

Allianz Life Master Dividend Fund



Investment Objective

An open-ended investment fund which aims to provide a steady income stream and medium to long term capital appreciation by investing in equity and equity-related securities skewed towards potential dividend yielding equities.

Investor Profile

The fund is suitable for investors who are seeking moderate capital appreciation, seek stable income stream, have moderate risk tolerance and have medium to long term investment horizon.

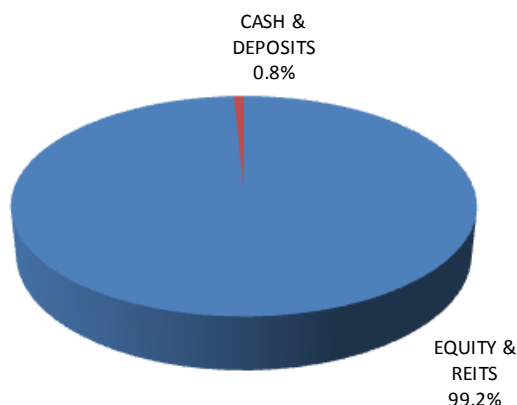
Performance Indicator

	Master Dividend Fund	Benchmark: FBM 100*
1 month	-0.47%	-1.34%
6 months	2.21%	-1.19%
1 year	22.03%	8.81%
3 years	20.59%	-1.29%
5 years	59.38%	10.40%
YTD	20.64%	7.87%
Since Inception (Annualised)	12.13%	3.98%

* 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

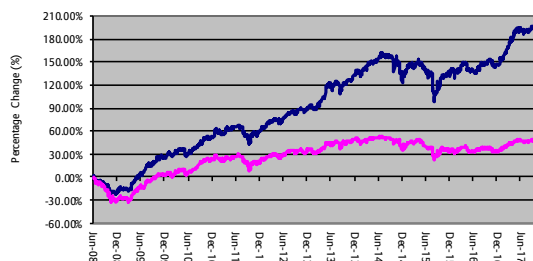


Key Fund Facts

Fund Size	RM73.812 million
Risk Profile	Moderate
Launch Date	13 th June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ - Bid (as at 30th November 2017)	2.958
Management Fee	0.00% p.a
Other Charges ²	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

- 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.
- Expenses directly related to and necessary in operating the Fund.

Performance Since Inception



Top Holdings (Equities)

Company	% NAV
TENAGA NASIONAL BERHAD	9.82%
MALAYAN BANKING BERHAD	9.25%
CIMB BERHAD GROUP	6.32%
GENTING BERHAD	5.48%
V S INDUSTRY BERHAD	4.73%

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.

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Market Review & Outlook



Bond Market Review

The US Treasury (UST) yield curve flattened as the 2y and 5y UST yields rose to multi-year high on expectation that the Fed will raise rates in December 2017 and 3 times in 2018. On 30th November, the 2y UST yield peaked at 1.78% (highest since Oct'08) while the 5y UST yield rose to 2.14% (highest since Apr'11) as the congressional Republicans moved closer toward an agreement on the proposed tax bill. The 30y UST yield dipped below 2.75% for the first time since September 2017 before closing the month at 2.83%. On 2nd November 2017, Jerome Powell was nominated as the new Fed chairman, succeeding Janet Yellen whose term will end on Feb'2018.

Back home, the Malaysian Government Securities (MGS) yield curve shifted lower but in a bull flattening manner. Demand in the short end of the curve were largely driven by foreign currency players following the unexpectedly hawkish Monetary Policy Committee (MPC) statement earlier in the month that strengthened the USDMYR from 4.232 end-Oct to 4.091 end-Nov. MGS 2018s yield rallied as much as 60bps MoM to 2.30% (way below the Overnight Policy Rate of 3%) which was a level not seen since Nov'16, suggesting a case for foreign fast-money positioning for Ringgit appreciation. The 10y MGS ended the month -1bps lower at 3.89% and the 30y MGS -11bps lower at 4.86%.

Malaysia's GDP growth for 3Q17 expanded at the fastest pace in more than 3 years at 6.2% YoY from 5.8% YoY in 2Q17, well above consensus estimate of 5.7% YoY. Foreign reserves meanwhile remained stable at USD101.5bn as of 15 Nov. Oct'17's CPI were lower-than-expected at 3.7% YoY (consensus: 4.1% YoY) but was not enough to deter market's view that BNM may raise interest rates as early as January next year.

Bond Market Outlook

We view that 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. Overall sentiment remains guarded, but we think that MYR bonds should see some support with stabilizing UST. Meanwhile, the official growth forecast has been revised upwards to 5.2%-5.7% in 2017 (2016: 4.2%) supported by stable domestic demand and better exports. However, we expect one OPR hike in 2018 based on the recent MPC statement which turned hawkish. Therefore, while we are cautious of possible bond market volatility arising from internal and external surprises and geopolitical risk, we are more inclined to accumulate bonds skewing towards high quality and liquid names.

Equity Market Review

Global equity markets continued to climb for third consecutive month, gained 1.99% mom, amid solid corporate earnings especially in US and a more synchronized global economic growth. In the US, the Dow Jones Index ended November near all-time highs at 24,272.35 (+3.83% mom) amid optimism about economic growth and company earnings. Its 3Q GDP growth was revised to three-year high of 3.3% from 3.0%, with broad based improvement seen. Market also had a last-minute boost after Senator John McCain said that he would support the tax bill. The European equity markets retreated with Stoxx50 Index -2.83% mom as investors turned risk-off on the back of subdued inflation despite the good recovery in manufacturing and services sectors with the unemployment rate dropping to 8.8%, the lowest in nine years. The Bank of England also implemented the first interest rate hike in a decade to 0.5%. In Asia, China's Shanghai Composite Index fell by 2.24% mom as it posted weaker than expected industrial activities and retail sales data.

Oil prices continued its third month of rally with Brent price climbing 3.58% mom to USD63.57/ bbl, as the Organisation of the Petroleum Exporting Countries (OPEC) oil producers and Russia agreed to extend their production cut until end 2018. On the other hand, Crude Palm Oil (CPO) price plunged by 10.61% mom to RM2,495/tonne following a slew of negative news: 1) CPO inventory rose 8% mom in Oct after production recovered strongly (+13% mom) and 2) India raised import duties for CPO and refined palm oil to 30% and 40% which may lead to potential weaker demand for CPO.

Back to ASEAN, Singapore continued to outperform its peers, with Straits Times Index +1.76% mom as market cheered the improving economic growth with its 2017 GDP growth forecast revised up to 3-3.5% from earlier estimate of 2-3%, following the strong 3Q17 GDP numbers. Nonetheless, other ASEAN equity markets fell into red territory. Thailand's Stock Exchange of Thailand Index retreated from high in Oct, down by 1.39% mom, as foreign investors took profit of the market with net sell of US\$578m. This was despite the solid October economic data which suggested broadening of recovery from external to domestic demand which likely to persist through year 2018. The Indonesian Jakarta Composite Index also retreated from its recent high (-0.89% mom) after 9 months of consecutive good runs as net foreign outflows intensified in November, amounting to US\$1.2bn. On the local front, Malaysia continued to underperform with FBM KLCI -1.72% mom in Nov, despite stronger than expected 3Q17 GDP growth (rose 6.2% yoy) and strengthening of Ringgit by 3.5% mom. Bank Negara Malaysia (BNM) kept Overnight Policy Rate (OPR) unchanged at 3.0%, but its tone was less dovish. Corporate earnings growth remained subdued in 3Q17 with sectors like automotive, technology, construction and healthcare which disappointed while oil & gas, media and timber surprised on the upside.

Equity Market Outlook

While foreign investors continued to reduce exposure in Malaysian equities on the back of unexciting corporate earnings amid GE 14 uncertainty, the quantum of net outflows have tapered off. Going into 2018, we opine that Ringgit strength will continue to gather momentum, corporate earnings to gradually improve and that overall GDP growth would be supported by our robust macro backdrop. While political risks have escalated ahead of the impending GE 14, we uphold our strategy in being selective and will take opportunities to accumulate stocks which enjoy resilient growth on any weakness. Key risk to watch out are the Trump tax policy, impending US rate hikes, balance sheet tapering in developed markets and geopolitical risks.

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)