

Market Review and Outlook

August 2026

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 equities extended their gains in August 2026, with the MSCI World Index advancing 2.48% MoM, supported by a generally resilient global economic backdrop. In the United States, the Dow Jones Industrial Average rose 1.34% MoM, while the technology – heavy Nasdaq outperformed with a gain of 3.93% MoM. Investor sentiment remained firmly anchored on robust artificial intelligence (AI)-related capital expenditure trends and broadly encouraging earnings results from major technology companies.

The US economy continued to demonstrate strength during the month. The S&P Global US Composite Purchasing Managers' Index (PMI) reached 56.0, signalling strong private-sector activity. On 19 August 2026, the US Treasury surprised markets by announcing a larger – than – anticipated programme of long – dated government bond buybacks following a sharp sell – off in Treasuries amid concerns over renewed tensions between the US and Iran. The ensuing improvement in liquidity conditions was well received by equity markets. However, risk sentiment softened towards month – end after Federal Reserve Chair Kevin Warsh adopted a more hawkish tone at the Jackson Hole Symposium, expressing concern over persistent inflationary pressures and cautioning that further interest rate increases could be necessary should inflation fail to moderate meaningfully.

In Europe, the Euro Stoxx 50 gained 0.98% MoM, supported by a generally favourable corporate earnings season and sustained optimism surrounding AI and semiconductor – related themes. Economic conditions across the Eurozone also remained supportive, with the June 2026 Producer Price Index (excluding construction) rising 4.6% YoY, broadly in line with consensus expectations and indicative of healthy underlying demand. Nevertheless, market gains moderated during the latter part of the month as investors weighed concerns surrounding the US warning that it would "take any actions necessary to address unreasonable burdens on US commerce" arising from European corporate sustainability regulations. Combined with rising uncertainty over the global interest-rate outlook following Jackson Hole, these concerns curtailed further upside.

In China, the Shanghai Composite Index rebounded 4.02% MoM as strong global technology earnings reinforced investor confidence in the sustainability of AI – related spending and supported a rally in technology hardware stocks. Despite the market's positive performance, macroeconomic data remained mixed. July 2026 retail sales expanded by just 0.6% YoY, falling short of consensus expectations of 1.5% YoY and slowing from the previous month's reading. Meanwhile, inflationary pressures remained subdued, with CPI rising only 0.5% YoY, below both market expectations and June's level. The continued disinflationary trend increased expectations for a potential policy easing by the People's Bank of China later in the year. Investor sentiment was also tempered by renewed US – China trade tensions, following reports that the US Federal Communications Commission was considering restrictions on Chinese-made optical transceivers.

Commodity markets experienced heightened volatility during the month. Brent crude oil edged up 0.4% MoM to USD90.49 per barrel, although intra – month fluctuations were significant, with prices trading within a range of USD79.36 to USD94.39 per barrel. On one hand, renewed geopolitical tensions surrounding the Strait of Hormuz heightened concerns over potential supply disruptions and provided support to oil prices. On the other hand, elevated energy prices raised concerns regarding demand destruction. Reflecting this risk, the International Energy Agency (IEA) revised its forecast for the decline in global oil

demand in 2026 to 1.6 million barrels per day from 0.5 million barrels per day previously, citing the adverse impact of higher energy costs on consumption. Meanwhile, crude palm oil (CPO) prices rose 2.1% MoM to RM4,628 per metric tonne, supported by concerns over El Niño – related supply risks and sustained biodiesel demand under Indonesia's B50 programme, which commenced in July 2026.

Within ASEAN, equity market performance was mixed. Indonesia's Jakarta Composite Index continued its strong upward momentum, rising 4.64% MoM. The rally was supported by an improving domestic political landscape, the implementation of eight national priority programmes backed by a budget allocation of IDR3.8 trillion, and Bank Indonesia's decision to maintain the benchmark policy rate at 5.75% to support currency stability while preserving economic growth.

Singapore's Straits Times Index advanced 2.25% MoM, underpinned by robust economic fundamentals. During the month, the Ministry of Trade and Industry upgraded its 2026 GDP growth forecast to 4.5% – 5.5% from 2.0% – 4.0% previously, reflecting stronger – than – expected economic activity. Export performance also remained encouraging, with July 2026 non – oil domestic exports (NODX) rising 24.2% YoY, exceeding the June growth rate of 20.8% YoY.

Domestically, the FBM KLCI edged up a marginal 0.06% MoM. A generally positive 2QCY26 corporate earnings season was largely offset by persistent foreign selling pressure, with foreign investors recording net equity outflows of RM2.0 billion during August, bringing year – to – date outflows to RM4.9 billion. Investor sentiment was also affected by heightened geopolitical uncertainties. During the month, Bursa Malaysia announced a significant reform to the FBM KLCI, expanding the number of constituents from 30 to 50 stocks in an effort to reduce sector concentration risk and better reflect the evolving structure of Malaysia's economy.

Meanwhile, Thailand's SET Index declined 1.75% MoM as investors locked in gains following the market's strong year – to – date performance. The market was further weighed down by foreign capital outflows amid uncertainty surrounding US monetary policy and broader geopolitical developments.

During the month, U.S. Treasury (UST) yields rose by 2 – 6 bps mom across the 2 to 10 – year tenors as investors weighed persistent inflation risks against signs of a cooling labour market and concerns that interest rates may need to remain restrictive for longer despite softer economic data. The 10-year UST yield ended the month 2 bps higher mom at 4.75%. Conversely, the 30 – year yield fell 3bps mom at 5.24% after hitting a 19 – year high at 5.34%, driven lower by expanded U.S. Treasury Department debt buyback operations as mentioned above. Inflation showed further signs of moderation, with U.S. consumer prices for July 2026 rising by +3.4% YoY (Survey: +3.4% YoY, June: +3.5% YoY) while core CPI eased to +2.5% YoY (Survey: +2.5% YoY, June: +2.6% YoY) as lower energy prices helped offset increases in shelter and services costs. Labour market data, however, surprised to the downside, with nonfarm payrolls declining by 23k MoM in July 2026 (Survey: +80k MoM, June revised: +31k MoM). The unemployment rate edged down to 4.1% (Survey: 4.2%, June: 4.2%), largely due to lower labour force participation rather than stronger hiring activity. Fed fund futures as of end – August priced in a 57% probability of a 25 bps rate hike at the upcoming September meeting.

Moving in tandem with rising global interest rates, the Malaysian Government Securities (MGS) yield curve experienced heightened volatility, with yields spiking 6 – 21 bps mom across the tenures. The 10 – year MGS yield climbed by 16 bps mom to end the month at 3.86%. On the economic front, the country's economic growth accelerated to +6.0% YoY in 2Q26 beating the advance estimates of +5.8% YoY and 1Q26 growth of +5.4% YoY, propelled by surging exports and steady consumer spending. Malaysia's headline inflation cooled slightly to +1.8% YoY (Survey and June: +1.9% YoY), primarily due to softer transport inflation.

Foreign funds turned net buyers in August with net inflows of RM15.9 billion (July: net outflows of RM5.6 billion). Foreign buying accelerated in the third and fourth weeks, alongside a stronger ringgit against the US dollar (USD/MYR strengthening from 4.09 to 4.03). With that, year – to – date inflows climbed to RM19.3 billion. The foreign share of both MGS and MGS+MGII rose to 33.3% (July: 33.0%) and 20.6% (July: 20.1%) respectively. Malaysia's foreign reserves were largely unchanged at USD132.0 billion as of end – August (July: USD132.1 billion) despite robust portfolio inflows.

Market Outlook

Following a brief period of easing geopolitical concerns, recent developments in the Middle East have once again heightened tensions and renewed uncertainty surrounding shipping routes through the Strait of Hormuz. At the same time, investors remain increasingly focused on the trajectory of global interest rates following the more hawkish rhetoric delivered by Federal Reserve Chair Kevin Warsh at the Jackson Hole Symposium. He reiterated the central bank's firm commitment to delivering price stability.

Closer to home, market attention is expected to shift towards Malaysia's Budget 2027, scheduled to be tabled in Parliament on 9 October 2026. The budget is expected to play a pivotal role in shaping the country's economic growth trajectory in 2027, with anticipated areas of focus including semiconductor ecosystem development, artificial intelligence, digitalisation initiatives, and the energy transition agenda. While we remain encouraged by Malaysia's resilient domestic economy, evidenced by 1H2026 GDP growth of 5.7% YoY, we remain mindful of escalating geopolitical risks and uncertainties surrounding the global monetary policy outlook.

Accordingly, we maintain a constructive yet measured stance on financial markets. Our investment approach continues to focus on fundamentally strong, high – quality companies capable of delivering sustainable earnings growth over the long term, while remaining alert to tactical opportunities arising from market volatility and dislocations.

Looking ahead, the upcoming September Federal Open Market Committee (FOMC) meeting provides the Fed room to closely assess incoming macroeconomic data. Policymakers are particularly focused on monitoring persistent energy-related inflation risks, which could fluctuate if geopolitical tensions remain elevated. Market reaction following these developments reflects a shift in interest rate expectations. Traders have transitioned from anticipating a pause to pricing in a higher probability of a rate hike at the September FOMC meeting.

Based on the latest Monetary Policy Committee (MPC) statement, latest developments point towards stronger-than-expected export performance amid sustained domestic demand. According to Bank Negara Malaysia (BNM), the solid growth momentum is expected to bring 2026 growth to around 5%, and the economy's sound fundamentals are expected to keep growth resilient in 2027. Stable labour market conditions and ongoing investment activity will remain supportive of domestic demand, but this growth outlook remains subject to downside risks from a prolonged conflict in the Middle East as elevated global commodity prices will continue to exert upward pressure on cost conditions. As these developments remain fluid, the MPC will remain vigilant to ongoing developments and assess the balance of risks surrounding the outlook for domestic inflation and growth. We would continue to selectively accumulate bonds at reasonable valuations while prioritizing good quality names.

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

What helped?

- Global equity markets were positive in August with higher risk names, attractive valuation and higher dividend yield clearly outperforming. The Fund could profit with its balanced dividend exposure.

What hurt?

- The most defensive names and those with the most stable dividend features, however, lagged equity markets and contributed negatively.

Market Review

August was another turbulent month for global equities, with the MSCI All Country World Index (ACWI) closing the month higher. Global markets rose early on as oil prices eased amid renewed hopes for an interim peace deal mediated by Oman. However, markets struck a cautious note as optimism around a lasting settlement effectively unravelled amid renewed strikes against vessels in the Strait of Hormuz and escalating rhetoric from Washington and Iran. Risk appetite was further dented as the US vowed to unleash tighter sanctions against Iran and its trading partners, although markets rose after US Treasury Secretary Scott Bessent unveiled the so-called economic D-Day package. After rising on reports of increased tanker traffic through the strait, markets eased into month-end as oil prices ticked up amid renewed military strikes. In Asia, the US military scaled back joint drills with its South Korean counterparts, reinforcing concerns over the shifting dynamics of Washington's security ties in the region amid perceived support for Pyongyang. In terms of monetary policy, bank stocks moved higher after US Federal Reserve (Fed) Chair Kevin Warsh struck a cautious tone in his debut speech at Jackson Hole. Elsewhere, shifting investor sentiment towards artificial intelligence (AI) stocks continued to drive market volatility.

US equities moved higher in August. Wall Street rallied early on as Tech stocks surged and oil prices eased on optimism around Oman-Iran negotiations to reopen the Strait of Hormuz. However, uncertainty over the strait was compounded by Israel's rejection of US President Donald Trump's peace plan for Gaza. Subdued inflation data drove the main indices to fresh highs mid-month, as worries about a September rate hike from the Fed faded. However, the US public debt burden touched to a fresh high, surpassing USD 40 trillion and sending 30-year bond yields soaring to levels last seen in 2007. However, the main indices rebounded briefly after the US Treasury Department doubled its buyback programme for longer-dated bonds to calm volatility. Elsewhere, the Senate approved a stopgap funding bill to avoid another US government shutdown in the run-up to the mid-term elections in November. Meanwhile, mounting trade war tensions rattled sentiment after US-Canada talks collapsed, with Washington slapping 50% levies on USD 20 billion of Canadian goods and Ottawa announcing retaliatory tariffs. Markets were buffeted ahead of US Treasury Secretary Scott Bessent's "Operation Economic Outcast" announcement, a sweeping sanctions package targeting Iran and its trading partners. However, stocks subsequently rose after the measures proved less severe than initially feared before pulling back amid renewed tensions in the Gulf.

European equities rose slightly in aggregate. The Euro STOXX 600 Index initially tracked Wall Street higher amid optimism around a deal to reopen the Strait of Hormuz to shipping traffic. Regional Tech stocks also rebounded on positive earnings releases, further supporting risk appetite and driving the pan-European index to a fresh record high. However, gains were pared by rising crude prices as diplomatic talks stalled amid increasingly hostile US-Iran rhetoric and renewed strikes in the strait and the Red Sea. Markets were also rattled by escalating strikes against cargo ships carrying grain exports in the Black Sea and the continued Russian blockade of Ukrainian ports, raising concerns about global food supply chains and compounding inflationary pressures, with Moscow rejecting Kyiv's offer of a shipping truce. Markets subsequently rose near month-end after the economic impacts of Washington's latest measures to tighten the screws of economic pressure against Iran and its trading partners were perceived to be softer than initially feared. However, global government bond jitters pared monthly gains, while renewed strikes in the Gulf were a further headwind. Lingering fiscal concerns and political uncertainty in France also weighed on risk assets.

For Allianz Life Global High Payout Fund:

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

Market Outlook

The global economy continues to demonstrate remarkable resilience despite geopolitical tensions, elevated energy prices and persistent inflationary pressures. In the US in particular, investment in AI and digital infrastructure is providing an additional source of growth. An expanding range of sectors is benefitting from these trends, including semiconductors, data centres, Energy and Industrials. We remain constructive on equities and continue to favour the US and emerging markets. At the same time, investor attention may increasingly extend beyond the large-cap Technology companies towards businesses offering attractive valuations, robust balance sheets and resilient earnings profiles. Additional opportunities are evident in digitalisation, AI-related infrastructure, and rising investment in energy supply and infrastructure. In addition, we see attractive opportunities across Asia, as the adoption of AI technologies and related investment continue to gather momentum across the region. In our view, active management and rigorous security selection remain essential in identifying companies with attractive valuations and above-average earnings and growth potential.

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

Market Review

Asia Pacific ex Japan equities rallied in August with broad-based gains across the region. Korea and Taiwan led the advance as Technology stocks rebounded from the previous month's weakness. China equities were mixed. China A-shares made modest gains, also led by Tech and artificial intelligence (AI) names. Offshore China markets were somewhat softer with the weak consumer environment weighing on sentiment. The latest China quarterly results season broadly reinforced trends that had been evident earlier in the year. In particular, AI-related capital expenditure (capex) remained strong as China's AI infrastructure buildout continues. Major cloud service providers – notably the large internet platform companies listed in Hong Kong – signalled a further step-up in spending. While this weighed on share prices due to the near-term impact on profitability and cash flows, it also reflected growing confidence in long-term AI demand.

Elsewhere, Australian equities remained broadly flat. India continued its recovery. Gross domestic product (GDP) growth in the three months to June was 7.8%, highlighting the resilience of the economy in the face of higher energy prices. There were also signs of improving economic momentum at the stock level with the latest reporting season delivering positive revenue and profit surprises across a range of sectors. On the other hand, ASEAN markets were more mixed, though Singapore outperformed on stronger-than-expected economic growth, and Indonesia remained supported by resilient fundamentals.

For fixed income, despite an uncertain macroeconomic and geopolitical backdrop, August was a positive month for Asia credit markets. Markets navigated the continuing US-Iran stalemate, renewed trade and tariff tensions, and a hawkish policy message from US Federal Reserve (Fed) Chair Warsh at the Jackson Hole symposium. Overall spreads tightened by 3 basis points (bps) although the move was largely concentrated in high yield (HY), where spreads compressed by 15 bps. Investment grade (IG) spreads tightened by a more modest move of 2 bps. Markets showed a clear preference for carry and higher beta exposure. Notwithstanding, sovereigns returned 0.85%, ahead of quasi-sovereigns at 0.34% and corporates at 0.33%. Primary activity was visible across regional Financials issuers. Of note, we saw multiple issues across eight issuers from the Indian banking complex. This coincides with a short runway for the Indian Foreign Currency Non-Resident deposit scheme as the deadline was brought forward to the end of August. Most of the new issues in August were kept below the 5-year maturity mark as already-tight valuations and volatility in longer-dated US Treasuries kept investor participation more disciplined at the back end of the curve.

The Fund's return was positive in USD terms in August.

A top stock contributor in the equity portfolio came from a Chinese producer of printed circuit board (PCB) materials. The company is well positioned to benefit from the structural growth of AI servers and high-performance computing, which are driving demand for increasingly sophisticated PCB materials. The solid H1 earnings result recently announced also reinforced the company's long-term outlook.

Conversely, a key detractor came from Tencent, China's leading internet platform. Share price was weighed by some concerns on profitability and cash flows impact from potential further step-up in spending in AI. In our view, this reflects growing confidence in long-term AI demand. We maintain a position in Tencent given its diversified ecosystem across social media, gaming, cloud computing, digital advertising and fintech.

The asset allocation at the end of the month was 68.0% in Asian equities and 32.0% in Asian fixed income.

During the month, we initiated a position in an industrial property and data centre developer based in Australia, which offers exposure to long-term growth opportunities arising from increasing global demand for logistics infrastructure and data centre capacity. We also added a position in a Taiwan-based semiconductor foundry, which should benefit from the growing adoption of AI, cloud computing and automotive electronics. Conversely, we exited a position in a technology and defence engineering provider based in Singapore amid concerns over near-term order book moderation and ongoing margin pressures.

Within the fixed income sleeve, we reduced some lower-yielding IG credits and reallocated into higher-yielding opportunities. We maintain our HY allocation to benefit from attractive carry.

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

Market Outlook

We remain constructive on the outlook for Asian equity markets. While uncertainty surrounding developments in the Middle East persists, investor attention has shifted back towards corporate fundamentals. The latest results season across the region was generally positive, led by ongoing momentum in the Technology sector. We see the pullback in Tech and AI-related stocks in previous months primarily reflecting a rotation in positioning rather than a fundamental change in the nature of the underlying structural growth drivers.

Beyond the immediate beneficiaries of AI infrastructure spending, we see several parallel long-term themes continuing to gain momentum. Global defence expenditure is rising, power grids require significant investment to accommodate growing electricity demand, and substantial new energy generation capacity will be needed to support both electrification and the expanding requirements of AI-driven workloads.

In this backdrop, we remain focused on companies with strong fundamentals, clear competitive advantages and exposure to long-term structural trends, which we believe are well-positioned to compound earnings and sustain income over time.

On the fixed income side, markets enter September at an important inflection point. While Fed Chair Warsh's Jackson Hole remarks reinforced a hawkish stance, upcoming US economic data will be key in determining whether the Fed follows through with further tightening, leaving the September Federal Open Market Committee (FOMC) decision finely balanced. Meanwhile, US officials appear increasingly wary of higher long-term Treasury yields, while geopolitical and trade risks, including tensions in the Middle East and the upcoming Trump-Xi meeting, could drive further volatility.

Separately, primary market activity is also expected to pick up following the summer lull. We anticipate an increase in IG issuance, particularly from Indian public sector banks. Chinese Technology issuers could also come to the bond market due to their AI-related investments. As such, supply technical could turn less supportive, and tight credit spreads leave limited room to absorb an adverse macro, rates or policy surprise. This would be less pertinent for the HY asset class as the increase in new issues is likely to be more contained. Against this backdrop, we believe risk-reward remains increasingly asymmetrical. Carry and healthy technicals should continue to support returns, particularly in HY, but the scope for broad spread compression is limited. We continue to prefer a defensive to neutral stance, focusing on income generation, shorter and intermediate maturities, and issuer-specific opportunities. Within lower-rated credit, disciplined selection remains essential as performance dispersion is likely to stay elevated.

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

Market Review

Sukuk Market Review

Following a volatile month, August ended with a modest bear-flattening bias. The first half of August saw a broad rally on softer inflation expectations, the middle of the month saw a sharp sell-off on the long end driven by term premium and fiscal concerns, while the final week saw front-end yields rise as markets repriced the probability of Fed tightening following a more hawkish Jackson Hole message and renewed oil-driven inflation risks. Over the month, yields rose on the short-end by 4bps-6bps on UST 2yr, 3yr, and 5yr, ending the month at 4.34% - 4.49%. The 10yr was unchanged over the month, while 30yr saw a 2bps yield compression. In Malaysia, the MGS yield curve bear-steepened, with the sell-off concentrated at the longer end. The 10yr, 20yr and 30yr tenures saw yields rose by 15bps-21bps, while the 3yr saw more modest increases, with yield rising by 6bps. New supply and increased investors' aversion to duration risk weighed on the long end. BNM kept OPR unchanged at 2.75% on 3 Sep but signalled a hawkish tilt. Moving forward, heavier duration supply, potentially wider pre-auction concessions, and higher global yields could see further MSG bear-steepening towards the year-end.

Equity Market Review

Global equity markets rebounded from the heavy selling in tech stocks. Elsewhere, the US Treasury Secretary announced to increase the size of the buyback long-dated bonds which brought the 30-year yields down 9bps but reversed most of the gains within few days. The Middle East conflict was quiet for most of Aug but then re-escalation by the end of the month. The US and Canada ended trade talks and had embarked a trade war including 50% tariffs from the US followed by a Canadian reply of similar size and rates.

Closer to home, the KLCI was flat (+0.06%) for the month driven by both the YTL's, Sunway Medical and IOI property while Mr DIY, Petronas Chemicals and Axiata were bottom performers. Within the sub-indices, utilities, construction and energy were the top performers while REITs, consumer and telco were at the bottom. The month was generally characterized by the turbulent politics with questions continued to be focused on the coalition stability and the general election. The state election saw Negeri Sembilan fall to Barisan Nasional, after winning Johor Bahru. Next on the list for polls are to be Melaka and Sarawak, and comes with it, further test of the survival on the Madani coalition. Perhaps providing some lifeline, the recent DAP congress voted in majority (88%) of remaining in the cabinet, thereby reducing immediate pressure on the coalition. Amidst these pressures, PM apparently is looking to push the general election into the 2H27, a significant delay from an earlier speculated timeline of end of 2026 (although as at writing there has been indications from various parties that this remains to be the case). To no one's surprise, populist measures have begun to trickle down, with the restoration of subsidized fuel quotas, a move widely seen as a voter appeasement (and more recently electricity).

While the robust macro print such as the GDP beating expectations, strong exports and the Ringgit strengthening, this could not shrug-off the tepid market sentiment as the political uncertainty was also met with the re-escalation in the Middle East which at this point has been gone on for 6 months. Net foreign outflow accelerated in Aug, selling RM1,976m which brings the net foreign outflow for the year to reach RM4.5bn. Going back to macroeconomics, the 2Q GDP of +6.0% yoy was better against the advance estimate and consensus (+5.8% yoy). Growth was broad-based with manufacturing, mining, construction and services growing 7.3%, 9.2%, 6.5% and 5.9% respectively with the beat driven mainly by the exports tied to the AI boom and steady domestic demand. Speaking of exports, July trade surplus widens to RM22.5bn as exports growth remains robust (+38.0% yoy) albeit lower than June (+45.5%) and still higher than estimates of +35.1%. Imports on the other hand imports was also strong (+36.4%) but similarly was weaker than June (+43.1%) but also exceed expectations (+32.4%). Again, the E&E was the major driver for the export growth but to note that nominal pricing effect are largely playing into this factor. On inflation, Jul CPI of +1.8% yoy was below the estimates of +1.9% yoy.

Regionally, performance was mixed with Indonesia being the top performer, gaining 4.6% followed by Singapore which rose 2.3% while Malaysia stayed flat. Philippines was the worst performer, declining 4.5% followed by Thailand's 1.8% drop. The DXY index was lower during the month by 0.5%. IDR, MYR and the THB gained 16%, 1.5% and 0.7% while PHP depreciated 1.7% against the USD.

In commodities, oil traded in a narrow range and settled ~US\$90/bbl while crude palm oil gained higher ~2.1%. In precious metals, gold was up 9.7% to US\$4437/oz, platinum climbed 9.0% and palladium higher by 6.3%. Similarly, hard commodities were broadly up with the LME Metals Index higher by 3.1% with copper gaining 2.0% and aluminium increased by 1.8%.

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

Market Outlook

Sukuk Outlook & Strategy

The outlook for Malaysian fixed income for the remainder of 2026 remains cautiously constructive. The recent increase in market yields provides the Fund with opportunities to reinvest cash flows and deploy capital into quality sukuk at more attractive income levels. While near term volatility may persist as market sentiment and interest rate expectations continue to evolve, the higher yield environment should support better prospective income generation and provide more attractive entry valuations over the medium term.

From a portfolio positioning perspective, we continue to favour mid tenor corporate sukuk that offer attractive carry relative to government securities. We are maintaining a neutral duration position, balancing our constructive medium term interest rate outlook against near term market volatility and supply pressures, particularly at the longer end of the yield curve.

The Fund remains overweight in corporate sukuk to anchor income generation, given their higher yields and relatively lower price volatility compared with government securities. We will continue to tactically seek opportunities in government sukuk for trading purposes. Credit selection remains focused on high-quality AA rated and selective single-A rated issuers, where we continue to see consistent value through attractive yield pickup and stable credit fundamentals. We also remain active in the primary market to capture attractive new issuances, while selectively adding secondary market exposure where recent spread adjustments have created more compelling entry levels.

Equity Outlook & Strategy

Something to watch out for in the near-term at least for Malaysia specifically is the apparently US transshipment crackdown which names Asean nations, including Malaysia which it calls global "shadow transshipment network", alleging that Chinese goods are being routed through lower-tariff jurisdictions to evade US duties. Recall that this was an overhang for Malaysia given the scale of its re-export volume and the surge in US-bound shipments. At worst, tighter US enforcement would affect the transshipment component of Malaysia's exports which thus far has been substantial, potentially lagging the structural global demand for E&E. There is uncertainty on if there would be another Tariff Tantrum, but this could make a comeback.

Besides the resumption of the ongoing geopolitics, investors are likely to focus on the political landscape although PM looks to be buying some time. In markets, local market centric investors are likely to see the developments of the proposed expansion of the FBMKLCI to 50 constituents from 30 as well as the various initiatives to lift the standing of the local equity markets, such as the My Value-Up and the Gear-uP.

As we weather through the bouts of volatility, we continue to adopt a barbell approach in our portfolio, by having a balance exposure of defensive and growth sectors gravitating towards domestic oriented themes/events and yielders, to navigate market volatility while remaining nimble in our approach. Sector wise, we continue to focus on utilities (renewables) and beneficiaries of the AI/DC theme related supply chain picks and shovels, which does not seem to abate as of now. Renewables have re-gained momentum with the inaugural award for MyBeST BESS project (battery energy storage system). Another sub-sector that has also been gaining traction is the water infrastructure and services given the strong demand, which has also been amplified by DC demand. Lack of investment over the past decades has recently found a new lease of life.

For Allianz Life All China Equity Fund, Allianz Life All China Equity Fund (USD) and Allianz Life All China Equity Fund (MYR-Hedged):

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

Market Review

The Fund outperformed the benchmark in August. Stock selection in the Health Care sector was the main contributor.

At a stock level, a key contributor was Shengyi Technology, a leading producer of copper clad laminates (CCLs) and other high-performance materials used in printed circuit boards (PCBs), which form the foundation of electronic devices such as artificial intelligence (AI) servers, networking equipment and data centre infrastructure. The company reported quarterly results significantly ahead of market expectations, reflecting both pricing power and a higher margin product mix. We view the stock as a preferred way to access China's AI capital expenditure (capex) cycle.

Conversely, a detractor was Sieyuan Electric, a supplier of power transmission and distribution equipment such as transformers, high voltage switchgear and grid automation systems. The share price was weaker after a US executive order raised concerns about potential restrictions on foreign-made power equipment in the US grid. The company's direct US exposure is limited and therefore the impact on near-term earnings should, in our view, be limited.

Market Outlook

August was a relatively stable month for China equities, following the Technology-led profit taking the previous month. China A-shares made modest gains, while offshore markets were somewhat weaker.

The latest quarterly results season was in full swing during the month. The results broadly reinforced trends that had been evident earlier in the year. In particular, AI-related capex remained strong as China's AI infrastructure buildout continues. Major cloud service providers – notably the large internet platform companies listed in Hong Kong – signalled a further step-up in spending. While this weighed on share prices due to the near-term impact on profitability and cash flows, it also reflected growing confidence in long-term AI demand.

In contrast, technology hardware companies, many of which are listed in the A-share market, generally continued to see positive business momentum. AI investment is driving growth across areas such as optical networking, semiconductor equipment and advanced manufacturing, with broader policy support for technology self-sufficiency providing an additional tailwind.

Technology overall remained in focus with another high-profile initial public offering (IPO) - Unitree Robotics - and the second Beijing Humanoid Robot Games. The highlight was a robot winning the 100m in 9.39 seconds, comfortably ahead of Usain Bolt's world record, another reminder of the pace of innovation taking place across China's Technology sector.

More broadly, China's Technology universe is often viewed through two lenses: either the well-known internet and ecommerce giants, or the newer and more speculative start-ups making headlines. In reality, a large part of the story sits elsewhere. Beneath the surface is a broad group of established technology hardware companies, spanning areas such as CCLs, PCBs, optical networking equipment, memory products and high-speed interconnect chips, to mention just a few.

Many of these companies trace their origins back to when China was emerging as a major manufacturing hub for global electronics supply chains. Decades ago, firms were supplying components used in everyday household products such as refrigerators and washing machines. As end products became more sophisticated, so too did China's electronics industry. Walkmans became smartphones. Desktop computers became laptops and tablets. Internal combustion engines gave way to electric vehicles. Mobile networks evolved from 3G to 5G.

Throughout that evolution, suppliers were forced to keep pace. To remain competitive, they invested heavily in manufacturing capabilities, engineering expertise and research and development, often serving some of the world's leading consumer, industrial and technology companies. Rather than appearing overnight, therefore, many of today's AI-related beneficiaries are the results of decades of accumulated know-how, continuous investment and steady movement up the value chain.

Looking ahead, we remain constructive on the market outlook. We continue to see technology self-sufficiency, AI adoption, industrial upgrading and advanced manufacturing as key structural growth drivers. Ultimately, earnings growth remains the key determinant of long-term equity returns, and earnings momentum has been encouraging across a number of stocks aligned with these themes.

For Allianz Life All China Equity Fund, Allianz Life All China Equity Fund (USD) and Allianz Life All China Equity Fund (MYR-Hedged):

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

Portfolio activity during the month was limited. At month-end, approximately 48% of the Fund was invested in China A-shares. The portfolio remains broadly balanced, with sector allocations generally maintained within +/-5% of the benchmark. As a result, stock selection rather than sector positioning, remains the primary driver of relative performance. The largest sector overweight is Industrials (+1.8%), while the biggest underweight is Utilities (-1.9%).

For Allianz Life Global Artificial Intelligence Fund, Allianz Life Global Artificial Intelligence Fund (USD) and Allianz Life Global Artificial Intelligence Fund (MYR-Hedged):

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

Market Review

Global equities advanced during August, supported by resilient economic conditions and a broadly favourable earnings backdrop. Following the conclusion of the Q2 earnings season, S&P 500 earnings growth accelerated, reinforcing investor confidence and supporting risk appetite. The constructive earnings environment provided a tailwind for equities across sectors. Within the MSCI ACWI, Materials was the top performing sector, driven by strength in gold. Information Technology was another top performer, supported by strong earnings results across both the software and services and semiconductor industry groups. In contrast, Real Estate and Utilities were the weakest performing sectors, amid elevated interest rates.

From a macroeconomic perspective, non-farm payrolls experience a decline of 23,000 jobs in July, falling short of consensus estimates. Inflation also moderated, as headline Consumer Price Index (CPI) eased from 3.5% in June to 3.4% in July, while core inflation declined 2.5%. Meanwhile, the US Federal Reserve (Fed) Chair Kevin Warsh's speech at the Jackson Hole Economic Symposium had a more hawkish tone, prompting markets to increase expectations for near-term tightening. Outside the US, investors assigned a higher probability of a September rate hike by the European Central Bank (ECB), while expectations for Bank of England (BoE) policy tightening were pushed further out into 2027.

Oil prices moved slightly higher in August, with little sign of diplomatic progress on the US-Iran front amid continued strikes and threats of sanctions. However, there were more signs of increased energy volumes transiting the Strait of Hormuz under US military guidance or with ship transponders off. It was a strong month for precious metals, in particular for gold. The rally was supported in part by US Treasury's intervention in the Treasury market. Gold did pare back its gains following Fed Chair Kevin Warsh's speech at Jackson Hole with gold closing the month below USD 4,450 an ounce.

During the period, the Fund underperformed the blended benchmark (50% MSCI ACWI Index/50% MSCI World Information Technology Index). From a sector perspective, Information Technology and Industrials were the largest detractors. Positive effects from Consumer Discretionary and Utilities were slightly offsetting.

Artificial intelligence (AI) enabled industries underperformed, primarily due to stock selection within our Industrials holdings. The AI infrastructure segment generated positive absolute returns but lagged the blended reference Index, as security selection among a few semiconductor positions weighed on performance. In contrast, AI applications outperformed the benchmark, driven by strong contributions from our data platform and enterprise software holdings.

Contributors

Our position in MongoDB, Inc. was the top contributor during the period. The company is a leading data developer platform used to build highly available and scalable cloud applications. Shares advanced during August, supported by broad-based strength across the software sector and increasing investor confidence in the growth durability of Atlas, particularly as AI-native customer adoption continued to strengthen. We remain optimistic about MongoDB's long-term earnings growth potential, as the company continues to establish itself as the preferred operational database for agentic AI systems and AI-native applications.

Our underweight position in technology hardware producer Apple Inc. was another relative contributor due to its significant weighting in the custom benchmark. Apple had an average 10.6% weight in the benchmark, while the Fund had an average exposure of 0.1%. Shares lagged during the month after the company reported mixed earnings results, with ongoing supply constraints weighing on near-term earnings.

For Allianz Life Global Artificial Intelligence Fund, Allianz Life Global Artificial Intelligence Fund (USD) and Allianz Life Global Artificial Intelligence Fund (MYR-Hedged):

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

Detractors

GE Vernova Inc., which manufactures and services energy equipment, was another detractor over the period. The stock underperformed during the month as reports suggesting that SpaceX may expand into turbine blade manufacturing for power generation applications, weighing on investor sentiment. Looking ahead, the strengthening growth in AI data centres is driving electricity demand, projected to double US power needs by 2030, is directly benefitting the company. This has driven a surge in orders for its gas turbines and grid equipment that should convert to strong revenue and profit growth for GE Vernova.

Celestica Inc. is a leading electronics manufacturing services (EMS) company that designs, builds, and supplies critical hardware infrastructure, such as servers, storage systems, and networking switches for AI data centres and hyperscale customers. Share pulled back as the company completed an equity offering to fund investments tied to accelerating demand ramp. Celestica remains a beneficiary of an AI infrastructure buildout from hyperscale cloud customers. Demand for Celestica's advanced networking hardware and storage solutions should benefit from this multi-year investment cycle.

New Buys and Sells

During the month, we initiated a new position in Lumentum Holdings Inc., a leading provider of optical and photonic technologies used to transmit, route, and process data across high-performance networks. AI infrastructure has emerged as the company's most important growth driver. The rapid scaling of AI data centres is creating unprecedented demand for network bandwidth. Lumentum supplies mission-critical optical components that enable these next-generation AI networks, and we believe the company is well positioned to benefit from the increasing complexity and scale of AI infrastructure deployments.

Another new position, ServiceNow Inc. is a leading enterprise software company whose cloud-based ServiceNow AI Platform helps organisations manage complex workflows. As enterprises invest heavily in AI models and computing infrastructure, ServiceNow is positioned to provide that enterprise orchestration layer. We believe ServiceNow is well-positioned longer-term to benefit from enterprise AI adoption.

We exited our position in AstraZeneca PLC. following the company's pursuit of an acquisition of Bristol Myers Squibb. Given the limited visibility into the strategic rationale and potential value creation of this potential transaction, we elected to exit the position and redeploy capital into opportunities where we have greater conviction in the near-term risk-reward profile.

We sold our remaining position in AppLovin Corp. after the company reported results that fell short of investor expectations. It appears the competitive dynamics within the digital advertising market may remain elevated over the intermediate term. Given the potential for further execution-related disappointments, we elected to redeploy capital into opportunities where we have higher conviction.

Market Outlook

While AI-related companies have experienced heightened volatility recently, we continue to maintain a constructive longer-term outlook. We view the recent pullback as largely technical, reflecting the unwinding of leveraged and crowded positioning heading into summer, with much of that selling pressure now likely behind us. Meanwhile, underlying fundamental factors remain healthy and Q2 earnings have continued to indicate broad-based strength. With the backdrop normalising, AI-related equities appeared to be entering a bottoming process.

On the monetary policy front, we believe central banks are increasingly focused on the risk of stickier inflation. Yields recently moved higher, particularly at the long end of the curve, resulting in a steeper yield curve and contributing to elevated market volatility. Although we expect an eventual return to an easing bias, further progress on inflation as well as a resolution for the Hormuz closure will be needed before central banks can resume rate cuts. With that said, markets are also adjusting to a new Fed communication regime under Chair Kevin Warsh, who is inclined to provide less forward guidance. We expect markets to gradually settle into the new framework.

Over the intermediate term, an improved economic and earnings growth backdrop across more sectors may continue to drive a broadening out effect in the equity market. Ongoing investment in AI infrastructure and data centres is beginning to benefit an expanding set of industries. The Trump administration's pro-business agenda also provides tailwinds through tax cuts, deregulation, domestic investments, and manufacturing reshoring. Taken together, these developments should support a more durable expansion in economic and earnings growth, helping to sustain broader market participation beyond a narrow group of outperformers.

For Allianz Life Global Artificial Intelligence Fund, Allianz Life Global Artificial Intelligence Fund (USD) and Allianz Life Global Artificial Intelligence Fund (MYR-Hedged):

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

The topic of an AI bubble has been a key area of focus for the media and many investors. In our view, it is too early to draw a conclusion. We think it is important to highlight that current valuations and capital intensity are materially lower than the dotcom bubble. Also, the AI capital expenditure (capex) cycle is being funded by some of the biggest and most profitable companies in the world. Ultimately, we believe these investments should be a tailwind for AI productivity gains and support broader economic growth. As earnings growth broadens across companies and sectors, we believe our diversified AI investment approach is well positioned to identify attractive opportunities among Financials, Health Care, Consumer, and Industrials businesses that are beginning to benefit from AI-driven productivity gains and operational efficiencies.

From an innovation perspective, progress with AI development is accelerating as more powerful capabilities become readily available from this robust infrastructure buildout wave. We are beginning to enter the next wave, where AI pilots go into production. The advancements of AI-enhanced products or services can drive new levels of productivity, cost savings and revenue opportunities across industries. 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: The ongoing expansion of global AI data centres remains stronger than many investors appreciate, and concerns about capital spending are likely to persist as we climb the wall of worry. There are many bottlenecks to this new AI industrial revolution buildout, which continues to provide many compelling opportunities. Some key areas include accelerated computing chips, semiconductor manufacturing equipment, power production and power efficiency, as well as advanced networking.

AI applications: Over the next few years, AI applications and software will evolve from being helpful tools to a partner that acts on our behalf. We are moving away from the era of “static apps” toward a future of “collaborative autonomous agents” that can reliably act, remember context over time, and adapt to any situation. This new wave of intelligent applications should drive more automation, deliver significant efficiency gains, and open new monetisation opportunities. While the 2025 software spending environment has been mixed, we believe the backdrop could stabilise and improve in 2026.

AI-enabled industries: We are still in early stages of true AI adoption across industries. Innovative companies that have been early AI adopters are moving more pilot projects into production, accelerating financial and competitive benefits compared to their peers. We believe leading AI adopters in the Financial Services, Health Care, Industrials and Consumer sectors are beginning to see the early benefits of AI driving better financial results. These opportunities remain underappreciated by investors and represent an attractive area for alpha generation in our view.

The AI revolution is only beginning, and its trajectory promises to dramatically reshape the global economy. Recent advancements in AI demonstrated its potential, yet we are only in the early chapters of a much larger transformation that will gain momentum as innovation brings us closer to artificial general intelligence – potentially within the next decade. AI is rapidly redefining processes and competitive dynamics in every sector. In the next decade of AI, we believe more alpha generation may come from the companies that help enable AI transformation. The innovators in each industry will be ones that truly embrace AI to significantly boost productivity, reduce costs, and launch new products or services. Stockpicking will be essential to capturing the benefits of this opportunity, especially in an environment characterised by disruption and change. As we have done since the launch of the Fund almost a decade ago, our focus remains on identifying the innovative companies best positioned to leverage AI to deliver the most shareholder value creation over the long term.

For Allianz Life Oriental Income Fund, Allianz Life Oriental Income Fund (USD) and Allianz Life Oriental Income Fund (MYR-Hedged):

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

Market Review

Asia Pacific equities rallied in August with broad-based gains across the region. South Korea and Taiwan led the advance as Technology stocks rebounded from the previous month's weakness. China equities were mixed. China A-shares made modest gains, also led by Tech and artificial intelligence (AI) names which generally reported strong quarterly results. Offshore China markets were somewhat softer with the weak consumer environment weighing on sentiment. India continued its recovery. Gross domestic product (GDP) growth in the three months to June was 7.8%, highlighting the resilience of the economy in the face of higher energy prices.

Japanese equities delivered solid gains in August, supported by strong corporate earnings, continued enthusiasm around AI, and growing confidence in the domestic economic outlook. The Japanese and US governments announced coordinated intervention to support the Japanese yen at the end of July, temporarily strengthening the currency. Although the impact of the intervention faded, concerns over additional intervention and growing expectations of a Bank of Japan (BoJ) rate hike at its September meeting helped curb excessive Japanese yen depreciation. Japanese headline inflation increased for the second consecutive month in July, rising to 1.9% year-on-year and edging closer to the BoJ's 2% target.

The Fund outperformed the benchmark in August, mainly due to positive stock selection in Taiwan and South Korea.

At a stock level, a key contributor was a Taiwan semiconductor company focused on high-complexity and high-volume chip design for a global clientele. Its share price rallied on the back of strong Q2 results, especially in the North American market, as well as a recovery in sentiment towards AI infrastructure as hyperscaler and cloud AI spending stayed robust. We believe this business offers superior technology which is demonstrated by its growing project pipeline.

Conversely, a detractor was one of the largest insurance groups in China. The share price weakened amid cautious sentiment towards Chinese Financials, ongoing concerns around the domestic economy and property market, and profit taking after a rally earlier in the year. In our view, China remains significantly under insured versus developed markets, and we see this company as well-placed to capture structural growth opportunities in areas such as health, protection, and retirement products over time. In addition, its dividend – recently increased again following latest results – provides valuation support.

Portfolio activity was limited during the month. We selectively added a new name in Japan that is one of the world's largest employment platforms. As the labour market becomes increasingly digital and technology plays a greater role in connecting job seekers with employers, we see this business having an edge through its scale and financial resources. We believe the market is misinterpreting AI as a significant threat, while in our view AI is strengthening the platform's value proposition and facilitating its growth.

Industrials remain a key focus, spanning aerospace, defence, and advanced manufacturing. Companies in Japan and South Korea continue to benefit from improving corporate governance, greater capital discipline, and an increasing focus on sustainable profitability. Health Care is another core theme, with Asian companies playing an increasingly important role in global drug discovery and development. We remain positive on the pace of innovation within the sector, particularly as biopharma companies leverage AI to accelerate research and improve development efficiency.

At a geography level, there are overweight positions in Taiwan and South Korea, largely reflecting bottom-up stock selection. The Fund also maintains meaningful exposure to mid and smaller cap stocks. While this can contribute to short-term volatility, it 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, Allianz Life Oriental Income Fund (USD) and Allianz Life Oriental Income Fund (MYR-Hedged):

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

Market Outlook

We remain constructive on the outlook for Asian equity markets. While uncertainty surrounding developments in the Middle East persists, investor attention has shifted back towards corporate fundamentals. The latest results season across the region was generally positive, led by ongoing momentum in the Technology sector. We see the pullback in Tech and AI-related stocks in previous months primarily reflecting a rotation in positioning rather than a fundamental change in the nature of the underlying structural growth drivers.

Beyond the immediate beneficiaries of AI infrastructure spending, we also see several parallel long-term themes continuing to gain momentum. Global defence expenditure is rising, power grids require significant investment to accommodate growing electricity demand, and substantial new energy generation capacity will be needed to support both electrification and the expanding requirements of AI-driven workloads.

We maintain a positive long-term view on Japanese equities. Structural tailwinds remain firmly in place, with a sustained inflationary environment and ongoing corporate governance reforms supporting earnings growth while reinforcing a greater focus on shareholder returns. In addition, Japanese companies with differentiated technological capabilities are increasingly gaining global recognition, underpinning our confidence in their medium- to long-term growth prospects.

Despite the rally in the currency towards the end of the month, we continue to view the Japanese yen as materially undervalued.

Against this backdrop, we remain focused on companies with strong balance sheets, clear competitive advantages, and exposure to long-term structural growth themes, which we believe are well-positioned to compound earnings over time.

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

Market Review

Asia ex Japan equities rallied in August with broad-based gains across the region. Korea and Taiwan led the advance as Technology stocks rebounded from the previous month's weakness. China equities were mixed. China A-shares made modest gains, also led by Tech and artificial intelligence (AI) names. Offshore China markets were somewhat softer with the weak consumer environment weighing on sentiment. The latest China quarterly results season broadly reinforced trends that had been evident earlier in the year. In particular, AI-related capital expenditure (capex) remained strong as China's AI infrastructure buildout continues. Major cloud service providers – notably the large internet platform companies listed in Hong Kong – signalled a further step-up in spending. While this weighed on share prices due to the near-term impact on profitability and cash flows, it also reflected growing confidence in long-term AI demand.

India continued its recovery. Gross domestic product (GDP) growth in the three months to June was 7.8%, highlighting the resilience of the economy in the face of higher energy prices. There were also signs of improving economic momentum at the stock level with the latest reporting season delivering positive revenue and profit surprises across a range of sectors.

The Fund underperformed the benchmark in August. Stock selection in the Health Care sector was a key source of relative detraction.

At a stock level, a top detractor was Abbisko Cayman, a China biotech company focused on precision therapies for oncology. Abbisko's weakness in August was driven primarily by H1 results that came in slightly below market expectations. While near-term sentiment was affected, we continue to see value in the company's oncology pipeline, and its share price remains highly sensitive to future clinical milestones and potential licensing developments.

Conversely, a key contributor was Compeq, a Taiwanese printed circuit board (PCB) manufacturer and one of the world's leading suppliers of advanced PCBs used in electronics, servers, data centres, automotive electronics, and networking equipment. We see Compeq having two key structural growth drivers. The first is AI data centres and optical modules – where we continue to see strong demand. Second, we see this business as a major supplier of satellite PCBs, and it is also expected to benefit from next-generation satellite deployments.

During the month, we made some adjustments to the China positions while keeping the overall exposure unchanged. Some of the new names in China are related to the biotech space, along with one of the world's largest tanker operators, a fabless semiconductor company, and an AI business that develops large language models (LLMs).

As a result of the portfolio changes, we increased the weighting in the Information Technology sector. Overall, geographic and sector positioning is relatively close to the benchmark. We are broadly neutral across the region's largest markets including China, Taiwan, and South Korea, while maintaining an underweight position in India.

The portfolio's largest holdings at month-end were TSMC, Samsung Electronics, and SK Hynix.

Market Outlook

We remain constructive on the outlook for Asian equity markets. While uncertainty surrounding developments in the Middle East persists, investor attention has shifted back towards corporate fundamentals. The latest results season across the region was generally positive, led by ongoing momentum in the Technology sector. We see the pullback in Tech and AI-related stocks in previous months primarily reflecting a rotation in positioning rather than a fundamental change in the nature of the underlying structural growth drivers.

Beyond the immediate beneficiaries of AI infrastructure spending, we see several parallel long-term themes continuing to gain momentum. Global defence expenditure is rising, power grids require significant investment to accommodate growing electricity demand, and substantial new energy generation capacity will be needed to support both electrification and the expanding requirements of AI-driven workloads.

Against this backdrop, we remain focused on companies with strong balance sheets, clear competitive advantages and exposure to long-term structural growth trends, which we believe are well-positioned to compound earnings over time.

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

Market Review

Global equity and fixed income markets finished higher for the month. Earnings momentum remained exceptionally strong, with S&P 500 companies beating bottom-line expectations for Q2 at a rate of 86% – the highest in five years. On the economic front, in-line inflation data, expansionary business activity surveys, and low unemployment claims were contrasted by softer-than-expected consumer spending, and continued housing market weakness. In the absence of an August Federal Open Market Committee (FOMC) meeting, Chair Warsh's speech at Jackson Hole dominated US Federal Reserve (Fed) related headlines. Markets viewed the remarks as hawkish, pushing the odds higher for a September rate hike. Against this backdrop and alongside a stagnation in Iran progress, the 10-year Treasury yield finished modestly higher at 4.75%.**

In this environment, key markets closed higher:

- Global equity markets, as measured by the MSCI World Index, returned +2.60%.*
- Global convertible securities, as measured by the ICE BofA Global 300 Convertible Index, returned +0.78%.**
- Global high yield bonds, as measured by the ICE BofA Global High Yield Index, returned +1.06%.**
- Global fixed income, as measured by the Bloomberg Global Aggregate Index, returned +0.45%.^

The portfolio was positively impacted by strength across multiple asset classes.

Top contributors were led by Nvidia which forecasted 70% revenue growth in 2027, and a human resources solutions provider that exceeded expectations and guided higher. Microsoft rallied on the back of a beat-and-raise quarter driven by accelerating cloud growth, and Apple advanced on optimism around its upcoming product cycle and capital-light artificial intelligence (AI) strategy. An enterprise data platform company also gained alongside an electric vehicle manufacturer and Merck, which is collaborating on a cancer vaccine. The other top contributors were a bank making rapid progress with its restructuring plan, a semiconductor-related company that is expanding production capacity due to rising demand, and an energy company that is capitalising on positive refining fundamentals.

Top detractors in the period included several hyperscalers in Amazon and Alphabet, which were both impacted by scrutiny around increased capital expenditure (capex) guidance despite strong quarterly results. Multiple holdings exposed to the AI buildout theme consolidated year-to-date gains, including a semiconductor company, a data storage provider, and an industrial automation company. A luxury apparel company and a discount clothing retailer also declined despite evidence of strong momentum and execution, surpassing estimates and raising guidance. The other top detractors were a machinery company that faced shipment delays, an aerospace manufacturer on competitive concerns, and a major health care provider that was a notable contributor in Q2.

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

Exposure increased the most in Health Care, Financials, and Energy, and decreased the most in Consumer Staples, Industrials, and Consumer Discretionary. Covered call option positioning increased month-over-month.

Market Outlook

The global economic outlook is positive for H2, supported by the AI buildout and downstream effects of pro-growth domestic policies, as well as easier lending standards, sustained labour market stability and the potential for easing geopolitical tensions. Conversely, persistent inflation and/or a sharp increase in interest rates would be key economic risks.

The earnings outlook is also positive. Bottom-up estimates continue to trend higher, driven by better-than-expected results, earnings breadth expansion, robust AI spend, broadening investment, productivity gains, and durable margins. On the other hand, rising expenses and input costs are profitability headwinds.

Convertible securities' outperformance of equities could expand over the remainder of the year, and high yield bonds are pacing for a positive but below-coupon annual return. Given their defensive characteristics, convertible securities, high yield bonds, and investment grade bonds can mitigate market volatility better than equities, which historically average a mid-teens intra-year decline even in annual periods of positive returns.

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 is on pace to outperform the broad equity market again in 2026, helped by solid earnings growth, expanding market breadth, stable credit spreads, and robust new issuance. After record new issuance in 2025, primary market activity is trending for another unprecedented year with 2026 estimates

For Allianz Life Global Income Fund:

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

residing around \$200-210 billion.# Aside from diversification benefits, new issuance expands the opportunity set of investments with attractive terms and the desired risk/reward characteristics.

The global US high yield market, yielding more than 7%^, offers equity-like returns but with less volatility. The asset class is expected to deliver a positive, but below-coupon return for 2026. 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 the market's credit quality composition has improved. In this environment, new issuance is expected to remain steady, spreads can stay tight, and the default rate should continue to reside below the historical average.

Global investment grade corporate bond's risk/reward opportunity is compelling. 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 steady with limited default risk. In this environment, spreads can remain tight. If the 10-year US Treasury yield finishes 2026 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 potentially 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 31 August 2026 unless otherwise stated.

* Source: MSCI, as at 31 August 2026

^ Source: Bloomberg, as at 31 August 2026

** Source: BofA Merrill Lynch, as at 31 August 2026

^^ Source: ICE Data Services, as at 31 August 2026

Source: BofA Research, as at 31 August 2026

Target Fund Manager's Comment (For Allianz Thematica)

Market Review and Outlook

August was another turbulent month for global equities, with the MSCI All Country World Index (ACWI) closing higher. Markets rose early as oil prices eased amid renewed hopes for an interim peace deal mediated by Oman. However, optimism around a lasting settlement unravelled amid renewed strikes against vessels in the Strait of Hormuz and escalating rhetoric from Washington and Iran. Risk appetite was further dented as the US vowed to tighten sanctions against Iran and its trading partners, though markets rose after US Treasury Secretary Scott Bessent unveiled the so-called Economic D-Day package.

After gaining on reports of increased tanker traffic through the strait, markets eased into month-end as oil prices ticked up amid renewed military strikes. In Asia, the US scaled back joint drills with South Korea, reinforcing concerns over shifting regional security dynamics. On monetary policy, bank stocks moved higher after US Federal Reserve (Fed) Chair Kevin Warsh struck a cautious tone in his Jackson Hole debut. Shifting investor sentiment towards artificial intelligence (AI) stocks continued to drive volatility.

Geographically, Japanese shares were the strongest, followed by the US, then Europe, with the UK further behind. Developed markets finished ahead of emerging markets. Within the MSCI ACWI, Materials posted the strongest gains, followed by Information Technology and Energy, while Utilities, Real Estate and Consumer upside inflationary risks and worries over interest rate rises remained in focus, as Middle East peace talks stalled, and both sides intensified their rhetoric in the face of increased US sanctions. Minutes from the Fed's July meeting revealed a September hike was still on the table, despite relatively subdued inflation prints. Warsh's inaugural Jackson Hole speech struck a hawkish tone, reinforcing bets of near-term tightening. Elsewhere, markets priced in an increased probability of a September hike from the European Central Bank (ECB), while bets of Bank of England (BoE) tightening were pushed out to 2027. In Asia, government spending plans, rising inflation and a weakening yen are pressuring the Bank of Japan (BoJ) to raise rates at its September meeting, while the People's Bank of China (PBoC) kept its benchmark loan prime rates unchanged for the 15th consecutive month.

The Fund returned positively (in EUR, gross of fees) in August and year-to-date, outperforming the benchmark for the month but underperforming year-to-date. Sector Allocation has been negative due to the overweight in Industrials and Utilities. Stock selection has been supportive given positive effects from sectors like Financials and Materials. From a thematic point of view, themes like Strategic Autonomy and Digital Finance benefitted while Electrification and AI Adaption have been a burden. Vestas Wind Systems was among the month's clearest winners: its Q2 report delivered operating profit roughly double expectations, prompting an upgraded full-year margin guidance and a new buyback, with shares jumping nearly 19% on the day amid a 67% year-on-year jump in order intake. Chime Financial rallied through early August surging around 28% during a multi-day winning streak as its quarterly results and raised 2026 revenue guidance reinforced its path to Generally Accepted Accounting Principles (GAAP) profitability. Figure Technology, the blockchain-based fintech, gained on continued momentum around its on-chain equity and tokenisation initiatives.

Pacific Gas and Electric Company (PG&E) slumped to 52-week lows, falling about 20% after California lawmakers amended wildfire legislation without the liability protections investors expected, triggering a wave of downgrades. Contemporary Amperex Technology Co., Limited saw margins compress sequentially on cost pressures despite strong Q2 volume growth, weighing on sentiment. Clear Secure lagged on concerns around slowing subscriber momentum. From AI and automation to electrification, defence and grid resilience, powerful structural themes continue to underpin an attractive long-term opportunity set.

For Allianz Life Elite Income Fund, Allianz Life Elite Income Fund (USD) and Allianz Life Elite Income Fund (MYR-Hedged):

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

Market Review

Risk assets rebounded in August, as resilient economic data and a strong second-quarter earnings season restored investor confidence following July's technology-led weakness. In the U.S., headline CPI fell to 3.4% year-over-year in July, from 3.5% in June, while the unemployment rate ticked down to 4.1%. The U.S. dollar weakened against major currencies, amplifying dollar-denominated returns internationally. Oil prices remained range-bound, with Brent crude oscillating around \$90 per barrel despite ongoing U.S.-Iran tensions.

Fixed income markets were mixed in August as the U.S. yield curve flattened, with hawkish central bank messaging lifting front-end yields. In the U.S., the Federal Reserve remained on hold, though Chair Warsh struck a hawkish tone at the Jackson Hole Symposium, with the 10-year Treasury yield rising 2 bps to 4.75% and the 30-year Treasury yield fell 3 bps to 5.24%. Elsewhere, the U.K. 10-year Gilt yield rose 1 bps to 5.06%, while Germany's 10-year Bund yield rose 12 bps to 3.32% as Euro area inflation jumped to 3.3% from 2.9%, the highest since September 2023. In Japan, the 10-year government bond yield rose 15 bps to 2.96% on firmer inflation and a looser domestic fiscal stance.

Equity markets advanced broadly in August, supported by resilient economic data and renewed technology momentum following July's sell-off. The MSCI World Index rose 2.6% and the S&P 500 advanced 2.7% over the month, while the MSCI Emerging Markets Index returned 3.4%, led by strong gains in Taiwan amid continued strength in AI-related demand. Within credit, U.S. investment grade spreads widened 1 bp to 80 bps while Euro area spreads were unchanged at 77 bps, and U.S. and Euro high yield spreads tightened 22 bps and 5 bps to 263 bps and 272 bps, respectively.

During the month, the PIMCO GIS Income Fund returned 0.45% after fees (in USD, for the Institutional class, Accumulation share), bringing YTD '26 performance to 0.60%.

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

Market Review and Outlook

Market:

- Global equities advanced in August, with the MSCI ACWI returning +2.7%. U.S. equities were particularly strong, with the S&P 500 gaining +2.7% and the Nasdaq Composite rising +4.0%, supported by resilient corporate earnings and renewed strength in growth stocks.
- Sector performance was mixed despite positive headline equity returns. Energy was among the strongest-performing sectors as higher oil prices supported the group, while technology-related areas also benefited from renewed investor appetite for growth.
- Interest rates remained an important focus for investors. Longer-dated U.S. Treasury yields moved higher during the month as growth, inflation and fiscal concerns remained elevated, with the 10-year Treasury yield reaching approximately 4.75%.
- Outside the U.S., Japanese equities advanced while European markets posted more modest gains. Hong Kong equities declined amid profit-taking, weaker Chinese economic data and continued concerns around the property sector.
- Geopolitical developments remained a source of volatility towards month-end. Renewed tensions in the Middle East pushed oil prices higher and weighed on global equities late in the month, although major equity indices still finished August in positive territory.

Stocks:

- An off-benchmark position in Moderna was the largest contributor to relative performance. Shares rallied sharply after the company and Merck announced that their personalized mRNA cancer therapy, intismeran autogene combined with Keytruda, met its primary endpoint of recurrence-free survival and a key secondary endpoint of distant metastasis-free survival in a Phase 3 melanoma study.
- An overweight position in Gilead Sciences was another top contributor to relative returns. Shares advanced following second-quarter results, with product sales excluding Veklury increasing 10% year-over-year, supported by growth across its HIV franchise, Trodelvy and Livdelzi. The company also increased its base-business revenue expectations for 2026.
- Not holding a position in CSL was the largest detractor from relative performance. Shares rallied following the company's FY2026 results, as investors responded positively to signs of progress in its transformation program, resilient plasma industry fundamentals and expectations for a return to sustainable growth. The company also continued its share buyback program.
- Not holding a position in Veeva Systems also detracted from relative performance. Shares rallied after the company reported second-quarter results ahead of its previous guidance, with revenue increasing 18% year-over-year. Management also raised its full-year revenue and earnings expectations.

For Allianz Life World Healthscience Fund and Allianz Life World Healthscience Fund (MYR-Hedged):

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

Changes:

- During the month, the Fund increased its exposure to biotechnology while reducing exposure to health care providers & services. Biotechnology exposure increased from 22.5% to 23.6%, while providers & services declined from 10.3% to 8.7%, primarily reflecting lower exposure to managed health care.
- At the individual security level, the Fund initiated positions in Tempus AI, BridgeBio Oncology Therapeutics, Wave Life Sciences and Braveheart Bio. The Fund also added to existing positions in Pfizer, Bristol Myers Squibb, Vertex Pharmaceuticals, AbbVie and Merck.
- Conversely, the Fund exited positions in Medline, Bio-Techne, BridgeBio Oncology and BioNTech, while reducing positions in AstraZeneca, UnitedHealth, Moderna, Merck and CVS Health. The reduction in managed care exposure followed a significant rebound in the group, with the team taking profits as valuations recovered and attention shifted towards upcoming policy and reimbursement catalysts.

Key Positioning & Outlook:

- We continue to expect a high degree of stock dispersion across healthcare as scientific innovation, evolving reimbursement dynamics and company-specific execution remain the key drivers of returns. This reinforces our bottom-up investment approach, with an emphasis on identifying differentiated science and durable competitive advantages.
- The investment team continues to see innovation across multiple therapeutic areas rather than a single dominant healthcare theme. Recent clinical progress across biotechnology and large-cap pharmaceuticals, alongside improving fundamentals within life sciences tools, continues to create differentiated company-specific opportunities.
- Within life sciences tools, improving biopharma R&D spending, stabilising demand in China and stronger order trends are supportive of the fundamental backdrop. In contrast, the team remains mindful of policy and reimbursement uncertainty within managed care and diagnostics, alongside increasing competition in selected medical-device categories.
- Over the long term, secular drivers for the sector remain in place; firstly, ageing demographics in both developed and developing countries and secondly, innovation in medical science and technology.

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

Market Review and Outlook

Market Review:

Markets were broadly positive in August, supported by resilient economic data, improving risk appetite and continued strength in the AI investment cycle. Geopolitical tensions in the Middle East remained a source of uncertainty, although global trade activity proved resilient as supply chains adjusted and Asian exports continued to benefit from strong industrial and technology-related demand. Inflation remained a key focus for investors, with central banks continuing to balance persistent price pressures against signs of steady growth.

Equity markets moved higher over the month, led by the US, where strong earnings momentum and enthusiasm around AI related spending continued to support technology and semiconductor-linked areas. Japanese equities also performed well, helped by improving earnings expectations and currency dynamics. Emerging markets were more mixed, with strength in technology-linked Asian markets partly offset by continued weakness in China. European and UK equities were broadly supported by improving sentiment, although performance was more moderate.

Fixed income markets were mixed. Government bond yields remained elevated as investors reassessed the path for inflation and central bank policy, with UK and Japanese yields facing upward pressure. Credit markets were more resilient, supported by stable corporate fundamentals and the broader improvement in risk appetite, with spreads continuing to reflect limited stress across investment grade and high yield markets.

Commodity markets were mixed over the month. Oil prices eased late in the period despite remaining sensitive to developments in the Middle East, while gold continued to be supported by geopolitical uncertainty and fiscal concerns. The US dollar softened against some major currencies, providing a supportive backdrop for parts of global risk assets.

Performance:

Against this backdrop, the ESG Multi-Asset Fund delivered a positive return over the month, primarily driven by developed market equities. Alternatives and Commodities also contributed positively. Non-government bonds added modestly, while Cash & FX and government bonds detracted from performance.

Within equities, the core Systematic Active Equity portfolio was the largest positive contributor as it outperformed its opportunity set. Thematic equity exposures also added value overall, led by gold miners and AI-linked exposures, with Metals Security and Industrial Capacity also contributing positively. The Global Unconstrained Equity portfolio added modestly, while protection on European equities, and the exposure to Japanese equities detracted.

Alternatives contributed positively, supported by listed private equity and venture capital exposures, including The Schiehallion Fund, Molten Ventures and Syncona. Renewable energy exposure also added value, led by Gresham House Energy Storage and Greencoat Renewables.

Precious metals contributed positively over the month, with gold supported by geopolitical uncertainty and fiscal concerns. Elsewhere, government bond exposure detracted as yields remained elevated, while investment grade credit contributed positively.

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

Positioning:

The portfolio maintained a modestly positive stance on equities and a cautious position in fixed income.

We added to broad equity exposure at the beginning of the month as several near-term risks, including uncertainty around tech earnings and crowded positioning, eased. We also added to U.S. duration, bringing the portfolio closer to neutral while maintaining a modest overall underweight. We continue to monitor resilient economic data, the prospect of an extended growth cycle and sustained AI-related capital expenditure, all of which could place renewed upward pressure on yields.

Elsewhere within equities, thematic positioning was actively managed. The Fund closed its Metals Security basket, while adding back China AI exposure, as AI remained one of the highest-conviction structural themes. More broadly, the portfolio continues to focus on high conviction, long-term themes such as AI, defence and energy security. Within regional equities, we took profits in our tactical German equity exposure and added to Japanese equities.

Market Outlook:

We remain modestly constructive on portfolios but have become more selective following strong equity market performance over the summer. Resilient earnings and broader market leadership remain supportive, while higher bond yields and uncertainty around inflation, financial conditions and corporate funding markets argue for a measured approach.

We maintain a moderately positive view on equities. Earnings have remained resilient in both the US and Europe, with revisions continuing to move higher, while market gains have broadened beyond the largest technology companies. Continued investment in AI infrastructure remains an important medium-term support, although its growing scale and financing needs are becoming increasingly relevant for bond markets and financial conditions. Against this backdrop, we are placing greater emphasis on separating broad equity exposure from higher-conviction structural opportunities.

Within equities, we continue to favour the US over Europe, reflecting stronger earnings momentum and greater exposure to AI related investment. Europe continues to offer selective opportunities in areas such as defence and infrastructure, but higher energy costs and a less favourable near-term macro backdrop warrant caution. We also remain constructive on Japan, while in emerging markets we favour selective exposure to North Asian technology rather than a broad allocation, given softer Chinese activity and renewed inflation pressures.

In fixed income, higher yields have improved the tactical appeal of intermediate US duration, and we have begun moving closer to neutral positioning. However, strong economic data, heavy sovereign and investment-grade issuance and uncertainty around the long end of the curve support a gradual approach to adding duration. We continue to favour quality, as credit spreads remain relatively tight and refinancing needs are likely to make financial conditions an increasingly important driver of returns.

In currency markets, we retain a cautious medium-term view on the US dollar, although higher US yields and periods of market volatility may provide near-term support. Gold remains a high-conviction diversifier and an expression of longer-term reserve diversification. Following strong recent gains, however, we favour maintaining rather than materially increasing exposure.

In this environment, active portfolio construction remains essential. We retain exposure to structural growth opportunities alongside selective downside protection, while preserving the flexibility to reduce risk should inflation prove more persistent, bond yields rise sharply or financial conditions tighten more materially than expected.

For Allianz Life Income and Growth Fund, Allianz Life Income and Growth Fund (MYR-Hedged) and Allianz Life Income and Growth Fund (USD):

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

Market Review

The portfolio was positively impacted by strength in equities and high yield bonds.

Top contributors were led by several semiconductor companies that highlighted unprecedented demand, including Nvidia on a forecast for 70% revenue growth in 2027. Microsoft rallied on the back of a beat-and-raise quarter driven by accelerating cloud growth, and Apple advanced on optimism around its upcoming product cycle and capital-light artificial intelligence (AI) strategy. Several enterprise data platforms benefitted from elevated AI optimism, an electric vehicle manufacturer gained momentum for its autonomous offerings, and a rare earth miner reported improved profitability metrics and received a policy-driven sentiment boost. The other top contributors were pharmaceutical developers that benefitted from a strong beat-and-raise quarter and favourable clinical trial data, respectively.

Top detractors in the period included several hyperscalers in Amazon and Alphabet, which were both impacted by scrutiny around increased capital expenditure (capex) guidance despite strong quarterly results. A number of holdings exposed to the AI buildout theme consolidated significant year-to-date gains following intra-period earnings reports, including multiple data centre operators, a data storage provider, a semiconductor capital equipment manufacturer, and an industrial automation company. The other top detractors were a utility operator that faced a legislative setback, an aerospace manufacturer on competitive concerns, and a major health care provider that was a notable contributor in Q2.

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

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

Market Outlook

The economic outlook is positive for H2, supported by the AI buildout and downstream effects of pro-growth domestic policies, as well as easier lending standards, sustained labour market stability and the potential for easing geopolitical tensions. Conversely, persistent inflation and/or a sharp increase in interest rates would be key economic risks.

The earnings outlook is also positive. Bottom-up estimates continue to trend higher, driven by better-than-expected results, earnings breadth expansion, robust AI spend, broadening investment, productivity gains, and durable margins. On the other hand, rising expenses and input costs are profitability headwinds.

Convertible securities' outperformance of equities could expand over the remainder of the year, and high yield bonds are pacing for a positive but below-coupon annual return. Given their defensive characteristics, these asset classes can mitigate market volatility better than equities, which historically average a mid-teens intra-year decline even in annual periods of positive returns.

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 is on pace to outperform the broad equity market again in 2026, helped by solid earnings growth, expanding market breadth, stable credit spreads, and robust new issuance. After record new issuance in 2025, primary market activity is trending for another unprecedented year with 2026 estimates residing around USD 130-135 billion. # Aside from diversification benefits, new issuance expands the opportunity set of investments with attractive terms and the desired risk/reward characteristics.

The US high yield market, yielding more than 7%^{^^}, offers equity-like returns but with less volatility. The asset class is expected to deliver a positive, but below-coupon return for 2026. 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 the market's credit quality composition has improved. In this environment, new issuance is expected to remain steady, spreads can stay tight, and the default rate should continue to reside below the historical average.

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.

For Allianz Life Income and Growth Fund, Allianz Life Income and Growth Fund (MYR-Hedged) and Allianz Life Income and Growth Fund (USD):

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

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, Allianz Life Global Unconstrained Equity Fund (MYR-Hedged) and Allianz Life Global Unconstrained Equity Fund (USD):

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

Market Review and Outlook (Apr - Jun 2026)

(Target Fund Manager only produces commentaries on quarterly basis)

Market Review:

Markets bounced back from Q1's sell off in early April as the United States and Iran agreed a ceasefire, limiting the risk of prolonged higher oil prices and an extended inflation shock to the economy. While negotiations remained fractious over the months that followed, the ceasefire provided reassurance that both sides were willing to deescalate, freeing the market to respond to what was a very strong Q1 earnings season, particularly in the US where 87% of companies beat consensus estimates.

The artificial intelligence (AI) buildout continued to attract significant capital during the quarter. From SpaceX's record-breaking IPO2 to the billions of dollars raised by technology companies through equity and debt issuance, it is clear that compute capacity constraints remain acute, investors continue to believe in the future returns this investment can generate and, crucially, capital markets remain willing to provide the liquidity needed to fund it. This spate of investment is no doubt aiding the wider US industrial economy: ISM manufacturing and new order PMIs remained in expansionary territory over the quarter in the region. Additionally, despite fears of AI-driven job displacement, employment remained resilient over the period. That said, consumers continued to face affordability pressures, particularly at the lower end, and elevated interest rates remained a headwind to household spending. From an investment perspective, this, coupled with competitive dynamics and shifts spending habits, leave us more enthusiastic about the mid-term outlook for the industrial economy than consumer-facing industries at this time, with portfolio positioning reflecting this opportunity set.

Outlook:

We remain constructive on the outlook for equity markets. Despite significant macro uncertainty and volatility during H1, labour markets remained resilient, corporate earnings generally exceeded expectations, and investment activity stayed exceptionally strong, particularly across technology, infrastructure and industrial end markets. Spending plans linked to AI continue to increase despite elevated interest rates and periodic macroeconomic uncertainty. The scale of this investment cycle dwarfs that of previous years and is increasingly influencing economic activity, corporate revenues and earnings growth across a wide range of industries. While we remain vigilant for signs of slowing demand or weakening funding sentiment, current evidence remains supportive.

Against this backdrop, market dispersion remains high. We continue to see meaningful differences between leaders and laggards as companies adapt at varying speeds to structural shifts in technology, industry and consumer behaviour, reinforcing the importance of being selective. We remain focused on identifying businesses capable of sustaining and compounding attractive earnings growth over the long term, which we believe is often underappreciated by the market. Given the concentrated nature of recent returns and increasingly divergent company outcomes, bouts of volatility are likely to persist. Our focus remains on distinguishing short-term market noise from genuine changes in fundamentals to capture compelling long-term value creation for investors. We continue to seek businesses which can sustain and compound attractive earnings growth over the long-term, believing these are frequently underappreciated by a market which is increasingly responding to short-term news flow and narratives.

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

Market Review and Outlook

Performance Overview:

- The BGF World Technology Fund returned 5.3% (A2, net of fees) during the month of August, slightly underperforming the MSCI ACWI IT 10/40 Index which returned 5.9%.

Market:

- U.S. equities were broadly higher in August. The MSCI ACWI finished the month up 2.67% while the S&P 500 climbed by 2.72% and the NASDAQ rallied sharply by 4.24%. A sharp re-rating of AI infrastructure and semiconductor names lifted large-cap tech to the front of the market, with leadership rotating back toward the most crowded technology trades on strong NVIDIA and software earnings, even as Treasury yields pushed higher and a hawkish Jackson Hole address revived September rate-hike expectations.
- The market's tone flipped in August, and the recovery was as concentrated as July's damage. Energy led the large-cap sector leaderboard, up roughly +7.0%, while Information Technology and Communication Services both swung back into positive territory as the AI-infrastructure complex re-rated — software alone recovered more than +50% from its April lows. Semiconductors stabilized but stayed volatile, with the SOX ending August up roughly 2%, a round trip from a mid-month peak near 12,770 back to 11,535, while Software diverged sharply higher, recovering more than +50% from its April lows and underscoring that the rebound was led by monetization rather than a broad re-embrace of capex intensity.
- Energy extended its run for a second month, adding roughly 7.4% after July's 12% gain even as Brent slipped 4.3% to \$92.71 on easing supply fears. Defensives offered no ballast this time: Utilities fell 4.8%, with Consumer Staples, Real Estate and Industrials also negative, while Financials, Health Care and Materials gained.
- The Federal Reserve held again in August at 3.50%–3.75%, a fifth consecutive hold, but the tone hardened decisively. Chair Warsh withheld forward guidance and used his first Jackson Hole address to reaffirm the 2% target, warning that better summer PCE and CPI prints "do not tell me that underlying trends have meaningfully improved" and that otherwise "we have work to do." Markets did the tightening as September hike odds jumped from ~35% to ~58% in a day, the 2-year yield spiked past 4.35%, the 30-year touched 5.34%, its highest since 2007, and the 10-year reached roughly 4.76%, a 17-month high.
- Corporate earnings again did the heavy lifting in August, but the market's test shifted from who is spending to who is converting spend into revenue. Nvidia beat on both the quarter and its guidance, reassuring investors that the AI investment cycle remains intact, and the stock rose 7% pre-market. The bigger signal came from software: Salesforce jumped 11.2%, CrowdStrike 9% and Okta rallied on results, lifting the iShares Expanded Tech-Software Sector ETF 7.6% in a single session and driving Technology to be the sole S&P 500 sector to advance that day. After July's capex-intensity repricing, the August tape rewarded demonstrated monetization, the application and security layers proving AI is showing up in bookings, not just budgets.
- The EURO STOXX 50 gained 1.0% in August while the broader STOXX 600 advanced 0.5%, both setting record price-level highs during the month, with the pan-European benchmark securing its fifth consecutive monthly gain on the back of a strong earnings season and continued AI enthusiasm, despite renewed U.S.-Iran strikes lifting oil and bond yields into month-end.
- Asia-Pacific equities recovered in August, though the same semiconductor concentration that amplified July's reversal made the ride volatile. South Korea's KOSPI ended the month at 6,820, up roughly 3.4%, and Japan's Nikkei 225 closed at 66,312, up about 3.0% — but both round-tripped a sharp mid-month yield shock, with the Nikkei falling from a 69,220 peak on August 17 to 65,326 two sessions later and the KOSPI dropping 5.8% in a single day on August 19 as 10- and 30-year Treasury yields spiked and Brent pushed toward \$94. Momentum returned late in the month as Nvidia's results reassured the AI supply chain, lifting Korean and Japanese chip-linked names.

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

Sectors:

- **NVIDIA Crushes Q2 as AI Infrastructure Spending Accelerates:** NVIDIA reported blowout fiscal Q2 results, with revenue reaching \$96.2 billion (+106% YoY) and Data Center revenue climbing to a record \$89 billion (+117% YoY), now representing roughly 92% of total sales. Management guided to \$108 billion of revenue for Q3 and confirmed that its next generation Vera Rubin platform is now in full production. Notably, guidance assumes zero Data Center compute revenue from China due to export restrictions, highlighting the geopolitical risks that persist even as AI demand continues to exceed supply.
- **Microsoft Delivers Historic AI-Fueled Earnings Beat:** Microsoft soared 19% last week after reporting quarterly results that exceeded expectations, driven by accelerating Azure growth and persistent demand for AI infrastructure. Investors focused on the strength of cloud demand and management's confidence in sustaining elevated AI investment levels, helping ease concerns that enterprise AI spending was beginning to slow. The results reinforced a key market theme that AI demand remains strong, even as investors debate who ultimately captures the economic value created by that spending.
- **Meta Raises AI Spending and Launches Compute Business:** Meta announced higher-than-expected capital expenditure plans and formally launched Meta Compute, a new business aimed at commercializing the company's AI infrastructure footprint. The move highlights how AI infrastructure is increasingly being viewed as a critical asset as opposed to simply a cost center. Investors are now evaluating whether hyperscalers can monetize their massive AI investments in ways similar to how Amazon transformed AWS from an internal capability into a significant profit engine.
- **Amazon Says AWS Could Become a \$1 Trillion Business:** Amazon shares jumped sharply by 15% in the final session of the week after a strong earnings report highlighted just how quickly AI demand is accelerating. AWS revenue grew 37% year-over-year to a \$169 billion annualized run-rate, while CEO Andy Jassy raised Amazon's 2026 capital spending forecast to \$220 billion and said the company still lacks enough capacity to meet customer demand. Demand is already extending into 2028. Perhaps the biggest headline came from Jassy's long-term outlook, specifically Amazon now believes AWS can become "at least double" its previous expectations and "very possibly be a \$1 trillion annual revenue business" over time.
- **SpaceX's First Earnings Call Shows AI Is No Longer a Side Bet:** Over \$100B of recurring AI revenue expected by yearend, about the size of Azure.- AI is now a real business. SpaceX is building compute far faster than promised. End of 2027 capacity guided to ~8-10GW versus ~4GW at IPO. Customers are paying up for that compute. Deals pay back in under a year, and demand is growing much faster than supply, so prices may well keep rising.

For Allianz Life Global Balanced Income and Growth Fund, Allianz Life Global Balanced Income and Growth Fund (MYR-Hedged) and Allianz Life Global Balanced Income and Growth Fund (USD):

Target Fund Manager's Comment (For PIMCO GIS Balanced Income and Growth Fund)

Market Review

Equity Market:

- The MSCI ACWI Index rose 2.7% in August, supported by broad-based strength across materials, energy, and technology, as easing concerns around AI-related spending and strong semiconductor and software earnings supported growth-oriented sectors. In the U.S., the S&P 500 Index gained 2.7%, led by large-cap technology stocks and continued investor enthusiasm around AI-related investments. European equities¹ returned 0.5%, lagging other developed markets as modest growth and expectations for further ECB tightening weighed on sentiment.

- Emerging market equities² rose 3.4% in August, outperforming developed markets on strength in East Asian technology stocks and a weaker U.S. dollar. South Korea's KOSPI Index³ gained 3.5%, supported by semiconductor stocks and improving corporate governance initiatives.

Bond Market:

- Developed market sovereign bond yields broadly rose in August amid persistent inflation and hawkish central bank rhetoric. The U.S. curve bear flattened in response to Kevin Warsh's Jackson Hole remarks reinforcing the Fed's commitment to its 2% inflation target. Meanwhile, long-end yields briefly declined following an expansion of the Treasury buyback program. The 10-year Treasury yield rose 2 bps to 4.75%. In Europe, the German 10-year Bund yield increased 12 bps to 3.32% as markets increasingly priced in a September rate hike, and the U.K. 10-year gilt yield rose 1 bp to 5.06% amid persistent inflation. In Japan, the 10-year JGB yield climbed 15 bps to 2.94% as inflation remained firm and fiscal concerns persisted, while yen weakness prompted intervention and markets continued to price in another rate hike.

- Global IG credit posted positive returns of 0.23% for the month, outperforming like-duration government bonds by 0.11%, as spreads tightened 1bp in August. Global HY credit delivered positive returns of 0.85%, with the B-rated segment of the high yield market outperforming BB-rated and CCC-rated bonds.

- Agency MBS⁴ returned 0.52% in August, outperforming like-duration Treasuries by 23 bps as declining rate volatility, improving dollar rolls, and limited net mortgage supply supported mortgage valuations and modest spread tightening.

For Allianz Life Global Balanced Income and Growth Fund, Allianz Life Global Balanced Income and Growth Fund (MYR-Hedged) and Allianz Life Global Balanced Income and Growth Fund (USD):

Target Fund Manager's Comment (For PIMCO GIS Balanced Income and Growth Fund)

Market Outlook

Macro uncertainty persists, and both inflation and growth outcomes appear more fat-tailed, with elevated risks in both directions. We expect core U.S. inflation to moderate over the coming months, though remaining above target through 2026. Chair Warsh's hawkish turn and a higher bar for confidence in disinflation keep the risk of a hike before year-end elevated. However, with labor costs subdued and tariff-driven price pressure best looked through, a hold remains our base case. We continue to emphasize high-quality, global exposures to help smooth returns in this fat-tailed macro environment. In fixed income, prevailing yield levels provide attractive income potential and compelling future returns. They also offer a meaningful cushion to absorb further volatility. We maintain exposure across front-end and intermediate maturities and remain constructive on U.S. duration. Fed Chair Warsh's shift away from forward guidance may add to rate volatility, two-sided policy surprises, and wider risk premia. We retain positioning in European rates, reflecting elevated downside risks to Eurozone growth. Lower inflation in emerging markets, paired with credible central banks, high real yields, and high carry, continues to drive exposure to EM local duration. We are constructive on U.S. TIPS to mitigate elevated near-term inflation risk. In this higher rate environment, TIPS also offer compelling carry. Within global spread markets, we continue to favor securitized assets. We remain focused on quality rather than reaching for yield, leaning on Agency MBS and senior tranches of well-seasoned non-Agency MBS. Within corporate credit, we emphasize structural protections and liquidity while staying cautious on broader credit beta. Tight spreads, ongoing re-leveraging tied to AI capex, and macro uncertainty reinforce the importance of bottom-up selection and strong underwriting. In equities, market leadership remains narrow, and investors continue to question the sustainability of the AI-driven rally amid stretched valuations. Bouts of momentum-driven volatility are likely to persist as crowded positioning unwinds. However, corporate margins remain near record highs, and earnings have continued to surprise to the upside across both developed and emerging markets. Regional tilts are driven by our disciplined, systematic approach to global stock selection. We see value in select markets outside the U.S., supported by cheaper valuations alongside strong momentum, growth, and quality characteristics.

Disclaimer:

This document is prepared by Allianz Life Insurance Malaysia Berhad ("Allianz") for information only. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Allianz assumes no obligation to update any information contained herein. Its content is of a general nature and does not in any way constitute professional advice or the provision of professional services, and shall not be relied on as such. While Allianz endeavours to keep the content and information contained herein accurate, Allianz does not warrant or guarantee the completeness, adequacy or currency of information contained herein. Allianz reserves the right to modify the content and information herein at any time.

For MSCI's disclaimer, please refer to <https://www.msci.com/notice-and-disclaimer-for-reporting-licenses>

Allianz Life Insurance Malaysia Berhad (198301008983)

(Licensed under the Financial Services Act 2013 and regulated by Bank Negara Malaysia)

ALLIANZ.COM.MY