

Allianz Asian Multi Income Plus

Monthly commentary

- The Fund aims at long-term capital growth and income by investing in equity and bond markets in Asia Pacific.
- The Fund is exposed to significant risks of investment/general market, interest rate, company-specific, creditworthiness/credit rating/downgrading, default, valuation, sovereign debt, country and region, emerging market, asset allocation, volatility and liquidity, currency (such as exchange controls, in particular RMB), and the adverse impact on RMB share classes due to currency depreciation.
- The Fund may invest in the China A-Shares market directly via the Stock Connect or other foreign access regimes and/or other permitted means and/or indirectly through all eligible instruments and thus is subject to the associated risks (including quota limitation, change in rule and regulations, repatriation of the Fund's monies, trade restrictions, China market volatility and uncertainty, potential clearing and/or settlement difficulties, change in economic, social and political policy in PRC and Mainland China tax risks).
- The Fund may invest in high-yield (non-investment grade and unrated) investments which may subject to higher risks, such as volatility, loss of principal and interest, creditworthiness and downgrading, default, interest rate, general market and liquidity risks and therefore may increase the risk of loss of original investment.
- The Fund may invest in financial derivative instruments ("FDI") which may expose to higher leverage, counterparty, liquidity, valuation, volatility, market and over the counter transaction risks. The Fund's net derivative exposure may be up to 50% of the Fund's net asset value.
- Investing in share class with fixed distribution percentage (Class AMF) is not an alternative to fixed interest paying investment. Investors should note that fixed distribution percentage is not guaranteed. The percentage of distributions paid by these share classes is unrelated to expected or past income or returns of these share classes or the Fund. Distribution will continue even the fund has negative returns and may adversely impact the net asset value of the Fund. Positive distribution yield does not imply positive return.
- This investment may involve risks that could result in loss of part or entire amount of investors' investment.
- In making investment decisions, investors should not rely solely on this material.

Note: Dividend payments may, at the sole discretion of the Investment Manager, be made out of the Fund's capital or effectively out of the Fund's capital which represents a return or withdrawal of part of the amount investors originally invested and/or capital gains attributable to the original investment. This may result in an immediate decrease in the NAV per share and the capital of the Fund available for investment in the future and capital growth may be reduced, in particular for hedged share classes for which the distribution amount and NAV of any hedged share classes (HSC) may be adversely affected by differences in the interests rates of the reference currency of the HSC and the base currency of the Fund.

What Happened in June

Asia Pacific ex Japan equities rose in June, even as geopolitical jitters continued to linger in the background. South Korea was the strongest market, boosted by post-election reform optimism after the new president was inaugurated. A rally in global technology stocks also buoyed the market as well as leading to gains in Taiwan. Chinese equities benefitted from easing trade tensions with the US. Shares rose on news that the US and China had restored their trade truce, with the two sides agreeing a "framework" to implement the previous consensus reached in Geneva. Australian equities closed the month modestly higher. The ASX 200 Index reached a fresh record high on optimism surrounding renewed US and China trade talks early in the month before weakening as escalating tensions in the Middle East weighed on sentiment.

Indian equities also finished the month moderately higher. June delivered a series of favourable developments including softer inflation data, quarterly gross domestic product (GDP) growth at 7.4% year-on-year (above consensus expectations of 6.8%), a deeper than expected 50 basis point cut to the repo rate, and a 100 basis point reduction in the Cash Reserve

Ratio (CRR). Elsewhere, ASEAN equities generally fell as investors rotated into safe-haven assets amid soaring tensions in the Middle East. In Thailand, the index hit a five-year low amid political turmoil as the country's Constitutional Court suspended the prime minister.

For fixed income, market sentiment was mixed in June with the positive development on trade talks being offset by the escalation of tension in the Middle East. However, despite all the uncertainties and volatilities in the market, Asia credit continued to demonstrate resilience with both Investment Grade (IG) and High Yield (HY) reporting positive return in June. On rate side, US treasury yields fell significantly during the month, driven by benign inflation data and dovish commentary from US Federal Reserve (Fed) governors backing earlier rate cut. In terms of performance, Asian credit (JACI Composite) was up 1.2% in June. IG credits returned 1.2%, with spread and interest rate contributing 0.2% and 1.0% respectively. HY credits was up 0.8% with all of the return coming from interest rate.

Portfolio Review

The Fund return was positive in USD terms in June.

In the equity portfolio, the top contributor was chipmaker Taiwan Semiconductor Manufacturing (TSMC)*. The share price rallied after the company raised its guidance for this year, as the demand drag from tariffs appears more muted than two months ago, while AI demand remains robust.

On the negative side, the top detractor came from an Australia-listed clinical dermatology company based in the US. The company announced a set of disappointing sales for its flagship product prescription, which is used to treat excessive sweating. While the company is expected to continue deepening its presence in the dermatology sector over the long term, we will monitor the recovery progress of the stock.

The asset allocation at the end of the month was 69.1% invested in Asian equities and 30.1% in Asian fixed income. During the month, the key portfolio activity for the equity sleeve was focused on high dividend paying companies. For example, we initiated a Korean telecom company which is actively investing in the artificial intelligence (AI) value chain. We also initiated an Australia REIT with a diverse portfolio of high-quality assets to the portfolio. On the other hand, we exited two positions in China, including a beverage shop specialised in tea drinks, and a condiment producer.

Within the fixed income portfolio, we continued to look for alpha opportunities and switched out the outperformers. Also, we were actively managing portfolio duration given a very volatile rate market during the month. In addition, we were actively involved in the primary market to capture the new issue premium.

Outlook and Strategy

Overall, we are quite cautious on the near-term outlook for regional equities. Global trade developments, especially the ongoing decoupling of the US and China, are likely to result in a weaker growth outlook. As well as putting pressure on corporate earnings, the visibility of growth is also reduced with some companies declining to provide their usual quarterly guidance. Offsetting this to some degree is a weaker US dollar, which has led to relative appreciation among many regional currencies and provides Asian central banks with scope to lower interest rates. In China, we think there will be more decisive policy changes including the government stepping up support for asset prices, not just in equities but in the crucial housing market as well.

On the fixed income side, with the Middle East conflict being temporarily resolved, market focus is now turning back to the US economy which should remain highly uncertain given Trump's unpredictable policies. As global investors reassess the concentration of risk in US credits, Asia stands out as a compelling destination for diversification, underpinned by the strong fundamentals with limited tariff exposure. Asian IG credits provide a resilient high-quality alternative to US issuers while HY credits offer the highest yield among peers with contained default risk. Technicals continued to be supportive to Asia

credits with year-to-date net supply remained negative after factoring in coupon payments. As a result, we remain constructive on Asia credit with a slight preference of high yield to investment grade. We maintain our long carry position, expect security selection to be the key long term positive contributor and look to increase credit beta on the back of global-induced sell-offs.

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All data are sourced from Bloomberg, IDS and Allianz Global Investors and as at 30 June 2025 unless otherwise stated.

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