

June 2010

Fund Commentary - AllianzGI RCM Global High Payout Fund



Investment objective

The AllianzGI RCM Global High Payout Fund (the "Fund") has a two-part investment strategy. Firstly, the investment manager invests in stocks from a globally diversified universe that offer a high and sustainable dividend yield. Secondly, call options on these stocks are sold to generate option premium, enhancing dividends and reducing overall portfolio risk. By these means, the Fund's investment objective to provide a total return from dividend income, option premiums and capital appreciation should lead to sustainable distributions to investors.

Portfolio highlights*

What helped?	<ul style="list-style-type: none">▪ Shares in high and sustainable dividend companies outperformed the broad market significantly.▪ Especially companies from more defensive sectors, such as Telecom Services, Utilities and Healthcare, gained in a negative market environment.▪ Option income improved the returns of the equity portfolio.
What hurt?	<ul style="list-style-type: none">▪ Companies from the Information Technology sector lost most.▪ The investment in the company from the oil sector lost significantly, but due to the risk-controlled investment amount, the effect on the Fund was limited. The position has been closed as the company announced omitting their dividend.

Review and Outlook*

- The performance of the equity markets in the month of June 2010 was range bound and unspectacular.
- Sovereign risks remained a dominant theme. In the UK, the coalition government's emergency budget comprised of spending cuts and tax rises aimed at reducing net debt from 11.0% of gross domestic product (GDP) in 2009-2010 to 1.1% in 2015-2016. The news was largely well received by financial markets and ratings agencies.
- Weak economic data from the US, especially unemployment and housing, raised concerns about the momentum of the economic recovery and the possibility of a double dip recession.

- Stocks with a high and sustainable dividend yield remain attractive, especially to more risk-averse investors. By systematically selling call options on stocks in the Fund, we are able to generate additional income. Especially in sideways markets, this should help to achieve superior returns to an equity-only investment.

* Source: RCM, as at 30/06/10.

Past performance, or any prediction, projection or forecast, is not indicative of future performance.

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Unit value and income therefrom may fall or rise. Investment involves risks, in particular, risks associated with investment in emerging and less developed markets. Investors should read the fund prospectus, available from the local representative or any of its appointed distributors, for further details including the risk factors, before investing. This material has not been reviewed by the Monetary Authority of Singapore.

The issuer of this material is Allianz Global Investors Singapore Limited (Company Registration No. 199907169Z).

Applicable for Central Provident Fund Investment Scheme (“CPFIS”) registered funds in Singapore, the Central Provident Fund (“CPF”) interest rate for the Ordinary Account (“OA”) is based on the 12-month fixed deposit and month-end savings rates of the major local banks and the CPF interest rate for the Special, Medisave and Retirement Accounts (“SMRA”) is pegged to the yield of 10 year Singapore government bond plus 1%. Under the CPF Act, the CPF Board pays a minimum interest of 2.5% per annum for both the OA and SMRA when their respective interest formula yields a lower rate. However, for 2010, the CPF Board will pay a minimum interest rate of 4.0% per annum for the SMRA. In addition, from 01/01/2008, the CPF Board will pay an extra interest rate of 1% per annum on the first SGD 60,000 of a CPF member's combined balances, including up to SGD 20,000 in the OA. Currently, the first SGD 20,000 in the OA and the first SGD 30,000 in a member's Special Account (“SA”) are not allowed to be invested under the CPFIS. Effective from 01/07/2010, the first SGD40,000 of members' SA balances will no longer be allowed to be used for investments.

Ref No: 159/10. Date of Issue: 08/07/10.