July 2019

# Allianz Life Amanah Dana Ikhlas

Allianz

## 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 | 0.36% | 5.30% | 1.65% | 2.02% | -0.18% | 6.11% | 2.39% |
| Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate* | -0.35% | 2.94% | -1.29% | 4.64% | 3.43% | 3.33% | 2.45% |
| MAYBANK Dana Ikhlas | 0.31% | 5.66% | 2.04% | 3.71% | 2.64% | 6.52% | 3.33% |

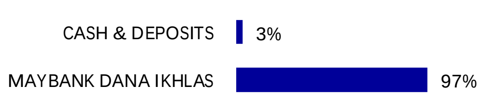
* Source: Bloomberg and Bank Negara Malaysia.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

## Facts on CIS

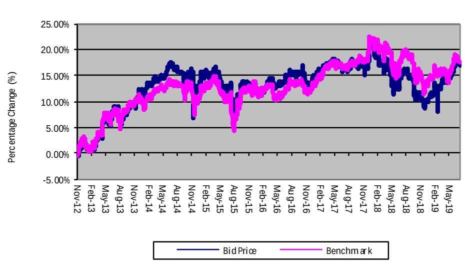
| | |
|---|---|
| Name | MAYBANK Dana Ikhlas^ |
| Type | Managed Fund |
| Fund Manager | Maybank Asset Management |
| Fund Currency | MYR |

^Maybank Dana Ikhlas (previously known as AMB Dana Ikhlas) is managed by Maybank Asset Management Sdn. Bhd. Please refer to https://www.maybank-am.com.my for more information.

Portfolio Composition by Asset




Performance Since Inception




## Key Fund Facts

| | |
|---|---|
| Fund Size | RM10.316 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 July 2019) - Bid | 0.556 |
| Management Fee | 1.20% 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.

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www. allianz.com.my

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## Manager's Comments

### *Market Commentary*

July was a mixed month for the local equities and bond markets. Bond markets saw extended gains as curve by 3-13 bps m-o-m except for belly of the curve which increased slightly by 0.3-1.5 bps m-o-m. Corporate bonds followed suit with yield lower by 9-28 bps on resilient investor demand, thus tightening credit spreads. Meanwhile the 10-year US Treasury yields dropped slightly by 0.9 bps to 2.0144% as at end-July. Contrary to the bond markets, the FBM Emas shariah index was down by 1.07%, in line with poor performance across most regional markets. Foreigners remained as net buyers of local debt securities in July with inflows of RM5.7 bln (June: RM6.6 bln), resulting in foreign holdings in MGS to 38.3% (June: 36.9%) and MGS + GII to 23.0% (June: 22.3%). Equities initially saw net foreign buying during the month, however on the last day of trading, foreigners registered a huge net sell that reversed out the earlier net buy. Ringgit gained marginally 0.13% MoM against the USD with USDMYR pair, rising to 4.1265 per USD at end-July from 4.1320 at end-June.

Markets started off the month on a risk-off mode following the benign outcome of the G20 meeting in June. Macroeconomic data released throughout the month continue to be soft, causing dovish monetary expectations to climb up. A slew of dovish policy actions made headlines as more emerging countries such as Indonesia, South Africa and south Korea decided to go ahead with an "insurance" rate cut, ahead of any decision by the US Fed. By the end of the month, the US Fed announced a cut in the fed fund's rate as widely expected, lowering the target range by 25 basis points to 2% to 2.25%. However investors were concerned over US Fed Chairman Jerome Powell comment that the rate cut is "not the beginning of a long series of rate cuts". Moreover, the latest US-China trade talks ended with no concrete deal. The Shanghai negotiations included China's confirmation of a pledge to boost farm-good purchases, which is a key U.S. demand. Other topics included technology transfers, IP and non-tariff barriers. Trade talks will resume in September in Washington. Brent crude oil price ended 2.07% lower for the month at USD65.17 per barrel as tensions in the Middle East rose after Iran seized two tankers in the Strait of Hormuz, shortly after the U.S said that it destroyed an Iranian drone near the said area.



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## Manager's Comments

### *Market Outlook and Strategy*

On the monetary front, we expect Bank Negara Malaysia to maintain its Overnight Policy Rate (OPR) at 3.00% after the "insurance" cut in May 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. Local investors are instead speculating on a Statutory Reserve Requirement (SRR) cut to increase liquidity in the market and to accommodate domestic economic growth. Meanwhile, expectations of a US Fed Fund rate cut has increased as uncertainties on the escalating US-China trade tension continue to weigh on risk sentiment and moderating growth prospect. We continue to believe that the local bond market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers as supply of medium to long corporate bonds in the secondary market remain thin due to lack of replacements in a current dovish inclination by BNM.

Expectations remain mixed for equity markets as the recent fed rate cut in the US is balanced against headline risk, slowing growth, and potential further disappointment in corporate earnings. This corroborates our regional equity view, which has turned increasingly cautious in recent months, with profit-taking on alpha calls which have played out. More recently, portfolios have been raising cash and favouring defensive allocations, ahead of negative market surprises. However for Malaysian equities, we are more optimistic, given relatively weak performance YTD. With recent revival of ECRL and Bandar Malaysia projects, as well as more news flow is expected on infrastructure and development spending projects to further stimulate the economy. We also believe that earnings risks from policy reforms have begun to subside, following recent MAVCOM announcement on the RAB framework for Malaysia airports.

For Malaysian sukuk, we are neutral with our duration view given our expectations that OPR will be maintained in 2019, and continue to prefer corporate bonds over sovereign bonds to anchor the Fund's income in corporate bonds' coupons as they are less volatile and provide higher yields to buffer against potential mark-to-market losses in the event of a turnaround in sovereign bond yields. We will continue to trade opportunistically and also look into new primary issuances that offer higher yields to deliver the required performance.

For Malaysian equities, our views remain largely unchanged. Global macroeconomic data has been increasingly subdued and the resolution of the trade war is still pending the outcome of trade talks. Valuations wise, Malaysian equities are not cheap as earnings have been downgraded as well, hence we continue to be cautious and defensive. Market volatility is likely to continue on profit taking and cut loss activities for some counters, so we continue to be defensive and overweight steady yielding stocks to anchor the portfolio. We believe there are some trading opportunities in the mid cap space, in particular, construction and water infrastructure. With the revival of the ECRL and Bandar Malaysia projects, we see opportunities for the construction sector to continue to perform. Potential increase in Selangor water tariffs in the near term may bring some excitement for the sector.



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