October 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. (Maybank Dana Ikhlas previously known as AMB Dana Ikhlas)

Investor Profile

The Fund is suitable for investors 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

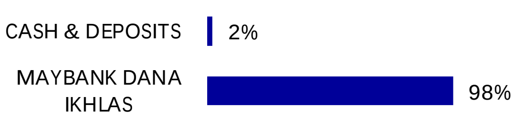
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Amanah Dana Ikhlas	-4.03%	-5.42%	-6.09%	-2.60%	0.77%	-6.43%	1.67%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	-3.48%	-4.59%	-3.39%	2.65%	4.59%	-4.46%	2.33%
Maybank Dana Ikhlas	-4.19%	-5.32%	-5.79%	-0.78%	4.02%	-6.28%	2.66%

* 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.

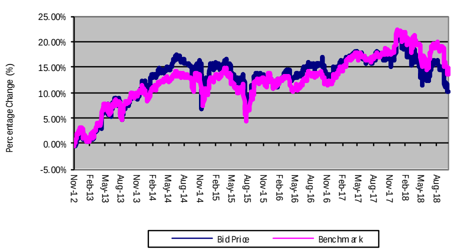
Facts on CIS

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	RM8.186 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 October 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)
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Manager's Comments

Market Commentary

The local sovereign and corporate sukuks saw some weaknesses in October before strengthening to cut earlier losses in the run-up to the tabling of Budget 2019 on Nov 2. Market is expected to continue to remain volatile as the local interest rate path will be dominated by US monetary policy, foreign capital flows into and out of EM, MYR performance relative to USD and Trump's policies with regard to trade with China.

Meanwhile, foreign holdings of MYR bonds by foreign funds rose in October with MYR4.7 billion inflow into MGS to see totaled net outflow YTD reduced to MYR11.5 billion. As a result, the foreign holdings of MGS rose to MYR153.0 billion or 40.7% from 39.5% in September. The inflows highlight potential improving risk sentiment toward EM debts despite the continued weakness in MYR and concerns on fical slippage ahead of the Budget announcement. Supporting a broader sentiment toward EM, Indonesia also saw inflows, totalling +USD0.9b in October.

October proved to be a brutal month for global equities with almost all markets posting negative absolute returns. The S&P500 index suffered one of its worst declines in years, falling 6.9% (in USD terms), which practically wiped out its year-to-date (YTD) gains. Mounting concerns over slowing global growth and corporate earnings amidst the persistent overhang of US-China trade tension, a spike in US 10-year yields and a strong USD were amongst the factors that drove markets lower. Geopolitical events such as the Italy budget row, Brexit, Saudi Arabia tension, added to market jitters. The sell-off in markets also extended to the commodities space, particularly in industrial metals and oil. Brent prices fell c.11% in October, after testing the year-high of USD85/bbl, given weak macro/market sentiment, unfavorable inventory statistics and planned higher production by Saudi Arabia.

Over the month, MSCI Asia ex-Japan index down by 11.07% (in USD terms). ASEAN markets fared relatively better with the MSCI All Country Asean Islamic index (-6.40% in USD terms) outperforming the MSCI Islamic China (-12.50% in USD terms) and MSCI Islamic Hong Kong Index (-8.16% in USD terms). Within ASEAN, Singapore saw the largest decline (-7.31% in LC terms) on growth concerns with 3Q18 GDP print of 2.6% yoy (2Q18 GDP: 4.1% yoy) and a 0.2% decline in September manufacturing output (versus expectations of a 3.5% expansion). The Thai market, which had been relatively more resilient than its peers YTD, also saw a decline of 4.97% (in LC terms) in October as the hype surrounding upcoming elections faded and growth concerns took hold with economic indicators (e.g., exports, consumer confidence etc.) softening. The energy-related index heavyweights led the declines along with consumer and property names.The Malaysian market (-4.68% in LC terms) was also weak in the run-up to the 2019 Budget on fiscal deficit concerns. While the Philippines remained the worst performing ASEAN market YTD, it was only down by 1.88% in LC terms. PHP appreciation aside, high inflation (6.7% yoy in September) remained a concern. In contrast to the PHP, the IDR remained under pressure and breached the IDR15,000 level. Hence although the market was down 2.42% in local currency terms, with the currency impact the index was down by 4.38% in USD terms.

Market Outlook and Strategy

Globally, the ongoing headwinds following US President Trump's trade tariff policies may threaten global trade further, and indirectly impact Malaysia's trade balance. Shipments to both US and China have already decelerated in August with shipments to China seeing a slower growth of +4.5% (vs. +37.5% yoy in July) whilst shipments to the US fell by 2.0% yoy from (+6.7% yoy). This may be exacerbated by further pockets of volatility on geopolitical events in Europe, the Middle East, and Asia. Recent months have also seen the risk of severe contagion, burgeoning from the US's targeted tariffs against Turkey, which slashed the Turkish Lira. This eventually spread on many emerging market currencies, bringing mass depreciation. Coupled with elevated oil prices, emerging nations facing twin deficits are expected to remain vulnerable, and grab headlines on weakness. Overall, volatility will continue to threaten in the backdrop, as central banks' policy legibility remains uncertain, causing fluid capital flow and bouts of risk aversion.

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Moving forward, we expect Malaysian economy's growth to moderate with the reduction in lumpy infrastruc slowdown of global economy. While the newly elected Pakatan Harapan government has been quick to review sizeable projects and re-open investigations into cases of financial mishandling, the outlook for growth remains optimistic, albeit at a slower pace. Recently, World Bank has cut its forecast for Malaysia's Gross Domestic Products growth in 2018 to 4.9% from its earlier estimates of 5.4% in April whilst the Asian Development Bank has revised down their target to 5.0% from previous expectation of 5.3%. Closer to home, Bank Negara Malaysia (BNM) also toned down their expectations, forecasting a GDP growth of 5.0% from an earlier expected range of between 5.5% and 6.0%. Accordingly, the country's growth trajectory will continue to moderate through 2019. Note also that the entry of the PH government has led to a change of guard at several government-related entities/departments; foremost of this was the exit of Muhd. Ibrahim as the governor of BNM, to be replaced by Nor Shamsiah, an established hand who had in the past served a 3-decade tenure with BNM. A key point also is the monetary maneuverability of BNM, following decelerating inflation, although this is likely to be limited by the performance of the MYR.

Amidst the uncertainties of the global economic risks due to the ongoing trade war while locally, changes in policies by new government, we are cautious on Malaysian equities and have switched to a "risk-off" mode in the near-term. In terms of asset allocation, we have been defensive and have been holding 10-20% cash. We foresee that market will remain volatile in the near term. We will continue to overweight steady yielding companies to anchor the portfolio to weather the heighten volatility. We are still optimistic on the consumer and utility sectors despite the recent announcement of "Soda Tax" as we think demand should remain resilient on higher spending from the abolishment of the GST and higher minimum wage while the Pakatan Harapan government has approved for the cost pass-through for Tenaga (in the recent review). We also like exporters which naturally have less exposure to the domestic market and beneficiary of the stronger US. Nevertheless, due to the anticipation of rising volatility in the market, we will look for opportunities to accumulate quality stocks at attractive levels.

We are also cautious on the Malaysian sukuk market, as rating agencies raised concerns on sovereign rating following the recent expansionary budget. As such, we maintain our defensive stance and 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.

In the longer term, market will adjust to this new reality and may recover faster if the new government is proven to deliver better transparency and governance, which in turn will translate into better economic benefits. Beyond this transition period, better clarity of fiscal measures, demonstration of good governance, better transparency and accountability could catalyse the economy and hence improve investors' confidence.

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