March 2019

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

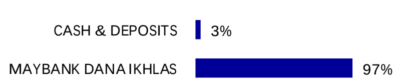
	1 month	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Amanah Dana Ikhlas	-0.19%	-2.20%	-4.13%	-1.29%	-1.84%	1.91%	1.86%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	-0.04%	-3.02%	-4.18%	1.90%	2.79%	1.26%	2.25%
MAYBANK Dana Ikhlas	-0.15%	-2.24%	-3.83%	0.26%	1.03%	2.07%	2.81%

* 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.

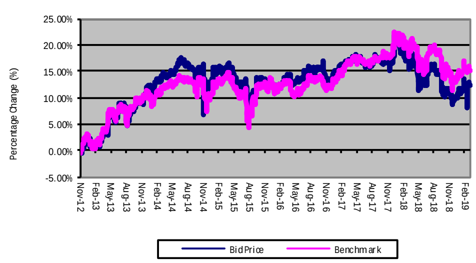
Facts on CIS

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	RM9.163 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 March 2019) - Bid	0.534
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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Manager's Comments

Market commentary

The Malaysian sovereign bonds rallied further in March, as the 10 year MGS yields were lower by 12bps to close at 3.767% as at end-March (28 Feb: 3.892%). Central banks turned even more dovish in March 2019, with the US Federal Reserve lowering their forecast of 2 hikes to no hike in 2019 and indicated that it will conclude their balance sheet reduction in September instead of in December as generally expected. Bank Negara Malaysia also lowered their 2019 GDP growth projection to 4.3% - 4.8% from 4.9% previously, prompting market expectations of an Overnight Policy Rate ("OPR") cut in 2019 and market pricing in the rate cut. Meanwhile, foreign holdings of MYR sovereign rose RM2.9 billion in March, after increasing RM4.5 billion in February 2019. This brings total net inflow YTD to MYR 5.1 billion. As a result, the foreign holdings of MGS increased to 38.7% from 38.3% while the GII's foreign holdings improved from 5.5% to 5.8%. The inflows was in line with improving risk sentiment toward EM debts and stronger local bond performance for the month. However, MYR weakened 0.4% in March, after posting gains in both Janaury and February this year.

For equities, the Malaysian equities market took a breather in March 2019. The FBM Emas Shariah Index, the barometer of the local shariah market, was down by 0.38%. Small caps outperformed the big and mid caps with the FBM Small Cap index registering a positive return of 1.32%, in contrast to the FBMKLCI and FBM100 returns of -3.75% and -2.48% respectively . In the month of March, equity markets fluctuated between pessimism over global growth and optimism over a more-dovish-than-expected US Fed and the progress of US-China trade talks. Economic data released (e.g., US non-farm payrolls, Euro-area PMI etc) and US yield curve inversion added to concerns over global growth. In addition, there was uncertainty surrounding Brexit as UK PM May failed to get her Brexit deal passed in Parliament. On the positive side, the March 1 tariff truce deadline came and went without any increase in tariffs and there were indications that a US-China trade deal might be forthcoming. The Chinese government also reaffirmed its pro-growth policy stance during the annual National People's Congress.

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 Outlook and Strategy

Given the strong rally year-to-date on the broader market (which saw markets rebound from oversold positions), Malaysian equity valuations are fair. At the same time, the most recent corporate earnings season was amongst the worst quarterly season seen in recent years. A continuation of the rally will depend on whether economic fundamentals and earnings improve from hereon. As such, we have turned a little more cautious and expect markets to take a breather. In the initial stages of a recovery, markets will rebound from extremes in valuation and sentiment and lead the improvement in economic data. For a sustained recovery, we would need to see tangible improvements in the economy. At this stage, it is too early to be sure and we will have to wait and continue to assess the situation.

We are neutral on the local bond market as expectations of an OPR cut in 2019 have been increasingly priced in following Bank Negara Malaysia's lowered revision of GDP growth forecasts to 4.3%-4.8% from 4.9% previously, and we believe that bond prices are peaking. Nevertheless, 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 sukuks in the secondary market remain thin due to lack of replacements in a current dovish inclination by BNM. On the external front, the US Federal Reserve's lowered Fed Fund Rate forecast to no hike in 2019 indicates a peaking US Fed Fund Rate outlook, which could bring back the allure of emerging markets assets, including Malaysia, among global investors seeking higher investment returns. Other external headwinds to look out for include the ongoing US-China trade talks as well as Brexit development.

We continue to expect a volatile 2019 or the equity markets, thereby necessitating more tactical trading and high cash holdings from time-to-time. Ater reducing our equity exposure in January and April, we have been deploying our cash into REITs and selective construction stocks. We see potential in REITs to perform in line with expectations of BNM to cut rates this year, and for the construction sector, we see renewed interest on possible revival of projects. We have also upgraded the oil & gas sector given Petronas' higher capex budgeted for this year, although we are selective in buying.

For Malaysian sukuk, given our view that price is peaking and that market has already priced in an OPR cut, we aim to realize more profit and underweight duration slightly. We continue to overweight 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.

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