

# Allianz Asian Multi Income Plus

## Monthly commentary

### Investment Objective

The Fund aims at long-term capital growth and income by investing in equity and bond markets in Asia Pacific.

### What Happened in October

Asia Pacific ex Japan equities moved higher again in October buoyed by a rally in the regional Tech sector. Taiwan and South Korea led the way, helped by upbeat quarterly earnings from mega-cap Tech names in the US. Indian equities recovered some of their previous losses as optimism over bilateral negotiations with the US lifted sentiment. On the other hand, China equities saw some profit taking after the previous strong rally. Heightened US-China trade tensions were a catalyst for the sell down. Australian equities fell as investors took profits on Mining stocks after gold corrected sharply. Elsewhere, ASEAN equities rose modestly. Thailand was the best performer following recent political upheaval.

For fixed income, October saw notable volatility in US Treasury yields, with the 10-year yield bottoming at 3.94% before retracing to 4.08%, on the back of Powell's hawkish tone at the last Federal Open Market Committee (FOMC) meeting, marking a modest month-on-month decline of 7 basis points (bps). This is the second consecutive month of 25-bps cut in the fed funds rate. Due to the US government shutting down during the month, the jobs data was not produced. In terms of performance, Asian credit (JACI Composite) delivered a solid 0.73% return, 0.4% attributed to rates and 0.3% to spread compression. Investment grade (IG) credits matched this performance, while high yield (HY) outperformed with a 1.2% return, supported by a 23-bps tightening in spreads.

### Portfolio Review

The Fund return was positive in USD terms in October.

In the equity portfolio, the top contributor was SK Hynix, one of the global leading pure memory semiconductor manufacturers from South Korea. The company reported a strong set of quarterly results towards the end of the month, confirming strong business momentum buoyed by robust global artificial intelligence (AI) related demand.

On the negative side, a detractor was Tencent, a leading internet gaming and social media company in China. The stock saw some profit taking after strong gains year-to-date. With its unique WeChat ecosystem and global gaming assets, Tencent remains well positioned to benefit from further AI application across its various business lines from gaming, advertising, fintech to cloud.

The asset allocation at the end of the month was 70.0% invested in Asian equities and 30.3% in Asian fixed income.

During the month, the key portfolio activity for the equity sleeve continued to focus on adding high dividend paying companies across the region. For example, we initiated a position in one of the largest manufacturers of home appliances and smart technologies in China, offering a dividend yield of over 5%. We also initiated positions in Australian and Chinese telecom companies, which offer up to 4-6% dividend yield. On the other hand, we selectively took profits in some AI-related names following strong year-to-date gains.

Within the fixed income portfolio, we increased our allocation to HY for better carry, while keeping portfolio duration relatively stable.

At the end of the month, we held 64 equities and 64 fixed income securities. The equity portfolio yield was 3.1% (based on forward 12-month estimates), and the average fixed income coupon was 6.1% with an average credit rating of BB+ and average duration of 2.7 years.

## Market Outlook

Overall, we are cautiously optimistic about the near-term outlook for regional equities. Global trade developments such as higher tariff rates are likely to result in weaker growth. As well as putting pressure on corporate earnings, the visibility of growth is also reduced with some companies declining to provide their usual guidance. Offsetting this to some degree is lower inflation across most Asia Pacific markets. Combined with the weaker US dollar this year, there is flexibility for Asian central banks to lower interest rates. In China, we anticipate there will be further policy support in order to achieve the annual economic growth target.

On the fixed income side, spreads remained tight amid fundamental risks and late-cycle concerns, yet we believe the case for selective buying remains compelling. Importantly, there is little evidence of excessive risk-taking or broad-based deterioration in fundamentals. Pro-cyclical catalysts – such as the US Federal Reserve's (Fed's) shift toward easing and Germany's fiscal expansion – support a more favourable market backdrop. With risk reduced during the month, positioning has normalised to more neutral levels, reducing the likelihood of forced selling and historically aligning with moderately positive returns. Corporate fundamentals remain broadly intact, external risks are stabilising, and technicals continue to provide a tailwind. Our base case is for steady performance in Asia credit, supported by constructive sentiment and ongoing spread compression.

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

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