Market Review and Outlook

October 2025

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

For the following funds:

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

Market Review

The MSCI World Index continued its upward momentum in October 2025, having gained +1.94% mom. The US' Dow Jones Index and its broader S&P500 indices rose by 2.51% and 2.27% mom, respectively, despite the backdrop of a federal government shutdown. This decent performance was underpinned by a strong US corporate earnings season as well as signs of easing trade tensions between the US and China. In late October 2025, trade discussions between US and China boosted market sentiment as both sides signaled support for a one – year trade truce. Beijing agreed to pause for one year the sweeping export controls on rare earths while the US cut fentanyl – related tariffs on China to 10% from 20%; down to overall 47% duties on Chinese goods. The US Core Consumer Prices Index (CPI) for the month of September came in at +3.0% yoy, lower than expected (Survey: +3.1% yoy, Aug: +2.9% yoy). The impact from tariff passthrough has been more moderate than expected. Meanwhile the S&P Global US Composite Purchasing Managers Index (PMI) dipped slightly to 53.9 in Sep 2025 from 54.6 in August 2025.

Europe's Stoxx 50 Index also rose +2.39% mom. The Eurozone economy grew 0.2% qoq in the third quarter, beating expectations for 0.1% qoq increase in a Reuters poll. However, the HCOB Eurozone Manufacturing PMI slipped to 49.8 in September compared to 50.7 in the previous month. The Eurozone unemployment rate was stable at 6.3% in September (6.3% in August) while Eurozone Core CPI came in at 2.% YoY, a tad higher than expectations of 2.3% (August: 2.3%).

In China, Shanghai Composite index gained another +1.85% mom in October, marking its sixth straight month of gains. This was partly attributable to trade developments thawing between the US and China. CPI came in at -0.3% yoy in September, as compared to -0.4% yoy in the previous month. Meanwhile, China's Manufacturing PMI in October came in slightly weaker versus expectations at 49.0 (vs 49.6).

During the month under review, Brent crude oil fell 2.9% mom to USD65.07/bbl. OPEC+ had raised output targets by around 2.9 million barrels per day or around 2.7% of global supply since April but has since slowed the pace in October. On the other hand, crude palm oil (CPO) price slipped 2.78% mom to RM4185/MT partly due to expectation of higher CPO production in Malaysia in October.

Focusing on the ASEAN front, the Stock Exchange of Thailand (SET) rose +2.8% mom, driven mainly by Delta Electronics' stellar performance (+37% mom; strong results showing and bullish guidance). Foreign investors were still net sellers with outflows totaling THB4.4 billion in October 2025. Moving onto Indonesia, the Jakarta Composite Index rose 1.3% mom in October. Foreign investors were net buyers of equities to the tune of USD782 million in the month. In terms of subsector performances, Coal and Cigarette were top performers while Property and Construction underperformed. As for Malaysia, the FBMKLCI retraced slightly -0.17% mom post a decent month prior. Malaysia's 3Q25 advanced GDP came in stronger than expected at 5.2% (vs 4.2% survey). Key drivers include a mining rebound while manufacturing also accelerated, alongside resilience in services and construction. Meanwhile, September CPI came in at +1.5% yoy, a slight pick-up from August's +1.3% yoy. Lastly, Singapore's Straits Times Index was up +2.4% mom. 3Q25 advance GDP saw growth of +2.9% yoy, versus survey of +2.0% yoy. Meanwhile, its September Non – Oil Domestic Exports (NODX) grew by +6.9% YoY, exceeding survey of -2.10% yoy. Both electronics (+30.4% yoy) and non-electronic (+0.4% yoy) exports showed strength.

US Treasury (UST) yields declined in October by 5 – 8 bps mom as the US government shutdown which started on 1st October poses risk to economic growth and the 3y, 5y and 10y UST reached their lowest year – to – date levels. At the Federal Open Market Committee (FOMC) meeting on 29th Oct, the Federal Reserve (Fed) cut rates by 25 bps as widely expected to 3.75% – 4.00% range. Chairman Powell however cautioned investors against assuming another rate cut in December and said it is "not a foregone conclusion, far from it". The Fed also said it would stop shrinking its portfolio assets beginning 1st Dec, closing the book on a process that began in 2022 that has since shed more than $2 trillion in Treasuries and mortgage-backed securities, bringing the balance sheet below $6.6 trillion which is the smallest size since 2020. Fed fund futures as of end – October now indicate an implied rate of 3.712% by year – end compared to 3.659% as of end – September. US September Consumer Price Index (CPI) which was delayed more than a week due to the US government shutdown, came in softer – than – expected at +3.0% yoy (Survey: +3.1% yoy, August: +2.9% yoy). The White House said that October inflation data is unlikely to be available in November, making the September CPI reading even more crucial for December Fed decision.

Malaysian Government Securities (MGS) yields were however higher by 2 – 12 bps mom across the tenors. The first auction for the month, the benchmark 30y MGS 7/55, garnered weak interest with a bid – to – cover of only 1.38x which was the lowest for government bond auction since October 2023 with a tail of 6bps (low/average/high at 3.977%/4.019%/4.085%). Malaysia 3Q25 GDP exceeded expectation at +5.2% yoy (Survey: +4.2% yoy, 2Q25: +4.4% yoy) driven by strong performance across all key sectors, particularly services and manufacturing, and was supported by robust domestic demand, which benefited from holiday activities. Malaysia September CPI came out hotter – than – expected at +1.5% yoy (Survey: +1.4% yoy, August: +1.3% yoy), primarily driven by higher costs in food and beverages, housing, utilities, and transport.

Market Outlook

On the global front, investors would keep an eye on any tariff and trade policies developments. On the local front, we believe that investors would continue to monitor the effects of the 13th Malaysia Plan, as well as the recent government policy moves, such as the RM100 cash handout.

Amidst the volatility currently permeating markets, we remain cautious and adhere to our dogma of investing in fundamentally good investments over long – term investment horizons. As always, we will seek opportunities to engage in trading activities to capitalize on any prevailing market volatility. Nevertheless, we will keep constant watch over any potential geopolitical and other risks that may necessitate the gravitation towards new strategies to adjust to the ever-volatile market conditions.

In the US, following the 25 bps rate cut in October, market expectations for another 25 basis point rate cut at the December FOMC meeting diminished. This shift occurred after the Fed Chair indicated that further rate cuts are not guaranteed, adding there were "strongly differing views" among policymakers regarding the path forward. Market expects softer data to emerge in the coming months but may be delayed due to the government shutdown. The Fed statement mentioned that economic activity was expanding at a "moderate" pace, job gains have slowed, and the unemployment rate has edged up and remains low.

Locally, the Overnight Policy Rate (OPR) is expected to remain unchanged for the rest of the year. Discussions on GDP growth continue to remain positive; in part helped by the positive 3Q25 Advance GDP data and an expansive Budget 2026. All said, bond volatility will remain as markets remain wary of the economic conditions amid the trade uncertainties over future tariff rates or deadlines for additional tariffs, the impact from US government shutdown, combined with the nascent diffusing of geopolitical tensions and increased risk aversion. We would selectively accumulate bonds at reasonable valuations while prioritizing good quality names.

For Allianz Life Global High Payout Fund:

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

What helped?

- October continued the good performance in global equity markets where the Fund could perform on level with its benchmark.
- The Fund's strong exposure towards stocks with positive earnings revisions as well as trend exposure contributed to performance.

What hurt?

- In continuation to the existing trend, stocks with more defensive characteristics such as high Quality, low Volatility and high Dividend Reliability could not add to performance.

Market Review

Global equities closed October higher. Japanese stocks were among the strongest performers, after fiscally dovish Sanae Takaichi became the first woman appointed to serve as the country’s prime minister. Elsewhere, an extended US government shutdown clouded the outlook, although markets generally shrugged off jitters over escalating Sino-American trade tensions and concerns about the health of US regional banks. In late October, US President Donald Trump and Chinese President Xi Jinping agreed to postpone export controls on rare earths and semiconductors as part of a one-year trade deal, although sentiment was knocked by cautious US Federal Reserve (Fed) comments about future rate cuts.

US equities ended October modestly higher. Wall Street’s initial reaction to the US government shutdown was muted, although stocks slumped mid-month, recording their steepest losses since April amid renewed Sino-American trade tensions and concerns over the health of regional banks. However, upbeat Q3 earnings, led by mega cap Tech names, subsequently helped markets recover.

European equities edged higher in October, overcoming fresh political turmoil in Paris. French Prime Minister Sébastien Lecornu resigned just 26 days after his appointment, having been unable to build an alliance to address the country’s deteriorating public finances. President Emmanuel Macron subsequently reappointed Lecornu, who pledged to shelve a contentious pension reform bill and garnered sufficient support for the government to narrowly survive two further confidence votes. News that the Dutch government had seized control of a Chinese chipmaker on national security grounds weighed on shares and stoked fears of semiconductor supply-chain disruption among carmakers. Nevertheless, optimism ahead of Trump-Xi talks in Asia helped European equities to close the month modestly higher.

Market Outlook

The global equity markets are continuing their robust uptrend. Even in the face of geopolitical tensions, risks to commodity supply chains and high government debt in the industrialised countries, most investors are still willing to take risks. The US market in particular looks set to benefit from optimistic earnings forecasts and lively demand for Technology stocks. Expectations for European and Japanese companies are upbeat, too, particularly for those with a global footprint. China and other Asian emerging markets should continue to benefit from economic growth rates which are above the global average and driven increasingly by domestic demand. While we believe that opportunities still outweigh risks on the equity market, unexpected geopolitical and local developments are quite likely to trigger setbacks, mainly in the short term. Careful monitoring and limiting risks at the country, sector and individual stock level may be key, seeing that some valuations have reached highly elevated levels. At the same time, active management can help to target and exploit opportunities even during sentiment-related setbacks.

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 moved higher again in October buoyed by a rally in the regional Tech sector. Taiwan and South Korea led the way, helped by upbeat quarterly earnings from mega-cap Tech names in the US. Indian equities recovered some of their previous losses as optimism over bilateral negotiations with the US lifted sentiment. On the other hand, China equities saw some profit taking after the previous strong rally. Heightened US-China trade tensions were a catalyst for the sell down. Australian equities fell as investors took profits on Mining stocks after gold corrected sharply. Elsewhere, ASEAN equities rose modestly. Thailand was the best performer following recent political upheaval.

For fixed income, October saw notable volatility in US Treasury yields, with the 10-year yield bottoming at 3.94% before retracing to 4.08%, on the back of Powell's hawkish tone at the last Federal Open Market Committee (FOMC) meeting, marking a modest month-on-month decline of 7 basis points (bps). This is the second consecutive month of 25-bps cut in the fed funds rate. Due to the US government shutting down during the month, the jobs data was not produced. In terms of performance, Asian credit (JACI Composite) delivered a solid 0.73% return, 0.4% attributed to rates and 0.3% to spread compression. Investment grade (IG) credits matched this performance, while high yield (HY) outperformed with a 1.2% return, supported by a 23-bps tightening in spreads.

The Fund return was positive in USD terms in October.

In the equity portfolio, the top contributor was SK Hynix, one of the global leading pure memory semiconductor manufacturers from South Korea. The company reported a strong set of quarterly results towards the end of the month, confirming strong business momentum buoyed by robust global artificial intelligence (AI) related demand.

On the negative side, a detractor was Tencent, a leading internet gaming and social media company in China. The stock saw some profit taking after strong gains year-to-date. With its unique WeChat ecosystem and global gaming assets, Tencent remains well positioned to benefit from further AI application across its various business lines from gaming, advertising, fintech to cloud.

The asset allocation at the end of the month was 70.0% invested in Asian equities and 30.3% in Asian fixed income.

During the month, the key portfolio activity for the equity sleeve continued to focus on adding high dividend paying companies across the region. For example, we initiated a position in one of the largest manufacturers of home appliances and smart technologies in China, offering a dividend yield of over 5%. We also initiated positions in Australian and Chinese telecom companies, which offer up to 4-6% dividend yield. On the other hand, we selectively took profits in some AI-related names following strong year-to-date gains.

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

At the end of the month, we held 64 equities and 64 fixed income securities. The equity portfolio yield was 3.1% (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

Overall, we are cautiously optimistic about the near-term outlook for regional equities. Global trade developments such as higher tariff rates are likely to result in weaker growth. As well as putting pressure on corporate earnings, the visibility of growth is also reduced with some companies declining to provide their usual guidance. Offsetting this to some degree is lower inflation across most Asia Pacific markets. Combined with the weaker US dollar this year, there is flexibility for Asian central banks to lower interest rates. In China, we anticipate there will be further policy support in order to achieve the annual economic growth target.

On the fixed income side, spreads remained tight amid fundamental risks and late-cycle concerns, yet we believe the case for selective buying remains compelling. Importantly, there is little evidence of excessive risk-taking or broad-based deterioration in fundamentals. Pro-cyclical catalysts – such as the US Federal Reserve's (Fed's) shift toward easing and Germany's fiscal expansion – support a more favourable market backdrop. With risk reduced during the month, positioning has normalised to more neutral levels, reducing the likelihood of forced selling and historically aligning with moderately positive returns. Corporate fundamentals remain broadly intact, external risks are stabilising, and technicals continue to provide a tailwind. Our base case is for steady performance in Asia credit, supported by constructive sentiment and ongoing spread compression.

For Allianz Life Amanah Dana Ikhlas:

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

Market Review

Sukuk Market Review

Local government bond bear-steepened with 3y-10y rose 2-5bps while long end rose 7-12bps in October. The yield went higher after tepid turnout in 20y MGS auction with nearly 10bp of cheapening failed to lift demand. The sell off continued amid a solid 3Q 2025 real GDP advance estimate – based on July-Aug 2025 data – showed the economy posted faster growth of +5.2% YoY (2Q 2025: +4.4% YoY) and +5.5% QoQ (2Q 2025: +1.0% YoY) suggested that the Malaysia's economy remains on a stable footing despite a challenging external backdrop. In Nov's MPC meeting, BNM maintained the OPR at 2.75%, following the solid 3Q25 GDP printing of 5.2%. The current monetary stance remains appropriate and supportive of growth and the tone of the statement remains broadly neutral, consistent with the Sep's MPC guidance. Importantly, the statement refrained from any forward guidance or pre-commitment to future policy shifts, reaffirming a fully data-dependent approach heading into 2026.

Equity Market Review

Equity markets were volatile in October, as we saw US-China trade tensions before easing towards the month-end. However, markets were mostly centred by gains in AI theme and geopolitical developments. AI stocks continue to perform, as capex is expected to accelerate following new partnerships between tech giants in order to secure supply for data centres. While on geopolitics, US and China have agreed on a one-year truce with compromises on both sides. Elsewhere, the Fed announced another 25bps rate cut and an end of quantitative tightening but tampered expectations of another cut in the coming December.

Closer to home, the KLCI fell 0.2% to 1,609pts for the month. On sector basis, declines were in construction, property, utilities and energy. On the other hand, technology, consumer and healthcare were the top performers. Focus for the local market was however on events, on the Budget 2026 as well as the ASEAN Summit hosted by Malaysia and perhaps the main highlight was Trump's visit which drew much attention locally and internationally. Starting with the Budget, as expected, it skewed towards people's centric with potential winners in the consumer sector. Another RM100 cash payment will be given to all Malaysians age 18 and above and a boost for the tourism sector to celebrate Visit Malaysia Year 2026 (VMY). On a broader level, semis, construction and the renewable energy (RE) were also reiterated during the tabling. The month also saw Malaysia and US agreeing on the Agreement on Reciprocal Trade (ART) which includes significant preferential market access for industrials and agricultural imports as well as trade on rare earth. Further supporting the energy agenda for the region, the regional interconnection with TNB championing the Asean Power Grid (APG) initiative with one of the key initiatives to be the Vietnam-Malaysia-Singapore interconnection project. This entails RE to be developed in Vietnam and transmission to Peninsular Malaysia and Singapore. The companies said to be involved are TNB, Petronas, Sembcorp and Petrovietnam. Domestically, TNB is the final stage of forming a consortium to develop Sarawak-Peninsular Malaysia interconnection, which will enable large-scale transmission of hydroelectric power to Peninsular from East Malaysia. In macroeconomics, Malaysia's GDP grew 5.2% on sustained domestic demand and stronger exports.

The DXY Index rose 2.1% that led to most Asian currencies depreciating against the greenback. However, against the USD, Asean performed better with MYR, IDR, and THB gaining 0.4%, 0.2% and 0.2% respectively while the PHP declined 1.2%.

In commodities, precious metals, gold broke another historical record breaching US$4,356/oz sometime in the month but has come off to below US$4,000/oz as at writing. In other metals, the Industrial Metal index was up 4.4% with copper prices climbed towards US$12,000/mt on supply distribution while aluminium was modestly weaker on Indonesia supply growth.

Foreigners continue to sell in October amounting to RM2.7bn (US$647m) (Sep: +RM76m) which brings YTD net sell to RM19.1bn. Indonesia had net inflow for the month amounting to US$714m, while Philippines and Thailand saw a net selling of US$142m and US$263m respectively.

Singapore was the best performer gaining 3.0% followed by Thailand's 2.8% and Indonesia's 1.3% gain. Philippines joined Malaysia as the only other decliner, slipping 0.4%.

For Allianz Life Amanah Dana Ikhlas:

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

Market Outlook

Sukuk Outlook & Strategy

We continue to maintain a positive view on the domestic sukuk market in 2025, underpinned by resilient credit fundamentals and a supportive macroeconomic backdrop. We expect credit spreads to remain stable, supported by manageable inflation, steady economic growth, and healthy credit issuance despite external uncertainties.

With policy rates appearing to have peaked and global central banks expected to pivot towards a more accommodative stance, we believe there is potential for slight compression in sovereign bond yields, presenting tactical trading opportunities. This is further supported by the continued demand for domestic bond markets.

From a portfolio positioning standpoint, we continue to favor mid-tenor corporate sukuk that provide attractive yield premiums over government securities. We intend to maintain a duration stance that is neutral to moderately overweight, reflecting our positive outlook on interest rates.

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

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

Equity Outlook & Strategy

Contrary to our previous assumption that financial markets had become largely desensitised to former President Trump's recurring tariff threats, market reaction underscores the ongoing uncertainty and fragility within global markets, particularly in the face of abrupt policy changes. Markets did recover following the US-China truce et. but does suggest the fragility within global markets. On the same subject, tariff on semiconductor on Malaysia exports has been become a non-issue following the exempt is still in effect. In any case, investors across asset classes remain cautious macro volatility, while the lack of US macro data does not detail the resilience narrative despite reduced visibility. The persistence of a higher unemployment expanding remains a key macro challenge over the near-term, driving sentiment and the dynamic in consumer and business spending – tilting the fragile balance between either a resilient macro-outlook or a soft patch. Macro risks, against higher US recession probably resulting in steeping USD curve, lower equity performance, wider credit spreads and strengthening in gold. However, inflation concerns and soft patch reinforces the justification for the continuation of the easing cycle.

On a broader view, the macro setup for local equities driven by fiscal reforms, mega developments, low inflation and supportive monetary policy may cushion the impact from external headwinds. The 13th Malaysia plan has outlined several key initiatives that should support the economy although admittedly several conflicting messaging such as the subsidy rationalising/lower fuel prices for RON95. Valuations are not stretched by any means, stable politics on a regional context, low positioning by investors (including low foreign participation), should at least see lesser downside risks. Visibility have somewhat improved but to what extent the resiliency of the market has been on front-loading of purchases ahead of the tariffs may lead to a sharper decline in the second half of the year.

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

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

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

Market Review

The Fund lagged the benchmark in October. Stock selection in the Consumer Discretionary and Health Care sectors were the key detractors.

At a stock level, a detractor last month was a biotech company focused on autoimmune and oncology related drug development. The share price pullback was in line with broader profit taking in the sector. In our view, the company has a number of potential future catalysts given its drug development pipeline. We also expect further out-licensing deals as global pharmaceutical companies look to replenish their product portfolios in the face of looming patent cliffs.

Conversely, a key contributor was a provider of electrical power equipment such as high voltage switchgear, transformers and relay protection and automation systems. The company's recent quarterly earnings were ahead of expectations. In longer term, we expect a robust power grid capital expenditure (capex) cycle in China, with upside from artificial intelligence (AI)-driven data centre demand as well as the integration of renewable energy supply. This should support demand for the company's products and engineering services.

Market Outlook

October was a period of consolidation for China equities, not a surprise after the rapid pace of the rally in recent months. It was also a rotational market with profit taking in Technology and AI-related areas, and previous laggard sectors such as Energy and Financials being more resilient. In this environment, China A-shares outperformed offshore equities during the month. Year-to-date, both China A-shares and China H-shares have returned more than 25% in USD terms.

The main talking points during the month were geopolitics and China's latest five-year plan.

In terms of US-China relations, the cycle of tension, escalation and truce appears to be a new normal. Whether this latest truce lasts a full year, as announced, is questionable. Nonetheless, for the time being the most recent agreement should at least provide a degree of relief. Similar to "Liberation Day", cooler heads have prevailed, which was to be expected given that both the US and China had a lot to lose from some of the more extreme measures being threatened.

Overall, both sides look to be buying time while making efforts to reduce their dependence on one another. From a US perspective, the focus has been finding alternative sources of rare earth supply. In our view, this is likely to be challenging. China's grip is strongest on the most important and scarcest metals – "heavy" rare earths – which are needed to produce permanent magnets essential for much high-tech equipment. China and Myanmar together account for 98% of global heavy rare earth supply, and essentially all processing of these ores currently occurs in China.

To give some sense of scale, China has an estimated 120,000 people working in the rare earths industry, the result of making it a high strategic priority over a sustained period. Any path to breaking Chinese dominance would appear to be many years away and, as such, China's geopolitical advantage in this area is likely to be long lasting.

From China's perspective, a key vulnerability is its reliance on Western high spec technology, especially in the semiconductor supply chain. Although it has significantly ramped up self-sufficiency in recent years, important industries such as more advanced electric vehicles still rely primarily on imported semiconductors.

This explains the context of China's latest five-year plan, which underscored the determination to build a more self-reliant technology ecosystem. As well as a focus on achieving broader technological self-sufficiency, there were also references to emerging high-tech industries over the next decade that are potentially at risk from reliance on Western supply chains. These include areas such as quantum technology, biological manufacturing, hydrogen energy and nuclear fusion energy, and 6G mobile telecommunications.

Perhaps the biggest surprise out of the plenum which approved the five-year plan policy framework was a statement that this year's annual gross domestic product (GDP) growth target must be accomplished, and a call for more economic policy support. This was unexpected as the plenum is typically dedicated to more strategic issues. It likely reflects concern about slowing economic momentum and reinforces our expectations for incremental policy stimulus in Q4.

This ongoing more supportive policy backdrop, combined with the technology narrative and strong domestic liquidity, leads us to remain optimistic on the China equity outlook.

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)

Overall portfolio positioning and sector allocations were little changed over the month. In this environment, we maintain a preference for innovative companies with proven research and development (R&D) capabilities and a clear ability to capture and expand market share. In recent months, this has led us to invest in a number of technology and AI-related companies. In our view, China's AI industry has passed a turning point and entered a more self-sustaining cycle of rising investment and higher profitability.

At month end, the Fund has around 39% in China A-shares. The portfolio continues to have relatively close-to-benchmark sector allocations, so that stock selection remains the key relative performance driver. At month end, the largest sector overweight is Information Technology (+3.0%), while the largest underweight is Communication Services (-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 closed October higher. This included a rally in US equities, although they pulled back mid-month amid renewed US-China trade tensions. The market recovered later in the month, helped by upbeat Q3 earnings, de-escalating US-China trade headlines, cooler-than expected inflation, and positive headlines for the artificial intelligence (AI) ecosystem. Elsewhere, Asian stocks were the strongest performer, led by Korea and Taiwan. European equities edged higher as the eurozone posted stronger-than-expected gross domestic product (GDP) expansion. Turning to sectors in the MSCI All Country World Index, Information Technology led the way, helped by healthy Q3 earnings results. Utilities was another outperformer over the period. Real Estate and Materials were laggards over the month.

On the macroeconomic front, the Federal Reserve Bank of Atlanta's GDPNow running estimate indicates continued growth for Q3. September headline inflation in the US came in softer than expected at 3.0%. Core inflation, which excludes volatile food and energy prices, was also cooler than expected and slowed to 3.0%. With the ongoing US government shutdown, many other key economic data releases remain suspended. In monetary policy news, the US Federal Reserve (Fed) delivered its second consecutive 25-basis point (25-bps) rate cut, bringing the fed funds rate to 3.75-4.00%, its lowest level since 2022. Elsewhere, the European Central Bank (ECB), the People's Bank of China (PBoC), and the Bank of Japan (BoJ) also held meetings in October and kept their respective benchmark lending rates on hold.

Brent crude oil prices initially weakened in October, nearing USD 60 a barrel for the first time in six months amid increased US-China trade war tensions. However, prices rebounded on news that the US had imposed fresh sanctions against Russia's two largest oil companies, closing the month just below USD 65 a barrel.

Gold prices broke through the USD 4,000 barrier for the first time on record, rising to a fresh high of USD 4,379 amid the US government shutdown and trade war fears. Profit taking and optimism about trade war tensions triggered a sharp correction later in the month, with the precious metal closing October at just above USD 4,000 per ounce.

During the period, the Fund outperformed on both a gross- and net-of-fees basis versus the blended benchmark (50% MSCI ACWI Index/50% MSCI World Information Technology Index). From a sector perspective, Information Technology and Industrials were the largest contributors, while Communication Services and Consumer Discretionary were offsetting. AI-related stocks remained on their upward trajectory that started in April. AI infrastructure was the top-performing theme, driven by favourable headlines surrounding AI data centre investment activity. Some of these announcements included better-than-expected revenue expectations from Nvidia for the intermediate term, and discussions of initial public offering (IPO) of an AI research and deployment company potentially in 2026-2027. AI-enabled industries generated positive absolute returns but slightly underperformed the blended benchmark. AI applications underperformed due to weakness among our digital advertising names.

Contributors

Celestica Inc. is a leading electronics manufacturing services (EMS) company that designs, builds, and supplies critical hardware infrastructure – such as servers, storage systems, and networking switches – for AI data centres and hyperscale customers. Shares were higher after the company delivered strong Q3 earnings results, raised its 2025 guidance and introduced a stronger-than-expected 2026 outlook, showcasing multi-year visibility tied to accelerating AI-driven data centre demand. Celestica remains a beneficiary of an AI infrastructure built out from hyperscale cloud customers. Demand for Celestica's advanced networking hardware and storage solutions should benefit from this multi-year investment cycle.

Caterpillar Inc. manufactures construction and mining equipment, engines as well as power generation solutions. Despite some tariff headwinds, shares were higher after the company delivered healthy Q3 results, driven by higher equipment volume across segments, cost discipline, and a record backlog. The company also benefitted from investor optimism around its AI-enabled equipment and strategic partnerships in data centre power generation. Caterpillar continues to have a compelling growth trajectory, as its leadership in heavy machinery and onsite power solutions positions it to benefit from the AI infrastructure buildout. The company is also favourably positioned to capitalise on a recovery in global demand for autonomous and efficient industrial systems.

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

A social media operator was the top detractor over the period. Despite delivering healthy earnings results, shares underwent some profit taking as the company raised its expectations for capital expenditures and expenses, citing investments in AI infrastructure and compute capacity. Over the longer term, we believe these investments should yield benefits to its business, as the company has a track record of implementing AI to drive better financial results. The company continues to work on new ways that generative AI can improve experiences across its platforms – spanning search, social discovery, advertisements, messaging, and more. We believe these new innovations can help drive greater user engagement and stickiness, as well as improvements with advertisement targeting and monetisation.

Another detractor on a relative basis was Nvidia Corp. Although the stock was a meaningful position in the Fund, it was a relative underweight in the blended benchmark, which had an average weight of 12.7% versus the Fund's average allocation of 7.8%. Shares were higher following Nvidia's Washington DC GTC event, as the company announced a USD 500 billion graphics processing unit (GPU) order visibility through 2026. Nvidia should realise this revenue potential as the company executes on the production ramp of the current generation Blackwell GPU product and the next generation Rubin GPU product. We still favour the company as a core position within a diversified approach to the AI infrastructure opportunity.

New Buys and Sells

We initiated a position in a provider of equipment and services for power generation, grid solutions and renewable energy. The strengthening growth in AI data centres is driving electricity demand (projected to double US power needs by 2030), and is directly benefitting the company. This has driven a surge in orders for its gas turbines and grid equipment that should convert to strong revenue and profit growth for years to come.

Another new position is a leading global supplier of lithography systems for the semiconductor industry. The company is the sole producer of extreme ultraviolet (EUV) lithography machines, which is critical for the production of leading edge semiconductors. It benefits significantly from the buildout of AI infrastructure, as the surge in demand for high-performance AI chips – such as those used in data centres for training and inference – drives chipmakers to invest in cutting-edge fabrication processes that rely on the company's EUV lithography machines.

We exited our remaining position in a mass media and entertainment conglomerate due to increasing concerns around its CEO succession planning. While the CEO has done a commendable job stabilising operations, uncertainty around long-term leadership weighed on our conviction. Given the company's unique attributes in media, theme parks, and cruises, we are concerned about the challenges of finding the right leader for the company.

We sold the small position of a leading property and casualty insurer serving customers in the US after the company reported mixed earnings results. It appears the company may be headed into a more difficult pricing environment that could weigh on growth over the interim term.

Market Outlook

We remain positive on the long-term outlook for equities, with Q4 historically being a seasonally favourable period for stocks. With the market looking towards the potential of improving 2026 earnings across sectors, this setup is conducive for the market to broaden beyond the Technology sector. However, it is possible that markets undergo short periods of volatility, as we could see some profit taking after a strong run, prolonged US government shutdown, and a more complicated policy backdrop balancing risks of inflation and economic growth. For now, equity markets have been on an upward trajectory since early April and we believe the outperformance of AI-related stocks could continue with a more benign policy environment.

As we continue to follow the fundamental factors of the AI ecosystem, we maintain the view that growth trajectory remains in its early stages. From a demand perspective, the landscape continues to experience tailwinds from new AI data centre announcements and rapidly growing compute workloads from adoption of new AI reasoning models. The spending environment remains disciplined from across the ecosystem. At the downstream end, semiconductor and component suppliers have yet to materially ramp capital spending in response to the surge in AI infrastructure announcements. Unlike prior hype cycles, suppliers are responding with caution, choosing to wait for firm purchase commitments. Further upstream, cloud hyperscalers and internet leaders are increasing data centre spend, supported by solid earnings and AI growth opportunities. While the afore-mentioned an AI research and deployment company has captured headlines with sizable investment ambitions, they are part of a much wider movement advancing AI innovation. Taken together, these dynamics suggest that the current AI investment cycle remains early, broad-based, and underpinned by solid fundamental factors rather than speculative excess.

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)

A more constructive backdrop is developing, as we see a continued narrowing of trade and tariff outcomes, implementation of Trump's tax cuts and pro-business agenda, and an easier monetary policy stance. The Trump administration continues to encourage global companies across the innovation value chain bring more leading-edge manufacturing to the US. The passage of the One Big Beautiful Bill Act should further support US domestic investments through tax incentives. Moreover, as the Fed resumed its rate-cut path, the easing of financial conditions and policy stimulus should be constructive for a potential re-acceleration in 2026 earnings more broadly across sectors, including areas that have lagged. This set up could catalyse a broadening of performance beyond Technology that includes underappreciated areas of AI-enabled industries and AI applications.

We continue to maintain a balanced portfolio of companies benefitting from AI 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.

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

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

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

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

We are still in the early innings of the AI era. Despite significant advancements, there's a lot more potential to be unlocked in the future. The industry is rapidly evolving, with major investments and innovations continuing to drive progress towards artificial general intelligence, possibly within the next decade. AI is becoming more integrated into various fields, from finance to health care to humanoid robotics. It's an exciting time, and we are likely to see even more transformative changes in the coming years.Our view remains that the compounding effect from AI disruption will create opportunities for innovative companies across every sector. We believe that stockpicking will be essential to capturing the benefits of this opportunity, as today's AI winners may change in the future in an environment characterised by rapid change and disruption. We remain focused on identifying the companies that can best leverage AI to deliver the most shareholder value creation over the long term.

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

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

Market Review

Asia Pacific equities rose again in October buoyed by a rally in the regional Tech sector. Taiwan and Korea led the way, helped by upbeat quarterly earnings from mega cap Tech names in the US. China equities saw some profit taking after the previous strong rally. Heightened US-China trade tensions were a catalyst for the sell down, although these concerns were subsequently alleviated by the latest trade truce agreed towards the end of the month. Indian equities recovered some of their previous lost ground, as optimism over bilateral negotiations with the US lifted sentiment.

Japanese equities rose strongly in October although returns to international investors were impacted by yen weakness. The news that Sanae Takaichi was confirmed as Japan's Prime Minister boosted optimism that the new coalition government would implement policies to boost economic growth. Annual core inflation accelerated for the first time since May, rising from a 10-month low of 2.7% in August to 2.9% in September. The "core-core" inflation index – the Bank of Japan's (BoJ's) preferred measure that strips out fresh food and energy costs – eased to 3.0% in September from 3.3% in August, and the BoJ left key borrowing rates on hold at 0.5% at its September meeting.

The Fund underperformed the benchmark in October. Stock selection in the Industrials sector was a key source of underperformance, led mainly by some profit taking among defence names in the region that had previously performed well.

A key detractor during the month was a leading media company in Japan. Its platform has broad reach across television media, data analytics, advertising, social media, and e-gaming. While advertising and media segments reported stable results, gaming underperformance, driven by sluggish sales of legacy titles, weighed on sentiment. We maintain conviction and believe artificial intelligence (AI) driven analytics will be a key enabler for the business across segments.

Conversely, a top contributor was a large memory chipmaker listed in Korea. The company has made great advances from being a traditional memory supplier into a creator of AI chips, with a graphics processing and related networking leader being among its top clients. The company has cemented strong leadership in next-generation high bandwidth memory, providing a sustainable competitive advantage, in our view.

Earlier in the year, we raised cash levels and added to fixed income given the high level of market and macro uncertainty, especially related to geopolitics. We have since reduced this more defensive exposure to take advantage of stock specific opportunities.

In October, for example, we added two Japanese companies. One is a specialist in high-precision motion control components used in industrial robots, semiconductor manufacturing, and aerospace systems, while the other is a manufacturer of titanium and silicon products benefiting from strong ties to the aerospace and semiconductor industries. Overall in Japan, we are focused on stocks where we see potential for enhanced shareholder returns and an improved earnings outlook as a result of governance reforms and a more inflationary environment. Many of these names sit in the Industrials and Financials sectors.

Since last year we have increased the portfolio exposure to China. This is partly a reflection of improved valuations as well as increasingly supportive government policy action. The announcement of an open-sourced AI model developed by an emerging Chinese startup also demonstrated China's impressive advances in technology and AI which, in our view, have not yet been widely understood. We have added to ecommerce/internet stocks as well as insurance and Health Care companies. Conversely, we have reduced the allocation to Taiwan.

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

Overall, we are optimistic on the outlook for Asia Pacific equities. Economic policy is broadly supportive across the region. Lower inflation combined with the weaker US dollar is providing flexibility for Asian central banks to lower interest rates. In China, we anticipate there will be further policy support in order to achieve the annual economic growth target.

We also believe that structural drivers remain in place for a more positive, longer-term outlook in Japan. In particular, the combination of inflation as well as ongoing governance reforms should contribute both to improved earnings as well as a greater focus on shareholder value. The surprise election of Sanae Takaichi as the new Prime Minister also sparked a market rally. She is closely linked to the policies of former Prime Minister Abe, including being an advocate of significant fiscal expansion.

In this environment, we are looking for opportunities to add to stocks that have been overly punished in the market volatility, as well as potential beneficiaries of Asian domestic policy stimulus measures to offset the tariff impact. 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

Asian equities rose again in October, buoyed by a rally in the regional Tech sector. Taiwan and Korea led the way, helped by upbeat quarterly earnings from mega cap Tech names in the US. China equities saw some profit taking after the previous strong rally. Heightened US-China trade tensions were a catalyst for the sell down, although these concerns were subsequently alleviated by the latest trade truce agreed towards the end of the month. Indian equities recovered some of their previous lost ground, as optimism over bilateral negotiations with the US lifted sentiment.

ASEAN markets rose modestly in aggregate but lagged the broader regional index. Optimism around the biannual ASEAN Summit in Kuala Lumpur boosted sentiment, and inflation remained largely benign. Central banks in Singapore and Indonesia held their key lending rates steady in October, while the Bank of Thailand cut rates by 100 basis points (bps) to 1.5%.

The Fund underperformed the index in October. Stock selection in Taiwan was the main source of detraction.

At a stock level, a key detractor was a Taiwanese precision mechanical component maker that supplies hinges used in consumer electronics. The recent share price weakness was mainly due to softer-than-expected quarterly sales, driven by slower adoption of hinge components in newer electronic devices, coupled with headwinds from Taiwan dollar appreciation. With a strong track record in hinge supply, we believe the company stands out as a key beneficiary of the upcoming foldables devices of an American smartphone and personal computer giant in 2026.

Conversely, a key contributor was SK Hynix, a large memory chipmaker listed in South Korea. The company has made great advances from being a traditional memory supplier into a creator of artificial intelligence (AI) chips, with a graphics processing unit manufacturer being among its top clients. The company has cemented strong leadership in next-generation high bandwidth memory, and its early lead gives it a sustainable competitive advantage, in our view.

During the month, we selectively exited several names in China and added new ideas in the areas of high-end printed circuit boards and an auto manufacturer focused on new energy vehicles. We also added to Real Estate and Health Care in India.

As a result, the portfolio is now overweight in Hong Kong/China and South Korea. This is balanced out by an underweight position in India and Indonesia.

At a sector level, Information Technology and Communication Services are the primary overweight positions, while Utilities and Industrials are among the main underweight. Top names in the portfolio at month end included TSMC, Alibaba and Samsung Electronics.

Market Outlook

Overall, we are optimistic about the outlook for Asia Pacific equities. Economic policy is broadly supportive across the region. Lower inflation combined with the weaker US dollar is providing flexibility for Asian central banks to lower interest rates. In China, we anticipate there will be further policy support in order to achieve the annual economic growth target.

In this environment, we are looking for opportunities to add to stocks that have been overly punished in the market volatility, as well as potential beneficiaries of Asian domestic policy stimulus measures to offset the tariff impact. 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 equities and convertible securities finished higher in October, while global bonds finished lower. The Q3 earnings season got off to a strong start. With 64% of S&P 500 companies having reported, 83% topped estimates for an earnings growth rate of 10.7%. Management outlooks highlighted artificial intelligence (AI) demand, cautious consumer spending signals, inflationary/tariff pressures, and cost cutting measures. China trade tensions eased, and most economic reports were delayed due to the government shutdown. The US Federal Reserve (Fed) cut interest rates by 25 basis points (bps) and announced plans to end quantitative tightening. Against this backdrop, the 10-year US Treasury yield fell to 4.09%.**

In this environment, key markets were higher:

- Global equity markets, as measured by the MSCI World Index, returned +2.02%.*
- Global convertible securities, as measured by the ICE BofA Global 300 Convertible Index, returned +3.00%.**
- Global high yield bonds, as measured by the ICE BofA Global High Yield Index, returned -0.15%.**
- Global fixed income, as measured by the Bloomberg Global Aggregate Index, returned -0.25%.^

The portfolio benefitted from strength across global equities and convertible securities.

Top contributors in October were driven by strong corporate profits and continued optimism around the AI buildout following further colour from management teams around capital expenditures (capex). Beneficiaries included Nvidia, Broadcom, Alphabet, Amazon, and several memory chip companies. Apple was higher after reporting a top- and bottom-line beat and notable margin improvement, and Keppel rallied on monetisation optimism. The other top contributors in the period were a heavy equipment manufacturer and an industrial technology company.

Top detractors included Meta, which increased its capex and operating expense outlook, and an aerospace manufacturer that indicated slower order intake. Retailers with exposure to home improvement, pet supplies, and ecommerce were lower on consumer spending concerns. A pharmaceutical company saw an executive departure, and a packaged software provider reduced guidance. The other top detractors were an equipment rental company, a video surveillance provider, and a precious metals miner.

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

Market Outlook

The macro outlook is improving following a stronger-than-expected economic rebound, an inflection in earnings estimates, a shift in the Fed's stance, the One Big Beautiful Bill Act (OBBBA) being signed into law, and increased visibility around trade policy.

Outside of the US, monetary and fiscal policy stimulus measures could help to stabilise the global economy. US economic growth for Q3 is tracking ahead of forecasts due to resilient consumption and strong corporate spending. Unemployment and inflation have increased but only modestly. Potential growth tailwinds include rising capex, reshoring, deregulation, and credit expansion, whereas a sharp rise in either unemployment or inflation could increase the odds of an economic slowdown.

The Fed is targeting a more neutral policy position with the market expecting additional interest rate cuts over the coming quarters. However, Chair Powell has noted that future rate decisions remain highly data dependent.

Global equity market strength is the result of better-than-expected top- and bottom-line results and inflecting earnings estimates. Potential earnings growth tailwinds include reaccelerating economic momentum in 2026, rising productivity, the proliferation of AI, low oil prices, and falling borrowing costs. Headwinds include rising operating expenses as well as the impact of tariffs, but clarity has improved on this point. There is evidence earnings breadth is beginning to expand. This dynamic could lead to a broadening out of the market, aided by industries that have underperformed since 2022. The Fed's shift in stance is also notable because equities are generally higher a year after the first rate cut.

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's year-to-date outperformance of the broad equity market can continue if volatility rises or breadth expands. Strategist forecasts for annual new issuance continue to be revised higher, currently sitting at USD 140-150 billion# compared to an initial forecast of USD 85-95 billion. Heavy primary market activity is a function of coupon savings demand, elevated refinancing needs, and a positive outlook for price appreciation

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

among small- and mid-cap companies. Aside from diversification benefits, new issuance expands the opportunity set of investments with attractive terms and the desired risk/reward characteristics.

The global high yield market, yielding nearly 7%^^, offers equity-like returns but with less volatility. Currently, the asset class is on track to deliver a coupon-plus return in 2025. 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 continues to improve. 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. Rising interest rates are a risk for high grade corporates, however the investment opportunity remains attractive given higher coupons and yields, and a positive fundamental outlook with limited default risk. The asset class trades at a discount to par, offering compelling total return potential and downside cushioning. If the 10-year US Treasury yield finishes 2025 near the lower bound of the expected range of 3.5-4.5%, the asset class return could exceed mid-single digits.

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

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

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

All data are sourced from Allianz Global Investors dated 31 October 2025 unless otherwise stated.
* Source: MSCI, as at 31 October 2025
^ Source: Bloomberg, as at 31 October 2025
** Source: BofA Merrill Lynch, as at 31 October 2025
^^ Source: ICE Data Services, as at 31 October 2025
# Source: BofA Research, as at 31 October 2025

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 closed October higher. Japanese stocks were among the strongest performers, after fiscally dovish Sanae Takaichi became the first woman appointed to serve as the country's prime minister. Elsewhere, an extended US government shutdown clouded the outlook, although markets generally shrugged off jitters over escalating Sino-American trade tensions and concerns about the health of US regional banks. In late October, US President Donald Trump and Chinese President Xi Jinping agreed to postpone export controls on rare earths and semiconductors as part of a one-year trade deal, although sentiment was knocked by cautious US Federal Reserve (Fed) comments about future rate cuts.

Turning to sectors in the MSCI All Country World Index, Information Technology led the way, buoyed by a slew of upbeat Q3 earnings releases. Utilities and Health Care stocks also outperformed, while Real Estate and Materials were the weakest sectors. Financials also finished down on the month following the "Frantic Friday" sell-off, as bad debts at two regional US banks sparked credit risk concerns.

In currency markets, the US dollar was buffeted in October, initially weakening amid domestic pressures unleashed by the US government shutdown, as well as renewed trade war fears and expectations of further Fed rate cuts. However, the greenback later rebounded on trade talk optimism, strengthening further as Fed Chair Jerome Powell dashed hopes for further rate cuts in December.

Oil prices rebounded on news that the US had imposed fresh sanctions against Russia's two largest oil companies, closing the month just below USD 65 a barrel. Gold prices broke through the USD 4,000 barrier for the first time on record, rising to a fresh high of USD 4,379 amid a flight to safety as the US government shutdown rumbled on and Sino-American trade tensions returned to the fore. Profit taking and optimism about easing trade war fears triggered a sharp correction later in the month, with the yellow metal closing October at just above USD 4,000 per ounce.

The Fund returned positively (in EUR, gross of fees) in October.

Electrification benefitted especially from the large investments associated to artificial intelligence (AI) as well as government related spending plans. Clean Water and Land has been a burden to performance. Besides solid fundamental development, the underweight to the index heavyweights (Magnificent 7*) has been a major burden over the course of October. This is especially so given the strong returns among four of the Magnificent 7 stocks, which are the largest detractors from a single stock perspective, as those companies outperformed global equity markets, driven by strong earnings and investor optimism.

A Chinese manufacturer of household appliances such as intelligent sweeping robots, and a Chinese maker of lidar sensors used in driver assistance systems underperformed global equity markets, reflecting near-term operational pressures and investor caution in emerging technology segments. The former faced softer-than-expected demand for consumer robotics amid heightened competition and inventory adjustments, leading to lower-than-anticipated revenue growth and margin compression. The latter saw delays in large-scale deployment projects and cautious guidance on order intake, prompting investor rotation away from higher-risk hardware plays. Both companies' exposure to cyclical technology adoption and execution risks contributed to relative weakness, positioning them as underperformers despite long-term structural potential.

Advantest, a solid oxide fuel cell manufacturer, and a supply chain electronics manufacturing services (EMS) company outperformed global equity markets in October 2025, supported by strong earnings and exposure to AI and energy transition themes favoured by institutional investors. Advantest rose after lifting its profit forecast by 25%, driven by robust AI-related semiconductor test demand. The fuel cell manufacturer gained on record revenues, its first operating profit, and a multi-billion-dollar AI data-centre partnership. The supply chain EMS company advanced on 28% year-on-year revenue growth and upgraded 2025 guidance, reflecting strong AI infrastructure demand. Their consistent execution, thematic alignment, and improved outlooks positioned them as preferred holdings amid a selective growth 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 extended their rally in October, supported by the Federal Reserve's second rate cut of the year and easing trade tensions between the U.S. and China. Hard data releases were limited in the U.S. due to the ongoing government shutdown, but private indicators such as the ADP employment report reinforced signs of labour market weakness, showing that private employers shed 32k jobs in September, although October's report rebounded somewhat. In terms of soft data, U.S. consumer confidence continued to weaken in October, falling to its lowest level in six months according to the latest Conference Board survey, with consumers citing increased concerns about job security. On prices, the annual inflation rate in the U.S. rose to 3% in September, below forecasts of 3.1%. In the Euro area, the annual inflation rate rose slightly to 2.2% in September, from 2.0% in August. In the U.K., the core annual inflation rate came in at 3.5% in September, below expectations of a 3.7% advance.

Developed sovereign bond yields were broadly lower in October amid weakening growth and gathering disinflation. In the U.S., the 10 and 30-year Treasury yields fell 7 bps to 4.08% and 8 bps to 4.65%, respectively, as the Fed delivered its second rate cut of the year. In the U.K., the 10-year gilt yield fell 29 bps to 4.41%, as softer-than-expected inflation and weakening labor market data reports fueled expectations for the BoE to resume its cutting cycle. In Japan, the 10-year JGB yield rose 2 bps to 1.67%, as the BoJ held rates steady.

Developed market equities advanced in October, with the S&P 500 rising 2.3%, supported by another solid U.S. corporate earnings season. In emerging markets equities, the MSCI EM Index rose 4.2%, with returns driven by a weaker dollar and a continued AI and technology rally. In credit, U.S. investment grade spreads widened 4 bps to 80 bps, while Euro investment grade spreads tightened 2 bps to 76 bps. Meanwhile, high yield spreads in the U.S. and the Euro area widened 14 and 9 bps, reaching 294 and 292 bps, respectively.

During the month, the PIMCO GIS Income Fund returned 1.23% after fees (in USD, for the Institutional class, Accumulation share), bringing YTD '25 performance to 9.34%.

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 extended their winning streak, posting a seventh consecutive monthly gain and defying the traditional "sell in May and go away" adage. From May through October, equities delivered a robust +21.6%, with the MSCI ACWI up +2.2% and the Nasdaq 100 advancing +4.8% in October alone.

• Growth leadership persisted, driven by strong AI optimism. The technology sector surged +7.3%, while 7 of 11 sectors posted gains. Healthcare was the second highest performing sector during the month. Real estate and materials lagged, reflecting ongoing macro headwinds.

• US inflation softened, prompting the Federal Reserve to cut rates by 25 bps, reinforcing a dovish policy stance.

• Japan outperformed, with the TOPIX climbing +6.2% amid optimism following the election of the country's first female prime minister, who signaled a commitment to expansionary monetary policy.

• US equities hit record highs, with the S&P 500 up +2.3%, fueled by the "Magnificent 7" and large-cap growth stocks.

• UK and European markets delivered mixed results. A weaker sterling supported multinational earnings, but political uncertainty in France and limited exposure to the AI theme weighed on performance.

• China and broader Asia benefited from easing US-China trade tensions, particularly in semiconductor-heavy markets like Taiwan and Korea, which remain integral to the global AI supply chain.

• The U.S. shutdown constrained some official data releases and also complicated initial public offering (IPO) logistics, but the U.S. Securities and Exchange Commission (SEC) issued temporary guidance on October 9 that enabled some offerings to proceed.

Stocks:

• An underweight position in CSL was the top contributor to relative performance for the month. The biotechnology company's stock struggled in October after posting disappointing financial results.

• An underweight position in Novo Nordisk also contributed to relative returns, as the company's stock declined during the month amidst ongoing negative sentiment for the pharmaceuticals firm.

• An underweight position in Cigna was another contributor to relative performance. The healthcare services company faced headwinds due to deteriorating margins within pharmacy benefit managers.

• The largest detractor from relative performance was an overweight position in Abbott, which saw its stock price decline after announcing a weaker than expected quarter.

• An underweight position in Eli Lilly also detracted from returns, as the pharmaceuticals company posted strong quarterly results, which provided a tailwind for its stock.

• Lastly, an overweight position in Medtronic detracted from relative returns. The

Changes:

• During the month, the fund increased its exposure to the pharmaceuticals subsector. In contrast, the fund moderately reduced its exposure to medical devices & supplies companies.

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

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

• At the individual security level, the fund initiated a position in Danaher, with the expectation of stabilized and improving fundamentals. Furthermore, the fund increased its exposure to Bristol Myers Squibb, given a compelling risk-reward profile when considering valuation. Lastly, the fund increased its exposure to UnitedHealth with the expectation that business performance improves in coming periods.

• Conversely, the fund reduced its position in Becton Dickinson as the health care equipment company announced weak quarterly performance. Furthermore, the fund took profits from its allocations to Boston Scientific and Stryker.

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.

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

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

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

For Allianz Life ESG-Integrated Multi-Asset Fund 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:

• October was a positive month for global markets, supported by progress in US–China trade relations, resilient economic data and solid corporate earnings. Early in the month, tensions rose after President Trump threatened additional tariffs on Chinese imports, triggering a brief risk-off period. Sentiment later improved as meetings between US and Chinese officials led to an extension of the trade truce and a partial rollback of planned tariffs, restoring confidence across markets. In Japan, Sanae Takaichi became Prime Minister and pledged fiscal support for growth, driving a sharp rally in equities, while the yen weakened as expectations of Bank of Japan rate hikes faded. In Europe, political uncertainty in France caused brief volatility, but markets steadied after the government survived confidence votes and reaffirmed its fiscal stance.

• In equities, global markets continued their upward trajectory, led by large US technology firms. The S&P 500 achieved its sixth consecutive monthly advance, although performance remained narrow, with most gains concentrated among the major technology names. Concerns about an emerging AI bubble persisted, exemplified by Nvidia briefly reached a five trillion dollar valuation before retreating slightly by month end. Japanese equities were a standout performer as investors responded positively to expectations of stronger domestic stimulus, while European stocks also registered modest gains. By contrast, financials lagged amid renewed concerns around private credit exposure and regional bank vulnerabilities.

• Within fixed income, sovereign bonds advanced despite late-month volatility driven by the US Federal Reserve's hawkish tone. The Fed delivered another interest rate cut but signalled that further easing was not assured, prompting a temporary rise in yields. Nonetheless, US Treasuries recorded gains over the month as markets focused on moderating inflation and the prospect of slower growth ahead. In Europe, core government bonds also performed well, while French spreads briefly widened following political turbulence before narrowing again. Both the European Central Bank and the Bank of Japan held policy rates steady as expected.

• Across other asset classes, the US dollar strengthened as investors reassessed the relative stance of global central banks. The Japanese yen was the weakest major currency, pressured by a widening policy divergence with the United States. Precious metals performed well overall, with gold briefly breaking through the four thousand dollar per ounce mark for the first time before pulling back towards the end of the month.

Performance:

• The BGF ESG Multi-Asset Fund delivered a positive return in October. All asset classes contributed positively, with equities leading performance.

• Within equities, the Systematic Developed Active Equity portfolio was the largest contributor, continuing to outperform its opportunity set. The Global Unconstrained Equity strategy also outperformed global equities, supported by constructive positioning in AI beneficiaries.

• Thematic equity baskets also made notable contributions. The Mega-Cap Tech, AI Ecosystem, and Enterprise Tech baskets benefited from positive trade developments and strong performance across the technology sector. The Safety and Security basket was boosted by exposure to cybersecurity names, while the Sustainable Energy basket extended its rebound as clean energy continued to attract investment from technology firms seeking efficient data centre power solutions. The Japanese High Dividend basket also added value, aided by a weaker yen and improved domestic sentiment following Takaichi's appointment as Prime Minister.

• Within fixed income, performance was broadly additive. The actively managed Investment Grade Credit strategy was the leading contributor, while the smaller sized High Yield Credit strategy marginally detracted. Government bond exposures also supported returns, particularly tactical positions in UK Gilts and positions in US Treasuries.

• Among diversifiers, Listed Alternatives delivered strong results, led by Molten Ventures, which rallied following share buybacks aimed at narrowing its discount to net asset value. It also benefitted from positive exit activity from key holdings such as Revolut and Graphcore and continued attractive valuations relative to its underlying portfolio. The allocation to gold also contributed positively, with well-timed profit-taking enhancing returns.

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:

• Over October, headline equity beta and portfolio duration were broadly unchanged, though we made several adjustments within asset classes. We maintained an underweight position in duration and a constructive stance on equities, but moderated regional equity tilts, reducing the overweight to the US and Emerging Markets and the underweight to Europe following a period of strong relative performance.

• To gain tactical upside exposure to UK equities, we purchased call options on the FTSE 100 Index. We see UK valuations as attractive versus the US, with many companies' revenues highly linked to the US economy, effectively providing US growth exposure at a discount. In addition, the index's tilt towards financials, defence, and energy sectors continues to benefit from higher interest rates, rising geopolitical fragmentation, and the broader commodities rally. Expectations for a weaker sterling as the Bank of England begins cutting rates should also support foreign investment inflows.

• Within thematic equities, we closed the Employee Sentiment basket and introduced a new Global Healthcare basket, adding a more defensive and diversifying element to the portfolio. We also launched a China AI basket, designed to capture opportunities from China's rapid acceleration in AI infrastructure and downstream applications.

• In commodities, we traded gold tactically, closing gold miners early in the month ahead of the sharp sell-off and took partial profits on the iShares Physical Gold ETC as gold prices approached new highs. We also tactically closed our US Dollar underweight given the extent of the move year-to-date and crowded short positioning, resilience in the US economy and a view that market expectations for Fed rate cuts were overdone. Toward month-end, we added back to both gold and silver positions as prices stabilised, reaffirming our long-term conviction in precious metals within a structural de-dollarisation backdrop.

Market Outlook:

• The U.S. economy continues to underpin global growth, supported by steady corporate earnings and contained inflationary pressures. While momentum in the U.S. labour market has moderated, reflecting both supply factors such as retirements and lower immigration as well as demand factors including a deceleration in hiring within tariff-affected industries and the public sector, it remains fundamentally resilient.

• As inflation moderates, tariff-related costs have thus far been largely absorbed by U.S. importers, cushioning the impact on consumers. Nonetheless, we see a greater inflation risk emerging within core services — particularly healthcare, utilities, and financial services where structural tightness and fiscal stimulus could maintain upward pressure on prices. Against this backdrop, any prospective rate cut by the Federal Reserve in December would likely be one accompanied by firm guidance regarding the trajectory of policy into 2026.

• Beyond the U.S., European growth has been broadly flat, with pronounced weakness in manufacturing. However, sentiment indicators appear to be bottoming out, and tentative signs of recovery are beginning to emerge. Germany's fiscal stimulus and rising European defence budgets are also expected to start filtering through to the data in the coming months. In Japan, the economy stands to benefit from newly appointed Prime Minister Sanae Takaichi's expansionary fiscal and monetary agenda, while in emerging markets, a disinflationary backdrop and policy easing in China continue to provide support.

• We maintain a cautious stance on duration. In the U.S., we believe market pricing has moved excessively in anticipating rate cuts. Over the longer term, however, we are constructive on short-dated government bonds, as coordination between the Federal Reserve and the U.S. Treasury should help bring yields down. We also see value in Australian government bonds, where yields remain elevated, and in UK government bonds. While we are mindful of recent price moves, with yields having already declined somewhat, waning economic growth, moderating inflation, and easing fiscal pressures point to further rate cuts from the Bank of England. Conversely, we retain a negative view on long-dated government bonds across developed markets, given elevated fiscal spending and ongoing concerns around debt sustainability. Within credit, spreads remain tight relative to history, leading us to prefer investment-grade exposure over high yield. In emerging markets, local currency debt continues to offer compelling valuations and attractive carry opportunities.

• From a currency standpoint, we have tactically reduced our short U.S. dollar position as the trade has become increasingly crowded and rate-cut expectations appear overdone. We see the Federal Reserve maintaining a more hawkish stance than markets are currently pricing, which should keep the dollar supported in the near term. However, our structural view remains negative, reflecting the gradual diversification of global trade and reserve holdings away from the dollar.

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)

• Overall, resilient corporate earnings and a supportive macroeconomic backdrop should continue to underpin risk assets, and we remain constructively positioned across portfolios. That said, high-momentum themes within equities and precious metals, which have driven market performance this year, have seen extended rallies and crowded positioning. This reinforces the importance of disciplined risk management, dynamic active positioning, and selective exposure to navigate rich valuations and capture diversified sources of return.

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

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

Market Review

Equities, convertible securities, and high yield bonds finished higher in October. The Q3 earnings season got off to a strong start. With 64% of S&P 500 companies having reported, 83% topped estimates for an earnings growth rate of 10.7%. Management outlooks highlighted artificial intelligence (AI) demand, cautious consumer spending signals, inflationary/tariff pressures, and cost cutting measures. China trade tensions eased, and most economic reports were delayed due to the government shutdown. The US Federal Reserve (Fed) cut interest rates by 25 basis points (bps) and announced plans to end quantitative tightening. Against this backdrop, the 10-year US Treasury yield fell to 4.09%.

The portfolio benefitted from strength across equities, convertible securities, and high yield bonds.

Top contributors in October were driven by strong corporate profits and continued optimism around the AI buildout following further colour from management teams around capital expenditures (capex). Beneficiaries included Nvidia, Broadcom, Alphabet, Amazon, and several data centre operators. Apple was higher after reporting a top- and bottom-line beat and notable margin improvement. The other top contributors in the period were a heavy equipment manufacturer, a packaged software provider, and a biotech company.

Top detractors in the period included Meta, which increased its capex and operating expense outlook, and an online real estate marketplace operator that reported weak bookings. Retailers with exposure to auto parts, home improvement, and pet supplies were lower on consumer spending concerns. A pharmaceutical company saw an executive departure and a telecom hardware provider missed expectations. The other top detractors were an airframe manufacturer, a live entertainment company, and a financial data services provider.

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

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

Market Outlook

The macro outlook is improving following a stronger-than-expected economic rebound, an inflection in earnings estimates, a shift in the Fed's stance, the One Big Beautiful Bill Act (OBBBA) being signed into law, and increased visibility around trade policy.

US economic growth for Q3 is tracking ahead of forecasts due to resilient consumption and strong corporate spending. Unemployment and inflation have increased but only modestly. Potential growth tailwinds include rising capex, reshoring, deregulation, and credit expansion, whereas a sharp rise in either unemployment or inflation could increase the odds of an economic slowdown.

The Fed is targeting a more neutral policy position with the market expecting additional interest rate cuts over the coming quarters. However, Chair Powell has noted that future rate decisions remain highly data dependent.

US equity market strength is the result of better-than-expected top- and bottom-line results and inflecting earnings estimates. Potential earnings growth tailwinds include reaccelerating economic momentum in 2026, rising productivity, the proliferation of AI, low oil prices, and falling borrowing costs. Headwinds include rising operating expenses as well as the impact of tariffs, but clarity has improved on this point. There is evidence earnings breadth is beginning to expand. This dynamic could lead to a broadening out of the market, aided by industries that have underperformed since 2022. The Fed's shift in stance is also notable because equities are generally higher a year after the first rate cut.

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's year-to-date outperformance of the broad equity market can continue if volatility rises or breadth expands. Strategist forecasts for annual new issuance continue to be revised higher, currently sitting at USD 95-100 billion# compared to an initial forecast of USD 60-65 billion. Heavy primary market activity is a function of coupon savings demand, elevated refinancing needs, and a positive outlook for price appreciation among small- and mid-cap companies. Aside from diversification benefits, new issuance expands the opportunity set of investments with attractive terms and the desired risk/reward characteristics.

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

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

The US high yield market, yielding more than 7%^^, offers equity-like returns but with less volatility. Currently, the asset class is on track to deliver a coupon-plus return in 2025. 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 continues to improve. 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 Fund is a client solution designed to provide high monthly income, the potential for capital appreciation, and less volatility than an equity-only fund.

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

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

Market Review and Outlook (Jul - Sep 2025)

(Target Fund Manager only produces commentaries on quarterly basis)

Market Review:

The Fund had a very strong Q2 results season in aggregate, aiding performance in July as shares to pulled-to-par with earnings, before a period of volatility in August paired back these gains. This volatility can broadly be described as a sharp momentum reversal driven by US interest rate policy uncertainty, hope of a Ukraine ceasefire and concerns over the outlook for artificial intelligence. September saw some of the most impacted areas of the market rebound and for the portfolio, at a sector level, industrial positions were the strongest area of performance over the quarter. AI sentiment supported semiconductor and data centre related holdings and the aerospace sector continued to demonstrate robust momentum as the industry works through order backlogs and supply ramp-ups. Financials, consumer discretionary and healthcare were the weakest sectors for relative performance.

2025 has been highly volatile. Equity markets (such as the MSCI World Index3) have delivered strong returns but with numerous sharp drawdowns, rotations, and short-lived changes in leadership. August exemplified this trend. We believe much of the volatility we have seen year-to-date can be ascribed to investor nervousness arising from narrow market leadership in addition to greater geopolitical uncertainty. This in turn reflects the shape of the economy: global economic growth remains modest and multiple cyclical sectors, particularly those exposed to consumer goods, remain in a protracted downturn. At the same time, demand for, and investment in, artificial intelligence has been strong and appears to be rapidly accelerating. This has created a "two speed" economy: growth is concentrated in just a small subset of companies and the equity market at times appears to be divorced from the wider, more modestly growing, economy. With this narrow market leadership comes investor nervousness, particularly given how rapidly all things AI are evolving, and we are witnessing dramatic share price reactions and market rotations to relatively small pieces of incremental news flow. These may get quickly forgotten as a new headline appears but have the effect of creating a fickle and volatile equity market even as it continues to reach new all-time highs.

The questions arising are, of course a) when will this growth broaden out and those relatively depressed areas of the economy start to recover, and b) can the growth in AI investment sustain? On the former, so far, we have had multiple false dawns. For example, a mild improvement in luxury in Q4 20244, to more optimistic guidance on the lifescience sector on 20255, to a significant rally in US homebuilders following dovish US Federal Reserve comments at Jackson Hole over the summer6. In each of these examples, hope has subsequently faded: luxury data rolled, numerous lifesciences companies revised guidance down from previous estimates, and housebuilders have retraced. While we would expect each to recover in due course, we find it challenging to have a high conviction view on when exactly this might happen: in our view, pricing architectures in luxury need to reset to a level which attracts customers back into the market; ongoing political uncertainty is impacting spending across the biotech and pharmaceuticals ecosystem; US rates need to come down for US housing to recover, no easy assumption when fiscal deficits remain elevated. Examples such as this can be identified across multiple other areas of the economy, and we believe it is clear that the burden of COVID-19-related distortions is elongating traditional economic cycles in ways which we have not seen before.

At the same time, artificial intelligence demand, and investment in building capacity to support this, has continued to strengthen. Over the course of September and into October (at the time of writing) we have seen numerous new partnerships announced, most notably by OpenAI (not owned). Meta and Microsoft have also both announced plans to rent compute capacity, despite having spent billions on capex, demonstrating how tight supply remains, and x AI (not owned) is using a special purpose vehicle to raise capital to fund its own expansion. The scale of some of these agreements is vast: Open AI has announced approximately 26GW7 of planned capacity (albeit this may include some double counting) over the next five years which, with an estimated current cost of US$50-60bn per GW8, amounts to approximately US$1.4tn of total spend. Crucially, this new phase of investment is pulling on capital markets for funding, a significant shift given most capex was previously funded by hyperscaler free cash flow. This both accelerates the expansion but arguably makes it more fragile. For now, the dramatic growth in AI usage and explosion in AI revenues may underpin sustained investment, but this is something we need to remain vigilant to.

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

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

Outlook:

We expect volatility to continue given ongoing political uncertainty and the narrow equity market leadership we have seen year to date. In such environments, staying focussed on company fundamentals is critical in our view. The potential for whipsawing is high, but over time share prices will pull to par with corporate earnings outcomes, given it is earnings and cash flows that drive returns over a reasonable time period. Our conviction in the outlook for AI investment has grown over the last six weeks given evidence of the rapid acceleration in investment plans for a growing number of corporates. At the same time, we recognise that this growth is becoming more fragile with announcements that are no longer financed by hyperscaler cash flows. This is something we need to remain hyper-vigilant to: there is potential for imbalances to build, yet concurrently there is a huge amount of value being created. We are developing various data sets to monitor this, in addition to continuing our extensive interactions with company executives and industry experts across the space. We have direct exposure to this secular trend via data centre capex beneficiaries, in addition to owning various hyperscalers who we believe can grow via cloud service provisions and embedded market positions in software and advertising. At the same time, we aim for our concentrated portfolio to remain diversified, and we find high conviction ideas across multiple other areas including payments, aerospace and specialised medical technology.

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 +7.6% in October (A2 share class in USD, net of fees), underperforming its benchmark, the MSCI ACWI Information Technology 10/40 Index, which returned +8.0%.

Market:

• Global equities extended their winning streak, posting a seventh consecutive monthly gain and defying the traditional "sell in May and go away" adage. From May through October, equities delivered a robust +21.6%, with the MSCI ACWI up +2.2% and the Nasdaq 100 advancing +4.8% in October alone.

• Growth leadership persisted, driven by strong AI optimism. The technology sector surged +7.3%, while 7 of 11 sectors posted gains. Real estate and materials lagged, reflecting ongoing macro headwinds.

• US inflation softened, prompting the Federal Reserve to cut rates by 25 bps, reinforcing a dovish policy stance.

• Japan outperformed, with the TOPIX climbing +6.2% amid optimism following the election of the country's first female prime minister, who signalled a commitment to expansionary monetary policy.

• US equities hit record highs, with the S&P 500 up +2.3%, fuelled by the "Magnificent 7" and large-cap growth stocks.

• UK and European markets delivered mixed results. A weaker sterling supported multinational earnings, but political uncertainty in France and limited exposure to the AI theme weighed on performance.

• China and broader Asia benefited from easing US-China trade tensions, particularly in semiconductor-heavy markets like Taiwan and Korea, which remain integral to the global AI supply chain.

Sectors:

• The majority of the Mag7 reported Q3 earnings:

  • Alphabet saw revenue reach $102.35 billion (up 16% YoY), with net income of $34.97 billion translating to $2.87 EPS (up 33% YoY), as robust search advertising (+15% YoY) and Google Cloud growth (+35% YoY) pushed its quarterly sales above $100 billion for the first time.

  • Microsoft posted $77.7 billion in revenue (up 18% YoY) with earnings of $4.13 per share (up 23% YoY), fueled by a 40% surge in Azure cloud revenue amid strong demand for AI services.

  • Meta delivered $51.2 billion in revenue (up 26% YoY) – a quarterly record – but reported EPS of $1.05 as a one-time $15.9 billion tax charge drove net income down 83% year-over-year (despite strong underlying ad sales and ~8% user growth across its apps).

  • Amazon reported revenue of $180.2 billion (up 13% YoY) and earnings of $1.95 per share (net income $21.2 billion, +38% YoY), as AWS cloud growth reaccelerated to 20% YoY (~$33 billion in sales) – its fastest since 2022 – thanks to surging demand for AI infrastructure.

  • Apple reported quarterly revenue of $102.5 billion (up ~8% YoY) and diluted EPS of $1.85, setting a September-quarter record, driven by strong iPhone 17 launches and all-time high Services revenue.

• Nvidia became the first company ever to reach a $5 trillion market valuation, driven by soaring demand for its AI-optimized GPUs and the success of its new Blackwell architecture powering large-scale AI training clusters. This cements Nvidia's dominant position in AI infrastructure with strong partnerships, although supply chain risks remain.

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

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

• OpenAI became the world's most valuable private company after completing a deal with investors, including SoftBank. This latest valuation reflects ongoing confidence in the company's leading role in technology and excitement around AI. At the Company's Dev Day in October they announced partnerships with Shopify, Canva, Coursera, Zillow, PayPal and others, enabling real-time app interactions within ChatGPT.

• Apple announced the release of its new M5 chip, along with a cohort of new products including a refreshed iPad Pro, MacBook and Vision Pro 2.

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

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

Market Review

Equity Market:

• The MSCI ACWI Index closed October with a 2.2% gain, supported by solid corporate earnings and the continued optimism around AI and technology. In the U.S., the S&P 500 Index continued its upward trajectory, rising 2.3%, reflecting market resilience amid a government shutdown and a batch of strong Q3 2025 earnings reports that boosted sentiment. European equities1 rose 2.6% in October as monetary policy easing continued, signaling increased consumer activity.

• Emerging market equities2 rose 4.2% in October, driven by a weaker dollar and a continued AI and technology rally. South Korea's KOSPI Index3 hit all-time highs, returning 19.9%, led by AI-related tech companies and supported by significant corporate governance reforms that attracted more foreign investment through shareholder-friendly rules. Progress in trade negotiations between the United States and Korea also helped lift sentiment.

Bond Market:

• Developed market sovereign bond yields were broadly lower in October amid weakening growth and gathering disinflation. The U.S. 10- and 30-year Treasury yields fell 7 bps to 4.08% and 8 bps to 4.65%, respectively, as the Fed delivered its second rate cut of the year. In Europe, the German 10-year Bund yield fell 8 bps to 2.63%, as the ECB held rates steady. The U.K. 10-year gilt yield fell 29 bps to 4.41%, as softer-than-expected inflation and weakening labor market data reports fueled expectations for the BoE to resume its cutting cycle. The 10-year JGB yield rose 2 bps to 1.67%, as the BoJ held rates steady.

• Global IG credit posted positive returns of +0.68% for the month, underperforming like duration government bonds by 0.03%, as spreads widened 1bp in October. Global HY credit delivered positive returns of +0.22%, with the higher quality segment of the high yield market, BB-rated and B-rated bonds, outperforming CCC-rated bonds.

• Agency MBS4 returned 0.86% in October, outperforming like-duration Treasuries by 26 bps, with the belly of the coupon stack outperforming amid a continued steady decline in volatility, modest bank buying, and increased demand for MBS from the GSEs.

Market Outlook

Amid a still buoyant but slowly downshifting economic backdrop, we expect tariff effects to continue to make their way through the global economy. The continued US government shutdown, now the longest on record, presents a headwind to growth that compounds the longer the government fails to re-open. Tariff-related front-loading and the corresponding pull-forward of demand appears to be fading, though US tax cuts should help support a US growth re-acceleration as we move into 2026. The US labor market has shown signs of continued softening, though we expect the Fed to pause rate cuts amid government shutdown-related lags in data availability. Within fixed income, we maintain conviction in diversified duration positioning across developed and emerging markets. We continue to focus on US front-end and intermediate rates as well as intermediate rates in the UK and Australia, as both countries have similar yield levels to the US but better fiscal positions as evidenced by lower debt-to-GDP ratios. We also see value in diversifying exposures in select EM local rates, like Mexico and Peru for example, which offer attractive relative carry and compelling spreads. We continue to be constructive on US TIPS due to reasonable valuations and elevated real yields, especially given the positive carry profile of TIPS in today's more attractive rate environment. We continue to focus on Agency MBS, underpinned by attractive valuations and high carry, especially in higher coupon issues. In credit, we favor high-quality exposures in securitized credit, especially non-Agency MBS and select senior ABS tranches backed by consumer-related loan pools – fundamentals remain resilient, valuations are reasonable, and more senior positioning in the capital structure offers loss protection.

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

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

Amid stretched US equity valuations, high market concentration, and lofty earnings expectations, US earnings season has exhibited exceptional resiliency – the frequency of upside earnings surprises in Q3 comes second only to the COVID reopening period in 2020-2021. US equities appear priced for perfection as consensus expectations for record high earnings in 2026 present a high bar to clear, though the broader global equity universe appears to offer opportunities to capture more reasonable valuations. We have high conviction in PIMCO's disciplined, multi-factor approach to stock selection, which utilizes a robust systematic portfolio construction process to provide highly diversified global equity exposure.