May 2019

Allianz Life Asia Multi-IncomePLUS Fund

Investment Objective

The Allianz Life Asia Multi-IncomePLUS (the "Fund") feeds into Allianz Asian Multi Income Plus- USD ("CIS") and aims to achieve stable income stream and potential capital appreciation by investing primarily in Asian local currency denominated fixed income and quasi-fixed income instruments.

Investor Profile

The Fund is designed for investors who are generally risk averse and require stable returns.

Performance Indicator

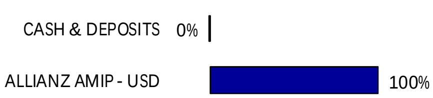
	1 month	6 months	1 year	3 years	5 years	10 years	YTD	Since Inception (Annualised)
Allianz Life Asia Multi-IncomePLUS Fund	-2.81%	3.82%	-0.90%	16.83%	36.88%	82.31%	7.94%	4.37%
Benchmark: 2/3 MSCI AC ASIA Pac Ex Japan High Dividend Yield Total Return (Net) + 1/3 JP Morgan Asia Credit Index (JACI) - Non Investment Grade Index *	-3.35%	6.01%	-0.43%	26.24%	23.61%	95.38%	6.31%	4.03%
Allianz Asian Multi Income Plus ($USD)	-4.45%	4.49%	-4.73%	20.48%	11.61%	67.83%	7.76%	3.59%

Ringgit depreciated 1.25% (YTD) and depreciated 1.73% (since inception).
* Source: Bloomberg.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

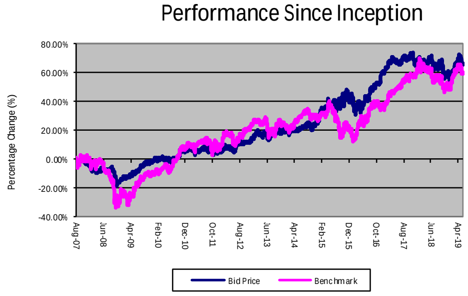
Facts on CIS

Name	Allianz Asian Multi Income Plus- USD ("Allianz AMIP - USD")
Type	Managed Fund
Fund Manager	Allianz Global Investors Singapore Limited
Fund Currency	USD

Portfolio Composition



Performance Since Inception



Key Fund Facts

Fund Size	RM2.07 million
Risk Profile	Moderate Investor
Launch Date	4th June 2007
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit[1] (as at 31st May 2019) - Bid	1.659
Management Fee	1.00% p.a
Other Charges[2]	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

1. The price per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. To ensure fair treatment to all unit holders, transaction costs of acquiring and disposing of assets of the Fund are recouped by making a dilution or transaction cost adjustment to the NAV per unit of the Fund. Allianz Life Insurance Malaysia Berhad retains the right to suspend issuance or redemption of units of the Fund under exceptional circumstances, e.g. temporary closure of any stock exchange, as disclosed in the fund brochure.
2. Expenses directly related to and necessary in operating the Fund.

Allianz Life Insurance Malaysia Berhad (104248-X)
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Manager's Comment

Market Commentary

- Equity markets in Asia Pacific ex Japan fell over May, although performance at a country level was mixed. Chinese equities recorded double-digit losses as sentiment was affected by the country's renewed trade war with the US. Huawei, in particular, was targeted with US companies effectively banned from using any telecoms equipment made by the Chinese firm. Economic news in China was also disappointing with industrial output, retail sales and fixed-asset investment also missing forecasts. Retail sales, for example, grew at the slowest year-on-year pace in nearly 16 years.
- Markets with significant weightings to technology companies, such as Taiwan and South Korea, also slumped. Elsewhere, Australian equities rallied moderately as sentiment was lifted by a surprise victory for the ruling Liberal-National coalition in Australia's general election. In ASEAN markets, Philippines stocks performed the best. Malaysian equities also rose slightly, although other ASEAN market retreated, with Singapore being the weakest.
- Asian USD high yield credits were range bound in May, with the J.P. Morgan Asia Credit Non-Investment Grade Index up 0.05%. Amidst weaker global sentiment due to US-China trade tensions, credit spreads widened slightly, but this was offset by lower US Treasury yields and the high interest accrual of the asset class. Credit spreads at the index level widened by 44 basis points (bps) to 546 bps while the 5yr US Treasury yield decreased by 37 bps to 1.91%. Inflows into bonds continued at a more measured pace while the volume of primary issuance was lower. This led to supportive technicals for the Asian high yield market.
- Under such environment, the Fund's return retreated in USD terms but was significantly less volatile than the overall equity market. The monthly distribution was paid from income.
- A key area of detraction came from previously outperforming names which faced profit-taking. For instance, China holdings such as a Macau casino operator, a China-based oil service provider, and the company which owns, operates and franchises restaurants in China were detractors in May after strong performance earlier this year. We remain positive on the fundamentals of these names but will monitor the risk should the geopolitical tensions escalate.
- On the positive side, Stockland was the top contributor. Stockland is a diversified property developer based in Australia. The stock rallied as the sector was boosted when the Reserve Bank of Australia indicated a rate cut as soon as June, which would mark the first cut in almost three years. The surprise victory for the ruling party in Australia's general election also removed an overhang to the sector as the opposition party targeted to control property prices and demand. Stockland currently pays a dividend yield of more than 6%.
- Our asset allocation at the end of the month was 63.5% invested in Asian equities and 33.4% in Asian fixed income, with the remainder in cash. We continue to maintain an asset allocation close to the 65:35 level.
- In May, given the latest development of the US-China tensions, we decided to trim selective exposure to reduce risk from a macro slowdown and potential impact to overall consumption. We reduced positions in two Hong Kong retailers, a Hong Kong-based property developer and a Chinese auto company. On a selective basis we used the market weakness as an opportunity to add to new positions. For example, we initiated holdings in an Australia-based imaging service provider to hospitals and an electricity generator and distributor in Malaysia. On the fixed income side, we continue to hold the existing bonds for interest accrual and are selectively investing in both new and secondary issues. The Fund generally holds shorter dated, less volatile issuers.
- At the end of the month we held 68 equities and 79 fixed income securities. The equity portfolio yield was 3.8% and the average fixed income coupon was 7.5% with an average credit rating of BB- and duration of less than 2 years.

Market Outlook and Strategy

- The intensification of the US-China trade war in recent weeks has provided the catalyst for a significant pullback in global emerging markets. More recently, the ratcheting up of pressure on Huawei, the Chinese tech giant, has reinforced our view that technology will remain front and centre of what is increasingly likely to be a long term dispute between the world's two leading economic powers.
- While the extent of the market decline at some point reflects the strength of the market recovery earlier this year, the question now is does this trade conflict escalation signal a return to the 2018 bear market scenario in both China and the Asian region. We think it is unlikely and view the pullback as a healthy and much-needed correction. A key reason is that the economic situation in China now is different to last year. A combination of monetary and fiscal policy easing has resulted in a more stable environment, compared to the focus on deleveraging policies in 2018 which created a credit squeeze and a period of bumpy economic deceleration. In such environment, we will continue to manage a broadly diversified portfolio to help enhance resilience during periods of market volatility.
- The Asian high yield market is expected to continue consolidating at current index levels. Most Asian high yield issuers have a domestic focus and are thus more insulated from trade tensions. Yields remain attractive and interest accrual will be the primary supporter of returns in the medium term. Primary issuance is expected to be selective and moderate inflows into the asset class are expected to continue. Our bond portfolio will continue to be well diversified across short dated higher quality bonds with the primary aim of interest accrual.

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