

# Market Review and Outlook

## January 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 equity markets maintained their 2025 momentum through January 2026, with the MSCI World Index climbing +2.19% mom. The Dow Jones and NASDAQ Composite indices too climbed +1.73% and +0.95% mom respectively, despite experiencing some volatility in the middle of January. This volatility was primarily triggered by President Trump's narrative regarding the acquisition of Greenland, which culminated in a threat to impose 10% tariffs on the NATO allies to pressure acquiescence, which was fortunately then de-escalated during the World Economic Forum in Davos. The U.S. Core Consumer Price Index (CPI) for December remained stable at +2.6% yoy, slightly better than the consensus expectation of +2.7% yoy, but had yet to achieve the Fed's target inflation of +2.0% yoy.

In Europe, the Stoxx 50 Index rose by +2.70% mom, as the Eurozone concluded 2025 with a steady GDP growth of +0.3% qoq in Q4, surpassing the consensus forecast of +0.2%. Additionally, the preliminary estimate for December's CPI was +2.3% yoy, slightly down from +2.4% yoy in November, marking its four - month low. However, the HCOB Composite PMI reading decreased by 0.2 points to 51.3 in January compared to December 2025, but it still represented 13 consecutive months of expansion since December 2024.

In China, the Shanghai Composite Index rose +3.76% mom in January 2026 as robust enthusiasm for artificial intelligence (AI) and advanced manufacturing effectively decoupled market performance from a mixed macroeconomic landscape where its official January 2026 Composite PMI of 49.8 indicated economic contraction whilst China RatingDog Composite PMI of 51.6 hit a three - month high. Apart from that, the People's Bank of China kept its 1 - year and 5 - year Loan Prime Rate (LPR) unchanged at 3.00% and 3.50% respectively, signifying the central bank's steady stance on monetary policy.

On the commodity front, Brent crude oil experienced a volatile but strong performance in January 2026, surging by +16.2% mom to close the month at USD70.69 per barrel. This marked the largest monthly gain for the benchmark since January 2022, largely driven by escalating geopolitical risks in Iran and tightening sanctions on Venezuela's oil sector. Similarly, crude palm oil (CPO) price also increased +4.1% mom to RM4,160/ MT driven by a combination of tight supply, surging export demand due to Indonesia's B45 biodiesel mandate and the spillover effect from rising Brent crude prices, which increased palm oil's appeal as a biofuel feedstock. Ringgit Malaysia too appreciated to RM3.9453: USD1.00 as at end January 2026 from RM4.0603: USD1.00 a month ago.

In ASEAN, Malaysia's FBMKLCI started 2026 on strong footing, rising for four consecutive weeks to close January at 1,741 points (+3.62% mom), supported by policy optimism and improving macro signals. It was noteworthy that January 2026 net foreign equity inflows amounted to RM1.05bn vs the CY25 net foreign equity outflow of RM22.3bn.

Singapore's Straits Times Index soared +5.57% mom, driven by robust banking sector performance and a significant boost from government-led liquidity initiatives under the Equity Market Development Programme. Its December 2025 NODX grew +6.1% yoy (Nov 25: +11.5% yoy), coming below consensus estimate of +10.1% yoy mainly due to the contraction in the pharmaceutical sector and plunge in exports to the US which outweighed the double-digit gains seen in the electronics sector.

The Indonesian Jakarta Composite Index plunged -3.67% mom. This was triggered by a warning from MSCI regarding transparency and concentrated ownership, which sparked a two – day rout on January 28 – 29 causing the index to plummet nearly 8% over two days, which triggered an emergency trading halt. However, the dropped recovered slightly after the government implemented aggressive reforms, specifically doubling the minimum free – float requirement to 15% and launching an automated ownership tracking system to satisfy MSCI's transparency standards. On its monetary policy, Bank Indonesia decided to keep its policy rate at 4.75% for its fourth consecutive meeting in January 2026 to support the struggling Rupiah.

Lastly, the Stock Exchange of Thailand edged up +5.24% driven by strong foreign inflows. Foreign investors were net buyers of THB4.3bn (US\$136m) during the month. However, the Bank of Thailand (BoT) recently downgraded its 2026 GDP growth forecast to +1.5% yoy from +1.6% yoy, citing a slowdown in private consumption and potential impacts from U.S. trade tariffs on exports. Thailand's core CPI rose by +0.59% yoy, lower than the +0.66% yoy recorded in November and consensus forecast of +0.69% yoy. The slight deceleration was driven by weakening domestic demand influenced by a slowdown in price growth for housing and apparel.

In January 2026, U.S. Treasury (UST) yields climbed by 2 – 7 bps mom across the tenors amidst volatility in the Japanese Government Bond (JGB) markets due to Japanese Prime Minister, Sanae Takaichi's expansionary fiscal plans following the announcement of a snap election scheduled in February 2026. Although U.S. jobs growth in December 2025 was weaker – than – expected at +50k mom (Survey: +70k mom, November 2025 revised: +56k mom), an unexpected decline in the unemployment rate to 4.4% (Survey and November 2025 revised: 4.5%) supported the Federal Reserve (Fed)'s decision to maintain the federal funds rate at 3.50% – 3.75% in its January 2026 Federal Open Market Committee (FOMC) meeting as widely expected. Fed Chair Powell struck a tone of cautious optimism, highlighting a 'clear improvement' in the U.S. economic outlook while noting that the labour market has begun showing signs of stabilization. Fed fund futures as of end – January 2026 now indicate total implied rate cuts of 53 bps by end of 2026 compared to 59 bps as of end – December 2025.

Locally, the Malaysian Government Securities (MGS) yields were also higher by 1 – 10 bps mom, except for the 3 years MGS which reduced by 1 bps mom. 2 out of 3 bond auctions in January 2026 drew lukewarm demand as the new benchmark 15 years MGS 1/41 recorded a bid-to-cover (BTC) ratio of just 1.944x, while the new 30 years Malaysian Government Investment Issues (MGII) 1/56 barely cleared the 2.0x mark at 2.071x, signalling a lack of appetite for long-duration exposure. Malaysia's CPI in December 2025 grew +1.6% yoy (Survey and November 2025: +1.4% yoy) primarily due to greater prices for personal care products, education, and certain household – related expenses. As broadly anticipated, Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 2.75% in the January 2026 Monetary Policy Committee (MPC) meeting. BNM reaffirmed that the current policy stance to be appropriate and supportive of the economy amid price stability.

Foreign funds net bought Ringgit bond holdings in January 2026 with net inflows of RM1.0b (December 2025: net inflows of RM3.0b). The foreign share of MGS grew to 34.1% (December 2025: 33.7%) while the foreign share of MGS+MGII lowered marginally to 21.5% (December 2025: 21.6%). Malaysia's foreign reserves expanded by USD1.4b to USD126.9b as of end – January 2026 (December 2025: USD125.5b).

## Market Outlook

The 2026 market outlook for Malaysia's FBM KLCI positive momentum is underpinned by a resilient domestic economy growth, alongside healthy corporate earnings. Major thematic catalysts include Visit Malaysia 2026 campaign, which is set to bolster the consumer, tourism, and aviation sectors, and the initiation of the 13th Malaysia Plan, which will drive infrastructure and energy transition investments. Furthermore, the index is expected to benefit from the return of foreign fund inflows—currently near historic lows at 19% ownership which is supported by a strengthening Ringgit and anticipated monetary easing by the US Federal Reserve.

Despite the current volatility permeating markets, we remain cautiously upbeat on our market's prospects and would continue investing in fundamentally good long – term investments. As always, we will seek opportunities to engage in trading activities to capitalize on any prevailing market volatility. Nevertheless, we will keep constant watch over any potential geopolitical and other risks that may necessitate the gravitation towards new strategies to adjust to the ever-volatile market conditions.

Based on the FOMC statement, indicators suggested that U.S. economic activity has been expanding at a solid pace. Job gains have remained low and the unemployment rate has shown signs of stabilisation. Additionally, even though the upside risk to inflation has diminished but it still exist, hence could introduce caution into the Fed's monetary policy where potential rate cuts would be used to weight against stubborn inflation. In any case, the FOMC remains attentive to the risks to both sides of its dual mandate and committed to supporting maximum employment and returning inflation to its 2% objective. Currently, markets expect the FOMC to maintain rates at the March meeting as policymakers weigh incoming data. Despite the new Fed leadership after Powell steps down in May 15, institutional guardrails are expected to preserve the Fed's independence and neutral policy stance.

BNM at the policy meeting on 22 January 2026 stated that Malaysia's growth for 2025 is expected to be around the upper end of the forecast range. This growth momentum is expected to continue in 2026, supported by resilient domestic demand while the external sector will benefit from continued strength in electrical and electronics (E&E) exports and higher tourist spending. The central bank also cautioned that the growth outlook is subject to uncertainties, in particular surrounding global developments with downside risks from slower global trade and lower – than – expected commodity production. While core inflation in 2026 is expected to remain stable and close to its long – term average, BNM would continue to monitor ongoing developments and assess the balance of risks surrounding the outlook for domestic growth and inflation. We would selectively accumulate bonds at reasonable valuations while prioritizing good quality names.

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

### What helped?

- After a positive December, the start of 2026 was again positive. The trend following strategies Momentum and Revisions stocks did well. More defensive factors like Quality also did well. Specifically, stocks with higher dividend growth or greater stability did slightly better than the market.

### What hurt?

- Value stocks beyond Dividend and Growth stocks underperformed. This is a usual pattern: Value underperforms whereas the trend-following strategies outperform.

## Market Review

January was a turbulent month for global equity markets, with the MSCI All Country World Index (ACWI) finishing the month modestly higher. Oil majors and defence stocks led gains across major indices early on after the US launched airstrikes against Caracas and captured Venezuelan President Nicolás Maduro. However, trade war jitters weighed on sentiment after US President Donald Trump threatened to slap extra tariffs on eight European economies for opposing his ambitions to annex Greenland, triggering a rift with European leaders and stoking concerns over the future of the North Atlantic Treaty Organization (NATO) alliance. Meanwhile, heightened geopolitical tensions in the Middle East were an additional headwind, with rhetoric intensifying between Washington and Tehran as nuclear talks remained stalled and political unrest persisted in Iran after security forces killed thousands in a lethal crackdown against anti-government protestors.

US equities rose modestly in January. The Trump administration's unpredictable foreign policy stance sparked geopolitical uncertainty and stoked fears of a trans-Atlantic trade war. Meanwhile, two fatal shootings by the US Immigration and Customs Enforcement (ICE) agents in Minneapolis sparked bipartisan outrage, with Senate Democrats threatening to block funding for the Department of Homeland Security and raising the prospect of another government shutdown. Worries about the political independence of the US Federal Reserve (Fed) also buffeted investor confidence, and shares fell after President Trump announced former Fed Governor Kevin Warsh as his nominee to succeed Jerome Powell as the next chair of the US central bank.

European equities moved modestly higher in January. Defence stocks lifted markets in the aftermath of US military intervention in Venezuela but gains were pared after US President Donald Trump threatened eight European countries with additional tariffs over their opposition to his Greenland annexation proposals. The move triggered concerns around the future of the NATO military alliance and broader trans-Atlantic relations, prompting European leaders to reaffirm support for the self-governing Danish island nation and suspend approval of last year's US-European Union (US-EU) trade deal. Stocks rebounded in the ensuing relief rally after President Trump's rhetoric softened, and continued to climb after Brussels signed a trade deal with Mercosur. Stocks rallied near month-end after the EU and India signed a landmark free-trade pact covering around one-third of global trade. Meanwhile, heavy Russian airstrikes intensified Ukraine's winter energy crisis, even as the first trilateral talks between Moscow, Kyiv and Washington took place in Abu Dhabi.

## Market Outlook

Encouragingly, market participants do not seem to be willing to take excessive risks at the beginning of the new year. Overall, international investors have moderately overweighted equities. Our general market outlook is still optimistic, seeing that riskier assets should benefit from a combination of robust global growth and the expected increase in corporate earnings. The US economy, in particular, seems to be in good shape. However, the downtrend of the US dollar might continue, and the gold price jump suggests that investors are increasingly worried about potential political and economic crises. Investors should closely watch the markets for signs of rising volatility. This applies at the sector and company level, too, as investors' expectations have risen. The current reporting season shows that investors differentiate more clearly than before between "winners" and "losers". We recommend a risk-aware, active investment approach and broad diversification across regions and topics in this environment.

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

### Market Review

Asia ex Japan equities made a strong start to the new year. The region was led higher by Asian tech hubs South Korea and Taiwan as the buzz around artificial intelligence (AI) continued. China Tech stocks also rallied amid optimism around home-grown AI innovation. The gains continued against the backdrop of a weaker housing market – the prices of new homes completed in 70 major cities fell by 2.7% in December, marking the 30th consecutive month of falling prices. Australian equities posted a small gain in January but trailed the regional index. In contrast, Indian equities had their worst start to a year in a decade as foreign investor outflows continued. Elsewhere, ASEAN markets closed January modestly higher in aggregate. Thailand led the region, supported by election optimism and relative border stability with Cambodia. On the other hand, Indonesia was the weakest market, weighed down by MSCI's downgrade warning.

For fixed income, January saw a steadier start to the year for Asian credit, with generally supportive risk sentiment but growing macro policy uncertainty, particularly around US trade tensions and fiscal paths, occasionally weighed on risk appetite. Asian USD credit spreads remained resilient, underpinned by still constructive fundamentals and continued expectations of US monetary easing. Market directionality was muted in the absence of strong catalysts while Asian credit market still benefitted from the carry backdrop. On the rate side, early month data signalled ongoing labour market softness in the US, helping anchor the front end of the US yield curve, while longer yields remained sensitive to fiscal concerns and policy uncertainty. US Treasury yields exhibited bull steepening over the month with the 10-year hovering in the 4.15-4.30% range. The January Federal Open Market Committee (FOMC) meeting delivered a pause at 3.50–3.75%, but the 10-2 split vote and nomination of Kevin Warsh as the next US Federal Reserve (Fed) Chair added an element of policy uncertainty.

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

In the equity portfolio, two top stock contributors came from large memory chipmakers listed in South Korea, Samsung Electronics and SK Hynix. These companies have made great advances from being traditional memory suppliers and their share prices have rallied strongly on the back of surging demand for high-performance AI memory chips. We believe longer-term demand related to AI applications will continue to accelerate the need for high bandwidth memory, where Samsung and SK Hynix are expected to remain key global providers.

On the other hand, a key detractor came from an Indian conglomerate engaged in energy, petrochemicals, retail, telecommunications, and digital services. We view the recent share price weakness as some profit taking amidst the global commodity volatility. While we trimmed the position slightly, Reliance Industries remains a leading competitor across the consumption and services, and is well positioned to benefit from rising spending among India's growing middle class.

The asset allocation at the end of the month was 69.8% invested in Asian equities and 29.3% in Asian fixed income.

During the month, the key portfolio activity for the equity sleeve continued to focus on adding high dividend-paying companies across the region. We initiated two new positions in South Korean automobile manufacturers that are penetrating into the robotics supply chain. Both companies pay dividend yield of 3.5%-4.5%. Conversely, we trimmed position in a supermarket operator in Australia.

Within the fixed income portfolio, we gradually increased our allocation to high yield for better carry, while keeping portfolio duration relatively stable.

At the end of the month, we held 69 equities and 68 fixed income securities. The equity portfolio yield was 3.1% (based on forward 12-month estimates), and the average fixed income coupon was 5.8% with an average credit rating of BB+ and average duration of 2.5 years.

### Market Outlook

Overall, we are optimistic on the outlook for Asia ex Japan equities. Economic policy is broadly supportive across the region, helping to offset the impact of higher tariffs. In China, we anticipate there will be further policy support as the housing market continues to weaken. We also expect Technology to remain a feature going forward. In our view, China's AI industry has passed a turning point and entered a more self-sustaining cycle of rising investment and higher profitability.

For Allianz Life Asia Multi-IncomePLUS Fund:

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

On the fixed income side, we remain constructive on Asia credit, even as spreads hover near historically tight levels. Overall yield levels remain compelling, supported by elevated base rates that continue to provide a strong carry cushion. The macro backdrop is broadly supportive, characterised by stabilising inflation, accommodative policy signals, and steady regional growth momentum. Credit fundamentals across the region remain resilient, with most issuers sustaining manageable leverage and healthy liquidity positions. Technicals also remain robust, reinforced by a strong primary market where new issues drew substantial oversubscription and priced firmly. Limited net supply and persistent investor demand continue to provide a solid anchor for spreads. While tight valuations and macro headlines may introduce periods of volatility, we expect any market dips to be readily absorbed given strong reinvestment flows. Carry is likely to remain the predominant driver of returns, and overall sentiment should stay supportive. In this environment, we continue to favour high yield over investment grade.

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

### Market Review

#### Sukuk Market Review

While global markets faced uncertainty regarding U.S. trade policies and shifting interest rate expectations, the local bond market remained a "safe haven" for regional investors. Benchmark yields eased marginally across the curve. The 10-year MGS yield compressed by approximately 1bps, closing the month at 3.50%. Gains were capped by "hawkish" signals from the U.S. Federal Reserve and rising tensions in the Middle East, which kept a floor on global rates and prevented a more aggressive rally in local yields. During the month, BNM maintained the Overnight Policy Rate (OPR) at 2.75% as expected that reinforced the narrative of an extended policy pause. For economy data, advanced estimates for Q4 2025 GDP growth arrived at 5.7%, signalling a robust economic trajectory entering 2026. Despite this strong growth, headline inflation was contained at 1.6%, easing concerns over immediate rate hikes and maintaining the real yield attractiveness of Malaysian paper.

#### Equity Market Review

Global markets continue to look past geopolitical tensions (invasion mostly) over the month with regards to Venezuela, Greenland, and Iran. The broader equity market rallied but mostly centred around memory chip stocks despite the tepid performance in the broader AI stocks, largely due to the production constraints. Elsewhere, commodity also had gains in both precious and base metals but not without volatility. Gold and Silver surged past US\$5,500/oz and US\$110/oz respectively on flight to safety as well as concerns on Fed's independence (following the appointment of Kevin Walsh) before tumbling towards the end of the month. Oil prices also rose during the month on escalating tensions on Iran.

Closer to home, the KLCI continued its run, gaining 3.6% to end 1,740pts in January, supported by policy optimism, improving macro data points, and net foreign inflows. Main gainers in the main index were financials and discretionary while industrials mostly lagged. Notably however, the property sector outperformed within the sub-index followed by Financials, REITs and Consumer which we attributed to rotation into value stocks given that generally these names are trading at discounts to their NAV. At the other end, Healthcare and Technology were the worst performers given the strengthening of MYR, which is expected to have an impact given their exporting nature.

In macroeconomics, GDP grew by 5.7% in 4Q25 (vs. 3Q25: +5.2%) and better than street's estimates of +5.4%. This is the strongest print registered in 6 quarters but the +0.4% qoq was slower (3Q25: +2.4% qoq). The pickup was broad based, underpinned by stronger growth in all sectors with the exception of mining. Services and manufacturing were the notable performers. Elsewhere, output growth in manufacturing sector lifted to 6.0% (vs. 3Q25: +4.1%) driven by E&E and food. E&E largely benefited from the US tariff exemptions on chips. For full-year, growth came in at 4.9% yoy but below the +5.1% for 2024.

Regionally, in local currency terms, Singapore was the top performer gaining 5.6% followed by Thailand, Philippines and Malaysia rising 5.2%, 4.6% and 3.6% respectively. Indonesia was the only decliner, slipping 3.7% largely due to the MSCI risks on a downgrade to be reclassified as a Frontier Market on the lack of ownership and free float requirements. As aforementioned, Malaysia had net foreign inflows amounted to RM1.05bn (US\$259m) reversing an outflow of RM2.0bn last month. Not surprisingly, foreign buying was mostly in financial services and followed by industrials. Regionally, Philippines and Thailand also had net foreign buying amounting to US\$226m and US\$141m. The USD continue to weaken with the DXY Index falling to 97. The MYR strengthen by 2.8% to RM3.95 against the greenback, while the PHP, IDR, and THB were generally unchanged.

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

### Market Outlook

#### Sukuk Outlook & Strategy

For 1H 2026, capital flows into emerging markets (EMs), including Malaysia, are expected to remain supportive, underpinned by anticipated Fed rate cuts, a softer US dollar, and improving EM growth prospects. While external risks persist amid ongoing geopolitical tensions and global policy uncertainty, which may lead to more cautious investor positioning and episodic market volatility, Malaysia's relatively insulated domestic demand and resilient credit fundamentals are expected to help limit spillover effects on the local sukuk market. Against this backdrop, we maintain a stable outlook on the domestic sukuk market for 2026, supported by a conducive macroeconomic environment. Credit spreads are expected to remain broadly stable, anchored by manageable inflation, steady economic growth, and healthy credit issuance.

From a portfolio positioning standpoint, we continue to favor mid-tenor corporate sukuk that provide attractive yield premiums over government securities. We intend to maintain a duration stance that is neutral to moderately overweight, reflecting our slightly positive outlook on interest rates but remain cautious on the longer tenure given the expected increase in supply.

While we will tactically seek entry opportunities in government sukuk for trading purposes, our core allocation remains overweight in corporate sukuk to anchor the Fund's income generation. Corporate credits generally offer higher yields and exhibit lower price volatility, helping to cushion against potential mark-to-market fluctuations in the event of a correction in sovereign sukuk yields.

Our credit selection strategy focuses on high-quality AA-rated and single-A rated issuers, which offer both yield enhancement and the potential for credit upgrades as the domestic economy continues to strengthen. We will remain active in the primary market to capture higher-yielding new issuances and will look to exploit value opportunities in the secondary market, particularly in oversold names.

#### Equity Outlook & Strategy

As at writing, markets have since recovered somewhat after a brutal sell-off in global markets that reverberated across most asset classes, that began at the end of the December to the beginning of February. As we move forward to 2026, the sell-off is a stark reminder that markets can turn choppy and are still vulnerable to crosscurrents. Macro risks, against higher US recession probably resulting in steeping USD curve, lower equity performance, wider credit spreads and strengthening in gold (which have recovered since the recent correction). However, inflation concerns and soft patch reinforces the justification for the continuation of the easing cycle.

For local equities, our constructive view is underpinned by fiscal reforms, mega developments, low inflation and supportive monetary policy that may cushion the impact from external headwinds. The recent concluded corporate earnings were decent, which supports this view. More importantly, forward guidance by corporates has been optimistic, puts the local stocks in a stronger footing.

The 13th Malaysia plan has outlined several key initiatives that should support the economy. Valuations are not stretched by any means, stable politics on a regional context, low positioning by investors (including low foreign participation), should at least provide some limited downside risks. Visibility have somewhat improved but to what extent the resiliency of the market has been on front-loading of purchases ahead of the tariffs may lead to a sharper decline in the second half of the year. Given the strengthening MYR, we think it is driven by a range of structural factors beyond and not just due to the USD broad weakness which likely be sustained. Strengthening fundamentals with rising investment flows with economic growth exceeding expectations have provided support for durable tailwinds for the currency.

Strategy-wise, we maintain our tilt towards large-cap, and domestic-centric stocks. As we weather through these crosscurrents, we are likely to prioritize earnings quality and defensive stocks. As we look for catalysts, market participants will be hard pressed to deliver return, we think selected sectors or stocks with earnings visibility are likely to be rewarded with better share price performance. With this, we anticipate a "narrow" trading market which we think could be in sectors such as construction (continued orderbook expansion), utilities (renewables and rising capex) as well as REIT (lower interest rate environment). Besides this, other key themes we look at into next year include consumption growth, tourism following VMY 2026. We also look opportunistically on value or stocks that we like as well as dividend yields to weather any volatility. Having said that, we are looking opportunistically at stocks which are more cyclical as well as which have been sold off during the recent bearish market, that we like but have been sold off, with perhaps a high margin of safety.

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 January. Stock selection in the Industrials and Information Technology sectors was the main contributor.

At a stock level, a key contributor was Montage Technology, a leading fabless semiconductor company that provides high-performance integrated circuit (IC) based solutions for cloud computing and artificial intelligence (AI) markets. The company announced a strong set of quarterly earnings in advance of a proposed secondary listing on the Hong Kong stock exchange. Montage remains one of our preferred ways to play the China AI opportunity given its very strong research and development (R&D) capabilities and ability to launch new products ahead of its peers.

Conversely, a detractor last month was Zhejiang Shuanghuan Driveline. The company has a strong position in electric vehicle (EV) gears and other transmission components and is a key supplier to clients such as Tesla. The share price was weaker last month due to overall sentiment towards the EV sector. Over the longer term, we see the company's growth being underpinned by the structural trend towards EV drivetrain outsourcing and expansion into the humanoid robotic supply chain.

### Market Outlook

China equities started the new year much as they ended 2025, in buoyant mood. Market volumes have been high and Technology-related stocks have paced the gains.

While semiconductor stocks have been notably strong, benefitting from China's ongoing push for greater self-sufficiency, the rally has also extended to a range of areas linked to AI. This includes rising power demand from AI activity, increased requirements for electronic components like printed circuit boards (PCBs), expanding datacentre infrastructure, and advancements in autonomous driving technologies. Space technology has also been in focus, with certain Chinese companies likely to be in the SpaceX supply chain.

The thematic nature of the market and the high volumes point to growing participation from China's sizeable retail investor base. The background is that having been in pragmatic savings mode for several years as a result of the turbulence of COVID and the weaker macro situation, there are signs of a more risk-on approach.

Indeed, the recovery of retail investor enthusiasm has prompted the first sentiment-cooling signals from the government. The margin deposit ratio for newly opened stock accounts in mainland China was recently raised from 80% to 100%, in an attempt to prevent excessive speculative activity. There have also been outflows from certain domestic exchange-traded funds (ETFs), likely withdrawals by state-backed funds.

These actions have been very targeted and measured, in our view, reinforcing the well-flagged intentions to avoid a speculative boom-bust cycle as was experienced in 2015 and instead to engineer a healthier and more sustainable "slow bull" for the China A-shares market. Since this action was taken, daily trade volumes have come down a little and the overall China A-shares market has generally moved sideways.

In addition to the significantly improved domestic liquidity environment compared to several years ago, we also see other fundamental factors supporting China equities. One of these is the reduced impact of the weaker housing market. After four years of contraction, the share of the property sector has fallen from about 18% gross domestic product (GDP) to 9% in 2025. There appears to be no quick fix for the property sector which, in our view, is likely to continue declining in 2026, but its drag on GDP should lessen.

And while China's rising Tech sector does not fully compensate in terms of macro growth, it has a proportionately greater impact on equity markets. The weighting of the Technology sector in the MSCI China A index has risen from around 10% a decade ago to close to 25% now, for example.

Recent portfolio activity has been to trim some Technology and EV-related exposure. A number of Technology names have performed strongly, taking valuations to somewhat stretched levels. In the case of EVs, we expect slower demand in coming months in China with some orders having been front-loaded last year before the phasing out of subsidies.

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)**

We maintain a preference for innovative companies with proven R&D capabilities and a proven ability to capture and expand market share. This extends to companies outside the Technology sector. For example, a stock we have added to in recent months is China's largest independent oilfield equipment and service provider. Significant investment in advanced oilfield equipment such as intelligent fracking systems and electric-driven shale gas solutions is, in our view, opening up new markets and supporting multi-year growth visibility.

At month end, the Fund has around 40% in China A-shares. The portfolio continues to have relatively close-to-benchmark sector allocations, so that stock selection remains the key relative performance driver. At month end, the largest sector overweight is Industrials (+3.1%), while the largest underweight is Consumer Discretionary (-2.8%).

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 finished January modestly higher, with non-US markets outperforming US equities, which posted only slight gains. Although the Nasdaq Composite ended its 2-month losing streak, there was a rotation out of mega cap Technology stocks and into more cyclical industries and smaller cap names, with the Russell 2000 posting its best monthly performance since August. Geopolitical developments were a key focus this month, including heightened tensions with North Atlantic Treaty Organization (NATO) allies amid President Trump's bid to purchase Greenland, although a framework agreement was ultimately reached. Meanwhile, corporate earnings have been healthy so far. With 33% of S&P 500 companies having reported Q4 results at month-end, roughly 75% have delivered a positive earnings per share (EPS) surprise. However, the US Federal Reserve (Fed) Chair succession process advanced in late January with President Trump's nomination of former Fed Governor Kevin Warsh, a headline that led to some profit taking as the month drew to a close.

From a sector perspective for the MSCI All Country World Index, Energy was the strongest performer as WTI crude was up 13.6% amid geopolitical tensions. The Materials sector was another top performer as gold and silver touched all-time highs. Consumer Discretionary and Information Technology were the laggards over the month but still delivered positive absolute returns.

Economic data was mixed, but still directionally positive. Non-farm payrolls data showed that a softer-than-expected 50,000 jobs were added to the US economy in December. More positively, the US unemployment rate crept back down to 4.4%, after touching 4.5% in November. Retail sales rebounded from October's downwardly revised decline of 0.1% to 0.6% growth in November. The Federal Reserve Bank of Atlanta's GDPNow running estimate of annualised economic growth ticked up higher, indicating solid economic growth for Q4. In the January Federal Open Market Committee (FOMC) meeting, policymakers held the federal funds rate steady at a range of 3.5-3.75%, as widely anticipated.

Oil prices rose in January with Brent crude closing the month near USD 70 a barrel. Prices for crude rose near month-end amid social unrest in Iran and the US sending a carrier strike group to the region. Meanwhile, gold prices touched all-time highs above USD 5,600 an ounce amid increased geopolitical tensions and safe-haven demand. However, gold plunged at month-end, closing January below USD 4,900 likely due to profit taking and positioning dynamics.

During the period, the Fund outperformed on a net-of-fees basis versus the blended benchmark (50% MSCI ACWI Index/50% MSCI World Information Technology Index). From a sector perspective, Information Technology and Industrials were the largest contributors, while Health Care and Utilities were offsetting. Overall portfolio outperformance was driven by artificial intelligence (AI) infrastructure, with notable strength from our positions in semiconductor manufacturing equipment companies. On balance, AI applications underperformed as investor sentiment remains negative regarding the potential of AI coding agents being a headwind to broader software demand. AI-enabled industries generated positive returns but underperformed the benchmark due to unfavourable Health Care stock selection.

### Contributors

Lam Research Corp. is a leading global supplier of wafer fabrication equipment (WFE) and services for the semiconductor industry. Shares outperformed over the month, driven by stronger-than-expected earnings results, which was supported by strengthening wafer fabrication equipment spending and expanding market share. On a longer-term basis, the WFE spending environment remains healthy given the growing demand for leading edge semiconductors that include advanced logic chips and high-bandwidth memory. Lam Research is well positioned through its broad product portfolio that can address customer technology roadmaps and production objectives.

Taiwan Semiconductor Manufacturing Co. (TSMC) is the world's largest semiconductor foundry and a key enabler of AI, producing the leading-edge chips required for data centres. Shares rose as TSMC delivered strong earnings results and guidance above expectations, supported by robust AI-driven demand and a meaningfully higher-than-expected 2026 capital expenditure (capex) outlook. The company continues to demonstrate a robust earnings growth trajectory, supported by its leadership in advanced node manufacturing and its expanding advanced packaging capacity, which together reinforce its pivotal role in enabling next generation AI models and driving the broad adoption of emerging AI technologies.

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

Constellation Energy Corp. was the top detractor for the period. The company is a leading American energy provider specialising in clean energy generation, primarily through its nuclear, wind, and solar assets. The stock declined following reports of upcoming changes to grid auctions that could push power prices lower. Looking forward, we believe Constellation is positioning itself to meet the growing energy demands from AI and digital infrastructure. The demand for data centre power is anticipated to drive significant growth in energy consumption. The anticipated rise in AI-driven electricity demand could lead to substantial power contracts with data centre operators over the coming years.

Another relative detractor was AppLovin Corp., which provides software that helps mobile developers with user acquisition and app monetisation. Shares declined following the release of a short seller report that, in our view, contains unsubstantiated claims regarding AppLovin's financial practices. The company continues to have an attractive growth trajectory as an emerging leader in the mobile advertising market. The company is expanding its addressable market outside of its traditional mobile game vertical to include ecommerce and connected TV.

### New Buys and Sells

A new holding, SLB Ltd. is a global energy technology company that provides solutions for the oil and gas industry. The company benefits from the build-out of AI infrastructure. SLB integrates AI extensively into its products and services to enhance efficiency, automation, and decision-making in the Energy sector. Further, the current US-led developments in Venezuela to restore dilapidated oil infrastructure could create an opportunity for SLB's oilfield services business.

We initiated a new position in Costco as we believe the risk-reward of shares at current valuations is attractive. The company operates a membership-based warehouse club that offers bulk, high-quality merchandise at low prices to members. Costco's AI initiatives strengthen the company's competitive moat through cost control, member loyalty, and sustainable growth without flashy consumer-facing hype.

We exited the remaining position in Capital One Financial Corp. as we are concerned that President Trump's recent request for credit card companies to cap interest rates at 10% could negatively impact the company's earnings.

We sold the position in Boston Scientific Corp., as shares have relatively underperformed the market and other Health Care names. The company's shares have seen some modest valuation compression as revenue growth has plateaued. Our concern is that the company faces tougher comparisons in 2026 that could lead to growth moderation and further valuation compression.

## Market Outlook

As we look ahead to 2026 and beyond, we maintain a constructive outlook for equities. An improved economic and earnings growth backdrop across more sectors should drive a broadening out effect in the equity market. Many major central banks have cut interest rates or signalled future cuts to keep financial conditions supportive of economic growth. In the US, the Trump administration's pro-business agenda also provides tailwinds through tax cuts, deregulation, domestic investments, and manufacturing reshoring. These efforts should help stimulate growth for both consumers and corporations across more areas of the economy.

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 cycle is being funded by some of the biggest and most profitable companies in the world. There are likely pockets of speculation with some data centre projects and private companies, and we may see period of digestion at some point in a few years.

While the Technology sector may continue to perform well, we expect improved earnings growth from a wider set of companies across other sectors. This should lead to broader equity market participation, creating a healthier and more balanced environment compared to one dominated by a concentrated group of mega cap stocks. The Fund is designed to invest across a broad spectrum of technologies and industries embracing the disruptive power of AI. This includes sectors such as Financials, Health Care, Consumer, and Industrials that are beginning to see early benefits from AI. As earnings re-accelerate across more companies and sectors, we believe this creates compelling stock selection opportunities for our diversified AI investing approach.

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)

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, and 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 made a strong start to the new year. The region was led higher by Asian tech hubs South Korea and Taiwan as the buzz around artificial intelligence (AI) continued. China Tech stocks also rallied amid optimism around home-grown AI innovation. The gains continued against the backdrop of a weaker housing market – the prices of new homes completed in 70 major cities fell by 2.7% in December, marking the 30th consecutive month of falling prices. In contrast, Indian equities had their worst start to a year in a decade as foreign investor outflows continued.

Japanese equities moved higher in January although they slightly lagged the broader region. The renewal of the “Takaichi trade” drove markets to record highs intra-month when a snap election was called for February. Annual core inflation cooled from 3.0% year-on-year in November to 2.4% in December but nevertheless breached the Bank of Japan’s (BoJ’s) 2% target for the 45th month in a row. As expected, the BoJ kept its key policy rate at 0.75% ahead of next month’s snap election, although markets are pricing in further monetary policy normalisation over the coming months.

The Fund outperformed the benchmark in January. Stock selection was the key driver, with strength across Japan, South Korea, and China markets.

A key contributor last month was a long-time Korean small cap holding that is a global leader in inspection equipment for consumer and auto electronics. The company received approval for its brain surgery robot from the Food and Drug Administration (FDA) in 2025, allowing it to expand its medical device unit in the US health care market. We continue to see significant opportunities ahead for AI-powered inspection technology enabling real-time defect detection and process optimisation, along with other AI smart factory and medical robot capabilities.

Conversely, a top detractor was a Taiwan semiconductor company focused on high-complexity and high-volume chip design for a global clientele. Despite some share price weakness during the month, we remain constructive on advances in AI chip design and believe this business offers a superior technology, as demonstrated by its project pipeline.

Portfolio changes have been limited over the last month. We added China’s leading semiconductor equipment producer, specialising in etching and thin film deposition tools used in dynamic random access memory (DRAM), NAND, and advanced logic fabrication. We also initiated a new Health Care position in Australia whose product allows computed tomography (CT) lung scans to be performed more efficiently, freeing up time for hospitals to do more value-enhancing work.

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

### Market Outlook

Overall, we are optimistic on the outlook for Asia Pacific equities. Economic policy is broadly supportive across the region, helping to offset the impact of higher tariffs. In China, we anticipate there will be further policy support as the housing market continues to weaken. We also expect Technology to remain a feature going forward. In our view, China’s AI industry has passed a turning point and entered a more self-sustaining cycle of rising investment and higher profitability.

As well as benefitting from global AI demand, structural drivers also remain in place for a more positive, longer-term outlook in Japan. In particular, the combination of higher inflation as well as ongoing governance reforms should contribute both to improved earnings as well as a greater focus on shareholder value. We also see the Japanese yen as significantly undervalued.

In this environment, we are looking for opportunities to add to stocks that have been overly punished in the market rotation. Companies with strong balance sheets, exposure to long-term structural trends, and a competitive edge remain in focus.

For Allianz Life Total Return Asian Equity Fund:

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

### Market Review

Asia ex Japan equities made a strong start to the new year. The region was led higher by Asian tech hubs South Korea and Taiwan as the buzz around artificial intelligence (AI) continued. China Tech stocks also rallied amid optimism around home-grown AI innovation. The gains continued against the backdrop of a weaker housing market – the prices of new homes completed in 70 major cities fell by 2.7% in December, marking the 30th consecutive month of falling prices. In contrast, Indian equities had their worst start to a year in a decade as foreign investor outflows continued.

Elsewhere, ASEAN markets closed January modestly higher in aggregate. The Indonesia market faced particular challenges. The Jakarta Composite Index plunged near month-end after MSCI warned that Indonesia risked being downgraded from emerging market to frontier market status, which would force selling from many index-tracking funds. More positively, Singapore and Malaysia recorded gains, and Thailand stocks rallied in the run-up to February's snap general election.

The Fund outperformed the benchmark in January. Stock selection in China was the main contributor. From a sector standpoint, Information Technology stocks were among the top performers.

Key contributions from the Technology space came from large memory chipmakers listed in South Korea, Samsung Electronics and SK Hynix. These companies have made great advances from being traditional memory suppliers and their share prices have rallied strongly on the back of surging demand for high-performance AI memory chips. We believe longer-term demand related to AI applications will continue to accelerate the need for high bandwidth memory, where Samsung and SK Hynix are expected to remain key global providers.

Conversely, a top detractor was HDFC Bank. The Financials sector in India has been negatively affected by the previous macro deceleration. In our view, we see this as backward-looking and a temporary situation. Looking ahead to the rest of 2026, we are anticipating a significant recovery in Financial sector earnings, and HDFC Bank is well-positioned to benefit from rate cycle positioning and an improving macro outlook.

During the month, we trimmed our exposure to India by exiting select names where we saw near-term headwinds to growth. These include a gas utilities business and a small cap real estate developer. Instead, we added new names such as a South Korea-based automaker with a portfolio of internal combustion, hybrid and fully electric vehicles, and a Chinese biotech company specialising in oncology and immunology. We see it as one of the most promising innovative drug developers in China, with a fast-advancing pipeline and several late-stage assets.

Geography and sector allocations remain relatively close to benchmark. The portfolio is overweight in South Korea and Hong Kong/China as a result of recent positioning changes. This is balanced out by an underweight position in India.

At a sector level, Communication Services and Energy are the primary overweight positions, while Utilities and Financials are underweight. Top names in the portfolio at month-end were TSMC, Samsung, and Alibaba.

### Market Outlook

Overall, we are optimistic on the outlook for Asia ex Japan equities. Economic policy is broadly supportive across the region, helping to offset the impact of higher tariffs. In China, we anticipate there will be further policy support as the housing market continues to weaken. We also expect Technology to remain a feature going forward. In our view, China's AI industry has passed a turning point and entered a more self-sustaining cycle of rising investment and higher profitability.

In this environment, we are looking for opportunities to add to stocks that have been overly punished in the market rotation. Companies with strong balance sheets, exposure to long-term structural trends, and a competitive edge remain in focus.

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

### Market Review

Global risk assets and fixed income finished higher in January. The Q4 earnings season got off to strong start. About one-third of the way through, nearly 80% of S&P 500 companies surpassed bottom-line estimates with the index on pace to deliver double-digit (year-over-year) earnings growth for a fifth consecutive quarter. Geopolitical developments were volatile surrounding Venezuela, Greenland, and Iran, though markets broadly looked through the noise. Economic data underscored a resilient backdrop with firm labour and services indicators, offset by softer consumer confidence and weak housing activity. The US Federal Reserve (Fed) held rates steady as expected and markets priced in roughly 50 basis points (bps) of cumulative cuts by year-end. Additionally, President Trump nominated Fed Governor Kevin Warsh as the next head of the central bank. Against this backdrop, markets saw large rotations – including into cyclicals and small caps – and the 10-year US Treasury yield rose to 4.26%.\*\*

In this environment, key markets closed higher:

- Global equity markets, as measured by the MSCI World Index, returned +2.26%.\*
- Global convertible securities, as measured by the ICE BofA Global 300 Convertible Index, returned +6.09%.\*\*
- Global high yield bonds, as measured by the ICE BofA Global High Yield Index, returned +0.96%.\*\*
- Global fixed income, as measured by the Bloomberg Global Aggregate Index, returned +0.94%.^

The portfolio benefitted from strength across global equity and fixed income markets.

Top contributors in January consisted of multiple semiconductor companies benefitting from rising demand for capital equipment, a data storage holding that delivered a beat-and-raise quarter, and a diversified technology conglomerate profiting from memory business strength. Alphabet, which saw upward revisions to consensus sales forecasts, a financial services provider bolstering its capital base, and a mining equipment manufacturer capitalising on rising industrial and precious metal prices were also sources of strength. The other top contributors were a capital goods company profiting from demand for power generation equipment and holdings in energy services and life insurance.

Top detractors in the period included Microsoft on underwhelming cloud growth and Broadcom on margin concerns. Apple, which reported robust iPhone demand and accelerating sales, and a medical device company that topped consensus estimates but guided conservatively also finished lower. An apparel retailer with substantial earnings growth consolidated recent gains, and a payments company declined but finished well off the lows after reporting a strong quarter and better-than-feared guidance late in the month. The other top detractors were exposed to hospitality services and software.

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

### Market Outlook

2026 US economic growth could surpass that of 2025, which would catalyse another strong year for the global economy. Potential tailwinds include stimulus from the One Big Beautiful Bill Act (OBBBA – tax cuts/refunds and capital spending acceleration), foreign direct investment from overseas, continued monetary policy easing (including the recently announced asset purchase programme), and steady consumption. Reshoring activity, less regulation, expanding credit, and a rebound in consumer and business confidence are also potential drivers. Improvements in the housing and/or manufacturing sectors could aid growth as well. Key economic risks include heightened geopolitical tensions and elevated fiscal deficits globally. Additionally, if unemployment and/or inflation rise sharply, the odds of an economic slowdown increase.

In an environment where changes in the labour market and prices are more muted, the Fed can continue to target a neutral policy position. Currently, market odds suggest additional interest rate cuts to a range of 3.00-3.25% – a level that is consistent with the Fed's median, longer run projection of 3%.

Accelerating year-over-year earnings growth is expected to be the primary driver of equity market strength in 2026. Aside from the proliferation of artificial intelligence (AI), earnings tailwinds include productivity gains, low oil prices, corporate buybacks, cost cutting initiatives, and lower interest rates. Expanding earnings breadth could lead to a further broadening out of gains as an increasing number of companies assume market leadership. Earnings headwinds could include rising operating expenses as well as the impact of tariffs.

For Allianz Life Global Income Fund:

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

Against this economic and earnings backdrop, 2026 could be a favourable year for risk assets. Convertible securities could outperform equities again and high yield bonds could deliver another year of coupon-like returns. Given their defensive characteristics, convertible securities and high yield 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 could outperform the broad equity market again in 2026, helped by solid earnings growth, expanding market breadth, stable credit spreads, and robust new issuance. After a record year of new issuance in 2025, primary market activity likely slows in 2026 but remains elevated around USD 105-115 billion.# Aside from diversification benefits, new issuance expands the opportunity set of investments with attractive terms and the desired risk/reward characteristics.

The global high yield market, yielding nearly than 7%^, offers equity-like returns but with less volatility. The asset class is expected to deliver another year of coupon-like returns in 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 management teams continue to exercise balance sheet discipline. Additionally, 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. A coupon-like return is possible for the asset class in 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 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 provide a steady source of income and a compelling "participate and protect" return profile.

The strategy 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 January 2026 unless otherwise stated.

\* Source: MSCI, as at 31 January 2026

^ Source: Bloomberg, as at 31 January 2026

\*\* Source: BofA Merrill Lynch, as at 31 January 2026

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

# Source: BofA Research, as at 31 January 2026

## Target Fund Manager's Comment (For Allianz Thematica)

### Market Review and Outlook

January was a turbulent month for global equity markets, with the MSCI All Country World Index (ACWI) finishing the month modestly higher. Oil majors and defence stocks led gains across major indices early on after the US launched airstrikes against Caracas and captured Venezuelan President Nicolás Maduro. However, trade war jitters weighed on sentiment after US President Donald Trump threatened to slap extra tariffs on eight European economies for opposing his ambitions to annex Greenland, triggering a rift with European leaders and stoking concerns over the future of the North Atlantic Treaty Organisation (NATO) alliance. Meanwhile, heightened geopolitical tensions in the Middle East were an additional headwind, with rhetoric intensifying between Washington and Tehran as nuclear talks remained stalled and political unrest persisted in Iran after security forces killed thousands in a lethal crackdown against anti-government protestors.

Japanese stocks finished in front as hopes for pre-election stimulus bolstered sentiment. European stocks were next, while the US finished further behind. Emerging markets outpaced their developed market peers, helped by a weak US dollar.

Turning to the MSCI ACWI, all sectors generated positive returns in January. Energy was the strongest performer, while Materials and Industrials also posted solid gains. Conversely, Information Technology and Health Care were among the underperformers.

In currency markets, the US dollar sold off, touching a 4-year low in a sustained flight of capital out of US assets. Oil prices rose in January with Brent crude closing the month near USD 70 a barrel. Gold subsequently breached USD 5,600 an ounce amid soaring safe-haven demand as geopolitical and economic uncertainty lingered in the aftermath of deteriorating trans-Atlantic relations over Greenland and increased US-Iran tensions. However, gold plunged at month-end, closing January below USD 4,900 as investors booked profits.

The Fund returned positively (in EUR, gross of fees) in January, well ahead of the benchmark index MSCI AC World Index.

The sector allocation had a positive effect on relative performance driven by the overweight to the Industrials and Materials sectors, which both outperformed in January. Selection was a positive contributor in particular within the Information Technology sector, where the portfolio was underweighting the mega cap Technology companies, as well as the Industrials and Materials sectors.

Theme-wise, all themes resulted in a positive contribution to performance over the course of January. The themes Artificial Intelligence (AI) Adoption and Strategic Autonomy were however the most significant outperformers followed by Electrification and Humanoid Robots.

Single stock-wise, the underweight in Technology mega cap stocks Microsoft and Apple resulted in a positive contribution as the stock underperformed due to concerns around AI infrastructure spending and AI implications for software. The positions in Rainbow Robotics, Advantest, Lam Research and Teradyne all performed well in January driven by good results and a stronger market focus on AI beneficiaries and applications. Materials companies Cameco, Glencore and Albemarle were also notable outperformers on the back of rising raw materials prices. First Solar lagged broader markets as analyst downgrades, weaker bookings, guidance cuts and margin concerns pressured shares after strong 2025 gains. Affirm underperformed despite earnings beats as rising credit-loss provisions and "Buy Now, Pay Later." valuation concerns weighed on sentiment. Additionally, portfolio underweights in mega-cap tech Alphabet and high-growth Micron Technology versus strong sector returns further detracted from relative performance.

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

Global markets began 2026 with cautious optimism, supported by improving macro data, moderating inflation, and rising growth expectations. In the U.S., headline CPI for December remained stable at 2.7% y/y. Labor market conditions showed mild improvement, with the U.S. unemployment rate edging down to 4.4%, slightly below the consensus forecast of 4.5%. In the Euro Area, disinflation continued, as headline CPI eased to 1.9% y/y in December, down from 2.1% in November. By contrast, the U.K. experienced a marginal uptick in headline inflation, which rose to 3.4% y/y in December from an eight-month low of 3.2% in November.

Fixed income markets delivered more subdued performance, as stronger-than-expected economic activity and shifting policy expectations placed upward pressure on sovereign yields. In the U.S., 10-year and 30-year Treasury yields rose by 7 bps and 3 bps, respectively, reaching 4.24% and 4.87%. The move reflected delayed rate-cut expectations and renewed concerns around Federal Reserve independence. Japanese government bonds had their worst start to a year since 1994, with post-election fiscal uncertainty driving a sharp increase in long-term yields.

U.S. equities advanced, with the S&P 500 gaining 1.5% as corporate earnings remained resilient and interest-rate expectations stabilized. Global equities also strengthened, with the MSCI World Index rising 2.3%, driven by strong activity data and diversification away from U.S. large-cap tech. Credit markets tightened broadly, with US and Euro investment grade spreads narrowing 5 bps and 7 bps, respectively. Likewise, high yield spreads narrowed 1 bp in the US and 7 bps in Europe, reflecting continued risk appetite. Heightened geopolitical tensions - from U.S. actions in Venezuela to renewed tariff risks - initially stirred volatility but ultimately supported demand for alternative stores of value, such as gold, which rose 13.3% over the month.

During the month, the PIMCO GIS Income Fund returned 0.60% after fees (in USD, for the Institutional class, Accumulation share).

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

### Market Review and Outlook

#### Market:

- Global equities were broadly higher in January. The MSCI ACWI rose by 2.96% while the Nasdaq 100 gained 1.3%. The S&P 500 dipped intra-month to a low of 6,796 before rallying to end the month just shy of the key 7,000 level at 6,939. The persistent strength of the markets is noteworthy given the S&P 500 had risen strongly in the prior three years, gaining 16.4%, 24% in 2023 and 23% in 2024.
- January closed with mixed sector dynamics. Technology was flat while Materials surged by 18% followed by Energy up 10.6%. Industrials posted a good start to the year also, rising 9.7% and Communication Services and Consumer Cyclical also had good beginnings, up 4.8% and 3.7% respectively.
- On January 30, President Trump nominated Kevin Warsh to be the next Chair of the Federal Reserve, highlighting a potential shift in leadership and policy once Jerome Powell's term ends in May. Warsh, a former governor and market oriented figure require Senate confirmation.
- European markets started the year with solid gains. The pan-European STOXX Europe 600 ticked higher in January and closed the month up 2.5%, with the index rebounding in the late month after mixed sessions. The Euro STOXX 50 also finished January with a positive return, supported by earnings news and resilient macro data.
- Asia-Pacific equities broadly climbed in January, supported by strong leadership and elevated investor confidence early in the year. Japan's Nikkei 225 hit record highs above 54,300 in mid-January buoyed by weak yen dynamics and bullish sentiment around technology and domestic reforms, before moderating later in the month. South Korea's KOSPI also reached all-time closing highs, reflecting a strong risk appetite and ongoing interest in export-oriented and semiconductor linked stocks.

#### Stocks:

- An overweight position in Johnson & Johnson was the largest contributor to relative returns, as shares rose following the company's Q4/full year 2025 results and 2026 outlook, which came in ahead of market expectations.
- An overweight position in Roche also contributed to relative returns, as shares rose following publication of positive Phase 3 data in breast cancer trial.
- An overweight position in Gilead also contributed positively to relative performance, as shares rose following publication of positive Phase 3 data in breast cancer trial.
- The largest detractor from relative performance was an underweight position in Novo Nordisk, which as shares rose following FDA approval and early-January U.S. launch of the first oral GLP-1 obesity therapy.
- An overweight position in Abbott Laboratories detracted from relative performance, as shares fell following less than expected earnings.
- An underweight position in Pfizer detracted from relative performance, as shares rose following company deal and licensing activity as well as continued clarity for the pharmaceutical industry following several MFN agreements with the U.S. administration.

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 the pharmaceuticals subsector. In contrast, the fund moderately reduced its exposure to medical devices & supplies companies.
- At the individual security level, the fund initiated a position in life sciences tools & services company IQVIA. Furthermore, the fund increased its exposure to French optical equipment company Essilor Luxottica.
- Conversely, the fund reduced its positions in health care equipment company Abbott and pharmaceutical company Merck.

### **Key Positioning & Outlook:**

- We continue to expect a high degree of stock dispersion in the sector driven by increasing scientific innovation, emerging technologies and policy shifts underscoring a flexible approach to investing across the sector while emphasising scientific attributes at the company level.
- Since Pfizer reached an agreement with the Trump administration on September 30 under the Most Favoured Nation (MFN) Executive Order, several other pharmaceutical companies have followed suit. These developments have provided much needed clarity on the policy front, easing the overhang that has persisted since the MFN announcement in May. With increased clarity, investors can refocus on the sector's stable underlying fundamentals. With the sector still trading at discount to the broader equity market, we believe the risk/reward profile remains attractive.
- Over the long-term, secular drivers for the sector remain in place; firstly, aging demographics in both developed and developing countries and secondly, innovation in medical science and technology. The combination of these secular trends, with favourable valuation creates an attractive long-term investment opportunity.

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

### Market Review and Outlook

#### Market Review:

- January was dominated by geopolitics and policy uncertainty, driving significant cross-asset volatility despite resilient economic data. Tensions involving Venezuela, Iran and Greenland lifted geopolitical risk sharply, while renewed concerns over US central bank independence added to market unease. At the same time, global macroeconomic data remained broadly supportive: US economic data and labour markets were firm, while euro area growth surprised to the upside, and the region also saw softer inflation numbers than expected. In Japan, a snap election and fiscal pledges alongside a hawkish stance Bank of Japan, triggered a sharp rise in government bond yields.
- Global equities delivered gains overall, though with notable volatility beneath the surface. US equities reached new highs over the month, despite sharp risk-off episodes linked to geopolitical headlines, particularly around Greenland-related tariff threats. Equity markets ultimately recovered as tensions eased and robust economic data supported risk appetite.
- US government bond yields moved higher as expectations grew that interest rates would remain elevated for longer. In contrast, euro area government bonds were supported by falling inflation and a more accommodative policy outlook. In Japan, government bond yields rose sharply following the announcement of a snap election and renewed fiscal policy proposals, before stabilising later in the month.
- Precious metals surged, with gold recording its best monthly performance since 1999 despite a sharp late-month pullback. The US dollar weakened against all other G10 currencies, posting its largest four-day decline since last year's Liberation Day turmoil, before stabilising towards month-end following official reassurances on dollar policy.

#### Performance:

- The ESG Multi-Asset Fund delivered positive returns over the month. Precious metals were the largest contributor at the asset-class level, while all other asset classes, with the exception of cash and FX, also added positively to performance.
- Within precious metals, gold was the primary contributor, with silver and platinum also adding value. Late-month portfolio adjustments, including the timely exit from silver and platinum, alongside a reduction in gold exposure and a shift into upside call options, helped mitigate downside on the final trading day. Ongoing volatility and dispersion within the complex continue to reinforce the benefits of an active approach.
- Equity performance was led by thematic baskets designed to capture long-term structural trends. The Sustainable Energy basket performed strongly alongside the broader rally in energy and commodities, while Gold Miners benefitted from rising gold prices. The Safety and Security basket also advanced, reflecting heightened geopolitical risk and continued increases in defence spending. Technology and diversified AI exposures contributed positively in aggregate, as markets increasingly differentiated between winners and losers amid falling software barriers to entry and persistent hardware constraints. Tactical allocations to Japan and European banks further supported returns.
- Active strategies contributed positively overall, with the Systematic Active Equity portfolio outperforming its opportunity set and demonstrating continued consistency. By contrast, the more concentrated Global Unconstrained Equity portfolio underperformed, primarily reflecting security selection within the technology sector.
- Listed alternatives added to returns, led by the Schiehallion Fund, which benefitted from its exposure to SpaceX following renewed investor interest ahead of a potential IPO.
- Fixed income performance was modestly positive, supported by actively managed corporate credit strategies. Government bond allocations also contributed, as gains from the long US inflation strategy and US yield curve steepener more than offset weakness in US Treasuries. UK government bonds and the sovereign CDS geopolitical tail-risk hedge provided marginal support, while cash and currency exposures were a small drag on performance.

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

### Positioning:

- The Fund maintained a constructive allocation to equities over the month. We increased exposure to European banks relative to broader European equities, supported by attractive valuations, strong earnings momentum, and a structural improvement in banks' business models driven by rate normalization. We also added exposure to industrial metals via options, reflecting our view that reflationary forces, a supportive fiscal stance, and heightened geopolitical tensions provide a favourable tailwind for the sector.
- Commodity exposures were managed dynamically. We reduced allocations to gold and silver early in the month following a period of rapid price appreciation, while increasing exposure to gold miners. Later in the month, we took profits on silver and platinum and shifted part of the exposure into upside call options.
- Portfolio duration was kept modest, with a pronounced underweight at the long end of global yield curves expressed through steepener strategies. In addition, we implemented tactical FX positions, adding a USD versus South African rand call spread and a British pound put spread.

### Market Outlook:

- We remain constructive on equities and precious metals, cautious on fixed income, and expect structurally factors to lead to the US dollar weakening over the long-term. Equity markets continue to be supported by economic resilience, sustained capital investment and the ongoing adoption of artificial intelligence ("AI"), all of which underpin earnings growth. We are increasingly identifying opportunities in emerging markets, supported by a favourable outlook for commodities and energy and improving domestic growth across Southeast and North Asia.
- In fixed income, elevated fiscal risks and policy uncertainty, particularly in the US, support a cautious stance. Although the nomination of Kevin Warsh as the next Federal Reserve Chair has drawn attention, we do not expect a material shift in the near-term policy path. Monetary policy is likely to remain data dependent, and his long-standing preference for a smaller central bank balance sheet is unlikely to result in immediate framework changes. Within credit, spreads remain tight and offer limited compensation for late cycle risks, reinforcing our cautious positioning.
- AI remains a powerful structural theme. In the US, increasing government involvement reflects the strategic importance of AI but may moderate upside for equity holders over time. China continues to scale AI adoption through cost-efficient systems supported by coordinated investment, expanding talent pools and infrastructure development. Against this backdrop, we maintain a neutral stance on US mega-cap technology and favour diversified exposure across both US- and China-focused AI opportunities as the timing and breadth of application-level monetisation, as well as longer-term labour market and inflation implications, remain uncertain.
- Geopolitical risk remains elevated, with ongoing conflicts and a more assertive US foreign policy stance contributing to heightened global uncertainty. This reinforces the role of precious metals as a hedge against geopolitical and policy risk. The late month pullback in gold and silver highlights the importance of a tactical and diversified approach.
- Divergence across economic cycles is becoming an increasingly important driver of markets. The US is entering an easing phase with growth supported by a resilient consumer and early signs that capital expenditure is broadening beyond AI. In Europe, the rate cutting cycle is largely complete, contributing to a more stable environment for rates and currencies, although weaker earnings momentum warrants selectivity despite attractive valuations.
- In this environment of heightened uncertainty, structural change and increasing dispersion across regions and asset classes, we believe a dynamic and diversified approach to portfolio construction is essential. Actively adjusting exposures, broadening sources of return and maintaining flexibility across equities, fixed income and real assets can help portfolios navigate evolving macroeconomic, policy and geopolitical risks, while positioning clients to capture opportunities as market leadership and economic cycles continue to diverge.

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

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

### Market Review

Equities, convertible securities, and high yield bonds finished higher in January. The Q4 earnings season got off to strong start. About one-third of the way through, nearly 80% of S&P 500 companies have surpassed bottom-line estimates with the index on pace to deliver double-digit (year-over-year) earnings growth for a fifth consecutive quarter. Geopolitical developments were volatile surrounding Venezuela, Greenland, and Iran, though markets broadly looked through the noise. Economic data underscored a resilient backdrop with firm labour and services indicators, offset by softer consumer confidence and weak housing activity. The US Federal Reserve (Fed) held rates steady as expected and markets priced in roughly 50 basis points (bps) of cumulative cuts by year-end. Additionally, President Trump nominated Fed Governor Kevin Warsh as the next head of the central bank. Against this backdrop, markets saw large rotations – including into cyclicals and small caps – and the 10-year US treasury yield rose to 4.26%.

Top contributors in January were led by several semiconductor companies, including Western Digital on a beat-and-raise quarter, helped by stronger pricing and demand for storage, and Nvidia, which confirmed production and shipment timelines for its latest chip. Alphabet saw upward revisions to consensus sales forecasts during the month, and Amazon traded higher on AWS growth and ecommerce margin optimism. The other top contributors were a data storage company that topped estimates and lifted guidance, a fuel cell developer benefitting from data centre demand, and a heavy equipment manufacturer reporting broad-based business growth.

Top detractors in the period included Microsoft on underwhelming cloud growth and Broadcom on margin concerns. Apple reported robust iPhone demand and accelerating sales but finished lower, and an electric vehicle manufacturer missed consensus delivery estimates. A health insurance provider underperformed on news Medicare rates would remain largely unchanged, and a payments company declined despite reporting a strong quarter and better-than-feared guidance. The other top detractors were select software companies and an energy supplier.

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

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

### Market Outlook

2026 US economic growth could surpass that of 2025. Potential tailwinds include stimulus from the One Big Beautiful Bill Act (OBBBA – tax cuts/refunds and capital spending acceleration), foreign direct investment from overseas, continued monetary policy easing (including the recently announced asset purchase programme), and steady consumption. Reshoring activity, less regulation, expanding credit, and a rebound in consumer and business confidence are also potential drivers. Improvements in the housing and/or manufacturing sectors could aid growth as well. Key economic risks include heightened geopolitical tensions and elevated fiscal deficits globally. Additionally, if unemployment and/or inflation rise sharply, the odds of an economic slowdown increase.

In an environment where changes in the labour market and prices are more muted, the Fed can continue to target a neutral policy position. Currently, market odds suggest additional interest rate cuts to a range of 3.00-3.25% – a level that is consistent with the Fed's median, longer run projection of 3%.

Accelerating year-over-year earnings growth is expected to be the primary driver of equity market strength in 2026. Aside from the proliferation of artificial intelligence (AI), earnings tailwinds include productivity gains, low oil prices, corporate buybacks, cost cutting initiatives, and lower interest rates. Expanding earnings breadth could lead to a further broadening out of gains as an increasing number of companies assume market leadership. Earnings headwinds could include rising operating expenses as well as the impact of tariffs.

Against this economic and earnings backdrop, 2026 could be a favourable year for risk assets. Convertible securities could outperform equities again and high yield bonds could deliver another year of coupon-like returns. Given their defensive characteristics, convertible securities and high yield bonds can mitigate market volatility better than equities, which historically average a mid-teens intra-year decline even in annual periods of positive returns.

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

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

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 could outperform the broad equity market again in 2026, helped by solid earnings growth, expanding market breadth, stable credit spreads, and robust new issuance. After a record year of new issuance in 2025, primary market activity likely slows in 2026 but remains elevated around USD 75-80 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 another year of coupon-like returns in 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 management teams continue to exercise balance sheet discipline. Additionally, 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.

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

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

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

### Market Review and Outlook (Oct - Dec 2025)

(Target Fund Manager only produces commentaries on quarterly basis)

#### Market Review:

The market delivered solid headline returns and the Q3 reporting season offered impressive evidence of growth, particularly in the US. Generally, commodity and consumer sectors delivered weaker results while technology and financials performed well. Within technology, all eyes were on the hyperscale's to gauge current compute demands and the outlook for investment in AI-infrastructure. Growth did not disappoint among the three largest cloud providers: AWS delivered its fastest growth in 11 quarters (+20% revenue YoY); Azure's revenue growth stood at 39% YoY, 2% ahead of consensus; and growth at Google Cloud accelerated to 34% YoY. Their parent companies, Amazon, Microsoft and Google, all also made clear the importance of ensuring that capex is sufficient to meet growing demand which could support continued strong momentum across the AI investment stack.

Despite this, the quarter was not without the now typical volatility we've seen YTD, with some of this driven by Oracle (not owned) pushing back the completion dates for some of the leading-edge data centres it is developing. This contributed to a mini rotation in December with healthcare emerging as the best performing GICs sector for the quarter. Elsewhere, metals and mining, banks and semiconductors continued their strong run.

The underperformance of quality has proved a headwind to portfolio performance but has also presented opportunities to add new names to the portfolio at what we hope will prove an opportune time. In Q4, this included RELX which has been one of Europe's most consistent compounders over the 30 years with vast, hard-to-replicate, proprietary datasets in various professional fields. The company is arguably better positioned than ever: it has invested in building better tools for users which is driving both seat growth and pricing. The company's largest division, Risk, provides data analytics, fraud prevention and identity verification and is seeing strong structural growth. Its Science and Legal divisions have high recurring revenue (80%+). As a result of some market concerns over the potential for disruption by AI, the FY2 P/E has de-rated by 25% over the course of a few months (from 28x in August to 21x when it was added to the portfolio). This was an opportunity to initiate a position in a name that we have known for years at an attractive valuation, and for which we don't subscribe to the AI-disruption thesis: not only this would only potentially affect only ~15% of the business, but also that part of the business benefits from proprietary data which an AI provider cannot easily replicate.

We also added a new position in Robinhood. This founder-run business was the first platform to offer commission-free trading and the first to tokenize private assets which, together with offering fractional shares, is helping expand access for retail investors. These innovations, in addition to others like predication markets, are supporting rapid growth: the number of funded customers has grown roughly 10% in the last year while assets under custody grew 119% over the same period as the company focus on recruiting higher net worth users via programmes such as Robinhood Gold, a premium subscription service which offers features like higher instant deposits and professional research. This is one avenue by which the company is diversifying its revenue streams although transaction-based revenues (payment for order flow and cryptocurrency trading) and net interest revenues (interest on cash balances, securities lending and margin loans) still comprise the bulk of the company's top line. The company's journey from a single-product trading app to a scalable diversified financial platform resulted in the company turning profitable in 2024 and margins could expand further given the limited incremental cost of adding new users. Additionally, regulatory changes including the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act, signed into law in July 2025, may support growth in crypto-currency markets. Robinhood has an estimated 30% share of the US retail crypto-trading market, and the recent acquisition of Bitstamp demonstrates the company's efforts to build its presence both internationally and within the institutional channel.

Lastly, we added a new position in consumer business Hasbro. Founded in 1923, Hasbro is perhaps best known for its flagship toy brands including Play-Doh and NERF, as well as for being the maker of classic board games like Monopoly and Cluedo. But today, around 85% of the company's earnings are driven by "Magic: The Gathering" (MTG), a collectible trading card game, blending strategic gameplay, fantasy lore and card collecting. Played in game stores and online platforms, Hasbro estimate that the game has reached over 50 million fans to date across more than 150 countries and report that two thirds of customers have been playing the game for over three years, including one third of customers who have over ten years of experience. The player base has exhibited steady growth and strong retention, with revenue driven by the release of 6-7 new card sets a year. This includes standard sets featuring original Magic lore and the "Universe Beyond" (UB) series which use external IPs from video games or films for example. These external IP sets help broaden the audience and deepen engagement. For example, in 2025 the UB Final Fantasy release broke all records as the highest-grossing set of all time highlighting the continued strong momentum in the game.

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

Hasbro is also investing in video games with a strategy to release one to two marquee in-house games each year. "Exodus", a new science-fiction role-playing game expected to launch around 2027, is the company's first major attempt at a self-published AAA franchise, and while investment and depreciation here is a material headwind near-term, this is appropriately modelled in consensus forecasts and offers the potential for positive surprise in outer years should the first release be well-received. Overall, we believe the company's embedded customer relationships in MTG could drive continued compound growth. The company itself guides for mid-single digit revenue growth with 50-100bps of margin expansion per year and, as at the end November, was trading on an undemanding 15.5x earnings (FY2). That looks particularly attractive in the context of where some of its peers are trading: for example, Games Workshop (not owned) in the UK was trading at 31x at the end of December.

These new purchases were funded from the aforementioned sale of Intuitive Surgical and the disposal of Hilton. Hilton has proved resilient against a difficult backdrop for the hotel industry and rallied on Q3 results as the company upgraded its FY EBITDA guidance. We used this as an opportunity to move on: revenue per available room (RevPar) trends for the industry have not inflected in the way we expected, despite a long history of tracking inflation. We see a risk that persistently weak RevPar will impact new unit growth (NUG) in time, or greater concessions might be needed to deliver that growth, which is a key component of our long-term investment case for Hilton.

### Outlook:

2025 was an unusual year for equity markets: the strength of returns surpassed long-term average and yet market concentration climbed to all-time highs as growth was confined to just a few select sectors. Additionally, the year was notable for the underperformance of quality stocks with multiple proven, profitable businesses materially de-rating even when backed by solid fundamentals. From an earnings perspective we expect 2026 to be a year of continued economic expansion, consistent with a mid-cycle environment, albeit likely remaining relatively concentrated. 2026 consensus estimates for the Mag 7 still exceed those of the remaining 493 stocks in the S&P 500 Index, and remain higher for the US than for Europe in aggregate. Of course, a significant change in the interest rate environment could support various depressed cyclical industries. That being said, many of the sectors posting the strongest growth in 2025 benefit from multi-year structural tailwinds that look set to continue. The outlook for AI remains less certain given pace at which the industry is developing but, as noted above, demand for Cloud services and commitments to training ever more powerful models appear well-underpinned for now, although we continue to refine our views on this topic as new information comes to light.

We expect volatility to remain, in part due to market concentration, but also given elevated geopolitical uncertainty. The highly changeable environment has necessitated more change to the portfolio in the last twelve months. These changes aided relative returns by 3.5% over the year and, we believe, position us well to capture the long-term opportunity set from here. While the extreme environment of 2025 could persist, an interesting opportunity may now be building for quality growth stocks given current valuations levels and long-term growth potential: over time, share prices will be driven by the earnings and dividends companies deliver. Our process continues to seek those 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 newsflow and narratives.

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

### Market Review and Outlook

#### Performance Overview:

- The BGF World Technology Fund gained by 3.21% in January (net of A2 fees), outperforming its benchmark, the MSCI ACWI IT 10/40 index which returned 2.49%.

#### Market:

- Global equities were broadly higher in January. The MSCI ACWI rose by 2.96% while the Nasdaq 100 gained 1.3%. The S&P 500 dipped intra-month to a low of 6,796 before rallying to end the month just shy of the key 7,000 level at 6,939. The persistent strength of the markets is noteworthy given the S&P 500 had risen strongly in the prior three years, gaining 16.4%, 24% in 2023 and 23% in 2024.

- January closed with mixed sector dynamics. Technology was flat while Materials surged by 18% followed by Energy up 10.6%. Industrials posted a good start to the year also, rising 9.7% and Communication Services and Consumer Cyclical also had good beginnings, up 4.8% and 3.7% respectively.

- On January 30, President Trump nominated Kevin Warsh to be the next Chair of the Federal Reserve, highlighting a potential shift in leadership and policy once Jerome Powell's term ends in May. Warsh, a former governor and market oriented figure requires Senate confirmation.

- Corporate earnings is not evenly distributed with technology and communications sectors expected to contribute disproportionately to overall earnings growth while many smaller companies show slower growth. Broad sector forecasts suggest all sectors are projected to see positive earnings growth in 2026.

- European markets started the year with solid gains. The pan-European STOXX Europe 600 ticked higher in January and closed the month up 2.5%, with the index rebounding in the late month after mixed sessions. The Euro STOXX 50 also finished January with a positive return, supported by earnings news and resilient macro data.

- Asia-Pacific equities broadly climbed in January, supported by strong leadership and elevated investor confidence early in the year. Japan's Nikkei 225 hit record highs above 54,300 in mid-January buoyed by weak yen dynamics and bullish sentiment around technology and domestic reforms, before moderating later in the month. South Korea's KOSPI also reached all-time closing highs, reflecting a strong risk appetite and ongoing interest in export-oriented and semiconductor linked stocks.

#### Sectors:

- Apple partnered with Google to power the next generation Siri on Gemini models. The multi-year collaboration is designed to create a more personalized Siri experience for users based on Google's Gemini model, and featuring privacy controls via on-device and Private Cloud Compute.

- Cutting-edge foundry TSMC reported stronger than expected quarterly results and raised 2026 capex to a range of between \$52-\$56B, driven by accelerating demand for advanced nodes and AI-oriented packaging. AI infrastructure build-out remains a dominant industry driver and continues to concentrate value in leading-edge semiconductor and manufacturing.

- The House advanced a bill to tighten AI chip export enforcement. Lawmakers moved forward with the AI Overwatch Act, a bipartisan measure that would give Congress the power to review and potentially block export licenses for advanced AI chips to China and other adversaries. The bill reflects rising national-security scrutiny over AI hardware that could enhance foreign military capabilities.

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

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

### Market Review

#### Equity Market:

- The MSCI ACWI Index closed January with a gain of 3.0%, supported by resilient macro conditions and a broad improvement in risk sentiment. In the U.S., the S&P 500 Index returned 1.4%, as steady U.S. earnings and a stabilizing rate outlook helped maintain investor confidence. European equities<sup>1</sup> rose by 3.1%, as easing inflation and clearer policy direction from the ECB improved sentiment and encouraged renewed regional inflows.

- Emerging market equities<sup>2</sup> rose 8.9%, as investors rotated toward non-U.S. assets amid a weaker U.S. dollar and improving earnings expectations. South Korea's KOSPI Index<sup>3</sup> surged 24.0%, as investors aggressively re allocated into Korea's semiconductor heavy market, which benefited from AI linked demand and supportive currency dynamics tied to a weakening dollar. Chinese equities<sup>4</sup> returned 4.1% as investors responded to stronger factory activity and a pickup in pre-Lunar New Year production, which helped lift market sentiment despite mixed signals from official economic surveys.

#### Bond Market:

- Developed market sovereign bond yields were mixed in January. The U.S. 10- and 30-year Treasury yields rose 7 bps and 3 bps to 4.24% and 4.87%, respectively, continuing their upward trend from December. The German 10-year Bund yield fell 1 bp to 2.84%. In the U.K., the 10-year gilt yield rose 4 bps to 4.52%, as Q4 growth and productivity signals remain buoyant. Ahead of Japan's February snap election, 10-year JGB yields rose 19 bps to 2.25%, while 30-year yields climbed 41 bps to an intra-month high of 3.86% before settling 17 bps higher at 3.62%, as markets reacted to fiscal proposals.

- Global IG credit posted positive returns of +0.41% for the month, outperforming like duration government bonds by 0.31%, as spreads tightened 4bps in January. Global HY credit delivered positive returns of +0.58%, with the higher quality segment of the high yield market, BB-rated and B-rated bonds, outperforming CCC-rated bonds.

- Agency MBS<sup>5</sup> returned 0.41% in January, outperforming like duration Treasuries by 52 bps. The belly of the stack outperformed, as President Trump announced that he plans to direct the GSEs to buy 200bn in Agency MBS to drive mortgage affordability.

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

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

### Market Outlook

While we viewed economic risks as skewed to the downside in 2025, macro risks appear more balanced in 2026, creating a favorable backdrop for balanced portfolios. We are marginally constructive on overall risk amid growth that looks to be resilient and re-accelerating, inflation that is at or close to target, and central banks that are at or cutting to neutral in 2026. Against this backdrop, we leverage the broad universe of global opportunities to diversify performance drivers amid regional divergence, with an emphasis on up-in-quality exposures. We have constructive outlooks across both equity and fixed income betas, with compelling alpha opportunities under the surface. In fixed income, we see opportunities in duration amid attractive yields across developed and emerging markets, creating an abundance of global opportunities. We maintain exposure to US front-end and intermediate rates as well as select duration in other developed markets, like the UK and Australia. We continue to favor EM local duration in select countries with high real yields, strong carry profiles, and attractive spreads. We hold a constructive view on US TIPS due to reasonable valuations and high real yields, particularly considering the positive carry in the current rate environment. In spread sectors, we remain constructive on securitized exposures, particularly senior structured credit associated with higher-income consumers given resilient fundamentals and reasonable spreads. We believe that high-quality tranches of non-Agency MBS and select ABS collateralized by consumer loans exhibit reasonable valuations and protection against default risk. We continue to see relative value in Agency MBS versus investment grade corporate credit as the spread differential remains elevated. With regards to equities, we see the potential for positive returns driven by solid economic growth and earnings, which we expect to broaden across sectors. We retain conviction in global diversification, as areas outside the US, like EM Asia, exhibit more reasonable valuations and superior earnings outlooks than the U.S. We expect a positive environment for quantitatively driven stock selection and diversified factor exposures amid expectations for continued single-name dispersion.

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