December 2018

Allianz Life Amanah Dana Ikhlas

Investment Objective

The Allianz Life Amanah Dana Ikhlas (the "Fund") feeds into MAYBANK Dana Ikhlas ("CIS") and aims to seek a mix of regular income stream and possible capital growth over the medium to long term by investing in listed equities, Islamic debt instruments and other assets that are permissible under the Shariah Principles.

Investor Profile

The Fund is suitable for investors who are looking for fund that invests in Shariah-compliant securities, seek regular income and moderate capital appreciation, have moderate risk tolerance and medium to long term investment horizon.

Performance Indicator

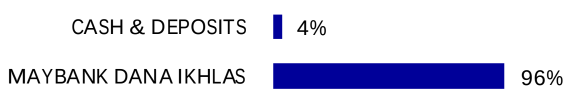
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Amanah Dana Ikhlas	-0.76%	-1.69%	-6.43%	-2.60%	-1.69%	-6.43%	1.62%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	-0.35%	-1.52%	-5.21%	-0.10%	2.27%	-5.21%	2.13%
MAYBANK Dana Ikhlas	-0.91%	-1.67%	-6.31%	-1.10%	0.22%	-6.31%	2.58%

* Source: Bloomberg and Bank Negara Malaysia.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. 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.

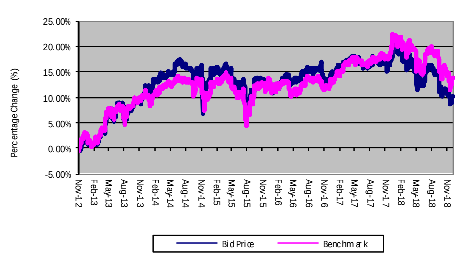
Facts on CIS

Name	MAYBANK Dana Ikhlas
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

Portfolio Composition by Asset



Performance Since Inception



Key Fund Facts

Fund Size	RM8.495 million
Risk Profile	Moderate Investor
Launch Date	26 November 2012
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit[1] (as at 31st December 2018) - Bid	0.524
Management Fee	1.26% 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.

Allianz Life Insurance Malaysia Berhad (104248-X)
Level 29, Menara Allianz Sentral , 203 , Jalan Tun Sambanthan, Kuala Lumpur Sentral , 50470 Kuala Lumpur.
Allianz Life Call Centre : 603-2264 1188
www. allianz.com.my

Allianz Life Amanah Dana Ikhlas

Manager's Comments

Market Commentary

The Malaysian sovereign bonds recovered from previous month as yields ended 3-10bps lower despite shorter trading month, tracking US Treasuries movements. The positive market sentiment was aided by concerns on slower global growth, more dovish US Federal Reserves (US Fed) and expectations that Malaysia's Overnight Policy Rate will be maintained at 3.25% throughout 2019. As widely expected, the US Fed raised it Fed Fund Rate in December for the 4th time in 2018, but lowered its 2019 rate hike projections to 2 times from 3 times (projected in September). A peaking US interest rates could bring back the allure of emerging markets assets, including Malaysia, among global investors seeking higher investment returns.

Meanwhile, foreign holdings of MGS declined further in December but by a smaller quantum by MYR1.5 billion (-MYR5.4 billion in November). As a result, the foreign holdings of MGS declined slightly from 38.8% to 38.4% in December 2018. Foreign holdings of GII, however, increased for the 4th month with RM1.0 billion inflow in December 2018 (+RM0.2 billion in November). Despite the outflows, the Ringgit strengthened against the USD to 4.1335 in December (Nov: 4.1842).

For equities, the month of December began on a good note with markets cheering the 90-day trade truce post the G20 meeting but the rally soon faded, resulting in a weak close to an already dismal year instead of a hoped-for year-end rally. The US equity market, as represented by the S&P500 Index, had its worst December in decades, plunging by almost 15% in the lead up to Christmas before recovering somewhat thereafter. Reasons for the sell-off include growth concerns, a tech sell-off (driven by weak sales of Apple suppliers and the arrest of Huawei's CFO) and stormy US political state of affairs (with President Trump at loggerheads with Congress and Fed Chair Powell). Markets were also disappointed by a less-dovish-than-expected Fed even though the Fed lowered its forecast for future rate hikes.

Meanwhile, Chinese economic indicators (e.g. November exports, December PMI) also came in weaker than expected. Oil prices continued to sell-off in December with Brent falling 9% on supply and growth concerns to end the month at US$53.80/bbl. Most Asian currencies strengthened against the USD in December. The Malaysia market managed to end the month with positive returns, despite weak oil prices, thanks to year-end window dressing. Moody's affirmed Malaysia's ratings and the MYR appreciated c.1% against the USD. In terms of sectors, Telcos and Industrials outperformed while Healthcare and Energy underperformed.

Allianz Life Amanah Dana Ikhlas

Market Outlook and Strategy

From our last update, there has been no changes in our market outlook. Overall, early economic data are pointing towards a challenging 2019. Global economic growth is expected to slow down to around +3.6% in 2019 from +3.8% growth in 2018 on tighter monetary policy by major central banks and moderation in global trades from the fallout of US-China trade spat. Amidst the challenging global economic environment, Malaysia's GDP is expected to see a modest rebound to a 4.9% growth in 2019 from the 4.8% estimate for 2018. However, escalating trade war between the US and China could pose some downside risks to Malaysia's GDP growth by approximately 0.9-1.1% due to lower external demand and negative impacts from lower trade activities on Malaysia's exports.

For equities, quality of earnings delivery is very critical to sustain investors' confidence as growth is going to be below potential for the next 2 years, as guided by the new government. The weaker GDP numbers of below 5% in 2018 should also underpin the potential weaker growth for the corporates. Malaysia may be affected negatively from the expected commodities prices softening in 2019. The lower crude oil and palm oil prices may impact economic growth and lead to a lower corporate profitability. In spite of this, equity market may still be able to deliver slightly below average long term returns of between 5 to 7% for 2019.

We are slightly more bullish on the local bond market in 2019 as we do not expect any Overnight Policy Rate (OPR) hike by Bank Negara Malaysia. OPR is expected to be maintained at 3.25% throughout 2019 on continued resilience in domestic growth outlook and subdued inflation rate in the country barring significant negative headwinds from escalating trade disputes between the US and China and heightened risk aversion in emerging markets. Meanwhile, a peaking US economy could bring back the allure of emerging markets assets, including Malaysia, among global investors seeking higher investment returns. Apart from the factors above, we believe that the local bond market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers. Net assets among these group of domestic investors are expected to continue to rise in 2019 and consequently increase liquidity in the domestic market. While Malaysia sovereign rating outlook is a concern, we anticipate that its impact on the MGS yields may not be significant due to lower foreign holdings after the recent selloffs by foreign funds in 2018 that saw a net outflow of RM19.6 billion up to November. Continued healthy demand from local investors could also see the bottoming out of the domestic government bond market in 2019 from the recent sell-offs in 2018.

There are no changes to our portfolio strategy for January 2019. For local equities, we expect markets to continue to be volatile in 2019, thereby necessitating more tactical trading and high cash holdings from time-to-time. We maintain a defensive stance and remain invested in sectors with stable business model with high visibility of earnings and can provide sustainable dividend, especially during the volatile period. Sectors like consumers, REITs and utilities normally provides these attributes and very resilient to weather current market volatility. We have reduced exposure to exporters and global suppliers as global growth may be at risk following the full impact of the trade war impacts many peripheral economies outside the US and China.

For Malaysian sukuk, we continue to overweight corporate sukuks over GIIs to anchor the Fund's income in sukuks' coupons. Our overweight portfolio duration is positioned to generate excess TWRR relative to the benchmark. We will continue to trade opportunistically and also look into new primary issuances that offer higher yields to deliver the required performance.

Allianz Life Insurance Malaysia Berhad (104248-X)
Level 29, Menara Allianz Sentral , 203 , Jalan Tun Sambanthan, Kuala Lumpur Sentral , 50470 Kuala Lumpur.
Allianz Life Call Centre : 603-2264 1188
www. allianz.com.my