

# 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 February

Asia ex Japan equities delivered strong returns in February. At first, regional indices felt the global artificial intelligence (AI) jitters before rising after the US Supreme Court ruled that President Donald Trump's reciprocal tariffs were invalid. US-Iran tensions also played in the background throughout the month. In this environment, semiconductor stocks led Taiwan and Korea to fresh highs, the latter market also receiving a boost from the "value up" corporate governance programme. China A-shares also saw good gains with Tech/AI leading the way, but offshore China equities were weaker. Australian equities finished the month higher as well. As expected, the Australian Reserve Bank reversed its monetary policy trajectory, hiking the benchmark cash rate by 25 basis points (bps) to 3.85%. On the other hand, the India equity market was more subdued, with information technology (IT) services companies impacted by the global AI/software shakeout.

For fixed income, market sentiment was marred by concerns surrounding potential AI-driven disruption and renewed caution in private credit markets. Notwithstanding, geopolitical tension escalated in the Middle East which culminated in a US strike on Iran at the turn of the month. As a result, a rotation across asset classes saw haven demand for US Treasury bonds. The curve bull steepened with 2- and 10-year yields declining by 15 and 30 bps respectively. In terms of performance, investment grade outperformed high yield as they benefitted from a longer duration profile and stronger curve returns.

### Portfolio Review

The Fund return was positive in USD terms in February.

In the equity portfolio, top stock contributors came from several Technology holdings such as Samsung Electronics and Taiwan Semiconductor Manufacturing Company (TSMC). We believe as key global providers of high-performance memory chips, these companies should continue to benefit from the accelerating need for high bandwidth memory given the long-term demand for AI applications.

On the other hand, key detractors came from two internet giants Tencent and Alibaba. Partly the pullback relates to market rotation towards new Technology listings which are seen as purer-play AI firms. There have also been concerns about a less favourable regulatory environment as well as macro softness pressuring consumer spending and intense competition over the Lunar New Year period attract users to consumer AI apps. We reduced the positions but we hold onto the names as they remain well positioned to benefit from further AI applications over the longer term.

The asset allocation at the end of the month was 70.4% invested in Asian equities and 29.5% in Asian fixed income.

During the month, the key portfolio activity for the equity sleeve focused on adding high dividend paying companies across the region. For example, we initiated positions in a global bank based in Hong Kong and a financial institution in South Korea, both paying a dividend yield of circa 4.5%. Conversely, we reduced the position in an Indian IT services and consulting company amid concerns over tight IT budgets and weaker software demand.

Within the fixed income sleeve, we selectively increased our allocation to investment grade credit amid elevated geopolitical uncertainty, while maintaining a broadly stable duration profile. We also remained active in the primary market to capture attractive new issue concessions and enhance carry.

At the end of the month, we held 70 equities and 72 fixed income securities. The equity portfolio yield was 2.9% (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

Markets were jolted in early March following the outbreak of hostilities in the Middle East. The majority of Asian companies have limited activity in the Middle East and, therefore, should not experience a significant direct impact on their operations. The bigger question relates to the impact of higher oil prices and supply disruption.

China is the main regional buyer of Iranian oil. While this is a relatively small part of China's overall energy consumption, supply via the Strait of Hormuz accounts for around half of China's oil imports. China has built up significant crude oil reserves in recent years and also has other domestic sources of energy supply. Therefore, unless the conflict leads to a sustained disruption in physical supply, the macro impact should be manageable. India is also a net oil importer, hence a sustained high oil price would weigh on the economy, and its strategic reserves are limited. At this stage, the situation remains uncertain.

Looking beyond these near-term risks, we are optimistic on the outlook for Asia ex Japan equities. Economic policy is broadly supportive across the region. In China, we anticipate there will be further policy support as the housing market continues to weaken. We also expect Technology to remain a feature going forward.

On the fixed income side, a sustained rise in the price of oil would keep inflation expectations elevated. This keeps interest rates sticky towards the upside. In an environment where interest rates are rising and spreads are decompressing, we find absolute carry to be increasingly attractive. Coupled with geopolitical uncertainty, we prefer to

lean towards quality, focusing on issuers with resilient balance sheets, stable access to funding, and predictable cash flow profiles. At the same time, Asia credit as an asset class remains structurally attractive. Unlike other markets, it is relatively insulated from AI-driven disruption and private credit concerns.

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All data are sourced from Bloomberg, Allianz Global Investors and as at 28 February 2026 unless otherwise stated.

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