

# 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	6.76%	6.19%
6 months	2.61%	0.36%
1 year	9.79%	4.19%
3 years	-7.92%	-9.45%
5 years	5.28%	-1.34%
10 years	68.79%	15.48%
YTD	4.10%	-1.38%
Since Inception (Annualised)	7.46%	2.35%

\* Source: Bursa.

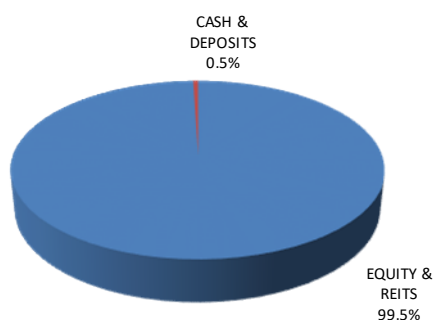
The above performance is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

## Key Fund Facts

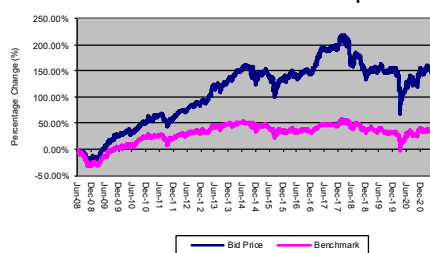
Fund Size	RM103.065 million
Risk Profile	Moderate
Launch Date	13 <sup>th</sup> June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit <sup>1</sup> - Bid (as at 31st August 2021)	2.591
Management Fee	0.00% p.a
Other Charges <sup>2</sup>	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.

## Portfolio Composition by Asset Type



## Performance Since Inception



## Top Holdings (Equities)

Top Holdings (Equities)	% NAV
CIMB BERHAD GROUP	6.45%
GENTING MALAYSIA BERHAD	5.21%
TENAGA NASIONAL BERHAD	4.93%
RHB BANK BHD	4.90%
MALAYAN BANKING BERHAD	4.46%

## 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.

# Market Review & Outlook



## Market Review

In August 2021, the MSCI World Index rose by +2.35% mom on the back of further easing of restrictions among developed countries with modest economic data, albeit against a backdrop of a proliferating Delta variant of Covid – 19. In the US, the Dow Jones Index grew +1.22% mom with the preliminary Markit US Composite Purchasing Managers Indices (PMI) for August 2021 chalking an expansionary reading at 55.4, unchanged mom. July industrial production grew at +0.9% mom and +0.5 ppt mom, which was above consensus expectations. However, a point of consternation was that Consumer Price Index (CPI) continued to remain high at 5.4% yoy, a level last witnessed in 2008. Nonetheless, the Federal Reserve was of the opinion that this level of inflation was transitory in nature. On the fiscal front, the US Senate passed an USD500b infrastructure bill to help spur the economy. In Europe, its Stoxx 50 Index also grew by +2.62% mom with August Markit Eurozone Manufacturing and Services PMI expansionary readings of 61.4 and 59.0 respectively. In addition, retail sales in the Eurozone also grew +5.0% yoy and +1.5% mom during the month under review. However, the spread of the Covid – 19 Delta variant might have had the consumers in the Eurozone being afflicted by pessimism about the economic situation as the Eurozone Consumer Confidence Indicator fell to -5.3 in August 2021 from -4.4 in the previous month. On the other hand, China's Shanghai Composite Index enjoyed a surge of +4.31% mom although there was a series of clampdown and rules tightening on technology companies which caused the decline in July 2021. Despite continuous regulatory changes throughout the month, the attempts by securities regulators to assuage market concerns by reassuring banks and investors that the clampdown measures would be of a contained nature did help to soothe some market jitters. On the economic front, the July Caixin China PMI Manufacturing and Services both recorded expansionary trends at 50.3 and 54.9 respectively.

During the month, Brent oil eased 4.4% mom to USD72.99/ bbl due to the resurgence of Covid – 19 which put the global economic recovery at risk. Apart from that, Saudi Arabia ended its extra voluntary production cut in July 2021 and OPEC agreed to boost oil output by 400k bbl/ day every month from August 2021 until all of its halted output has been resumed. Meanwhile crude palm oil price also inched lower by 3.4% mom to RM4500/ MT due to expectations that production and inventory might rise in the coming months.

In the ASEAN region, the Stock Exchange of Thailand rocketed +7.68% mom as new daily Covid – 19 cases appeared to have eased to 14,666 as at end August 2021 from the 23,418 peak on 13 August 2021. Moreover, the Thai government announced that it would be easing some of its business lockdown measures for Bangkok and several provinces starting September 2021. Earlier in the month, the Bank of Thailand's Monetary Policy Committee elected to maintain its one – day repurchase rate at 0.5% and cut its projection of Thailand's 2021 GDP growth forecast to +0.7% after having reduced it to +1.8% two months ago as the government expanded lockdown and curfew measures targeted in Bangkok and 28 other provinces. Malaysia's FBMKLCI enjoyed its strongest monthly gain since October 2011, climbing +7.14% mom, after the appointment of a new Prime Minister Datuk Ismail Sabri from UMNO. The appointment signalled a reprieve from the political uncertainties that have, for some time, been hampering market sentiments. As such, August 2021 recorded a net positive foreign equity inflow of RM1.0bn, which was the first monthly net inflow in 2021. The Ringgit also strengthened to RM4.1552: USD1.00 in August 2021 from RM4.2205: USD1.00 in July 2021. From an economic standpoint, the Covid – 19 lockdown measures in Malaysia had started taking its toll as its June industrial production growth eased to +1.4% yoy, -24.6 ppt mom and unemployment edged up +0.3 ppt mom to 4.8%. Despite being in the second month of the Emergency Enforcement of Restrictions on Public Activities (PPKM Darurat) lockdown, the Indonesian Jakarta Composite Index increased by +1.32% mom on expectations that some Covid – 19 restrictions would be eased in September 2021. The country's 2Q21 GDP growth came in above expectations at +7.07% yoy due to a low base effect and +3.31% qoq. On the other hand, Singapore's Straits Times Index fell 3.53% mom. While Non – oil domestic exports (NODX) was up +12.7% yoy, market sentiment was dampened by the government's decision to revert to Phase 2 (Heightened Alert) on 22 July 2021 which lasted until 18 August 2021 to contain outbreak of clusters in the community.

# Market Review & Outlook



## Market Review

Federal Reserve Chairman Jerome Powell at the Federal Reserve's annual symposium in Jackson Hole, indicated that the Fed would probably begin paring back some of its USD120.0b in monthly asset purchases soon. But he added that any such taper when it comes, wouldn't mean that an interest-rate hike was close behind. In this regard, the Federal Open Market Committee (FOMC) meeting in September could yield more information on the Fed's planned tapering timeline. Mom, the UST curve shifted 4-9bps higher as the market reacted to news surrounding the asset tapering. The 3y and 10y UST closed the month at 0.40% and 1.31% respectively.

MGS yield curve flattened in August as the 3y to 5y MGS increased by 6bps mom while the 7-15y MGS increased by 1-2bps mom. Towards the last week of the month, some of the losses were pared down with buying interests on the mid to long end of the yield curve due to relief over the political climate with the announcement of a new Prime Minister and also moderation in July inflation data. Aside, the projected growth rate of Malaysia's Gross Domestic Product (GDP) for the whole of 2021 has been revised down to between 3.0% - 4.0% from an earlier estimate of 6.0% - 7.5% growth, as announced by Bank Negara Malaysia (BNM) on 13 August 2021. The growth estimate has been based on the anticipated reopening of all economic and social sectors in the fourth quarter due to the commendable progress and effectiveness of the national vaccination programme.

Foreign funds turned net buyer after two months of outflows with +RM6.6b inflows into Ringgit debt securities in August (July: -RM3.6b). Foreign share of MGS decreased marginally to 40.3% (July: 40.4%) while MGS+GII increased to 25.9% (July: 25.3%) respectively. Foreign reserves increased by USD5.2b mom to USD116.3b as at end-August 2021.

# Market Review & Outlook



## Market Outlook

In Malaysia, we believe that investors would be keenly monitoring how the new Covid – 19 cases could be contained by the government's measures. The number of new daily cases peaked at 24,599 on 26 August 2021 and eased to 20,897 at the end of the month. Even so, we are somewhat heartened by the Malaysia's high vaccination rate which has had 46.7% of the population fully vaccinated and 14.3% with at least 1 vaccine dose as at 1st September, according to JKJAV. Newly minted Health Minister Khairy Jamaluddin stated that Covid – 19 in Malaysia was expected to enter its endemic stage by October 2021 and announced the upcoming rollouts of a vaccination programme for teenagers and a policy for the third dose of booster vaccines. With such measures in place, we are hopeful the transition for key economic states such as Kuala Lumpur and Selangor to Phase 2 under the National Recovery Programme would soon be underway. From a foreign perspective, we would be keeping an eye on the Chinese government's regulatory crackdowns and also on any allusions of the start of US' tapering activities.

For equities, we would maintain our prudent yet sensible posture towards our market's longer term growth trajectory and would continue directing monies into fundamentally good investments. We are also inclined towards sectors which have exhibited more resilient growth and ones that will be key beneficiaries from the eventual reopening of economies as a result of our commendable vaccination rate. Even so, we will always remain cautious to realign our investment direction as necessary to be in sync with any changes in the market environment. To that end, we may at times assume a degree of trading bias to capitalise on any near-term market volatility.

For bonds, local yields could be pressured due to the government's intention to increase both the fiscal deficit to between 6.5-7.0% and also the statutory debt ceiling to 65%. Nevertheless, MYR assets are unlikely to react strongly to political shifts unless significant policy swings emerge. Key events to watch out for in September are the Monetary Policy Committee (MPC) meeting on 9 September, the 12th Malaysia Plan on 27 September, and FOMC meeting on 21-22 September, while market do not expect any change in OPR for the rest of 2021. We will remain cautious of the bond market volatility arising from both external and internal fronts which will impact local yields. We maintain our strategy to accumulate bonds at favourable valuations skewing towards good quality names but will only extend duration in liquid papers at fair valuations.

# 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)