October 2020

Allianz Life Amanah Dana Ikhlas

Investment Objective

The Allianz Life Amanah Dana Ikhlas (the “Fund”) feeds into Maybank Malaysia Balanced-I Fund (“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	0.84%	13.66%	8.71%	7.35%	11.34%	8.51%	2.97%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	-0.50%	9.11%	5.87%	4.52%	11.06%	5.04%	2.75%
Maybank Malaysia Balanced-I Fund	0.90%	14.90%	9.91%	9.35%	15.16%	9.59%	3.92%

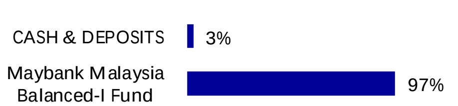
* Source: Bursa and Bank Negara Malaysia.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product.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

Facts on CIS

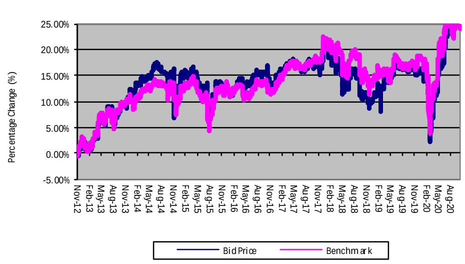
Name	Maybank Malaysia Balanced-I Fund^
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

^Maybank Malaysia Balanced-I Fund (previously known as MAYBANK 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	RM14.819 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 2020) - Bid	0.599
Management Fee	1.19% 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

The Malaysian sovereign bond yield curve steepened in October, as the yields for short-end and belly of the curve dropped by 7-25 basis points while the long-end increased by 3-8 basis points amidst concerns on downside risk to growth following impositions of Targeted Enhanced Movement Control Order (TEMCO) and Conditional Movement Control Order (CMCO) in red zone areas due to the recent spike in covid-19 cases. However the longer-end saw some profit taking due to political noises and possible declaration of emergency, which the Agong subsequently decided not to declare. Pressure was also seen on the long-end as investors sold off some holdings to make way for new primary corporate issuances flooding the market in October. Meanwhile, foreign inflow into Ringgit bonds registered a strong pick-up of RM8.0 bln in October compared to RM0.5 bln in prior month, fueled by dovish bets on govvies before the November's MPC meeting. This brings YTD cumulative flows to +RM12.8 bln and foreign share in MGS and MGS+GII at 40.3% and 24.5% respectively (Sept: 38.8% and 23.8% respectively).

Global equities started on a positive note in October, but was volatile in the last two weeks before the US elections. The resurgence of Covid-19 cases affected sentiment with high profile cases of US President Donald Trump and First Lady Melania testing positive. Elsewhere, Covid-19 cases also surged in Europe, with new restrictions imposed in the UK, France and Germany. While fatalities and hospitalizations are lower, concern remains that hospitals may still be overwhelmed as winter approaches. This has led to downgrades to 4Q20 global GDP forecasts. Oil prices fell during the month with Brent falling 10% as swelling US stockpiles added to the weak outlook on demand and renewed restrictions on movement in Europe and surging infections in the US. In addition, the return of production in Libya heightened concerns of oversupply. However, MYR was flat (MYR:USD 4.15), while CPO futures traded higher to RM3,252 (+14% mom) due to decline in production and low inventory. For the local market, the KLCI declined 2.5% to 1,466.9 as negative sentiment hit investors due to the potential emergency order declaration (but was rejected by the Agong) as well as the rising Covid-19 cases (Oct:+19,000 new cases). Healthcare stocks succumb to profit taking on talks of a potential tax on rubber gloves players. Nonetheless, the KLCI remains the best performing market YTD (-7.7%) in the region. In macroeconomics, the PMI fell for the 3rd consecutive month to 49.0 in September (August: 49.3). New orders continued to weaken in September, impacted amid the ongoing Covid-19 disruptions. On the other hand, IPI continued to record growth in August, rising 0.3% yoy on growth as helped by the manufacturing index (+2.4% yoy), E&E (+6.9%), transport and others (+6.9%), and food (4.7%) while mining and electricity fell 6.7% and 1.2% respectively. Unemployment was unchanged at 4.7% in August. CPI fell 1.4% yoy due to main declines in transportation (-9.9%) and housing (utilities) (-3.0%) while food rose 1.4% yoy. September exports grew 13.6% yoy (Aug: -2.9%) while imports fell 3.6% yoy. Trade balance was RM21.97bn in September. Lastly, the Industrial production reported +0.3% yoy in August, improved from +1.2% yoy in July. Asean market performance was mixed for the month (local currency terms). The Philippines (+7.8% mom) and Indonesia (+5.3% mom) were the only markets to report gains for the month due to a slew of positive news amongst them, the easing of movement restrictions and further re-opening of the economy. The Philippines saw a rally driven by the approval of the national budget. Indonesia, after a risk-off mode in September, gained back with the legislative approving the Omnibus Law on Job Creation. Financials and consumer discretionary sectors were amongst the best performers. Singapore fell 1.7% mom, led by declines in REITs amidst an uptick in global bond yields and concerns over the retail sector given the closure of department store stalwart Robinsons. The worst performer, Thailand fell 3.4% mom due to the ongoing anti-government protests continuing to impact sentiment with broad-based market declines across most sectors. Foreign investors continue to sell in Malaysia, amounting to RM669.5m for the month, bringing YTD net foreign outflow of RM22.9bn. Within the region, net foreign outflow for Indonesia was -US$252m (YTD:US$3.2bn), Thailand -US$704m (YTD:-9.5bn) and Philippines -US$156.4m (YTD: US$2.2bn).

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Market Outlook and Strategy

The current Covid-19 pandemic is negatively affecting the economic activities on the global scale resulting in central banks and governments resorting to monetary and fiscal approach to combat the slowdown effect. BNM had revised Malaysia 2020 growth expectation lower to between -3.5% to -5.5%, following a very weak 2Q 2020 GDP number of contraction of -17.1% year-on-year. BNM had also cut OPR by a total of 125 basis points this year, as well as made changes to SRR to allow banks to use MGS and GII for SRR compliance. While most economies have started to reopen, growth outlook remains challenging. Rates are expected to stay lower for longer, with the US Fed indicating that it expects zero interest rate through to at least FY2022 and that a recovery of employment back to pre-Covid 19 is the key indicator. Meanwhile, BNM kept OPR at 1.75% in its latest meeting in November, and continued to reiterate its current monetary policy stance remains accommodative. Further monetary policy action is expected to be data dependent, and we opine that BNM still has room to cut given the benign inflation outlook and the downside risk to growth from the current containment measures imposed by the government amidst the new wave of resurging covid-19 cases.

Overall, lockdown recession deepened in 2Q 2020, but expected to have bottomed out. BNM has revised 2020 GDP range to -3.5% to -5.5% and projects a rebound of 5.5% to 8.0% in 2021. Lockdown rollback has lifted mobility and economic activity indicators off the previous low. Monetary policy stimulus is expected to stay to support recovery. The parliament has approved plans to raise the debt ceiling to 60.0% GDP amidst the pandemic. The US Presidential elections has been concluded although there still remains uncertainty to the handover as the incumber President has yet concede the results. Nonetheless, the eventual conclusion will set the tone for US-Sino geopolitical developments. Locally, talks on a new backdoor government by Anwar Ibrahim or a snap General Election may take a back seat as coincidentally COVID-19 cases began to surge following the conclusion of Sabah Elections, made worse by some clusters in Kedah. Government has announced conditional MCO in several parts of Malaysia, which may impact selective businesses.

For Malaysian sukuk, we believe the local bond market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers. We are looking to be neutral duration relative to the TRBPAM Sukuk Index given our expectation that yields will stay low for longer, as global growth outlook remains challenging. 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.

Early November saw the news of encouraging efficacy data from Pfizer/BioNtech which provided much needed optimism to global equity markets. As we move forward, we think there would be more encouraging data from other vaccine development e.g. Astra Zeneccad and Moderna which pave the way for a revival in global growth expectations. Hence, in terms of sectors, we are gradually repositioning our portfolios from sectors that have done well (e.g. healthcare) into bashed down cyclicals (e.g. transportation, oil & gas, plantation, construction and property). Over a longer term we continue to favour Technology as the long term prospects remain intact with the push for 5G Infrastructure.