May 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	0.00%	3.22%	3.02%	1.49%	0.18%	4.01%	2.13%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	0.01%	1.72%	0.33%	4.86%	3.41%	2.08%	2.32%
MAYBANK Dana Ikhlas	0.09%	3.52%	3.52%	3.36%	3.32%	4.47%	3.11%

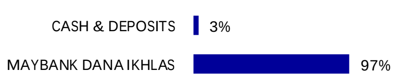
* Source: Bloomberg and Bank Negara Malaysia.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked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

Facts on CIS

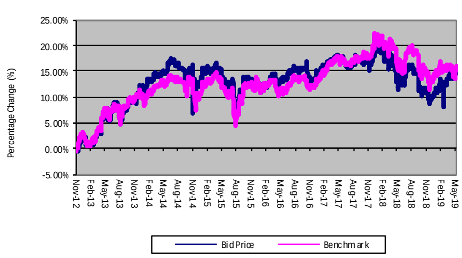
Name	MAYBANK Dana Ikhlas ^
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

^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	RM9.729 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 May 2019) - Bid	0.545
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.

Allianz Life Insurance Malaysia Berhad (104248-X)
Level 29, Menara Allianz Sentral, 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur.
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Allianz Life Amanah Dana Ikhlas

Manager's Comments

Market Commentary

Bank Negara Malaysia (BNM) decided to cut the Overnight Policy Rate (OPR) by 25bps to 3.00% in its Monetary Policy Committee (MPC) May 2019 meeting on external risks to growth mainly due to escalating US-China trade tensions, as well as low inflation rate outlook. The cut was seen as pre-emptive in nature in order to maintain its accommodative monetary policy stance. The Malaysian government bonds rallied in May in line with global bond markets on the back of safe haven flows as concerns grew over the trade war. Also supporting the rally is BNM's initiative to enhance market liquidity and accessibility, which includes expansion of dynamic hedging programme and MYR liquidity beyond local trading hours. The initiative is to address the risk of the exclusion of MGS from the World Government Bond Index by FTSE Russell. Meanwhile in the US, the 10-year US Treasury yields dropped by 38 bps over the month.

For equities, global equity markets saw a sharp correction in the month of May, ending the rally that began early this year, as the US-China trade war unexpectedly re-escalated with tariffs raised by both sides and the US placing Chinese telecom giant Huawei on a trade blacklist. Sentiment deteriorated amidst the threat of further intensification (e.g., possible tariffs on an additional US$325bn of Chinese imports, possible blacklist of 'unreliable' foreign entities in China, possible restrictions on rare earth mineral exports to the US etc). Most equity markets posted negative absolute returns in May, however, the FBMKLCI was an exception, posting a gain of 0.52% in local currency. The local bourse was proved to be relatively defensive in the month of May with foreign investors returning to the market towards month-end given its low beta and year-to-date laggard status. Large caps and the energy sector outperformed led by gains in the Telcos, Public Bank and Tenaga.

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Manager's Comments

Market Outlook and Strategy

Global macro data has continued to deteriorate. The US ISM manufacturing numbers for May were at 52.1 down from 52.4 in April. The US Non-Farm payrolls were also more muted registering new jobs growth of just 75k much lower than 224k in the previous month. China PMI manufacturing data also dipped back into contraction territory at 49.4 in May. Despite the negative sentiment in regional equity markets following the escalation in the trade war, we are not too bearish on Malaysia. In the recent 1Q19 reporting season, decent corporate earnings were announced throughout the month, with lesser companies missing expectations this time round. Malaysia's defensive appeal together with the encouraging results helped lift investor's sentiment, making Malaysia one of the very few markets to withstand the sell down in May.

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 speculating on a Statutory Reserve Requirement (SRR) cut to increase liquidity in the market instead. 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. Fed Fund Futures are now pricing in a 83,4% probability of a cut in July, and full four rate cuts by end-2020. 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 sukuks in the secondary market remain thin due to lack of replacements in a current dovish inclination by BNM.

Markets may look to the G20 meeting at the end June to gauge the progress towards a solution to the US-China trade war. We had been cautious on markets as valuations for Malaysia's mid and small caps were fair post the rally from early of the year to April 2019 but we have turned slightly cautious given the escalation in the US-China trade war. Sentiment has turned bearish in the month of May but given the sharp correction seen in the month, there is a possibility of a rebound in the short term, albeit the duration of the said rebound is uncertain. While we have not reduced our equity exposure in view of the negative outlook regionally, we have trimmed some of our high-beta names and repositioned to defensive names such as REITs. Selective big caps are also looking attractive given most of it has performed badly year-to-date, mainly on regulatory and sector wide concerns (such as Tenaga and the telco sector). We are also overweight REITs and stable dividend paying companies as they would be better positioned to ride out the volatility.

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.