

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.

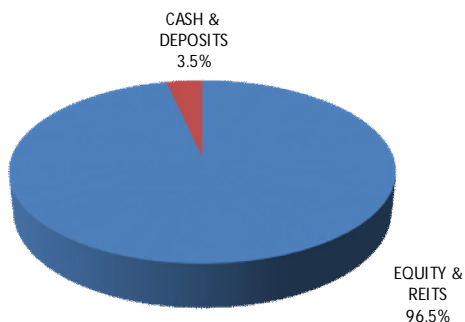
Performance Indicator

	Master Dividend Fund	Benchmark: FBM 100*
1 month	3.79%	3.61%
6 months	13.97%	10.46%
1 year	-1.89%	3.49%
3 years	-17.88%	-8.82%
5 years	3.15%	0.27%
10 years	62.15%	11.58%
YTD	-1.89%	3.49%
Since Inception (Annualised)	7.53%	2.59%

* Source: Bursa.

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

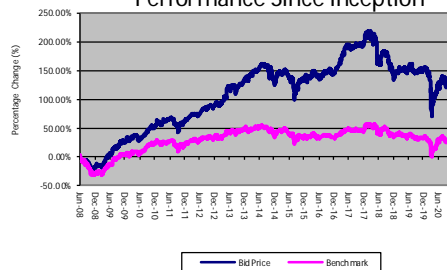


Key Fund Facts

Fund Size	RM93.044 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 31st December 2020)	2.489
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)

Top Holdings (Equities)	% NAV
TOP GLOVE CORPORATION BERHAD	7.52%
TENAGA NASIONAL BERHAD	5.44%
MALAYAN BANKING BERHAD	4.89%
GENTING MALAYSIA BERHAD	4.81%
CIMB BERHAD GROUP	4.21%

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 there from 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

UST yield curve steepened in December as the 3y UST declined by 3bps mom while the 10y to 30y UST increased by 7-8bps mom. The 10y to 30y UST saw selling pressure following economic optimism linked to the start of global vaccination that led to investors off-loading their safe haven assets. As widely expected, Fed maintained a dovish stance and kept the Fed fund rates unchanged at 0.00%-0.25% on the 16th December FOMC meeting and revised the expected GDP for 2020 to -2.4% (-3.7% earlier). Majority of FOMC members expected rates to stay at current low till 2023. After much resistance, President Trump finally signed the \$900b pandemic aid and spending package on 27th Dec that will deliver long-sought after cash to pandemic-stricken Americans and businesses.

MGS yield curve flattened in December as the 3y to 10y MGS declined by 3-18bps mom while the 15y to 30y MGS declined by 22-37bps mom. Market trades were seasonally light in December. Bids were driven by the stronger MYR which strengthened from RM4.0738: USD1.00 end-Nov to RM4.0203: USD1.00 end-Dec. Investors' sentiment remained cautious as the daily number of new Covid-19 cases remained high. Fitch Ratings downgraded Malaysia's sovereign rating from A- negative to BBB+ stable on 4th Dec as they noted that Covid-19 impact on Malaysia's economy has been substantial given Malaysia's relatively high fiscal burden compared to its peers.

Foreign funds remained net buyers of Malaysian bonds for the eighth consecutive month in December at a stronger pace of +RM3.6b (November: +RM1.9b). Foreign share of MGS and MGS+GII increased slightly to 40.6% (November: 40.1%) and 24.9% (November: 24.6%) respectively. Foreign reserves increased by USD2.3b mom to USD107.6b as at end-December 2020.

Equity Market Review

During the month under review, the MSCI World Index rose by 4.1% mom closing at a high for the year of 2020. Similarly, the Dow Jones Index advanced by 3.3% mom continuing the positive sentiment from US President-elect Joe Biden's victory, announcements of effective Covid – 19 vaccines by various pharmaceutical companies, and constructive news from Congress nearing a stimulus package agreement. On the US' economic front, retail sales in November turned to a contraction of 1.1% mom as compared to a growth of 0.3% mom in October. Its November industrial production grew slower by 0.4% mom as compared to 1.1% mom in the previous month. Nonetheless, Markit US Composite PMI expanded to 58.6 in November as compared to 56.3 in October. The US Fed left the interest rate unchanged in December at 0-0.25% after a total of 150 bps cut year-to-date. Over in Europe, the Stoxx 50 Index gained by 1.7% mom during the same period on the back of Covid-19 vaccine news. Eurozone Markit Composite PMI tapered to 45.3 in November as compared to 50.0 in the previous month. Its October retail sales bounced by 1.5% mom, a reversal from a contraction of 2.0% mom in the previous month. Growth in industrial production also rebounded to 2.1% mom in October. Likewise, China's Shanghai Composite Index increased by 2.4% mom in December 2020 on the back of strengthening economic data. China's November retail sales surged by 5.0% yoy as compared to 4.3% yoy in the previous month. Its November industrial production also improved slightly to 7.0% yoy as compared to 6.9% in October. China's Caixin Composite PMI also climbed to an expansion reading of 57.5 in November. With economic improvements, China kept its 1-year and 5-year Loan Prime Rates stable. They have been unchanged since April 2020.

In December, Brent oil price jumped by 8.8% mom to USD51.80/bbl on the back of Covid-19 vaccine distribution and a new round of US economic stimulus. OPEC+ also reached a compromised agreement to add only 500k barrels of production in January 2021, thereby containing the risk of escalating disagreements over the current oil production cuts among its members. Crude palm oil price surged by 12.8% mom to RM3,891/ MT as CPO output was affected due to worker shortage issues caused by foreign worker permit freeze and seasonality factor from heavier than usual rainfall caused by La Nina in some parts of Malaysia.

On the ASEAN front, equity markets closed the month under review with generally positive performances. Malaysia's FBMKLCI grew by 4.1% mom despite net foreign equity continuing to be an outflow to the tune of c.RM595m in December, bringing YTD net foreign equity outflow to c.RM24.5b. From an economic standpoint, Malaysia's October industrial production contracted by 0.5% yoy from a growth of 1.0% in the previous month. November manufacturing PMI remained in contraction with a reading of 48.4. On the currency front, the RM strengthened further to RM4.0203: USD1.00 as at end Dec 2020 from RM4.0738: USD1.00 as at end Nov 2020. Indonesia's Jakarta Composite Index also climbed by 6.5% mom following its Markit manufacturing PMI rebounding to 50.6 in November as compared to 47.8 in the previous month. After a total of 125 bps cut year-to-date for its 7 – day reverse repurchase rate, Bank Indonesia kept it unchanged at 3.75% in its December meeting. Singapore's Straits Times Index rose by 1.3% mom amidst stronger economic data. Singapore's industrial production rebounded strongly to 7.2% mom in November as compared to a contraction of 19.0% mom in October. Its retail sales also improved to a contraction of 8.6% yoy in October as compared to a 10.8% yoy decline in the previous month. Notwithstanding, the Stock Exchange of Thailand edged up by 2.9% mom following Thailand's November Markit manufacturing PMI reading of 50.4 signaling expansion. The Bank of Thailand kept its benchmark interest rate unchanged for the month of December.

Market Review & Outlook

Bond Market Outlook & Strategy

Moving forward, we view market sentiment will likely be driven by the prospects of recovery from Covid-19 i.e. number of infection cases, vaccines development and macroeconomics data. In its latest World Economic Outlook report, the IMF has revised its 2020 global growth forecast to -4.4% and painted an outlook of a “long, uneven and uncertain” recovery. Locally, continued presence of foreign flows in view of negative-yielding global debt and also relatively liquid market may help provide support. We would continue to remain cautious of possible bond market volatility as corporate earnings come under pressure and credit spreads widen. We maintain our strategy to accumulate bonds at favorable valuations skewing towards good quality names, but will only extend duration in liquid papers at fair valuations.

Equity Market Outlook

The passing of a c.USD900b stimulus by the US congress in December 2020 will boost sentiment for the global markets. Locally, despite the Conditional Movement Control Order (CMCO) imposed, the number of Covid-19 cases continued to rise and reached above 3,000 cases in early January 2021. To stem the widespread of this virus, the Malaysian Prime Minister has once again imposed MCO for 6 states which are namely Penang, Selangor, Federal Territories (KL, Putrajaya and Labuan), Melaka, Johor and Sabah. In addition, the King had declared a national state of emergency to assist in curbing the spread of Covid-19.

In conclusion, we would continue to adopt a prudent yet sensible posture towards our market's longer term growth trajectory and would continue directing monies into fundamentally good investments. We will maintain our predilection for sectors with more resilient growth and sectors that will benefit from the reopening of economies due to the vaccine discovery. Nonetheless, we will remain vigilant to realign our investment direction as necessary to be in sync with the changes in the market environment, and may sometimes assume a degree of trading bias to take advantage of any near term market volatility.

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)