

Allianz Universal Life Fund III

Fund Fact Sheet

Allianz Universal Life Fund III

1. Name of Fund

Allianz Universal Life Fund III

Allianz Universal Life Fund III is a separate fund within the non-participating fund, and assets in this Fund are ring-fenced.

2. Investment Objective

The Fund aims to provide a stable return over a longer term via principally investing in fixed income securities.

3. Investment Strategy & Approach

The Fund will invest in a diverse range of fixed income securities, and money market instruments. The Fund may also invest in Collective Investment Schemes (CIS) which are in line with the Fund's investment objective.

Investment decisions would be based on a combination of:

- Top down analysis of the macroeconomic environment to determine asset allocation and sector exposure strategy, and
- Bottom up analysis for credit selection which includes quantitative and qualitative analysis.

4. Asset Allocation

The Fund will invest a maximum 98% of the Fund's NAV in fixed income securities with minimum 2% in liquid assets for liquidity needs.

The fixed income securities will include corporate bonds and alternative debt for yield enhancement; and foreign bonds for diversification.

5. Performance Benchmark

12-month Maybank Fixed Deposit Rate.

Further information on benchmark can be obtained from Maybank <https://www.maybank2u.com.my>.

6. Fund Manager

Allianz Life Insurance Malaysia Berhad

7. Fund Management Charge

The monthly Fund Management Charge is as follows:

| Gross Investment Return (per month) Before Tax | Current Fund Management Charge (per month) |
|--|--|
| Less than 0.416% | 0.0667% |
| 0.416% and above | 0.0833% |

The maximum Fund Management Charge is 0.0833% per month (i.e. 1.0% per annum). Allianz Life reserves the right to revise the maximum Fund Management Charge by giving Policy Owners at least three (3) months prior written notice.

8. The principal risks of investing in the Fund are identified as follows:

- Market Risk
- Interest Rate Risk
- Country/Foreign Investment Risk
- Currency Risk
- Sector Risk
- Company Specific Risk
- Credit and Default Risk
- Liquidity Risk

9. Risk Management and Control Procedures

On top of regulatory limits imposed by Bank Negara Malaysia, Allianz Life have put in place tight internal investment limits for all asset classes to ensure that the Fund does not take on excessive risk, while recognizing there cannot be total elimination of risks associated with investing in the Fund. The following is a non-exhaustive list of key risk factors when investing into the Fund.

- **Market Risk** – The value of the Fund's investment assets may be affected by changes in economic fundamentals, interest rate movement, regulatory policy, political and industrial developments. These market factors may result in fluctuations in the value of the Fund's investment assets. This risk may be mitigated by ensuring regular and rigorous reviews of macroeconomic factors and asset allocation strategy.
- **Interest Rate Risk** – Interest rate risk arises when the value of the debt instrument fluctuates due to interest rate movement. When interest rate rises, the debt instrument prices generally decline and this may lower the market value of the investment. The reverse may apply when interest rate falls. Debt instruments with longer maturities and lower coupon rates are more sensitive to interest rate changes. This risk may be mitigated by regular and rigorous reviews of asset allocation and duration strategy.

- **Country/Foreign Investment Risk** – This risk refers to the risks of investing in foreign markets. The value of the foreign investment assets directly or indirectly held by the Fund may be affected by country-specific factors, such as the country's economic fundamentals, social and political stability and regulatory policy. This risk may be mitigated by ensuring regular and rigorous reviews of macroeconomic, socio-politic and regulatory factors as well as adopting an appropriate asset allocation strategy.
- **Currency Risk** – For foreign investments, fluctuations in currency exchange rates may have an impact on the value of the Fund's investment assets. This risk may be managed by engaging in foreign currency hedging.
- **Sector Risk** – The value of the Fund's investment assets may be adversely affected by the changes in sector-specific factors, such as the business condition, industry outlook and demand/supply dynamic of the industry. This risk may be managed through portfolio diversification and control on sector concentration risk.
- **Company Specific Risk** – The asset values of securities may be affected by company-specific factors, some of which include volatile business situations, adverse financial conditions and poor corporate governance. This risk may be contained through appropriate portfolio diversification, prudent investment selection and better control on investment concentration risks.
- **Credit and Default Risk** – This relates to the creditworthiness of the issuers of the debt and money market instruments as well as their abilities to make timely payments of interest and principal. Any adverse situations faced by the issuer may impact the value of the Fund as well as the liquidity of the debt instrument or money market instrument. This risk is managed through appropriate portfolio diversification, stringent credit selection and control on sector as well as credit concentration risks.
- **Liquidity Risk** – If an asset has insufficient liquidity, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price. Appropriate portfolio diversification, control on investment concentration limits taking into account liquidity constraints and regular monitoring could help mitigate the said risk.

10. Target Market

The Fund is suitable for investors who

- have low risk tolerance and aim to seek potentially higher returns than fixed deposits;
- aim to diversify their overall investment portfolio by including bonds as an asset class; and
- medium to long term investment horizon.

11. Fund Performance and Performance Benchmark

Past performance of the Fund is not an indication of its future performance and the performance of the Fund is not guaranteed.

Historical actual annual net crediting rate of Allianz Universal Life Fund III with selected benchmark is:

| Year | Annual Net Crediting Rate* | Benchmark |
|------|----------------------------|-----------|
| 2017 | 2.49% | 2.33% |
| 2018 | 4.56% | 3.33% |
| 2019 | 10.88% | 3.20% |
| 2020 | 5.75% | 2.22% |
| 2021 | -1.66% | 1.85% |
| 2022 | 0.20% | 1.85% |
| 2023 | 5.63% | 2.85% |

* After deduction for government tax, transaction charge, custodian fee and Fund Management Charge.

These historical actual annual net crediting rates do not take into account any other charges that may be levied.

This is strictly the performance of the universal life fund, and not the returns earned on the actual premiums paid of the universal life product.

The basis of calculation of past performance is as follows:

Crediting Rate Methodology

The Allianz Universal Life Fund III comprises Account Value of all individual Allianz Universal Life Fund III policy owner.

The Crediting Rate is not guaranteed and is dependent on the investment return. The Crediting Rate will be credited to the Policy Account 1 and Policy Account 2 (if any) once every month and the following rules shall apply:

The Account Value of individual policy owner shall be calculated as being the sum of:

- The previous calendar month end Account Value;
- Allocated premium received during the calendar month (if any); and
- Income accrued or credited to the Account Value during the calendar month (if any); less deductions for Cost of Insurance (if any) and Policy Fee (if any) due on each monthly anniversary and also Guaranteed Retirement Income Payment (if any) due on monthly anniversary.

Allianz Life reserve the right to determine the crediting rate and the frequency of crediting rate in accordance with the terms and conditions of the policy and subject to the prevailing regulatory requirements.

The monthly net crediting rate (after deduction of government tax, transaction charge, custodian fee and Fund Management Charge) will be credited to each individual Account Value based on the average daily individual Account Values of that calendar month.

The crediting rate and amount will be determined after month end closing and allocated to policy owners within 2 working days from the transaction date.

12. Statement to Policy Owners

The annual statement will be sent to policy owners at least once a year stating the balance of Account Value, crediting rate and Fund Management Charge.