July 2017

Allianz Life Master Dana Ekuiti

Allianz

Investment Objective

An open-ended investment fund which aims to provide medium to long term capital appreciation by investing in Shariah-approved equities and equity-related securities.

Investor Profile

The fund is suitable for investors who are looking for a fund that invests in Shariah-approved investments, seeking moderate to high capital appreciation, have moderate to high risk tolerance and have medium to long term investment horizon.

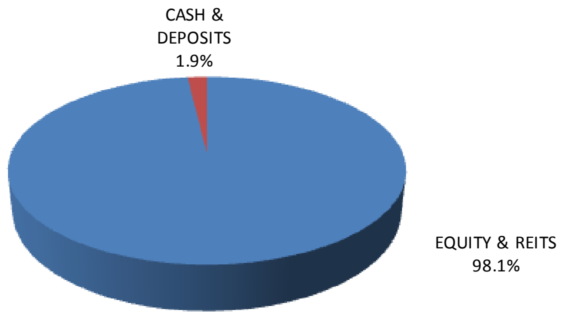
Performance Indicator

	Master Dana Ekuiti	Benchmark: FBMS*
1 month	-0.53%	-0.82%
6 months	10.85%	4.01%
1 year	16.63%	4.25%
3 years	13.94%	-4.98%
5 years	80.55%	12.76%
YTD	14.75%	5.85%
Since Inception (Annualised)	16.03%	6.72%

* Source: Bloomberg

The above performance is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

Portfolio Composition by Asset Type

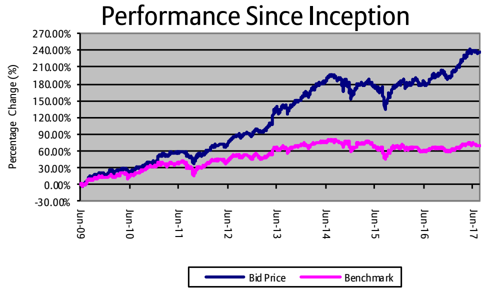


Key Fund Facts

Fund Size	RM24.724 million
Risk Profile	Moderate to high
Launch Date	08th June 2009
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit[1] - Bid (as at 31st July 2017)	3.360
Management Fee	0.00% p.a
Other Charges[2]	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

1. The price per unit of the Fund is the total market value of assets in the Fund divided by the total number of units of the Fund. To ensure fair treatment to all unit holders, transaction costs of acquiring and disposing of assets of the Fund are recouped by making a dilution or transaction cost adjustment to the NAV per unit of the Fund. Allianz Life Insurance Malaysia Berhad retains the right to suspend issuance or redemption of units of the Fund under exceptional circumstances, e.g. temporary closure of any stock exchange, as disclosed in the fund brochure.
2. Expenses directly related to and necessary in operating the Fund.

Performance Since Inception



Top Holdings (Equities)

Top Holdings (Equities)	% NAV
SIME DARBY BERHAD	10.12%
TENAGA NASIONAL BERHAD	7.64%
GAMUDA BERHAD	7.40%
DIALOG GROUP BERHAD	6.10%
TELEKOM MALAYSIA BERHAD	5.75%

Disclaimer:

This fact sheet is prepared by Allianz Life Insurance Malaysia Berhad (Allianz) and is for information only. The performance of the Fund is not guaranteed and the value of the units and the income derived there from may increase or decrease. Past returns and any forecast is not necessarily a guide to future performance. Allianz does not warrant or make any representations that the Fund will guarantee profits, or not result in losses or the correctness, accuracy, reliability, or otherwise of this fact sheet. Allianz disclaims any and all liabilities against loss, damages, etc whether direct, indirect or consequential as a result of your reliance on this fact sheet.

While reasonable care has been taken to ensure the accuracy and completeness of this presentation as at the date of publication, Allianz accepts no responsibility for any errors or omissions. Allianz assumes no obligation to update any information contained herein.

Allianz Life Insurance Malaysia Berhad (104248-X)
Suite 3A-15, Level 15, Block 3A Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.
Allianz Life Call Centre : 603-2264 1188/0688 Fax : 603-2264 1186 www. allianz.com.my

Market Review & Outlook

Allianz

Bond Market Review

The United States Treasury (UST) yield curve steepened with the short end yields lower as odds of another Fed rate hike this year fades away while long end yields increased as the Fed moved closer to its balance sheet unwinding. This resulted in the 5y UST declining 5bps mom to 1.84% while the 30y UST rose 7bps mom to 2.90%. Key events during the month included Fed Chair Janet Yellen's testimony on 12 July which highlighted that low inflation is still a major source of uncertainty for the economy and that inflation may fail to response to tightening resource utilisation. Weaker-than-expected consumer price index (CPI) data for June then came two days later at 1.6% (May and consensus: 1.7%) signaling it may take longer to reach Fed's goal of 2.0% which added doubts to the possibility of a third rate hike this year.

The Malaysian Government Securities (MGS) yields rose in the first half of July following fears of a possible shift to a hawkish stance by central banks in US, Canada and Europe. The MGS yields however recovered some grounds in the second half of July as the concern subsided following the dovish tone of the FOMC as well as concerns on the new US administration. The MGS yield curve steepened as the 10y MGS climbed 6bps mom to 3.99% while the 3y MGS fell 5bps mom to 3.31%. Foreign holdings in MGS eased by 1.1ppts mom to 40.1% as foreign funds contributed to a net outflow of RM2.3b in July. Malaysia foreign reserves continued to rise for the 7th month to USD99.4b, largely driven by mandatory conversion of export proceeds. MYR strengthened 0.3% mom to 4.2813 while the BNM's net short forward positions was narrowed slightly to USD16.6b in June (May: USD16.8b).

Bond Market Outlook

We view further upside risk to bond yields due to Ringgit vulnerability and higher US bond yields to be limited given that the bond valuation has normalized since Trump election and Bank Negara Malaysia had taken certain measures to stabilize the MYR. Although headline inflation is projected to be higher in 2017 on the back of higher oil prices, cost-driven inflation is not expected to have a significant impact on the broader price trends given the stable domestic demand conditions. Consensus economic growth forecast has been revised upwards to 5% in 2017 (2016: 4.2%) supported by stable domestic demand and better external exports. Hence, domestic monetary policy which is likely to remain accommodative to support domestic growth activities could counter external growth risks arising from policy actions and geopolitical risks. Meanwhile, the much anticipated positive growth impact from Trump expected growth measures has yet to be delivered and proven. Therefore, while we are cautious on the bond market, we are more inclined to accumulate bonds skewing towards high quality and liquid names. We do not expect any OPR hike for 2017.

Equity Market Review

Global equity markets continued to climb to near all-time highs in July, with the MSCI World Index rising 2.33% mom to 1961.10. In the US, the economy expanded strongly in 2Q17 with GDP growth of 2.6% vs 1.2% in 1Q17. Jobs data beat expectations with markedly high jobs added (222K in June versus survey of 178k) while Fed chair Janet Yellen also signalled a gradual rate hike during the FOMC meeting. This led to the Dow Jones Index surging +2.54% mom to 21891.12 in July. Over in Europe, the Stoxx50 Index rebounded slightly by 0.22% mom as the European Central Bank (ECB) left the monetary policy unchanged in July and provided little guidance on the potential tapering of quantitative easing (QE) program. On the other hand, China's Shanghai Composite Index continued to rise by 2.52% mom as its June economic data beat expectations across the board.

Additionally, sentiments were also boosted by the strong rebound in commodities prices after being sluggish for many months. Brent oil price spiked up by 9.87% mom to USD52.65/bbl after US shale producers (Anadarko Petroleum, ConocoPhillips, Whiting Petroleum and Hess) announced the trimming of their 2017 capital spending budgets on the back of weaker-than-expected oil prices. Crude palm oil (CPO) prices also gained 2.93% mom to RM2671/tonne, on the back of rising soybean oil prices as US soybean crop condition deteriorated slightly, coupled with tight CPO inventory.

In the ASEAN region, Singapore's Straits Times Index (+3.19% mom) topped the outperformance, with the financial sector leading the gain as loan growth accelerated through early 2Q. Indonesia's Jakarta Composite hit a new all-time high during early July before it nose-dived and closed with only 0.19% mom gain. Foreign funds sold aggressively in July (USD798m) as the 2017 revised budget would widen the fiscal deficit to 2.9% of GDP from 2.4%. Thailand's SET index was flattish in July with some selloffs seen in banking stocks after they reported weaker-than-expected earnings. On the other hand, Malaysia's FBMKLCI fell by 0.21% mom to 1760.03 on mixed economic data. While foreign reserve improved mom, its trade balance narrowed more than expected due to weaker natural gas and metals sectors. Foreign net inflows also eased in July with net inflows of RM420m. The MYR exchange rate strengthened to RM4.2813: USD1 in July from RM4.2928: USD1 in June.

Equity Market Outlook

We remain cautiously optimistic on 2H17 as concerns over valuations and external event risks remain. The global economy was boosted by a semiconductor up-cycle and commodity revival rather than being a broad-based recovery. Other key risks include the fading enthusiasm on Trump's policies, US monetary policy normalisation, policy tightening and financial deleveraging in China as well as the tightening of global liquidity. Nonetheless, we believe the Malaysian equity market would still be spurred by key themes such as 1) pump- priming and China investment, 2) general election play, 3) tourism, 4) PNB transformation and small-mid cap research fund and scheme. We continue to focus on investments in companies with earnings certainty and growth catalyst.

Allianz Life Insurance Malaysia Berhad (104248-X)
Suite 3A-15, Level 15, Block 3A Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.
Allianz Life Call Centre : 603-2264 1188/0688 Fax : 603-2264 1186 www. allianz.com.my

Investment Strategy & Approach

The investment approach would be a combination of 1) Top down analysis of the macroeconomic environment to determine asset allocation and sector exposure strategy and 2) Rigorous bottom up analysis which includes value analysis and financial analysis, to select individual stocks/credits to generate alpha return.

Investors should realize that there are risks of investing in the Funds as listed below:-

- **Market Risk** – The value of the Fund's investment assets may be affected by changes in economic fundamentals, interest rate movement, regulatory policy, political and industrial developments. These market factors may result in fluctuations in the value of the Fund's investment assets. This risk may be mitigated by ensuring a rigorous review of macroeconomic factors and asset allocation strategy.

- **Interest Rate Risk** – Interest rate risk arises when the value of the securities fluctuates due to interest rate movement. As prices of bonds move inversely with the interest rates, prices of bonds will decline when interest rate rise and vice-versa. Debt securities with longer maturity and lower coupon rate are more sensitive to interest rate changes. This risk may be mitigated by rigorous review of asset allocation and duration strategy.

- **Country/foreign investment risk** – This risk refers to the risks of investing in foreign markets. The value of the foreign investment assets directly or indirectly held by the Fund may be affected by country-specific factors, such as the country's economic fundamentals, social and political stability and regulatory policy. This risk may be mitigated by ensuring a rigorous review of macroeconomic factors and asset allocation strategy.

- **Sector Risk** – The value of the Fund's investment assets may be adversely affected by the changes in sector-specific factors, such as the business condition, industry outlook and demand/supply dynamic of the industry. This risk may be minimized through portfolio diversification and control on sector concentration risk.

- **Company specific Risk** – The value of the assets in particular of securities and money market instruments may be affected by company-specific factors, such as business situation, financial condition and corporate governance of the company.

- **Credit Risk** – The creditworthiness (solvency and willingness to pay) of the issuer of a fixed income security, counterparty to a derivative contract or money market instrument may subsequently fall. This usually leads to a decrease in the price of the asset greater than that caused by general market fluctuations. This risk is minimized through portfolio diversification, stringent credit selection and control on sector concentration risk.

- **Currency Risk** – For foreign investment, fluctuations in currency exchange rates may have an impact on the value of the Fund's investment assets. This risk may be minimized by engaging in foreign currency hedging.

- **Dividend Policy Risk** – This risk may occur when there is a significant deterioration in a company's business or if there is a change in management policy resulting in a reduction or removal of the company's dividend policy. Such risk is particularly relevant to a fund that focuses largely on dividend yielding stocks. This risk can be mitigated by investing mainly in companies with consistent historical record of paying dividends, companies operating in fairly stable industries or companies with strong cash flows.

- **Liquidity risk** – If an asset has insufficient liquidity, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price. The lack of liquidity of an asset may cause its purchase price to increase significantly.

- **Risk of Non-Compliant with Shariah Requirements** – For Shariah-approved funds, there is the risk that the fund may hold securities which are Shariah non-compliant due to "Shariah-compliant securities" which are subsequently considered "Shariah non-compliant" and Investment in Shariah non-compliant securities.

Overall, on top of regulatory limits imposed by Bank Negara Malaysia, we have put in place tight internal investment limits for all asset class with oversight by risk officer to ensure that the Fund does not take on excessive risk, albeit we cannot guarantee the total elimination of risks associated with investing in the Fund.

Meanwhile, on the investment management of Master Funds, Master funds* are introduced to operate as a centralised investment vehicle for the Funds. It has its own NAV but it is not offered to the public. The objective of creating Master funds is to consolidate all different investment funds which have the same investment mandates and return objectives. Such consolidation aims to enhance the efficiency in investment management.

*(Allianz Life Master Equity Fund, Allianz Life Master Bond Fund, Allianz Life Master Dividend Fund, Allianz Life Master Dana Equiti and any other Allianz Life Master Funds)