portfolio.

For Allianz Life ESG-Integrated Multi-Asset Fund:

Target Fund Manager's Comment (For BGF ESG Multi-Asset Fund)

Positioning:

• While maintaining dynamism within portfolios remains a critical approach to protecting our clients' capital during periods of volatility, we opted against extensive alterations to headline asset allocations due to the prevailing uncertainty and noise. During the heightened volatility observed in April, we marginally reduced equity beta by decreasing exposure to companies potentially facing structural challenges from tariffs, while largely keeping duration positioning unchanged. Instead, we focused on opportunistically monetizing protection strategies and re-underwriting longer-term themes amidst shifting geopolitical dynamics.

• We took timely profits from a VIX Call spread strategy and a DAX put protection strategy, which mitigated the impact of market volatility on portfolio returns. Additionally, we realized profits from our allocation to precious metals given the strong momentum and as market prices deviated from underlying fundamentals. Subsequently, we reinstated exposure to Silver following a pull back in the price, anticipating renewed market momentum towards safe havens. We also maintained a cautious allocation to the US dollar, recognizing the ongoing trend towards de-dollarization.

• In conjunction with these tactical decisions, we reassessed our long-term investment ideas and themes within the new paradigm shaped by tariffs. Consequently, we decided to close our Global Brands Equity Basket due to its exposure to global supply chains. In this environment of deglobalization, we identify greater opportunities for companies with local manufacturing bases or "Local Champions," thus actively developing thematic exposure in this area.

• Moreover, we restructured our US Enterprise and Internet of Things Basket into a single Tech-focused exposure that better aligns with our perspective that hardware companies will encounter persistent challenges amid tariffs and heightened competition, whereas A.I. software is expected to exhibit resilience moving forward.

Market Outlook:

• Markets remain caught between weaker consumer and business confidence, particularly given uncertainty around tariffs, and resilient economic data. This backdrop supports our cautious stance, as we wait to see what damage has been done to economic growth and corporate earnings. The recently observed volatility is something we believe will persist as a defining characteristic of markets, meaning dynamic portfolio management and a focus on downside protection remain key tools for portfolios navigate risks and seize opportunities.

• Recent tariff increases by the Trump administration have weighed on markets contributing to downgraded growth forecasts and weaker sentiment. While negotiations may ease trade tensions, the potential for escalation persists, midterm elections are coming into view and the political tolerance for economic pain may fade. We are seeking to look through the noise generated by headlines and understand the policy goals and how they may impact the economy.

• Central banks' responses to this environment will also be critical to monitor. The market currently anticipates significant cuts from the Federal Reserve, which we believe is excessive given the current inflation outlook and the weakening U.S. dollar. In Europe, we believe that the ECB will continue with its rate cutting cycle and reduce interest rates again in June.

• In Europe, growth is sluggish, but sentiment has improved. Prospective German fiscal reforms and resolution in the Russia-Ukraine conflict could support recovery. However, excessive bureaucracy and potential tariff risks threaten a sustained recovery in Europe.

• We maintain a cautious stance within Equities, and have tactically reduced U.S. growth exposure in favour of Europe and Asia-Pacific. We continue to look to diversifying assets, such as precious metals, and while equity markets have priced in many risks, we remain alert to mispricing opportunities, particularly in volatility markets.

• We are managing duration exposures dynamically and have grown incrementally more positive at the headline level as bonds have provided some ballast in risk-off periods but are cautious about overpricing of Fed rate cuts given persistent inflation and tariff risks. Given the potential for fiscal pressures to put upward pressure on the long end of the curve, we focus more on the front end and look for opportunities to add yield curve steepening strategies. Corporate credit remains attractive for its yield, solid fundamentals, and low default rates, though spreads remain tight historically.

For Allianz Life Income and Growth Fund:

Target Fund Manager's Comment (For Allianz Income and Growth)

Market Review

Risk assets were mixed in April, with convertible securities finishing higher, high yield bonds ending flat, and large-cap equities closing lower. Early in the month, markets sold off after President Trump announced sweeping tariffs as well as subsequent retaliatory measures. However, over the remainder of the month, markets rallied. Several factors contributed to the positive shift in market tone, including a softened stance on tariffs, stabilisation in the US dollar and 10-year US Treasury yield, trade deal optimism, and a better-than-feared start to the Q1 earnings season. On the other hand, corporate outlooks were cautious with many companies pulling full-year guidance and warning of price hikes. Economic reports released during the month were generally balanced, although most strategists expect trade policy and uncertainty to begin dragging on growth mid-year.

The portfolio was positively impacted by strength in equity, convertible security, and high yield bond holdings.

Top contributors in the period were Microsoft on reaccelerating cloud growth and a streaming platform provider on favourable engagement, pricing and advertising trends. An electric vehicle manufacturer gained on optimism around its robotaxi and low-priced vehicle offerings, and multiple software holdings benefitted from the industry's low perceived risk to tariffs. Conversely, highly tariff-impacted positions, such as a semiconductor designer, a big-box retailer, and a pharmaceutical developer, outperformed as trade-related angst eased mid-month. An investment services company that reported strong trends in trading activity and cash balances also aided performance.

Top detractors in the period included a health care provider that reduced full-year earnings guidance. Regulatory scrutiny and tariff uncertainty pressured Meta and Amazon, respectively, but both stocks finished well above intramonth lows. An offshore drilling company was negatively impacted by a move lower in the price of crude oil, an insurance provider missed consensus estimates, and a large coffee retailer reported a contraction in operating margins. Other top detractors for the period were Wells Fargo and several fintech holdings, among others.

All option positions expired below strike and the portfolio was able to retain the set premiums.

Exposure increased the most in Technology, Financials, and Consumer Staples, and decreased the most in Consumer Discretionary, Communication Services, and Utilities. Covered call option positioning decreased month-over-month.

Market Outlook

In our 2025 outlook, we wrote that the equity market's path would not be linear, with bouts of volatility throughout the year. We also noted convertible securities and high yield bonds – given their defensive characteristics – could mitigate equity market weakness. Going forward, the portfolio is well positioned if volatility persists without sacrificing upside participation and income-generation potential.

The US economy could expand in 2025, but tariffs have become a bigger headwind than previously thought, with most strategists expecting trade policy and uncertainty to begin dragging on growth mid-year. When clarity improves, uncertainty should lessen, and spending, investment, hiring, and mergers and acquisitions (M&A) activity can resume. In addition, tailwinds such as deregulation and taxation measures still exist with productivity gains and demand tied to reindustrialisation, onshoring, and the private sector acting as other potential growth drivers.

The US Federal Reserve (Fed) likely remains on hold as they assess the effect of trade policies on inflation, employment, and the potential for stagflation. Interest rate cuts could restart later this year to support their dual mandate. A resumption of monetary policy easing would closer align the Fed with accommodation by central banks overseas.

While the range of near-term outcomes for the US equity market is broad, its directionality will likely hinge on economic and earnings growth. Evidence supporting a stabilisation or positive inflection in either of these metrics could benefit the equity market.

US convertible securities have an attractive asymmetric return profile, providing upside participation potential when stock prices rise and downside mitigation when stock prices fall. The asset class may outperform the broad equity market if volatility continues. USD 60-65 billion of new issuance# is expected in 2025 due to coupon savings demand and elevated refinancing needs. Aside from diversification benefits, new issuance expands the opportunity set of investments with attractive terms and the desired risk/reward characteristics.

For Allianz Life Income and Growth Fund:

Target Fund Manager's Comment (For Allianz Income and Growth)

The US high yield market, yielding more than 8%^^, could deliver a coupon-like return in 2025. As a result, the asset class continues to offer equity-like returns but with less volatility. The market's attractive total return potential is a function of its discount to face value and higher coupon, which also serves to cushion downside volatility. Credit fundamentals are stable, near-term refinancing obligations remain low, and management teams continue to exercise balance sheet discipline. In this environment, new issuance is expected to remain steady, and the default rate should stay below the historical average of 3-4%.

A covered call options strategy can be utilised to generate premium income. In periods of elevated or rising equity volatility, premiums collected may translate into more attractive annualised yields.

Collectively, these three asset classes can provide a steady source of income and a compelling "participate and protect" return profile.

The Fund is a client solution designed to provide high monthly income, the potential for capital appreciation, and less volatility than an equity-only fund.

For Allianz Life Global Unconstrained Equity Fund:

Target Fund Manager's Comment (For BGF Global Unconstrained Equity)

Market Review and Outlook (Jan - Mar 2025)

(Target Fund Manager only produces commentaries on quarterly basis)

Market Review:

The Fund underperformed the market in Q1 2025. Although we do not trade the portfolio for short-term cyclical news flow and macro noise, recent performance is hard to divorce from this, given a seemingly large repositioning event in early March, with a rotation into defensives alongside the outperformance of select cyclical assets despite growth fears. Given this dynamic, the Fund's performance was driven more by positioning and sentiment than fundamentals.

At a sector level, industrials and healthcare were the largest detractors from relative performance. Additionally, not owning "flight to safety" stocks (i.e. consumer staples, utilities and telcos) cost c.1% relative performance. We do not believe these have attractive fundamentals and expect earnings downgrades for many staples. Positioning in the technology and consumer discretionary sectors contributed positively to performance, in particular not owning a number of high-growth, AI-related names and having consumer exposure concentred in the ultra-high net worth segment which is typically more resilient during periods of wider weakness.

Following a positive January for equities, markets subsequently sold off sharply in response to growing concerns about the outlook for the US economy, with consensus increasingly pricing in the risk of a US recession and investors heavily repositioning their portfolios as a consequence. This has driven a period of outperformance for high dividend yielding stocks and low beta areas of the market despite many of these stocks facing a challenging fundamental backdrop: these included energy despite a broadly flat oil price over Q1, utilities despite market concerns around the AI infrastructure buildout, and consumer staples despite a number of companies having downgrades and having to concede on pricing through promotions in an attempt to offset declining volumes.

President Trump refused to rule out an economic contraction this year and instead noted there may be a "period of transition" as his economic policies take effect, which include the imposition of tariffs with international partners, DOGE pursuing Federal government cost savings, and a desire to reduce inbound immigration. The combination of these policies has caused the recent market turmoil, in particular the uncertainty that surrounded the imposition of tariffs. The outlook here is subject to change rapidly, but our base case remains that there will likely be a period of negotiation and as such we remain more optimistic than many other market participants appear to be. That being said, we need to stay close to developments in order to understand how and when tariffs may be implemented given the variable impact they might have on specific stocks, sectors, and ultimately the economic outlook. Other policy objectives appear less concerning today, although we continue to monitor these, including: 1. DOGE which has ambitious targets, but we can track Federal government expenditure weekly, and recent data is effectively in line with the data from last year with the exception of USAID which will not impact on the US domestic economy; or 2. deportations which are yet to show a meaningful uptick. Indeed, while ICE was initially posting a daily numbers of arrests, this practice has stopped which may speak to the challenges being faced.

The rapid shift in investor sentiment over the last two months is another example of how fast the market can be to simplify the complexity of the economic landscape into one all-consuming narrative. While we recognise that there is evidence of an incremental slowing in some areas, for example there have been a spate of warnings from the airlines (albeit some of this weakness may be attributable to exogenous events like extreme weather), weaker channel checks for housing and luxury, and some evidence of delays in corporate decision making amid the uncertain backdrop, we continue to believe it takes a lot to "break" the US economy. And while it is true that consumer confidence surveys have rolled materially, it should still be noted that aggregate consumer spending is one of the most resilient of all data series over time and rarely falls materially without a rise in unemployment which is not evident today. Additionally, we note that the household sector does not look overstretched based on balance of payments data.

At the same time Europe is attracting interest following a period of depressed investor sentiment. Spurred by the ReArm Europe plan and Germany's plan to boost defence and infrastructure spending, cyclicals including materials, industrials and banks have rallied. While this could certainly support European growth, we remain cautious on the renewed optimism for Europe outside of select opportunities, given a number of structural challenges facing the European market remain, including greater regulation, higher taxation, less early-stage investment, less equity ownership, and lower executive compensation levels.

For Allianz Life Global Unconstrained Equity Fund:

Target Fund Manager's Comment (For BGF Global Unconstrained Equity)

Outlook:

While there remains a great deal of uncertainty in the geopolitical landscape, we remain focused on the long-term compounding opportunity for the companies in the portfolio. We believe the portfolio to be well positioned for an environment where pricing power, capital-light business models and resilient fundamentals will be important, particularly if growth became scarcer. While our base case is not for the US economy to experience a recession, higher tariffs and uncertainty are likely to have an impact on economic growth, and in such an environment, companies with strong moats and established market positions may display a higher degree of fundamental resilience versus the broader market. Although the portfolio may not be defensive from a share-price perspective in a flight-to-safety sentiment-driven environment, we build the Fund so that we have at least 50% of the portfolio at all times in companies with resilient earnings and cash flows even in economic downturns, allowing the underlying fundamentals of the portfolio to weather through more challenging economic backdrops if they to come.

In addition, as a result of the recent volatility, a number of these companies are now trading on attractive valuations in the context of the earnings growth potential: Vertiv is trading on a P/E of 17x with mid-teens revenue growth potential, Meta is on 20x despite having consolidated its market position meaningfully in the last two years, and Microsoft, currently trading at a 45% discount to its European enterprise software counterpart, despite having 2x the revenue growth and higher margins. The valuation pullback in select holdings over the last six months has meant that the portfolio is currently trading at the lowest P/E premium to the market we have seen since the Fund inception in January 2020.