

# 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 March

Asia Pacific ex Japan equities were mixed in March with a wide divergence of returns across markets as erratic tariff news was digested. China equities made modest gains. Tech stocks led the way for the first half of the month, continuing to rally after Chinese AI start-up DeepSeek's AI success sparked growing interest in the sector, but closed the month on a weaker note. India rebounded strongly after several months of weakness, led mainly by positive domestic fund flow. In contrast, Taiwan lagged with the tech sector seeing a particularly sharp pullback in line with the semiconductor sector globally. The Korea market was also weak after Trump announced tariffs on all cars imported to the US. Australian equities slid further from their historical highs in January, with all sectors retreating with the exception of utilities.

On the fixed income side, US Treasury yields were volatile in March, although overall yields remained unchanged on a month-on-month basis. For much of the month, escalating fears of a global trade war and slowing global growth dominated economic news, resulting in widened credit spreads. Across Asia, hopes of fresh stimulus measures from China

aimed at boosting consumption supported market sentiments. Overall, Asia credit returns were flat in March, with positive interest rate returns offsetting negative spreads.

### Portfolio Review

The Fund return was positive in USD terms in March.

In the equity portfolio, the top contributor came from a telecommunications provider in the Philippines gaining market share through lower cost subscription plans. This strategy aligns with the growing demand for higher-speed internet and increasing digital connectivity in the region beyond urban areas.

On the detractor side, chipmaker Taiwan Semiconductor Manufacturing (TSMC)\* lagged during the month. The share price retreated on concerns surrounding global semiconductor demand and potential impacts from US tariffs. The company has announced stronger-than-expected guidance for 2025, with demand for high performance computing chips continuing to be well supported by ongoing adoption of AI-related applications. We have maintained our position.

The asset allocation at the end of the month was 70.0% invested in Asian equities and 30.0% in Asian fixed income.

During the month, we added a grocery retailer from Australia and a jewellery brand based in Hong Kong to the portfolio. On the flip side, we exited our position in a medical device company in Australia.

Within the fixed income portfolio, we continued to look for alpha opportunities in the secondary market focusing on shorter end maturities. We also trimmed our exposure to commodity related names given rising uncertainties under current macro environment.

### Outlook and Strategy

Shortly after the end of the month, Asian equity markets were turned on their head by Trump announcing significantly higher than expected tariffs. After signaling restraint earlier in the year, China in particular retaliated with a strong tit-for-tat response. Although China basically matched US actions rather than escalating further, showing it is still open to negotiation, in practice the outlook is highly uncertain. We expect a significant policy response from China focused on stimulating domestic demand.

While we are still facing significant uncertainty as Trump is disrupting the global economic / trade order with his tariff announcements and more time is needed to see where things settle, there could be channels for Asia to see some respite. Regional central banks have some propensity for policy easing, for example, especially if the US dollar continues to weaken. India is a more domestic-demand driven economy and is correspondingly less exposed to US tariff risk. India equity valuations have also come down significantly.


On the fixed income side, despite the macroeconomic uncertainties, we maintain a positive view on Asia credits due to strong technical factors such as declining default rates and reduced new issue supply. At the same time, we see Asia corporate fundamentals improving, and corporate earnings across the region have been strong. Most corporate sectors in the Asian high yield market are in the sweet spot of the credit cycle and will continue to provide decent carry returns, such as Indian utilities, Macau consumers, and select Asian financials. In our view the high-quality nature of the Asia investment grade market, combined with attractive all-in yields, presents an investment opportunity for investors seeking diversified returns.

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All data are sourced from Bloomberg, IDS and Allianz Global Investors and as at 31 March 2025 unless otherwise stated.

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