October 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	-0.18%	1.10%	5.15%	0.18%	0.92%	5.15%	2.16%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	0.40%	0.92%	2.20%	3.09%	2.84%	3.01%	2.31%
MAYBANK Dana Ikhlas	-0.13%	1.22%	5.60%	1.72%	4.02%	5.64%	3.08%

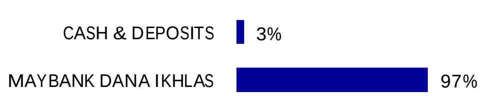
* Source: Bloomberg and Bank Negara Malaysia.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked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

Facts on CIS

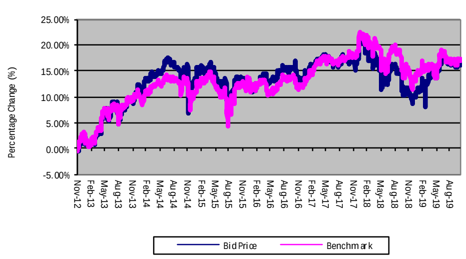
Name	MAYBANK Dana Ikhlas^
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

^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	RM10.887 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 2019) - Bid	0.551
Management Fee	1.21% 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

Malaysian bond curve steepened further in October tracking US Treasury curve, as risk appetite returned amidst positive developments in the US-China trade negotiations, as well as increased supply in corporate bonds given the low yield environment. Malaysian sovereign bond yields were up between 4-25 basis points month-on-month across the curve. Corporate bond yields followed suit but at a smaller range, thus narrowing credit spreads. Meanwhile, the US Federal Reserve eased its monetary policy in October for the third time this year, bringing the fed fund rate level to 1.5% - 1.75%. However, it signaled a potential pause in monetary easing going forward. Meanwhile, foreign holdings of MYR sovereign were slightly lower in October, resulting in total foreign holdings of RM188.6 bln vs RM189.1 bln in September. The outflow was largely in MGS with RM0.4 bln outflow, however, foreign share of MGS edged up slightly to 37.9% (September: 37.5%) due to lower outstanding amount while share of MGS+GII went up a tad to 23.0% (September: 22.9%) at end-October. Nevertheless, total net inflow YTD in government securities stood at MYR 7.1 billion.

For equities, the month of October began on a weak note for Asian equity markets amidst concerns over US-China trade negotiations. However, markets rebounded on news of a 'Phase 1' agreement in principle between US and China despite the lack of concrete details on the same. More good news followed with a possible Brexit deal (and deadline extension), global central bank easing and a better-than-expected earnings season. Closer to home, the KLCI was marginally up by 0.9% mom whilst the FBM Emas Shariah was up by 0.52%, broadly in line with regional markets. Small caps were the winners in October with the FBM Small Cap index up by 5.39%. In term of sectors, financials and energy were the outperformers but was dragged by transport and industrial. Budget 2020 announcement during the month was mildly positive for the market with the absence of negative surprises. Generally, the sector winners were in property, auto and technology while losers were manufacturing and gaming (NFO).

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Manager's Comments

Market Outlook and Strategy

We expect Bank Negara Malaysia to maintain its Overnight Policy Rate (OPR) at 3.00% for the rest of the year 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. Meanwhile, expectations of a US Fed Fund rate cut has decreased following the de-escalation in US-China trade tension. 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 high yield and medium to long corporate bonds in the secondary market remain thin as we approach the year end. Additionally, the surprising 50bps SRR cut in early November will release an estimated RM7.4 bln liquidity into the banking system, and is seen as bond-positive as the excess liquidity is expected to be invested in the bond market given the the slower bank loan growth this year.

For equities, in view of the possible execution of a mini-trade deal between the US and China and not-as-bad-as-feared US macroeconomic data, we have turned more positive tactically in the short term as the ongoing rebound may continue into year-end. As such, we would look to reduce our cash holdings and invest in some cyclical or value plays. Overall, we still remain somewhat cautious on equities as the global economic outlook remains weak and valuations are not cheap. However domestically, we think Malaysian equities remains fairly positioned to face these various headwinds further supported by the ample liquidity represented by the large pension funds, life insurance and other institutional investor.

For Malaysian sukuk, 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 continue to underweight duration relative to the benchmark as we expect a bearish local bond market as we approach the year-end. We will also continue to trade opportunistically and also look into new primary issuances that offer higher yields to deliver the required performance.

For equities, strategy wise we continue to allocate 10-15% of our cash allocation for tactical trading. As we turn more constructive, we favor cyclical and value players for trading, mainly in the plantation, technology and oil & gas sectors. We are also reducing defensives, especially those that have done well this year, such as REITs as well as bigger oil & gas players. That said, even with the reduction, we still maintain a high proportion of our portfolios in defensives to help anchor the portfolio.