Market Review and Outlook

March 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

MSCI World Index reversed its upward momentum in March 2026, having declined -6.55% mom. In the U.S., the Dow Jones Index declined -5.38% mom while the broader S&P 500 declined -5.09% mom. The weakness in March was largely due to a risk-off episode, as the U.S. – Israeli conflict with Iran continued to escalate and pushed oil prices sharply higher, raising fears of renewed inflationary pressure as well as a broader slowdown in global growth. Meanwhile, technology stocks remained under pressure as investors continued to reassess lofty Artificial Intelligence (AI) related valuations and the payback from heavy AI capex. However, economic data released during the month remained relatively benign. U.S. core CPI for February was in line with expectations at +2.5% yoy, unchanged from January, suggesting underlying inflation remained contained. However, that data point would have reflected conditions prior to the onset of the Iranian conflict which could lead to a degree of energy disruption and consequently, an inflationary patch. Meanwhile, the S&P Global U.S. Composite PMI slowed to 50.3 in March 2026, below the preliminary reading of 51.4 and February’s 51.9.

Europe’s Stoxx 50 Index declined 9.26% mom, underperforming the U.S. in March 2026. This could be on the back of concerns that Europe imports a significant portion of its energy requirement via the Strait of Hormuz, which has been effectively closed since the eruption of the conflict. Economic data, however, was relatively mixed. The S&P Global Eurozone Manufacturing PMI rose to 51.6 in March from 50.8 in February. In contrast, the Eurozone unemployment rate inched up to 6.2% in February from 6.1% in January, while core CPI accelerated to +2.4% yoy from +2.2% in January.

In China, Shanghai Composite Index fell 6.51% mom in March due to global risk-off sentiment triggered by the widening Middle East conflict. China’s RatingDog China Composite PMI eased to 51.5 in March 2026 from 55.4 in February, indicating that overall business activity remained in expansionary territory, albeit at a slower pace. Meanwhile, the People’s Bank of China kept its 1 – year and 5 – year Loan Prime Rates unchanged at 3.00% and 3.50%, respectively, reflecting a broadly steady monetary policy stance. On the other hand, China’s official manufacturing PMI rose to 50.4 in March from 49.0 in February, signaling a return to expansion and pointing to some improvement in industrial activity.

During the month under review, Brent crude oil surged +62.4% mom to USD118.35/bbl as the escalating Middle East conflict heightened fears of severe supply disruptions, due in no small part to the closure of the Strait of Hormuz. Crude palm oil (CPO) price also rallied +18.6% mom to RM4,729/MT, supported by higher crude oil prices and stronger demand for vegetable oils as biodiesel feedstock.

Focusing on the ASEAN markets, Thailand’s SET Index declined 5.24% mom in March, weighed down by a sharp risk – off reaction to the intensifying Middle East conflict and concerns over the impact of higher energy prices. Indonesia’s Jakarta Composite Index was the worst performer in the region, falling 14.42% mom, as broader global weakness was compounded by continued unease over domestic policy direction, governance concerns and persistent foreign selling. Meanwhile, Malaysia’s FBMKLCI retraced a milder 1.53% mom, as the rise in oil prices and geopolitical tensions hurt risk appetite, although its downside was cushioned by the country’s position as a net energy exporter. Singapore’s Straits Times Index also declined 2.19% mom, broadly tracking the regional sell-off, while February non – oil domestic exports (NODX) growth of +4.0% yoy came in below market expectations of +5.3% yoy.

U.S. Treasury (UST) yields rose by 30 – 44 bps mom in March 2026, primarily driven by heightened geopolitical tensions following the U.S. military action against Iran in late February 2026 and subsequent retaliation by Iran, which included closure of the Strait of Hormuz, raised concerns over higher energy prices and inflationary pressures. Meanwhile, U.S. labour market data weakened, with February 2026 job growth contracting by 92k mom (Survey: +55k mom, January 2026 revised: +126k mom) while the unemployment rate increased to 4.4% (Survey and January: 4.3%). The decline in employment was largely driven by job losses in the healthcare and leisure and hospitality sectors. At the March Federal Open Market Committee (FOMC) meeting, the Federal Reserve voted 11–1 to maintain the federal funds rate at 3.50% – 3.75%, with Governor Stephen Miran dissenting in favour of a 25 bps rate cut. Policymakers highlighted elevated uncertainty stemming from the Middle East conflict, noting that it remains premature to assess the economic impact of the conflict. In its updated projections, the FOMC continues to anticipate one 25 bps rate cut in each of 2026 and 2027.

Similarly, the Malaysian Government Securities (MGS) also increased by 8 – 23 bps mom in a curve flattening manner, reflecting inflation concerns linked to the escalation of the Middle East conflict. 3-year MGS rose the most by 23 bps mom. In the March Monetary Policy Committee (MPC) meeting, Bank Negara Malaysia (BNM) maintained the overnight policy rate (OPR) at 2.75% as widely expected. In its statement, the MPC acknowledged the uncertainty arising from the ongoing conflict in the Middle East; however, it remains of the view that the current OPR level is appropriate and continues to be supportive of economic growth while maintaining price stability. Malaysia's January 2026 Industrial Production Index (IPI) exceeded market expectations, expanding by 5.9% yoy (Survey: +5.0% yoy, December 2025: +4.8% yoy), contributed by a stronger manufacturing sector. Meanwhile, Malaysia's CPI eased to +1.4% yoy in February (Survey and January: +1.6% yoy), mainly due to slower growth in insurance and financial services segment.

Foreign funds turned net buyers in March with net inflows of RM6.1bn (February: net outflows of RM2.5bn). The foreign share of both MGS and MGS+MGII rose to 34.1% (February: 33.6%) and 21.6% (February: 21.2%) respectively. Malaysia's foreign reserves lowered by USD1.7bn to USD126.6bn as of end – March (February: USD128.3bn) despite the inflows.

Market Outlook

Looking ahead, markets are likely to remain volatile amid heightened geopolitical and macroeconomic uncertainty. The escalating conflict involving Iran would be a key area of focus, given its implications for global supply chains, energy prices and overall market sentiment. At the same time, investors would continue to monitor global monetary policy developments, shifts in trade dynamics and broader geopolitical risks. Domestically, attention would center on the execution of key national priorities, including Budget measures, the National Energy Transition Roadmap (NETR) and the 13th Malaysia Plan (13MP), as well as the trajectory of exports, tourism and investment activities.

At this juncture, we are adopting a constructive yet cautious stance on our outlook amid persistent market volatility and will continue to focus on fundamentally sound long-term investments. As always, we will also look to capitalise on market dislocations through selective trading opportunities. At the same time, we will remain vigilant on geopolitical developments and other emerging risks, while retaining flexibility to adjust our strategy as market conditions evolve.

According to the recent FOMC statement, U.S. economic activity is expanding at a solid pace, though inflation remains somewhat elevated. Job gains have slowed, and the unemployment rate has shown little change in recent months. While the implications of Middle East developments for the U.S. economy are uncertain, the FOMC remains attentive to dual-mandate risks and committed to returning inflation to 2%. Consequently, markets anticipate a pause at the next meeting to digest energy-related upside inflation risks and potential tariff – induced pressures. While some easing was initially expected to come later in 2026, the anticipated pace and quantum of rate cuts have diminished since the conflict began.

Following a better-than-expected growth performance of 5.2% in 2025, BNM expects Malaysia's growth momentum to continue in 2026, supported by resilient domestic demand. BNM projects Malaysia's economic growth in 2026 to range between 4.0% – 5.0%, supported by strong household consumption, robust investment activity and sustained growth in technology – related exports. This forecast range is marginally wider than the Ministry of Finance's projection of 4.0% – 4.5%. The central bank cautioned that the 2026 outlook is subject to uncertainties surrounding global developments, including trade disruptions and the prolonged Middle East conflict. Headline inflation in 2026 is expected to remain moderate, projected to average between 1.5% and 2.5%, largely contained by targeted subsidies and a steady Ringgit. BNM remains vigilant, with the MPC ready to manage excessive volatility and support sustainable growth with price stability. We would continue to selectively accumulate bonds at reasonable valuations while prioritizing good quality names.

For Allianz Life Global High Payout Fund:

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

What helped?

- In a volatile and negative March for global equities, stocks with more defensive characteristics did better. This played to the advantage of the defensive bias of our dividend strategy where reliable value and dividend stocks with strong dividend reliability performed well.

What hurt?

- Growth-related names underperformed and so did cyclical dividend stocks. The trend-following part of the portfolios also lagged global equity markets.

Market Review

Global equities were pressured across the globe in March. The MSCI All Country World Index (ACWI) plunged, with markets going into freefall as the US-Israeli war against Iran spread throughout the Middle East. Oil and gas prices soared on supply disruption fears as Tehran placed a chokehold on oil and gas exports through the Strait of Hormuz – a vital shipping lane handling around one-fifth of the world's energy exports – clouding the outlook for inflation and diminishing expectations of further monetary easing from key central banks. Stock market losses were pared slightly into month-end amid rising hopes of a potential de-escalation in the Middle East. Turning to the MSCI ACWI, with the exception of Energy, all other sectors fell in March.

US equities fell in March. The major Wall Street indices were pressured by geopolitical concerns, particularly rising oil prices and the likely duration of the US-Israeli war with Iran as the military objectives and exit strategy of Operation "Epic Fury" became increasingly ambiguous. In addition, hard line cleric Mojtaba Khamenei – a son of slain Supreme Leader Ayatollah Ali Khamenei – was appointed Iran's new leader, delivering a devastating blow to Washington and Tel Aviv's hopes of triggering regime change. Heightened economic uncertainty also weighed on sentiment, as rising inflationary and recessionary risks clouded the outlook for further rate cuts from the US Federal Reserve (Fed). Lingering doubts about the Trump administration's trade policy were a further headwind. The CBOE Volatility Index (VIX) – Wall Street's fear gauge – soared above 30 in March, the highest level in a year. More positively, US equities partially rebounded into month-end amid rising hopes of a potential de-escalation in the Middle East.

European equities moved sharply lower in March, as the US-Israeli war with Iran triggered a global sell-off. The STOXX 600 Index fell as oil prices spiked on heightened supply concerns, with Iran's newly appointed Supreme Leader Mojtaba Khamenei tightening the blockade of the Strait of Hormuz. European leaders resisted US pressure to form a naval coalition to secure freedom of navigation through the strait, despite President Donald Trump threatening repercussions for the future of North Atlantic Treaty Organisation (NATO). They also joined Kyiv in criticising the Trump administration's attempt to curb rising oil prices by temporarily easing sanctions on Russian oil at sea. Meanwhile, lingering trade uncertainty continued to weigh on sentiment after the US Supreme Court overturned President Trump's "emergency tariffs", with the US launching a Section 301 trade probe into alleged forced labour practices targeting over 60 countries, including the European Union (EU) and the UK, that could potentially trigger fresh tariffs. In political news, the mainstream parties held onto power in the French mayoral elections – generally perceived to be a yardstick for the presidential elections in 2027.

Market Outlook

The Middle East conflict is creating considerable uncertainty and putting the resilience of the equity markets to the test. Nevertheless, we stick to our baseline scenario and expect the global economy to remain robust. Risks might increase if oil prices remain elevated for longer and the world continues to be cut off from gas supply from the crisis region. In that case, we may be in for a mix of higher inflation and weaker growth rates. Overall, equity valuations have declined slightly during the past three months. Recent price setbacks may therefore open up entry opportunities in sectors which we prefer for structural reasons. This includes the larger topics "European autonomy" and "artificial intelligence (AI) enablers". Europe's efforts to achieve greater strategic autonomy are being supported by an expansionary fiscal policy, which mobilises capital from the private sector. This topic is gaining importance around the world, as many countries are seeking to reduce their dependency on fossil fuels and to become more independent in terms of defence and in other areas. AI is likely to remain a key issue on the world markets, too. China is poised to enter a period of broad AI use, supported by hardware, AI model and robotics innovations. In the shorter term, however, developments in the Middle East will have greater impact on investor sentiment and, in turn, the equity markets. From our vantage point, this environment supports active management, building resilient positions, engaging in efficient diversification, and focusing on long-term goals.

For Allianz Life Asia Multi-IncomePLUS Fund:

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

Market Review

Asia Pacific ex Japan equities pulled back sharply in March amid heightened Middle East tensions and resulting energy supply disruption fears. Energy import-dependent markets such as Korea and India were hit hardest, although global risk aversion impacted all regional markets. On a relative basis, China equities were more resilient, given the country's diversified sources of energy supply. Geopolitics largely overshadowed domestic developments, as China's National People's Congress set a gross domestic product (GDP) growth target of 4.5% and unveiled the 15th 5-year plan prioritising technological innovation. Australian equities slipped on the other hand, modestly outperforming the regional index as the Reserve Bank of Australia (RBA) raised rates to 4.10% to curb inflation and offset energy shocks. India suffered from elevated volatility and foreign outflows, which continued to pressure the currency. In Korea, markets fell sharply not only on energy concerns, but also due to worries about memory pricing after semiconductor stocks had previously posted substantial gains.

For fixed income, markets experienced persistent volatility throughout March 2026, driven primarily by escalating geopolitical tensions in the Middle East following US-Israel strikes on Iran and subsequent retaliatory actions. The ongoing conflict weighed heavily on global risk sentiment, resulting in heightened macro uncertainty, sharp equity market swings, elevated energy prices, and constrained credit market activity across the region. The US Treasury yield curve shifted higher, with the 10-year US Treasury yield reaching around 4.4% at one point during March, as markets reassessed inflation risks linked to higher energy prices. Overall bond market participation remained cautious. Secondary market liquidity was thin, with investors reducing exposure to higher risk assets and focusing largely on higher quality credits. Against this backdrop, Asia credit posted negative returns in March. Both investment grade and high yield segments declined, reflecting the combined effect of wider credit spreads and higher US Treasury yields. Over the month, Asia investment grade and high yield returned -1.6% and -3.1% respectively.

The Fund return was negative in USD terms in March.

In the equity portfolio, a top detractor was Samsung Electronics. There was widespread weakness among memory stocks on fears that artificial intelligence (AI) chips would potentially need less high bandwidth memory than anticipated, coupled with general profit taking and foreign selling of Korea stocks after the previous strong rally. In our view, Samsung has made great advances from being a traditional memory supplier to now being a global leader in high-performance AI memory chips. The stock remains one of our key positions.

On the other hand, a key stock contributor came from an Australian medical technology company specialising in advanced lung imaging technology. It enables non-invasive but highly detailed analysis of the lung function, supporting early diagnosis. The approval of the technology to be used in European Union (EU) has supported the share price rally. We trimmed position slightly to take profits, but we continue to see the company as well positioned to benefit from sustained global healthcare demand over the long term.

The asset allocation at the end of the month was 69.1% invested in Asian equities and 29.8% in Asian fixed income.

Over the month, we have not made significant changes to the equity portfolio as a result of the Middle East situation. We took advantage of the market weakness to initiate a new position in a Chinese manufacturer of printed circuit board (PCB) materials, specifically copper-clad laminates (CCL), which is increasingly critical in AI hardware. Conversely, we exited position in a leading bank in India and switched to another market leader in the space.

Within the fixed income sleeve, we exited our Middle East exposures early in the month as part of our portfolio repositioning. Proceeds from bond maturities were selectively redeployed into short-dated high yield bonds, mainly Additional Tier 1 securities issued by Asian banks, to enhance portfolio income. We also allocated part of the cash into Treasury bills to maintain ample liquidity.

At the end of the month, we held 70 equities and 68 fixed income securities. The equity portfolio yield was 3.2% (based on forward 12-month estimates), and the average fixed income coupon was 6.1% with an average credit rating of BB+ and average duration of 2.7 years.

For Allianz Life Asia Multi-IncomePLUS Fund:

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

Market Outlook

Asia Pacific equities face a more volatile near-term outlook as the Middle East conflict feeds through primarily via higher energy prices and risk sentiment rather than direct business exposure. Uncertainty around a weaker global economic outlook adds another layer of caution.

Elevated oil prices have a significantly different impact on key markets around Asia. Overall, we see China's diversified economy as relatively well positioned for extreme scenarios, especially after years of building self-reliance across energy, food, and supply chains. In particular, China has looked to reduce exposure to oil and gas, and also to hedge this via pipelines from Russia and Central Asia. Conversely India is more vulnerable to events in the Middle East. It imports the vast majority of its oil and gas from the Gulf, relies heavily on the Strait of Hormuz for energy flows, and depends on the region for a large share of remittances, meaning any disruption can quickly feed through to inflation, the currency and growth.

Looking beyond these near-term risks, we remain on the positive side on the outlook for Asia Pacific equities over the long term. In particular, we expect Technology to remain a feature going forward. Companies with strong fundamentals, exposure to long-term structural trends, and a competitive edge remain in focus.

On the fixed income side, markets are likely to face a more uncertain global macro and geopolitical environment, with market performance expected to remain uneven and sensitive to developments in global interest rates, energy prices, and political events. While the near-term impact of the Middle East conflict has already been reflected through elevated oil prices and risk sentiment, the potential longer-term implications, particularly related to sustained supply disruptions, warrant continued monitoring. Systemic risk across Asia credit markets appears limited at this stage. However, volatility is expected to persist. This reinforces the importance of diversification and selection across the Asia credit universe. Fundamentals across much of Asia remain stable, supported by generally solid balance sheets and manageable refinancing needs, while market technicals continue to benefit from disciplined issuance and a relatively contained supply backdrop. In this environment, a defensive and diversified investment stance remains an appropriate approach as markets navigate ongoing uncertainty and manage downside risks.

For Allianz Life Amanah Dana Ikhlas:

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

Market Review

Sukuk Market Review

Global fixed income markets remained volatile in March 2026 as investors continued to recalibrate expectations around inflation and the timing of monetary easing. In the U.S., the Federal Reserve maintained a cautious stance, signalling that while inflation has eased from prior peaks, it remains above target. Treasury yields traded in a volatile range, with the 10y UST yield hovering between 3.90%–4.20%, as markets reassessed the timing and magnitude of potential rate cuts. Malaysian bonds yields moved by 8-23bps across the curve, with the 3-year and 10-year closing at approximately 3.22% (Feb'26: 3.10%) and 3.63% (Feb'26: 3.50%), respectively. In the corporate bond space, credit spreads remained stable, particularly within high-quality segments. Demand for yield continued to favour investment-grade issuances, while activity in lower-rated segments remained selective. Primary market issuance was steady, with participation skewed towards financial institutions and government-linked entities.

Equity Market Review

Global equity markets were plunged into chaos following the US & Israel war on Iran. These developments reverberated across the financial markets with perhaps the biggest impact, the spike in energy prices throughout the month. Investors turned risk-off mode driving down winners and crowded trades while energy and commodity stocks going the other way. On monthly basis, Brent and WTI rose 63.3% and 51.3% respectively. CPO also climbed 18.6% to close at US$4,729/t. Inflation expectations have also risen leading to a shift in monetary policy view. Safe-haven assets such as gold also were not unscathed, slipping 11.6% as concerns of a stagflation conditions while Palladium and Platinum fell sharper by roughly 17% each. Other metals were mixed as aluminium gained 10.4% largely due to supply constraints but copper, nickel, and zinc fell 7.6%, 4.1%, and 2.7% respectively.

Energy exposure was certainly the performance determinate for the month as China (Shanghai and Hong Kong) were better performers given its diversified energy and reserves. However, North Asia and India were worst with >10% declines across the board. The DXY however gained 2.4% during the month and Asian currencies were all weaker with main losers in Baht (-6.1%), Peso (-5.4%), MYR (-4.0%) and Rupiah (-1.3%).

Closer to home, markets were volatile as well, closing 1.5% lower to 1,690pts., the KLCI was performed better on a relative basis given its perceived defensive position as a net O&G exporter. Gains were initially seen in the early part of the month on the back of BNM's decision to keep the OPR unchanged and strength in energy-related names. However, weak sentiment overcame the early optimism amid the rising concerns on the economy. Like elsewhere, energy and commodity stocks were the top performer benefiting from the disrupted supply while consumers fell out of favour given concerns of higher costs. To mitigate this environment, the government has reduced subsidised RON95 entitlement to 200 litres from 300 litres amid the energy crisis as temporary measure. News report, government bears RM4bn/month in fuel subsidies under Budi95 and Disel programmes as crude oil reaches US$100/bbl. In macroeconomics, Malaysia's inflation eased to 1.4% yoy in Feb (vs. Jan: -1.6%) led by slower price growth in insurance, education and F&B. Producer price index on the other hand, fell 3.4% yoy in Feb, driven by declines in agriculture, mining and manufacturing sectors.

Regionally, all markets fell but Singapore and Malaysia were the relative outperformers falling 1.5% and 2.2% respectively. Indonesia, Philippines, and Thailand 14.4%, 10.0% and 5.2% respectively. Perhaps not surprisingly, foreigners turned net sellers for the month amounting to RM42m, bringing year-to-date net foreign inflows of RM1.18bn (US$291m). Foreign selling was mostly in the financials, construction and telecommunications. Elsewhere, foreigners also sold-off Indonesia (-US$1.4bn), Thailand (US$1.2bn) and Philippines (US$231m).

On a quarterly for Malaysia, basis, plantation, industrial, and energy were top performers for the broader market while construction, technology, and consumers were the worst performers. Regionally, Thailand remains the best performing with a 15.0% gain, followed by Singapore's 5.1% increase while Malaysia was flat at 0.6%. Indonesia slipped 18.5% while Philippines was lower by 1.7%.

For Allianz Life Amanah Dana Ikhlas:

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

Market Outlook

Sukuk Outlook & Strategy

Looking ahead, the outlook for 1H2026 remains cautiously constructive for emerging markets (EMs), including Malaysia, supported by continued expectations of US Fed rate cuts, a softer US dollar, and resilient regional growth dynamics. However, near-term volatility is expected to persist, particularly following the escalation of geopolitical tensions during the month, which has contributed to higher oil prices and a more cautious investor backdrop. Despite this, the impact on the domestic fixed income market remains manageable, supported by Malaysia's resilient domestic demand, stable liquidity conditions, and a steady issuance pipeline.

From a portfolio positioning standpoint, we continue to favour mid-tenor corporate sukuk that offer attractive carry relative to government securities. We maintain a neutral to slightly overweight duration stance, balancing our constructive medium-term view on rates against near-term volatility and supply pressures, particularly at the longer end of the curve.

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 further rate volatility. Our credit selection strategy focuses on high-quality AA-rated issuers, where we see consistent value in terms of yield pickup and credit stability. We will remain active in the primary market to capture attractive new issuances and continue to selectively add in the secondary market where recent spread adjustments have created more compelling entry levels.

Equity Outlook & Strategy

As at writing equity markets remain in turmoil on continuing Middle East conflict. Last month, markets had spots of rebound as investors access the credibility of an off-ramp by the US. This may suggest that investors are not yet fully capitulated with a view that there will not be an escalation in the form of boots on the ground. Having said that, it was reported that over 50,000 US troops are either in the Middle East or is said to be on their way. In any case, there seems no sign of negotiation or recourse despite what Trump through social media suggests. Oil prices and its related products remain elevated although have bouts of profit taking.

Our base case scenario remains at this juncture for the geopolitical landscape to be a short-term event, but this view is challenged substantially as it enters the second month. Geopolitical flare-ups do present a buying opportunity, on heavily sold-off stocks while favouring sensitive energy priced stocks. A prolonged conflict presents a more challenging environment irrespective of perceived beneficiaries on higher structure of risks premium for the equity market.

As we weather through to the volatility, we are likely to prioritize earnings quality and defensive stocks. We turn slightly defensive, more inclined to defensive/dividend yielders to anchor the portfolio. We will also look opportunistically on value or stocks that we like that has been severely sold off. This idea nonetheless rests on the duration of this unfortunate conflict.

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 lagged the benchmark in March. Stock selection in the Consumer Discretionary sector was the main detractor.

At a stock level, a detractor last month was Zijin Mining, a leading mining group engaged in the exploration and production of gold, copper and other base metals. The share price pullback was largely due to profit taking after a strong run earlier in the year, alongside a pullback in gold and copper prices. Over the longer term, we remain constructive on the outlook given Zijin Mining's globally diversified, low-cost resource base and strong leverage to structurally higher demand for copper and gold driven by energy transition, electrification and geopolitical uncertainty.

Conversely, a key contributor was Akeso, a clinical-stage biotech company with a focus on oncology. The company announced encouraging updates on its product pipeline development, helping to reinforce confidence in both depth and quality of its research and development (R&D) platform. Akeso is building out an increasingly diverse product pipeline with a number of promising new drugs at final stages of clinical trials. Domestic sales are ramping up quickly and we believe it is likely the company will form a partnership with a global pharmaceutical company to support sales and marketing activity outside China.

Market Outlook

China equities were weaker in March with both onshore and offshore markets reacting to events in the Middle East, before stabilising towards the month-end. Indeed, year-to-date, China A-shares have been notably resilient, continuing their outperformance of the S&P 500 and also demonstrating relatively low correlations with global equities.

Stability has also been a feature of China's fixed income and currency markets. China's 10-year government bond yield remains just above 1.8%, almost unchanged from levels before the Middle East conflict began. The renminbi has appreciated against the US dollar year-to-date and was little changed during March.

The resilience of China's financial markets reflects a number of factors, not least that China's diversified economy is relatively well positioned for extreme scenarios, especially after years of building self-reliance across energy, food, and supply chains. As such, while sell-side analysts have been trimming China gross domestic product (GDP) growth expectations for this year, there have been greater reductions in the outlook for most other global economies.

In terms of energy supply, while China is still quite heavily dependent on fossil fuels, it has looked to reduce exposure to oil and gas, and also to hedge this via pipelines from Russia and Central Asia. Less than 10% of energy in China is exposed to the Gulf. Indeed, over a sustained period, China has been developing a technology stack focused on electricity and ways of generating, using and storing energy. Whereas in 2010, electricity accounted for around 18% of energy consumption, today it is above 30%. Solar and wind have increased their share of electricity from around 1% previously to about 20% today.

Another feature of China equity markets is that energy security has been a strong theme benefitting a number of energy, renewables, power grid, energy storage and electric vehicle (EV) companies. Looking ahead, the recent experience of surging energy prices and fuel shortages, combined with heightened geopolitical uncertainty, will likely prompt more countries to prioritise energy security.

This will involve activities including building nuclear power plants, increasing renewable energy installations, accelerating EV adoption, and further electrifying economies. As China dominates many of these sectors, it stands to gain from this global shift over the longer term.

The Middle East conflict has also masked another artificial intelligence (AI) development milestone in China – the rise of agentic AI. If the "DeepSeek moment" was a game changer, which proved China was capable of producing globally competitive AI models, the recent surge of token usage – a key measure of model capacity and real-world demand – highlights how AI deployment in China is rapidly accelerating. We increasingly see a buildout of China-centric AI infrastructure, including chips, data centres, models and applications, which is set to become the backbone of future industrial growth supporting a range of areas such as autonomous driving, humanoid robotics and biotech.

In summary, in such highly unpredictable and uncertain times, we see China equities – and A-shares in particular – providing both valuable portfolio diversification as well as idiosyncratic growth opportunities.

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 have not changed portfolio positioning significantly in reaction to events in the Middle East but rather have made some changes at the margin. For example, we initiated a new position in the energy storage and renewables space. We also built exposure to a leading data centre operator that provides critical infrastructure supporting areas such as cloud computing and other AI workloads.

At month-end, the Fund has around 43% 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 (+4.2%), while the largest underweight is Consumer Discretionary (-3.1%).

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 were pressured across the globe in March, as the US-Israeli conflict with Iran escalated. The MSCI All Country World Index (ACWI) declined, with Asian countries underperforming given their greater dependence on energy imports, while the US proved more resilient. Oil and gas prices soared on supply disruption fears as Tehran placed a chokehold on exports through the Strait of Hormuz – a vital shipping lane handling around one fifth of the world's energy exports. Markets were caught between fears of a US ground operation and emerging reports that Trump may seek a diplomatic exit. Stock market losses were pared at month-end amid rising hopes of a potential de-escalation, as Iran signalled a willingness to end the conflict with security guarantees. From a sector perspective within the MSCI ACWI, the vast majority of sectors were broadly lower, with Materials and Industrials the weakest performers. Energy was the only sector to deliver positive absolute returns.

From a macroeconomic perspective, Q4 US gross domestic product (GDP) growth was downwardly revised from 1.4% to 0.7%. Non-farm payrolls data showed that the US economy lost 92,000 jobs in February, while the US unemployment rate crept back up to 4.4%. Headline inflation held steady at 2.4% on an annualised basis in February and increased to 0.3% from January's 0.2% on a month-over-month basis. On the monetary policy front, the US Federal Reserve (Fed) held the federal funds rate steady at a target range of 3.50%-3.75%, as widely anticipated, with Fed Chair Jerome Powell stating that it was too early to gauge the impact of rising energy inflation on the economy. Similarly, the Bank of England (BoE), European Central Bank (ECB), Bank of Japan (BoJ), and the People's Bank of China (PBoC) left rates unchanged.

Oil prices surged in March, with Brent crude breaching USD 112 a barrel, as the conflict in Iran continued and Middle Eastern oil producers cut supply due to the Strait of Hormuz closure. Oil prices subsequently eased amid rising hopes of a potential de-escalation in the Middle East, with Brent crude closing March below USD 105 a barrel. Meanwhile, gold prices declined in March, as investors favoured the safe-haven appeal of the US dollar over the precious metal. In addition, markets increasingly priced in the possibility of rate hikes, which put pressure on non-yielding assets such as gold, ending the month below USD 4,700 an ounce.

During the period, the Fund underperformed versus the blended benchmark (50% MSCI ACWI Index/50% MSCI World Information Technology Index). Note the Fund's monthly performance (priced as of end of day, CET) does not reflect the positive market reaction to the latest Iran news that occurred in the final hours of trading on 31 March during US market hours, whereas the benchmark performance does. The commentary below reflects performance after aligning valuation cut-offs.

From a sector perspective, Industrials and Financials were the largest contributors, while Information Technology and Energy were offsetting. The artificial intelligence-enabled (AI-enabled) industries dimension was a key contributor helped by our Communication Services and Consumer Staples holdings. AI infrastructure slightly outperformed the benchmark, helped by our edge computing and optical networking names. On balance, AI applications underperformed amid continued negative investor sentiment. However, the impact on overall performance was limited due to the smaller allocation to this dimension.

Contributors

Ciena Corp. is a leading provider of optical networking systems, routing and switching solutions, and automation software. Shares were higher after the company delivered better-than-expected fiscal Q1 earnings results, helped by strong backlog growth and demand for optical networking solutions. Looking forward, the company is poised to benefit from strong optical networking spend associated with the AI infrastructure investment cycle, which we believe can drive upside revisions to the company's revenues and profits over the next year.

Flex Ltd. is a leading contract manufacturer, offering solutions that span from initial design to manufacturing through the life cycle of customer product. Shares were higher alongside other companies associated with data-centre hardware and power infrastructure. Looking forward, Flex remains a key provider of advanced manufacturing solutions and operates global supply chains across a diverse set of industries, including AI hyperscalers. Flex is involved in producing high-performance AI server racks as well as power solutions for AI data centres, positioning the company to capitalise on the AI infrastructure buildout.

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

Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC) is the world's largest semiconductor foundry and a key enabler of AI, producing the leading-edge chips required for data centres. Shares declined alongside broader weakness in Taiwanese equities as Iran-related geopolitical turmoil heightened supply chain uncertainty. In longer term, 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.

Eli Lilly and Co. is a leading pharmaceutical company, complemented by AI-driven drug discovery initiatives. Shares underperformed amid heightened concerns of greater competition in the obesity drug market. Looking forward, the company's growth prospects remain attractive driven by its robust drug pipeline and franchises, which include oncology, diabetes and central nervous systems. Eli Lilly's innovation in obesity treatments with promising oral treatments is another key growth driver to expand its addressable market.

New Buys and Sells

We initiated a position in Parker-Hannifin, a diversified industrial company focused on motion and control technologies. We believe the company is well positioned to benefit from the AI data centre buildout, while also being supported by longer-term secular trends in aerospace and electrification. In particular, Parker stands to benefit through its role as a critical hardware supplier for AI data centre environments, including advanced liquid cooling and thermal management solutions.

There were no complete sells made during the period.

Market Outlook

Despite recent volatility, we maintain a constructive longer-term outlook for equities. Recent developments regarding the ongoing conflict with Iran have resulted in somewhat greater clarity around the possibility of de-escalation. Notably, indications from Iran's president suggest a willingness to pursue an end to the conflict, contingent on the provision of security guarantees. However, it is important to note that uncertainty persists as to whether these signals will ultimately lead to a sustainable and successful de-escalation. We continue to maintain a balanced portfolio of companies benefitting from innovation and favour companies that are better positioned to navigate through a more complicated environment. There may be opportunities to upgrade select names and add to high conviction ideas amid any market volatility to better position the portfolio for improved performance.

Over the intermediate term, 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 as the conflict with Iran eases.

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

Equities in the Asia Pacific region pulled back sharply in March amid heightened Middle East tensions and resulting energy supply disruption fears. Energy import-dependent markets such as Korea and India were hit hardest, although global risk aversion impacted all regional markets. On a relative basis, China equities were more resilient, given the country's diversified sources of energy supply. Geopolitics largely overshadowed domestic developments, as China's National People's Congress set a gross domestic product (GDP) growth target of 4.5% and unveiled the 15th 5-year plan prioritising technological innovation. India suffered from elevated volatility and foreign outflows, which continued to pressure the currency. In Korea, markets fell sharply not only on energy concerns, but also due to worries about memory pricing after semiconductor stocks had previously posted substantial gains.

Japan stocks were also not immune to the downward pressure from the Energy shock, underscoring the country's reliance on Middle Eastern oil imports. Meanwhile, Japanese economic fundamentals were mixed – private sector activity ticked up, along with exports, though headline inflation data cooled further, falling to a 4-year low of 1.3% in the year to February after remaining above the Bank of Japan's (BoJ's) 2% target for a run of 45 months.

The Fund outperformed the benchmark in March. Stock selection was the key driver, with South Korea being a top contributor. At the sector level, Technology, Health Care and Industrials stocks added value.

At a single stock level, a top contributor was a baseboard management control supplier from Taiwan. This business plays a significant role in the global artificial intelligence (AI) supply chain, especially given its relationships with hyperscalers and dedicated enterprise customers. Beyond this, the company is expanding its footprint into the smart factory and automation space. The stock performed well as AI server investment remained resilient.

Conversely, a key detractor last month was a Korean small cap holding that is a global leader in inspection equipment for consumer and auto electronics. We see the share price pullback being related to the broader market weakness and profit taking after a strong rally. Last year, the company received approval for its brain surgery robot from the Food and Drug Administration (FDA), 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.

We have not made significant changes to the portfolio as a result of the Middle East situation and at this stage have no plans of doing so. However, we are monitoring markets closely for opportunities in the more volatile environment.

At a sector level, Industrials is a key overweight, including exposure to aerospace and defence companies. We continue to see AI as having a transformational impact on many businesses across sectors. As such, not only is Technology an overweight sector, but we also see opportunities in other areas such as Health Care. We maintain our conviction around the pace of drug discovery and development, particularly as biopharma companies continue to integrate AI applications.

At a geography level, there are overweight positions in New Zealand and Taiwan, an outcome of stock selection. 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.

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

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

Market Outlook

Asian equity markets face a more volatile near-term outlook as the Middle East conflict feeds through primarily via higher energy prices and risk sentiment rather than direct business exposure. Uncertainty around a weaker global economic outlook adds another layer of caution.

Elevated oil prices have a significantly different impact on key markets around Asia. Overall, we see China's diversified economy as relatively well positioned for extreme scenarios, especially after years of building self-reliance across energy, food, and supply chains. In particular, China has looked to reduce exposure to oil and gas, and also to hedge this via pipelines from Russia and Central Asia. Conversely, India is more vulnerable to events in the Middle East. It imports the vast majority of its oil and gas from the Gulf, relies heavily on the Strait of Hormuz for energy flows, and depends on the region for a large share of remittances, meaning any disruption can quickly feed through to inflation, the currency, and growth.

Japan is also a net importer of oil and therefore, if oil prices are sustained at significantly higher levels, this could have a material economic impact. For the time being, however, we do not see a risk of energy shortages. We also believe structural drivers remain in place for a more positive longer-term outlook. In particular, ongoing governance reforms should contribute 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 weakness. 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

Equities in the Asia ex Japan region pulled back sharply in March amid heightened Middle East tensions and resulting energy supply disruption fears.

Energy import-dependent markets such as Korea and India were hit hardest, although global risk aversion impacted all regional markets. On a relative basis, China equities were more resilient, given the country's diversified sources of energy supply. Geopolitics largely overshadowed domestic developments, as China's National People's Congress set a gross domestic product (GDP) growth target of 4.5% and unveiled the 15th 5-year plan prioritising technological innovation. India suffered from elevated volatility and foreign outflows, which continued to pressure the currency. In Korea, markets fell sharply not only on energy concerns, but also due to worries about memory pricing after semiconductor stocks had previously posted substantial gains.

The Fund outperformed the benchmark in March. Stock selection in Taiwan contributed positively. At the sector level, Energy and Communication Services stocks also added value.

At a stock level, a top performer was Santos, a non-benchmark position from the Energy sector in Australia. The company plays directly into Asian liquefied natural gas (LNG) demand, especially from Japan, South Korea, and Southeast Asia, due to their long-term energy security needs. As a non-Middle Eastern supplier, with projects not only in Australia, but also in Papua New Guinea and Alaska, Santos offers a diverse source of oil and gas supply in the current conflict environment.

Conversely, our overweight position in Samsung Electronics was a detractor last month. There was widespread weakness among memory stocks on fears that artificial intelligence (AI) chips would potentially need less high bandwidth memory than anticipated, coupled with general profit taking and foreign selling of Korean stocks after the previous strong rally. In our view, Samsung has made great advances from being a traditional memory supplier to now being a global leader in high-performance AI memory chips. The stock remains one of our largest positions.

We have not made significant changes to the portfolio as a result of the Middle East situation and at this stage have no plans of doing so. However, we are monitoring markets closely for opportunities in the more volatile environment.

In that regard, we took advantage of the market weakness to add exposure to the Taiwan semiconductor supply chain. We also added to renewables exposure in China. Against a backdrop of higher energy costs, the renewables supply chain has become increasingly attractive as an investment opportunity.

Geography and sector allocations remain relatively close to benchmark. The portfolio is overweight in Singapore and underweight in India. At a sector level, Communication Services and Energy are the primary overweight positions, while Consumer Discretionary and Industrials are slightly underweight. Top names in the portfolio at month-end were TSMC, Samsung Electronics and Tencent.

Market Outlook

Asian equity markets face a more volatile near-term outlook as the Middle East conflict feeds through primarily via higher energy prices and risk sentiment rather than direct business exposure. Uncertainty around a weaker global economic outlook adds another layer of caution.

Elevated oil prices have a significantly different impact on key markets around Asia. Overall, we see China's diversified economy as relatively well positioned for extreme scenarios, especially after years of building self-reliance across energy, food, and supply chains. In particular, China has looked to reduce exposure to oil and gas, and also to hedge this via pipelines from Russia and Central Asia.

Conversely, India is more vulnerable to events in the Middle East. It imports the vast majority of its oil and gas from the Gulf, relies heavily on the Strait of Hormuz for energy flows, and depends on the region for a large share of remittances, meaning any disruption can quickly feed through to inflation, the currency and growth.

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 Global Income Fund:

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

Market Review

Global equity and fixed income markets finished lower in March. Escalating geopolitical tensions were the dominant macro overhang with the Iran conflict disrupting global supply chains and driving energy prices higher. The Q4 reporting season finished strong with year-over-year earnings growth nearing 14% for the S&P 500. Overall, US economic reports were positive with muted jobless claims activity, positive trends in key services and manufacturing surveys, and steady consumption balanced against mixed inflation readings and constrained housing dynamics. The US Federal Reserve (Fed), European Central Bank (ECB), Bank of Japan (BoJ), and Bank of England (BoE) left interest rates unchanged in March with Fed Chair Jerome Powell stating a cut is unlikely without progress on inflation. Against this backdrop, rate cut expectations pushed out further and global government debt yields rose sharply with the 10-year US Treasury yield settling at 4.32%.**

In this environment, key markets closed lower:

- Global equity markets, as measured by the MSCI World Index, returned -6.32%.*
- Global convertible securities, as measured by the ICE BofA Global 300 Convertible Index, returned -5.84%.**
- Global high yield bonds, as measured by the ICE BofA Global High Yield Index, returned -2.10%.**
- Global fixed income, as measured by the Bloomberg Global Aggregate Index, returned -3.07%.^

The portfolio was negatively impacted by weakness in global equity and fixed income markets.

Top contributors included exploration, production and refining positions expected to benefit from rising oil prices, as well as TechnipFMC, which continued to be a source of strength. A cloud services company advanced, capitalising on artificial intelligence (AI) related tailwinds, a specialty chemicals manufacturer gained on margin upside and cost reduction optionality, and a cyber security provider finished higher on rising demand forecasts. The other top contributors were an electricity company with a strong balance sheet focused on battery storage and renewable energy buildouts, a biopharmaceutical company with an underappreciated franchise, and multiple tech hardware and equipment holdings.

Top detractors were Alphabet on operating expense and capital expenditure (capex) concerns, an electronics conglomerate capitalising on a memory super cycle that consolidated recent gains, and an aerospace company despite topping expectations and giving upbeat guidance. Several laggards were Industrials holdings with exposure to engineering and construction, energy solutions, and power systems that had a positive impact on the portfolio this year through February. The other top detractors were a steelmaker, a pharmaceutical company that was sold in the period, a REIT alongside rising interest rates, and an industrial company expected to benefit from national security, nuclear power, and gas turbine demand.

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

Regarding positioning, cash levels remained elevated and some cyclical exposure was reduced in favour of companies with higher operating performance visibility. Exposure increased the most in Energy, Technology, and Communication Services, and decreased the most in Industrials, Materials, and Consumer Discretionary. Covered call option positioning increased month-over-month, and convertible and high yield new issuance participation was selective.

Market Outlook

The outlook for 2026 is largely unchanged, although conflict headwinds may offset some of the AI proliferation, reindustrialisation, and fiscal and monetary policy tailwinds. Q4 results surpassed expectations, management guidance was constructive, earnings estimates continued to rise, and multiple economic datapoints indicated sustained growth.

Going forward, corporate investment, consumer spending (helped by tax cuts/refunds), less regulation, energy and defence spending, and credit expansion could support gross domestic product (GDP) growth. On the other hand, a prolonged conflict lengthens the recovery period, pushing out eventual stability in commodity markets, supply chains, and geopolitics. The investment team continues to closely monitor the situation including the potential effects of higher energy prices on consumption, margins, sales, inflation, government debt yields, monetary policy, and capex plans.

Bottom-up analysts continue to upwardly revise their 2026 (and 2027) earnings estimates due to steady growth, durable margins, productivity gains, expanding earnings breadth, AI spend, and cost controls. Expanding earnings breadth could lead to a further broadening out of market leadership. Earnings headwinds include risks cited above and rising operating expenses, among others, with the view that shifts in the use of free cash flow have trade-offs.

For Allianz Life Global Income Fund:

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

Return expectations for 2026 remain unchanged with risk assets having ample time to either recover or produce further gains over the remainder of the year. Convertible securities could outperform equities again and high yield bonds could deliver another year of coupon-like returns. Given their defensive characteristics, convertible securities, high yield bonds, and investment grade bonds can mitigate market volatility better than equities, which historically average a mid-teens intra-year decline even in annual periods of positive returns.

Global convertible securities have an attractive asymmetric return profile, providing upside participation potential when stock prices rise and downside mitigation when stock prices fall. The asset class is on pace to outperform the broad equity market again in 2026, helped by solid earnings growth, expanding market breadth, stable credit spreads, and robust new issuance. After 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 above 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 March 2026 unless otherwise stated.
* Source: MSCI, as at 31 March 2026
^ Source: Bloomberg, as at 31 March 2026
** Source: BofA Merrill Lynch, as at 31 March 2026
^^ Source: ICE Data Services, as at 31 March 2026
# Source: BofA Research, as at 31 March 2026

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

Target Fund Manager's Comment (For Allianz Thematica)

Market Review and Outlook

Global equities were pressured across the globe in March. The MSCI All Country World Index (ACWI) plunged, with markets going into freefall as the US-Israeli war against Iran spread throughout the Middle East. Oil and gas prices soared on supply disruption fears as Tehran placed a chokehold on oil and gas exports through the Strait of Hormuz – a vital shipping lane handling around one-fifth of the world's energy exports – clouding the outlook for inflation and diminishing expectations of further monetary easing from key central banks. Stock market losses were pared slightly into month-end amid rising hopes of a potential de-escalation in the Middle East. Turning to the MSCI ACWI, except for Energy, all other sectors fell in March.

Central bank commentary struck a cautious note in March, as soaring oil and gas prices put upward pressure on headline inflation forecasts and diminished hopes of further rate cuts. The US Federal Reserve (Fed) held the federal funds rate steady at a target rate of 3.50%-3.75%, as widely anticipated, with Fed Chair Jerome Powell stating that it was too early to gauge the impacts of rising energy inflation on the economy.

Oil prices surged in March, with Brent crude breaching USD 112 a barrel – the highest level since June 2022 – as the war in Iran continued and Middle Eastern oil producers cut supply due to Tehran's blockade of the Strait of Hormuz, a vital regional shipping route. The 32-member state International Energy Agency agreed to release 400 million barrels of oil from its reserves – the most since the Russian invasion of Ukraine in 2022 – and commented that the war with Iran represented "the largest supply disruption in the history of the global oil market".

Meanwhile, gold prices plummeted in March, registering the sharpest weekly drop since 1983 as investors favoured the safe-haven appeal of the US dollar over the yellow metal as the US-Israeli war with Iran triggered a flight to safety. In addition, hopes for further Fed rate cuts were reversed, with markets increasingly pricing in the possibility of rate hikes.

The Fund returned negatively (in EUR, gross of fees) in March, below the MSCI AC World Index. Sector allocation and stock selection have been both negative contributors to overall performance. The overweight to Industrials and the underweight to Energy has been a burden to the overall portfolio. As a result of weakness in the Industrials sector, themes with high exposure to this sector—such as Humanoid Robots—have suffered over the recent month. Conversely, Digital Finance contributed well to overall performance.

Contemporary Amperex Technology (CATL), Cheniere Energy, and Figure Technology Solutions outperformed global equity markets in March due to strong exposure to structural growth and supportive macro trends. CATL benefitted from continued momentum in electric vehicle demand and battery innovation. Cheniere Energy gained from surging liquefied natural gas (LNG) prices and heightened demand for energy security amid geopolitical tensions. Figure Technology Solutions advanced on optimism around fintech-driven efficiency gains and credit market digitalisation. Overall, investors favoured companies with pricing power, secular tailwinds and resilience to macro uncertainty during a volatile market environment.

UBTech Robotics, Rainbow Robotics, and Geberit underperformed global equity markets in March due to a combination of valuation pressure and cyclical headwinds. Robotics names were weighed down by profit taking and reduced risk appetite towards high-growth, high-multiple stocks amid rising yields. At the same time, Geberit faced continued weakness in European construction activity and margin pressures linked to subdued demand. Overall, investors rotated away from rate-sensitive and cyclical exposures towards more defensive sectors during a volatile and uncertain market environment.

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

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

Market Review

Risk assets declined in March, as escalating geopolitical tensions in the Middle East drove a sharp increase in commodity prices, resurfacing inflation and growth concerns. Brent crude posted its largest monthly increase in four decades, following disruptions to key oil and gas supply routes. U.S. dollar strengthened amid a reversal in global risk appetite.

Fixed income markets sold off globally, as rising energy prices pushed inflation expectations higher and prompted a more hawkish reassessment of central bank policy rate paths. In the U.S., the 10-year Treasury yield rose sharply early in the month before retracing, ending the month 38bps higher, at 4.32%. Moves abroad were more pronounced: the U.K. 10 year Gilt rose 68bps to 4.91%, while Germany's 10 year Bund climbed 36bps to 3.00%, its highest level since 2011, as markets repriced for prolonged inflation pressures.

Equity markets declined broadly over the month amid elevated volatility. The MSCI World Index fell 6.4%, with S&P 500 and MSCI Emerging Markets indices down 5.0% and 13.1%, respectively. Within credit, investment grade spreads in the U.S. and Euro Area widened 4bps and 13bps, to 90bps and 95bps, while U.S. and Euro high yield spreads widened by 16bps and 62bps, to 328bps and 349bps respectively.

During the month, the PIMCO GIS Income Fund returned -2.41% after fees (in USD, for the Institutional class, Accumulation share), bringing YTD '26 performance to -0.75%.

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

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

Market Review and Outlook

Market:

• Global equities were broadly bearish in March. The MSCI ACWI tumbled -7.1% while the Nasdaq Composite fell -4.7% and the S&P 500 declined by -5.0%. The bearish decline persisted through most of the month as Middle East tensions grew, albeit the final day of the month granted some reprieve when markets rallied broadly.

• Most sectors were affected by the negative sentiment. Health Care and Industrials were among the worst-performing sectors, down -8.5% and -8.7% respectively. Real Estate, Consumer Discretionary, Materials and Communications Services didn't fare much better, all down by a little over -6% for the month. Information Technology and Financials suffered drawdowns of c. 4% while Utilities declined by -3.9%. The standout sector was Energy, up 9.5% for the month.

• The U.S.-Iran conflict muddied the Federal Reserve's interest-rate path, with rising oil prices and inflation uncertainty prompting policymakers to reconsider the pace and direction of future rate moves. Some officials suggest that rate cuts may be delayed or even reversed if inflationary pressures persist.

• Corporate earnings growth is experiencing somewhat of a rotation as small-cap companies show signs of outpacing mega-cap technology and communication services, which previously carried the market. While AI-driven tech companies continue to exhibit strong fundamental growth, year-over-year growth rates may slow somewhat in percentage terms. Despite these shifts and uneven sector momentum, broader forecasts for 2026 remain positive, with double-digit growth projected for the S&P 500.

• After reaching a 52-week high near 6,200 in late February, the EURO STOXX 50 index experienced a sharp pullback in March, ending the month with one of the biggest losses since 2022. The escalation of the Middle East conflict and soaring energy prices sparked inflation fears, triggering a significant risk-off sentiment and tempering the early-year optimism.

• Asia-Pacific equities experienced significant volatility throughout March with the previously top-performing tech and AI sectors undergoing sharp corrections, reversing part of the aggressive February rally. The Nikkei 225 corrected into March, dropping over 5.2% on March 9th, one of the largest point drops in its history as pressures from rising oil prices mounted alongside a tightening BOJ stance. South Korea's KOSPI also faced a sharp reversal in March, following sharply corrections in chipmakers like SK Hynix and Samsung Electronics on fears of oversupply and AI memory demand disruptions.

Stocks:

• An overweight position in Johnson & Johnson was the largest contributor to relative returns at the individual stock level. The pharmaceutical firm's shares as strength continued, backed by solid fundamentals and a macroeconomic backdrop that benefited select pharmaceutical stocks.

• Not holding a position in Japanese firm Chugai Pharmaceutical also contributed to relative returns. The firm's shares were pressured following high expectations for orforglipron product launches, which negatively affected investor sentiment.

• An underweight position in Pfizer was the largest relative detractor at the individual security level, its stock rose amid a risk off backdrop driven by escalating geopolitical tensions, with investors rotating into defensive names.

• An overweight position in Roche detracted from relative performance, as the pharmaceutical company's stock was pressured following disappointing clinical data from a frontline breast cancer study.

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 reduced its exposure to health care providers & services companies.

• At the individual security level, the fund increased its position in pharmaceuticals company Pfizer given its positive pipeline progression. Furthermore, the fund increased its exposure to biotechnology company Vertex, after the company reported a positive phase III program for treatments in kidney diseases.

• Conversely, the fund reduced its position in Eli Lilly, due to high expectations on its oral obesity pill. The fund also reduced its position in drug distribution company Cencora, after its CFO announced an unexpected departure, sparking volatility around the firm.

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.

• We view the direct, portfolio-level impact of conflict in the Middle East as limited, with healthcare exposure primarily transmitted through second-order macro channels namely energy-driven inflation, interest rate dynamics, and shifts in risk appetite rather than through direct operational disruption. 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.

For Allianz Life ESG-Integrated Multi-Asset Fund and Allianz Life ESG-Integrated Multi-Asset Fund (MYR-Hedged):

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

Market Review and Outlook

Market Review:

The first quarter of the year was dominated by escalating geopolitical tensions, culminating in the outbreak of the conflict in the Middle East. While the early part of the quarter saw risk sentiment supported by a resilient economic backdrop, markets reacted negatively to the onset of the conflict. Oil prices saw their biggest monthly increase in decades, driving a material reassessment of inflation expectations and in turn the outlook for monetary policy. This led to expectations for rate cuts being largely priced out in favour of a more hawkish stance from central banks going forwards.

Equity markets experienced a volatile quarter, with strong gains in January and February giving way to sharp declines in March. Major indices reached record highs during the early part of the period, supported by robust economic data and strong earnings. However, the escalation in geopolitical tensions and the associated surge in energy prices triggered a broad-based sell off. US equities were particularly affected, with notable weakness in technology and software stocks amid increasing scrutiny of growth expectations. European markets also declined, while Japan proved relatively resilient over the quarter despite giving back some gains towards the end of the period.

Fixed income markets came under pressure as rising inflation and shifting central bank expectations drove yields higher. Government bond markets experienced notable weakness, particularly in March, as investors adjusted to the prospect of tighter monetary policy. The repricing was evident across major regions, with both US and European yields moving higher over the quarter. Credit markets also faced headwinds in this environment, reflecting the broader deterioration in risk sentiment.

Commodity markets were a key area of strength, led by a sharp increase in oil prices driven by supply concerns linked to the conflict. Precious metals saw mixed performance over the quarter, with initial gains offset by a significant pullback towards the end of the quarter as the US dollar strengthened amid heightened uncertainty and a reassessment of global growth and policy expectations.

Performance:

The ESG Multi-Asset Fund posted a negative return in Q1 2026, primarily due to equity exposure. Despite outperforming global equities in January and February, the Fund reduced equity positions in March in response to mounting geopolitical tensions, which helped limit further losses during the Middle East conflict.

Equity allocations, including the Japanese high dividend and gold miners baskets, reversed earlier gains in March as investors took profits amid heightened volatility. Hedges on European and US equities provided partial downside protection. Actively managed equity strategies detracted from absolute returns given the negative equity environment. The core Systematic Active equity strategy outperformed its opportunity set, while the concentrated fundamental strategy underperformed global equities, mainly due to its positioning in technology and software stocks.

Corporate credit was a drag on performance, though short positions in government bonds and the sovereign credit default swap strategy partially offset these losses.

Precious metals contributed positively, with strong performance early in the quarter and effective reductions in March supporting overall returns.

Listed alternatives, particularly renewable energy infrastructure, enhanced portfolio diversification and underscored the case for expanding domestic energy capacity amid a fragmented geopolitical environment.

For Allianz Life ESG-Integrated Multi-Asset Fund and Allianz Life ESG-Integrated Multi-Asset Fund (MYR-Hedged):

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

Positioning:

At the start of the year, the Fund took a constructive approach to equities, emphasizing structural themes such as safety and security, energy security, and the advancement of artificial intelligence (AI).

In February, the equity allocation was significantly rebalanced. Exposure to asset-light, growth segments sensitive to disruption was reduced, including the closure of the Enterprise Technology basket, while targeted AI positions were maintained. Cyclically oriented and hard-asset exposure was increased via options on banks, materials, and UK equities. A tactical AI Overreaction basket was introduced to capture rebounds in oversold names, and new baskets focusing on Industrial Capacity and Metals Security were added, reflecting reshoring, electrification, and supply-chain resilience trends.

After a period of positive performance in January and February, the Fund entered March well-positioned for a regime defined by geopolitical fragmentation and persistent inflation. This included an underweight in duration, actively managed precious metals allocations, and a tactical overweight to the US dollar, enabling effective navigation of market developments without major repositioning.

Broad equity hedges were deployed in March to mitigate downside risk. As conditions improved, these hedges were selectively unwound, and capital was reallocated to high-conviction structural themes.

Precious metals remained a key portfolio diversifier. Strong performance prompted profit-taking in March, reducing gold's effectiveness as a geopolitical hedge. The Fund realized gains early in the month and substantially lowered exposure. Future allocations will be managed dynamically, with the intention to rebuild positions in physical gold and gold miners at more favorable entry points.

The Fund maintained a tactical overweight to the US dollar, capitalizing on geopolitical uncertainty and shifting interest rate expectations. In February, a long NOK versus SEK position served as a hedge against rising oil prices, with profits taken after strong performance. In March, a long USD versus short PLN position was initiated to capture divergence in energy terms of trade, reflecting US energy export strength versus Poland's import reliance.

The Fund continues to emphasize disciplined risk management, flexibility, and selective capital deployment, focusing on opportunities aligned with its long-term structural themes.

Market Outlook:

We have adopted a more defensive near-term stance in portfolios given the uncertainty around how the conflict in the Middle East will evolve. We believe markets continue to underestimate the likelihood of a prolonged conflict, with energy prices a key transmission channel on the outlook to global growth and inflation.

Equities continue to deliver resilient earnings and sustained capital investment despite the recent pullback tied to the Middle East conflict. Should geopolitical risks ease and volatility subside, this would support selective re-risking, including greater exposure thematic opportunities.

In fixed income, elevated inflation uncertainty, fiscal risks and policy constraints underpin our cautious stance. Energy-driven inflation pressures have increased volatility across government bond markets, limiting the effectiveness of long-duration exposure. A more benign geopolitical backdrop would, however, create scope to move closer to a neutral duration stance. We are selective in credit where spreads remain tight.

Elsewhere, precious metals continue to play an important role as portfolio diversifiers. While volatility remains elevated, recent pullbacks have improved the risk-reward profile, creating scope to add back to gold, silver and the equities of gold miners. The US dollar has traded within a broad range and may find near-term support from safe-haven demand, though longer-term diversification away from the dollar remains a structural consideration.

Artificial intelligence remains a powerful structural driver of investment and productivity, though potential outcomes have been shaped by concentration risk, valuation dispersion and policy considerations. Greater government involvement in the US may influence the distribution of returns over time, while China continues to scale AI adoption through cost-efficient models and coordinated investment. We therefore favour diversified exposure across the AI value chain and regions as monetization timelines and longer-term labour market impacts remain uncertain.

For Allianz Life ESG-Integrated Multi-Asset Fund and Allianz Life ESG-Integrated Multi-Asset Fund (MYR-Hedged):

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

Rising tensions in the Middle East have reinforced the case for sustained government spending on defence, while securing supply chains, particularly for critical materials, is driving policy support and reshoring initiatives. Energy security has also become an increasingly important theme as supply-side constraints reshape global markets.

Divergence in the outlook for economies underpins our selective approach. The US continues to show relative resilience and is more insulated to energy shocks. Europe, however, remains more exposed to higher gas prices as does Japan which is navigating a reflationary transition amid policy normalisation. In emerging markets, easing cycles are largely mature, leaving opportunities increasingly selective.

In this environment of heightened uncertainty and growing dispersion, we believe a dynamic and diversified approach to portfolio construction remains essential. Maintaining flexibility to re-risk as volatility subsides, while preserving resilience through diversification and active risk management, will be critical to navigating evolving macroeconomic, policy and geopolitical conditions.

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

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

Market Review

Equities, convertible securities, and high yield bonds finished lower in March. Escalating geopolitical tensions were the dominant macro overhang with the Iran conflict disrupting global supply chains and driving energy prices higher. The Q4 reporting season finished strong with year-over-year earnings growth nearing 14% for the S&P 500. Overall, economic reports were positive with muted jobless claims activity, positive trends in key services and manufacturing surveys, and steady consumption balanced against mixed inflation readings and constrained housing dynamics. The US Federal Reserve (Fed) left interest rates unchanged with Jerome Powell stating a cut is unlikely without progress on inflation. Against this backdrop, rate cut expectations pushed out further and government debt yields rose sharply with the 10-year US Treasury yield settling at 4.32%.

The portfolio was negatively impacted by weakness across equities, convertible securities, and high yield bonds.

Top contributors included multiple Energy sector holdings expected to benefit from rising oil prices, including integrated oil & gas, exploration & production, refining, and infrastructure companies. A cloud services company advanced, capitalising on artificial intelligence (AI) related tailwinds, a specialty chemicals manufacturer gained on margin upside and cost reduction optionality, and a cyber security provider finished higher on rising demand forecasts. The other top contributors included a discount apparel retailer that reported a beat-and-raise quarter, among others.

Top detractors were select hyperscalers, including Alphabet and Microsoft on operating expense and capital expenditure (capex) concerns. Apple declined but finished off the lows, while multiple tech hardware holdings exposed to the data centre buildout theme consolidated strong year-to-date gains. An airframe manufacturer faced a short-term production issue, and a semiconductor company lagged despite reporting better-than-expected results and guidance. The other top detractors were a large multinational bank and an aerospace company.

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

Regarding positioning, cash levels remained elevated and some cyclical exposure was reduced in favour of companies with higher operating performance visibility. Exposure increased the most in Energy, Technology, and Communication Services, and decreased the most in Industrials, Consumer Discretionary, and Health Care. Covered call option positioning increased month-over-month, and convertible and high yield new issuance participation was selective.

Market Outlook

The outlook for 2026 is largely unchanged, although conflict headwinds may offset some of the AI proliferation, reindustrialisation, and fiscal and monetary policy tailwinds. Q4 results surpassed expectations, management guidance was constructive, earnings estimates continued to rise, and multiple economic datapoints indicated sustained growth.

Going forward, corporate investment, consumer spending (helped by tax cuts/refunds), less regulation, energy and defence spending, and credit expansion could support gross domestic product (GDP) growth. On the other hand, a prolonged conflict lengthens the recovery period, pushing out eventual stability in commodity markets, supply chains, and geopolitics. The investment team continues to closely monitor the situation including the potential effects of higher energy prices on consumption, margins, sales, inflation, government debt yields, monetary policy, and capex plans.

Bottom-up analysts continue to upwardly revise their 2026 (and 2027) earnings estimates due to steady growth, durable margins, productivity gains, expanding earnings breadth, AI spend, and cost controls. Expanding earnings breadth could lead to a further broadening out of market leadership. Earnings headwinds include risks cited above and rising operating expenses, among others, with the view that shifts in the use of free cash flow have trade-offs.

Return expectations for 2026 remain unchanged with risk assets having ample time to either recover or produce further gains over the remainder of the year. 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, Allianz Life Income and Growth Fund (MYR-Hedged) and Allianz Life Income and Growth Fund (USD):

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

US convertible securities have an attractive asymmetric return profile, providing upside participation potential when stock prices rise and downside mitigation when stock prices fall. The asset class is on pace to outperform the broad equity market again in 2026, helped by solid earnings growth, expanding market breadth, stable credit spreads, and robust new issuance. After 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.

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

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

Market Review and Outlook (Jan - Mar 2026)

(Target Fund Manager only produces commentaries on quarterly basis)

Market Review:

Markets were rocked by US—Israeli strikes on Iran and wider military action across the region including Iranian attacks on neighbouring gulf states. Iran's effective closure of the Strait of Hormuz, a key shipping route accounting for c.20% of global oil supply3, triggered a sharp rise in oil prices and fears of an inflation resurgence, pushing out expectations for central banks rate cuts. That being said, the global economic impact of recent events will be highly dependent on their duration given short-term disruption to oil markets can be managed by drawing on reserves. The moves in both oil prices and equity markets more broadly appeared to reflect an expectation for military action to be relatively short-lived, and this has also been our base case given incentives for all parties point to a resolution.

These developments followed an already volatile period for markets in January and February, marked by significant stock-level dispersion even as equity indices rose in aggregate. Much of this volatility was linked to the release of new large language models most notably Anthropic's Claude Opus 4.5 in late November and the subsequent launch of Opus 4.6 in early February – which signalled a material step-up in model capabilities and the potential onset of agentic AI deployment within enterprises. This, in turn, prompted a rapid reassessment of pricing power and business models across the software and financial data sectors. At the same time, it boosted confidence in the sustainability of data centre capacity build out, given explosion in token use that would ensue from greater AI deployment in the workplace.

The aforementioned sales of Adyen and Masimo freed up capital to Fund two new positions for the portfolio: Keysight Technologies and Hexcel.

Hexcel was founded in the late 1940s in the basement of a suburban home by fraternity brothers from Berkeley. It has become a leading supplier of carbon fibre and advanced composites and today is the number one supplier of aerospace composites by both sales and capacity. Carbon fibre is ~5x stronger and ~30% lighter than aluminium and, for this reason, the proportion of composite material used in each progressive generation of aircraft increases as original equipment manufacturers chase weight, reliability and efficiency improvements. The latest generations of planes are roughly 50% composite materials, up from 10% in the mid-1990s, yet these composite-rich aircraft still represent less than 7% of the total global commercial fleet. As fleets are replaced, composite content growth heralds a significant opportunity for Hexcel: the company believe that the combined Airbus and Boeing backlogs represent a USD$10bn future sales opportunity. Hexcel are well placed to capitalise as this structural growth story manifests. The company has invested in capacity in recent years, bringing down margins, but now may realise good operational leverage as production ramps. Additional margin uplift may come from long-term contract renegotiations which are due later this decade. This combination of margin accretion and highly visible long-term revenue growth makes Hexcel an attractive asset for the Global Unconstrained portfolio. The company also derives ~39% revenue from its "Defence, Space and Other" division. Here the company has a rich pedigree: its strong but lightweight materials have been featured on history-making missions like Apollo 11. This division provides interesting optionality in the investment case as defence budgets grow and satellite use is further expanded.

Keysight Technologies provides essential testing and measurement solutions, spanning both hardware and software, used across research and development, manufacturing and post deployment phases in industrial and technology settings. Testing represents a relatively small proportion of overall customer spend, making reliability, accuracy and long-standing relationships critical, and contributing to a durable competitive moat. Historically, Keysight's earnings have followed wireless upgrade cycles; while we see optionality from the transition to 6G over the medium term, which appears to be coming through earlier than expected, we believe the market is under appreciating the company's exposure to structural growth areas. These include the expansion of semiconductor fabrication capacity, AI driven compute growth and rising data centre complexity, where Keysight's solutions are increasingly deployed. At its Q1 results (reported in February) Keysight delivered 23% YoY revenue growth, with 90bps YoY gross margin expansion, and record order growth (reported numbers, which include impact of FX and deals). Despite this, consensus forecasts the company to return to mid-single-digit revenue growth for 2027, which would put the shares on c.27x FY2 earnings. We believe that increased demand from AI will drive both revenue and margin surprise over time, while its diversified end markets and exposure to R&D may help buffer it from some of the cyclicality typically associated with the industrial economy.

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

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

Outlook:

The near-term market outcome is likely to be heavily shaped by events in the Middle East: a protracted closure of the Strait of Hormuz will drive energy prices materially higher, with knock-on effects for inflation and global growth. However, our base case, at the time of writing (mid-March), is that the incentives for all parties point to a resolution: President Trump is cognizant of public opinion and inflation while Iran itself sources c.50% of government income and c.20%+ of GDP from oil. This is an ongoing base case and subject to interrogation on an intraday, ongoing basis, and we have developed new data dashboards to attempt to track the Strait itself and obtain real time, reliable information while being careful to assess the risk of false information circulating on social media.

Looking beyond this near-term risk, if energy supplies return to near-normal levels, we believe the outlook for equities remains constructive, with the potential for another year of strong earnings growth, particularly in the US. However, we would expect continued volatility and significant dispersion as AI disruption creates both meaningful efficiency gains and both winners and losers across sectors, and as COVID-19 distortions continue to impact consumer sectors. This reinforces our view that selectivity will be critical in what could be a very strong environment for equity markets.

We continue to seek businesses which can sustain and compound attractive earnings growth over the long-term, believing these are frequently underappreciated by a market which is increasingly responding to short-term newsflow and narratives.

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

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

Market Review and Outlook

Performance Overview:

• The BGF World Technology Fund returned -9.24% in March (net of A2 fees, USD), underperforming its benchmark, the MSCI ACWI IT 10/40 Index, which returned -7.44%.

Market:

• U.S. equities were broadly bearish in March. The MSCI ACWI tumbled -7.1% while the Nasdaq Composite fell -4.7% and the S&P 500 declined by -5.0%. The bearish decline persisted through most of the month as Middle East tensions grew, albeit the final day of the month granted some reprieve when markets rallied broadly.

• Most sectors were affected by the negative sentiment. Health Care and Industrials were among the worst performing sectors, down 8.5% and 8.7% respectively. Real Estate, Consumer Discretionary, Materials and Communications Services didn't fare much better, all down by a little over 6% for the month. Information Technology and Financials suffered drawdowns of c. 4% while Utilities declined by 3.9%. The standout sector was Energy, up 9.5% for the month.

• The U.S.-Iran conflict muddied the Federal Reserve's interest-rate path, with rising oil prices and inflation uncertainty prompting policymakers to reconsider the pace and direction of future rate moves. Some officials suggest that rate cuts may be delayed or even reversed if inflationary pressures persist.

• Corporate earnings growth is experiencing somewhat of a rotation as small-cap companies show signs of outpacing megacap technology and communication services, which previously carried the market. While AI-driven tech companies continue to exhibit strong fundamental growth, year-over-year growth rates may slow somewhat in percentage terms. Despite these shifts and uneven sector momentum, broader forecasts for 2026 remain positive, with double-digit growth projected for the S&P 500.

• After reaching a 52-week high near 6,200 in late February, the EURO STOXX 50 index experienced a sharp pullback in March, ending the month with one of the biggest losses since 2022. The escalation of the Middle East conflict and soaring energy prices sparked inflation fears, triggering a significant risk-off sentiment and tempering the early-year optimism.

• Asia-Pacific equities experienced significant volatility throughout March with the previously top-performing tech and AI sectors undergoing sharp corrections, reversing part of the aggressive February rally. The Nikkei 225 corrected into March, dropping over 5.2% on March 9th, one of the largest point drops in its history as pressures from rising oil prices mounted alongside a tightening BOJ stance. South Korea's KOSPI also faced a sharp reversal in March, following sharply corrections in chipmakers like SK Hynix and Samsung Electronics on fears of oversupply and AI memory demand disruptions.

Sectors:

• NVIDIA CEO Jensen Huang announced unprecedented demand for AI infrastructure during his keynote speech at the chipmaker's flagship GTC event, forecasting up to $1 trillion in cumulative orders for its Blackwell and Vera Rubin chips through 2027. He emphasized a structural shift toward "agentic-as-a-service" business models across SaaS and highlighted that AI factory performance, measured by throughput and token generation speed, will increasingly serve as a direct proxy for enterprise revenue, underscoring the centrality of compute in next-generation business models.

• OpenAI is preparing for a potential IPO as early as Q4, aiming to capitalize on rising adoption of ChatGPT, which now reaches approximately 900 million weekly active users. The move comes amid intensifying competition with Google and Anthropic, with OpenAI focused on expanding enterprise penetration and evolving ChatGPT into a comprehensive productivity platform to capture greater share of mission-critical workflows.

• Uber announced plans to invest up to $1.25 billion in EV manufacturer Rivian through 2031, tied to autonomous performance milestones, as part of a broader push into robotaxi networks. The partnership includes commitments to purchase at least 10,000 autonomous vehicles, with optional expansion to 40,000, and outlines initial deployments in San Francisco and Miami by 2029, followed by scaling across 25 cities, reflecting accelerating convergence between mobility, autonomy, and electrification.

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

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

• Defense technology company Anduril acquired ExoAnalytic Solutions, a provider of space domain awareness and missile tracking capabilities with a global network of over 400 telescopes. The acquisition materially strengthens Anduril's position in space-based defense and enhances its competitiveness for large-scale U.S. defense programs, including next-generation missile defense initiatives, such as the proposed "Golden Dome."

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

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

Market Review

Equity Market:

• The MSCI ACWI Index declined 7.2% in March following the onset of the U.S.-Iran war, as rising oil prices and inflation concerns drove a broad risk-off move. Ongoing uncertainty around the duration of the conflict, alongside increasingly hawkish central bank rhetoric, fueled further rotation out of equities over the month. In the U.S., the S&P 500 Index pulled back 5.0% as energy price shocks, geopolitical uncertainty, and rising inflation fears led investors to adopt a more cautious stance. European equities fell 7.7% as the central bank raised inflation forecasts while lowering growth expectations amid the energy supply shock.

• Emerging market equities plunged 13.1% as the war-driven energy shock threatened growth, accelerated inflation, and drove contagion beyond the initial group of energy-importing countries. South Korea's KOSPI Index plummeted 18.8% amid concerns that rising energy costs would pressure AI data center demand and broader technology earnings. Chinese equities declined 7.0% as layered geopolitical risks, tariff uncertainty with the United States, and spillover effects from the Middle East conflict drove the sell-off.

Bond Market:

• Developed market sovereign bond yields broadly rose as short-term inflation expectations increased amid disruptions to energy markets. In the U.S. and Europe, curves generally flattened, with front-end rates rising significantly as markets pared back near-term rate cut expectations. Yields peaked during the third week of the conflict but rallied in the final days of the month as market focus shifted toward growth concerns. The U.S. 10-year Treasury yield rose 38 bps to 4.32%, while the German 10-year Bund yield rose 36 bps to 3.00% and the U.K. 10-year gilt yield rose 68 bps to 4.92%. In Japan, the curve steepened with the JGB 10-year yield rising 23 bps to 2.35%.

• Global IG credit posted negative returns of -2.05% for the month, underperforming like duration government bonds by 0.28%, as spreads widened 8bps in March. Global HY credit delivered negative returns of -1.50%, with the B-rated segment of the high yield market outperforming BB-rated and CCC-rated bonds.

• Agency MBS returned -1.65% in March, underperforming like-duration Treasuries by 28 bps. Agency MBS underperformed due to heightened rate volatility with spreads moving in line with broader risk assets amid ongoing geopolitical and macro uncertainty.

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

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

Market Outlook

We expect markets to continue to digest the ongoing conflict in the Middle East, disruption to oil markets, and corresponding shifts in the expected paths for growth, inflation, and central bank policy. We believe that the energy price shock raises stagflationary risks and likely creates even more apparent divergence in the global growth backdrop. We expect global central banks will have to grapple with the trade-off between renewed inflationary pressures alongside slowing growth, though we believe monetary policy paths are unlikely to follow the market's current hawkish pricing. Despite increasing risks of re-heating inflation and recession, we believe this is a different environment from 2022 given different starting conditions. We continue to favor globally-diversified exposure and high quality assets that can be resilient across a variety of scenarios. In fixed income, we see attractive opportunities in duration as the entry point for rates has become modestly more attractive since the onset of the Iran war. We believe that high quality bonds look attractive across a variety of economic scenarios and can serve as a shock absorber in portfolios. We expect US Treasuries to remain a source of "safe haven" yield and diversification. Globally, we see value in European and UK rates as downside growth risks appear starker across the eurozone, and we prefer more balanced duration exposure overall as yields look attractive across a range of maturities and pricing of monetary policy expectations remains volatile. Real duration, specifically US TIPS, can play an important role today amid upside inflation risks from the Middle East oil price shock and may benefit from rising near-term inflation expectations, though longer-term expectations continue to remain largely anchored. In spread sectors, we see the greatest value in securitized exposures, namely agency MBS and senior tranches of securitized credits such as non-agency MBS, ABS, and CLOs, which are backed by sound fundamentals and more reasonable valuations. In the current environment, we believe that diversified equity exposure is key - risk events like the Iran war tend to lead to equity leadership rotation, not a collapse, and this supports staying invested but avoiding concentrated positioning. We expect potential longer-term, market-wide impacts to hinge on implications for inflation, monetary policy, and growth, which remain to be seen.

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