

Allianz Life Master Dividend Fund



Investment Objective

An open-ended investment fund which aims to provide a steady income stream and medium to long term capital appreciation by investing in equity and equity-related securities skewed towards potential dividend yielding equities.

Investor Profile

The fund is suitable for investors who are seeking moderate capital appreciation, seek stable income stream, have moderate risk tolerance and have medium to long term investment horizon.

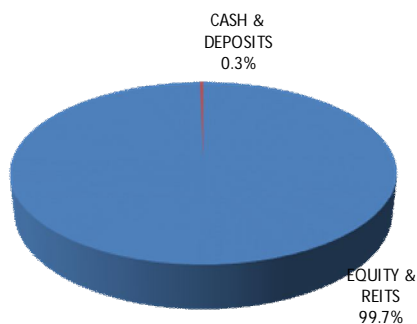
Performance Indicator

	Master Dividend Fund	Benchmark: FBM 100*
1 month	-0.92%	-1.86%
6 months	-0.84%	-4.73%
1 year	0.73%	-4.97%
3 years	2.72%	-1.65%
5 years	1.51%	-10.78%
10 years	100.81%	27.67%
YTD	3.49%	-4.67%
Since Inception (Annualised)	8.28%	2.37%

* Source: Bloomberg

The above performance is calculated in Ringgit Malaysia on a NAV-to-NAV basis. 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.

Portfolio Composition by Asset Type

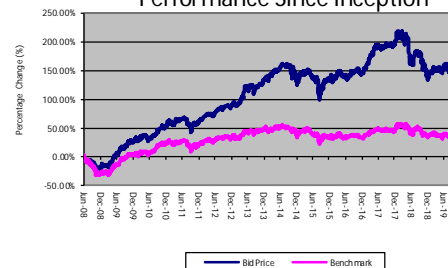


Key Fund Facts

Fund Size	RM66.965 million
Risk Profile	Moderate
Launch Date	13 th June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ - Bid (as at 30th November 2019)	2.490
Management Fee	0.00% p.a
Other Charges ²	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

- 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.
- Expenses directly related to and necessary in operating the Fund.

Performance Since Inception



Top Holdings (Equities)

Equity	% NAV
MALAYAN BANKING BERHAD	11.13%
TENAGA NASIONAL BERHAD	9.27%
CIMB BERHAD GROUP	6.95%
DIALOG GROUP BERHAD	5.87%
GENTING BERHAD	4.49%

Disclaimer:

This fact sheet is prepared by Allianz Life Insurance Malaysia Berhad (Allianz) and is for information only. The performance of the Fund is not guaranteed and the value of the units and the income derived therefrom may increase or decrease. Past returns and any forecast is not necessarily a guide to future performance. Allianz does not warrant or make any representations that the Fund will guarantee profits, or not result in losses or the correctness, accuracy, reliability, or otherwise of this fact sheet. Allianz disclaims any and all liabilities against loss, damages, etc whether direct, indirect or consequential as a result of your reliance on this fact sheet.

While reasonable care has been taken to ensure the accuracy and completeness of this presentation as at the date of publication, Allianz accepts no responsibility for any errors or omissions. Allianz assumes no obligation to update any information contained herein.

Bond Market Review

Progress on US-China trade talks in the beginning of November involving a strong possibility of tariff removals somewhat boosted a risk-on mode prompting a sell-off in UST's, with yields spiking between 11-22bps. Meanwhile, the FOMC meeting minutes offered no surprises as the Fed reaffirmed that its policy stance was appropriate and sent a strong message that it would not cut rates in December. UST losses however, were pared down towards the second half of the month as safe-haven bids emanated from fears of potential stalling/deferment of the US-China trade pact phase 1. Adding to the fuel was President Trump signing the controversial Hong Kong Human Rights and Democracy Act on 28 Nov. Mom, the 2y, 5y, 10y UST was up 9-11bps. Aside, US data confirmed that the economy remains in good shape as 3Q GDP growth was revised higher alongside increase in consumer spending, durable goods orders, wholesale inventories, lower initial jobless claims and a pickup in house prices. Core PCE inflation however pulled back further to 1.6%.

Unlike UST, there was no major selloff in Malaysia. The market remained somewhat lethargic and lacked a strong directional bias, despite a slower 3Q19 GDP growth of 4.4% yoy that makes the case stronger for another OPR cut and a surprise 50bps SRR reduction. Mom, the MGS curve bull steepened, led by a modest 10-15bps rally in the short-mid tenures. Front-end MGS yields remained well anchored given the strong domestic liquidity and the prospect of a 25bps OPR cut in 2020 which has now become a consensus view. In terms of data, Malaysia IPI recorded a modest 1.7% yoy gain and CPI inflation was unchanged at 1.1%.

Bond Market Outlook & Strategy

Markets remain exposed to slowing global growth, synchronized global central banks easing, and continued uncertainties surrounding the US-China trade deal. Meanwhile, FTSE Russell prolonged uncertainty by retaining Malaysia on its watch list for potential downgrade could pose some upside risk on yields if the decision is unfavorable. We would continue to remain cautious of possible bond market volatility arising from ongoing uncertainties in both local and global developments. We maintain our strategy to accumulate bonds skewing towards good quality names, while we extend some duration in liquid papers at fair valuations.

Equity Market Review

For the month under review, the MSCI World Index recorded a gain of 2.6% mom amidst optimism on progress of the 'Phase One' deal between US and China as well as the potential of removal of existing tariffs in stages. Similarly, the Dow Jones Index increased by 3.7% mom. On the economic front, US' October Manufacturing PMI advanced to 51.3 as compared to 51.1 in September. Retail sales rebounded by registering growth of 0.3% mom in October as compared to a contraction of 0.3% mom in September. Over in Europe, the Stoxx 50 Index surged by 2.8% mom during the same period. The October Markit Eurozone Composite PMI rebounded to 50.6 as compared to 50.1 in September while Retail Sales fared better at 3.1% yoy in September as compared to 2.1% yoy growth in August. Conversely, China's Shanghai Composite Index declined by 2.0% mom in November 2019 on the back of weaker economic data. China's October Retail Sales slowed down to 7.2% yoy as compared to 7.8% yoy in the preceding month. Its October Industrial Production yoy growth also softened to 4.7% as compared to 5.8% in September. Nonetheless, China's November Composite PMI increased to 53.7 from 52.0 in October.

In November, Brent oil price rose by 3.7% mom to USD62.43/bbl on optimism of a 'Phase One' trade deal between US and China. Also, a few upstream players have announced lower CAPEX plans and moderating activity in 2020. Crude palm oil price also jumped by 7.2% mom to RM2,620/ MT on supply constraint concerns as well as hopes of higher biodiesel mandate in both Malaysian and Indonesia from 2020 onwards.

During the month under review, the ASEAN equity markets' performances were lacklustre. Singapore's Straits Times Index retraced by 1.1% mom on the back of contraction in Retail Sales as well as slowdown in Industrial Production and Markit PMI. Singapore's September Retail Sales declined by 2.2% yoy but improved from a decline of 4.1% yoy in the previous month, Industrial Production slowed down to 3.4% mom in October vs 3.7% mom in September, and Markit PMI fell to 47.4 in October as compared to 48.3 in September. The Stock Exchange of Thailand (SET) contracted by 0.7% mom despite slight improvement in its 3Q GDP growth to 2.4% yoy from 2.3% yoy in the previous quarter. Nonetheless, its October Manufacturing PMI eased by 0.6 ppt from the previous month to 50.0. The Bank of Thailand further cut its interest rate by 25 bps to 1.25% in November. Over in Malaysia, FBMKLCI dropped by 2.3% mom on the back of RM1.5b net foreign equity outflow in November, bringing 4q19 to date total net foreign equity outflow to about RM2.0b. Malaysia registered a lower 3Q19 GDP growth of 4.4% yoy as compared to 4.9% yoy in the previous quarter. Malaysia's October Manufacturing PMI recovered by 1.4 ppt to 49.3 but its September Industrial Production retraced to a growth of 1.7% yoy as compared to 1.9% yoy in August. In the November MPC meeting, BNM maintained the OPR rate at 3%. In-line with its regional peers, Indonesia's Jakarta Composite Index fell by 3.5% mom on the back of lower October PMI, reducing to 47.7 from 49.1 in September. Indonesia's 3Q19 GDP growth was relatively stable at 5.02% yoy vs 5.05% yoy in the previous quarter. Bank Indonesia kept its 7-day reverse repurchase rate unchanged at 5.00% in November.

Equity Market Outlook

US and China are still working towards a 'Phase One' trade deal. However, US President Trump mentioned about the possibility of delaying the deal to 2020. On the back of that, we remain vigilant on the uncertainty it may cause prior to the final outcome of this deal. Domestically, we continue to await the positive impact Budget 2020 brings towards our economy, especially in the consumer, property and infrastructure sectors. As such, we remain somewhat optimistic on the market over the longer term and will continue to channel money into fundamentally good investments. Apart from that, we will also realign our investment direction as necessary to be in sync with the changing market environment.

Investment Strategy & Approach



The investment approach would be a combination of 1) Top down analysis of the macroeconomic environment to determine asset allocation and sector exposure strategy and 2) Rigorous bottom up analysis which includes value analysis and financial analysis, to select individual stocks/credits to generate alpha return.

Investors should realize that there are risks of investing in the Funds as listed below:-

- **Market Risk** – The value of the Fund's investment assets may be affected by changes in economic fundamentals, interest rate movement, regulatory policy, political and industrial developments. These market factors may result in fluctuations in the value of the Fund's investment assets. This risk may be mitigated by ensuring a rigorous review of macroeconomic factors and asset allocation strategy.
- **Interest Rate Risk** – Interest rate risk arises when the value of the securities fluctuates due to interest rate movement. As prices of bonds move inversely with the interest rates, prices of bonds will decline when interest rate rise and vice-versa. Debt securities with longer maturity and lower coupon rate are more sensitive to interest rate changes. This risk may be mitigated by rigorous review of asset allocation and duration strategy.
- **Country/foreign investment risk** – This risk refers to the risks of investing in foreign markets. The value of the foreign investment assets directly or indirectly held by the Fund may be affected by country-specific factors, such as the country's economic fundamentals, social and political stability and regulatory policy. This risk may be mitigated by ensuring a rigorous review of macroeconomic factors and asset allocation strategy.
- **Sector Risk** – The value of the Fund's investment assets may be adversely affected by the changes in sector-specific factors, such as the business condition, industry outlook and demand/supply dynamic of the industry. This risk may be minimized through portfolio diversification and control on sector concentration risk.
- **Company specific Risk** – The value of the assets in particular of securities and money market instruments may be affected by company-specific factors, such as business situation, financial condition and corporate governance of the company.
- **Credit Risk** – The creditworthiness (solvency and willingness to pay) of the issuer of a fixed income security, counterparty to a derivative contract or money market instrument may subsequently fall. This usually leads to a decrease in the price of the asset greater than that caused by general market fluctuations. This risk is minimized through portfolio diversification, stringent credit selection and control on sector concentration risk.
- **Currency Risk** – For foreign investment, fluctuations in currency exchange rates may have an impact on the value of the Fund's investment assets. This risk may be minimized by engaging in foreign currency hedging.
- **Dividend Policy Risk** – This risk may occur when there is a significant deterioration in a company's business or if there is a change in management policy resulting in a reduction or removal of the company's dividend policy. Such risk is particularly relevant to a fund that focuses largely on dividend yielding stocks. This risk can be mitigated by investing mainly in companies with consistent historical record of paying dividends, companies operating in fairly stable industries or companies with strong cash flows.
- **Liquidity risk** – If an asset has insufficient liquidity, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price. The lack of liquidity of an asset may cause its purchase price to increase significantly.
- **Risk of Non-Compliant with Shariah Requirements** – For Shariah-approved funds, there is the risk that the fund may hold securities which are Shariah non-compliant due to "Shariah-compliant securities" which are subsequently considered "Shariah non-compliant" and Investment in Shariah non-compliant securities.

Overall, on top of regulatory limits imposed by Bank Negara Malaysia, we have put in place tight internal investment limits for all asset class with oversight by risk officer to ensure that the Fund does not take on excessive risk, albeit we cannot guarantee the total elimination of risks associated with investing in the Fund.

Meanwhile, on the investment management of Master Funds, Master funds* are introduced to operate as a centralised investment vehicle for the Funds. It has its own NAV but it is not offered to the public. The objective of creating Master funds is to consolidate all different investment funds which have the same investment mandates and return objectives. Such consolidation aims to enhance the efficiency in investment management.

* (Allianz Life Master Equity Fund, Allianz Life Master Bond Fund, Allianz Life Master Dividend Fund, Allianz Life Master Dana Equiti and any other Allianz Life Master Funds)