

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 April

April was a volatile month for Asia Pacific ex Japan equities. Stocks tumbled following President Donald Trump's 'Liberation Day' of sweeping tariffs early in the month, with tariff-related turmoil dominating the headlines throughout the rest of April.

China dragged regional equities lower amid fears that tit-for-tat tariff hikes by the world's two biggest economic powers could signal the start of a full-blown trade war. Taiwanese stocks also moved lower, despite index heavyweight Taiwan Semiconductor Manufacturing Company's bullish outlook and the Taiwanese government deploying a USD 15 billion financial stabilisation fund. ASEAN equity markets rose in aggregate, with central banks in both the Philippines and Thailand cutting interest rates. The Reserve Bank of India (RBI) also cut interest rates, and the Indian equity market recovered strongly in April on the back of better liquidity conditions and the return of foreign inflows.

For fixed income, after an initial weak start, the market rebounded as sentiment recovered when the tariffs were granted a temporary reprieve. Asian credit (JACI Composite) was flat for the month of April. Investment Grade (IG) credits re-turned 0.3%, with favorable US Treasury movements contributing 0.5%, while credit spreads detracted -0.3%. High Yield (HY) credits corrected by -1.7%, as the positive interest rate return of 0.4% was not sufficient to offset the negative spread return of -2.1%.

Portfolio Review

The Fund return was positive in USD terms in April.

In the equity portfolio, a leading detractor was an Internet of Things and edge-AI software design service provider from China. The company works with international brands to integrate Artificial Intelligence (AI) capabilities into their products. The share price saw some profit taking after the Deep Seek-fueled rally in previous months.

On the positive side, a top contributor came from a major food online delivery and “quick commerce” platform in India with a strong footprint across the country’s megacities. Platform growth is being driven by expanding delivery categories across groceries, electronics and fashion to service demands of the urban consumer.

The asset allocation at the end of the month was 69.7% invested in Asian equities and 30.0% in Asian fixed income.

During the month, we exited select positions where we anticipate higher levels of business impact from tariffs in favour of companies focused more on domestic-oriented demand. For example, we exited our position in a semiconductor testing equipment company in Taiwan and added to a toll-road operator in Australia, a telecommunications company in India, and a popular freshly-made tea brand in China.

Within the fixed income portfolio, we took the opportunity to pick up bonds at attractive level and switched out the outperformers. Also, we were actively involved in the primary market to capture the new issue premium.

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. 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, the latest corporate earnings have shown evidence of stable to improving profitability, decreasing leverage with right-sized businesses across most sectors in Asian credit space. Spreads are more attractive now while solid credit fundamentals and strong technicals should continue to support Asian credit valuation. With attractive all-in yields, we remain constructive on Asia credit with a slight preference of high yield to investment grade and expect carry and security selection to be the key positive contributors to performance.

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

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