March 2021

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

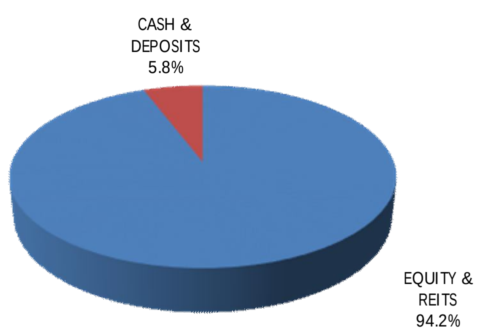
The fund is suitable for investors who are seeking moderate capital appreciation, seek stable income stream, have moderate risk tolerance and have medium to long term investment horizon.

Performance Indicator

	Master Dividend Fund	Benchmark: FBM 100*
1 month	0.55%	-0.18%
6 months	11.16%	5.83%
1 year	33.21%	23.08%
3 years	-17.56%	-12.20%
5 years	1.89%	-2.90%
10 years	57.02%	7.59%
YTD	2.01%	-1.91%
Since Inception (Annualised)	7.55%	2.38%

* 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

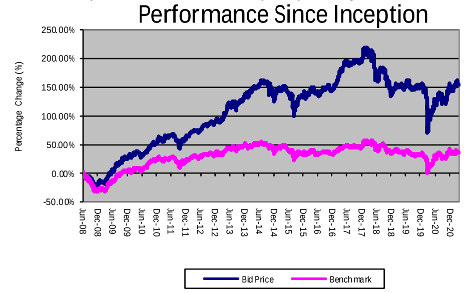


Key Fund Facts

Fund Size	RM94.899 million
Risk Profile	Moderate
Launch Date	13th June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit[1] - Bid (as at 31st March 2021)	2.539
Management Fee	0.00% 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.

Performance Since Inception



Top Holdings (Equities)

	% NAV
TENAGA NASIONAL BERHAD	5.18%
GENTING MALAYSIA BERHAD	5.13%
CIMB BERHAD GROUP	5.13%
MALAYAN BANKING BERHAD	4.76%
RHB BANK BHD	4.43%

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Market Review & Outlook

Market Review

For equities, the MSCI World Index surged by +3.1% mom to close at 2,812 points for the month of March. The Dow Jones Index also gained +6.6% mom and created a new all-time high. On the last day of March, President Biden unveiled a USD2trn infrastructure spending plan to be utilised over eight years. To pay for this spending, he would propose to increase the corporate tax rate from 21% to 28% over the next 15 years. In its March meeting, the Federal Reserve did not, as expected, alter its policy stance or guidance as the Fed would need to see a stronger labour market and sustainable increase in inflation before considering any tapering action. On the US' economic front, retail sales in February fell 3.0% mom as compared to a gain of +5.3% mom in January. Its February industrial production also dropped by 2.2% mom as compared to an increase of +0.9% mom in the previous month. Nonetheless, Markit US Composite PMI jumped to 59.5 in February as compared to 58.8 in January. Over in Europe, the Stoxx 50 Index advanced by +7.8% mom during the same period following a better Eurozone Markit Composite PMI reading of 48.8 in February as compared to 47.8 in January. However, its January retail sales fell sharply by 5.9% mom, a reversal from a gain of +2.0% mom in the previous month. Growth in industrial production rose by +0.8% mom in January as compared to a contraction of 1.6% mom in the previous month. On the other hand, China's Shanghai Composite Index retraced by 1.9% mom in March on the back of a weakened, albeit still expansionary, Caixin China Composite PMI which fell to 51.7 in February from 52.2 in January. With economic improvement being underway, China kept its 1-year and 5-year Loan Prime Rates stable. They had remained unchanged since April 2020.

In March, Brent oil price reversed its four-month uptrend, tapering 3.9% mom to USD63.54/bbl on the back of delayed vaccine rollouts in Europe and its extended lockdowns as well as the International Energy Agency's comments on the ample global supply situation. Crude palm oil price was up +1.9% mom to RM4,061/MT due to low inventory level of palm oil and global edible oil supplies despite signs of recovering production as weather conditions normalised.

On the ASEAN front, equity markets closed the month under review with generally mixed performances. Malaysia's FBMKLCI fell by 0.3% mom due to concerns over rising bond yields and renewed political instability. On 4 March, the government ended the Movement Control Order (MCO) for Selangor, Johor, Penang and Kuala Lumpur, which would transition into Conditional MCO (CMCO). Malaysia also unveiled a RM20b stimulus package on 17 March called PEMERKASA of which RM11b would be direct fiscal injection. Bank Negara Malaysia (BNM) had lowered its 2021 GDP growth forecast to +6.0-7.5% from +6.5-7.5% previously, to reflect potential downside risks from Covid-19 and potential challenges in the roll-out of vaccine both globally and domestically. Net foreign equity outflows continued resulting in a net sale of RM34m in March bringing YTD outflow to approximately RM1,735m. From an economic standpoint, Malaysia's January industrial production grew at a slower pace of +1.2% yoy as compared to +1.7% yoy in the previous month. February manufacturing PMI worsened to 47.7, as compared to 48.9 a month ago. On the currency front, the RM weakened to RM4.1450: USD1.00 as at end March 2021 from RM4.0498: USD1.00 as at end February 2021. The Indonesia's Jakarta Composite Index also declined by 4.1% mom following lowered Markit manufacturing PMI reading to 50.9 in February as compared to 52.2 in the previous month. The Indonesian central bank kept its 7 - day repo rate at 3.5% after a 0.25 ppt cut in February. However, Singapore's Straits Times Index rose by +7.3% mom supported by a higher February Market PMI reading of 54.9 as compared to 52.9 in January. Singapore's industrial production rose further by +1.6% mom in February after +4.6% mom growth in January. Its February Non-oil Domestic Exports gained by +8.2% mom as compared to +7.0% mom in the previous month. The Stock Exchange of Thailand also edged up +6.0% mom despite a weaker Markit manufacturing PMI of 47.2 in February, a contraction from 49.0 in the previous month. Nonetheless, the Bank of Thailand kept its Benchmark Interest Rate at 0.50%, unchanged since May 2020.

Market Review & Outlook

For the bond market, selling pressure in United States Treasuries (UST) continued throughout the month as both traders and investors seemed nervous on President Biden's USD2trn infrastructure centric plans, following the earlier approval of a USD1.9trn bill. Meanwhile, the improving outlook on US growth fostered a reflation trade and coupled with inflationary pressures resulted in yields rising. The UST yield curve bear steepened in March as the 3y UST increased by +7bps mom while the 5y to 30y UST increased by up to +34bps mom, with the 10y closing the month at 1.74%.

Locally, BNM held the OPR unchanged at 1.75% at the 2nd MPC meeting for 2021 on 4 March as BNM expects that the economy would improve from 2Q onwards and that 2021 headline inflation would also edge up due to higher global oil prices. The Malaysian Government Securities (MGS) yield curve continued to trend upwards in March as yields were up +6bps to 34bps, with the 5y MGS being the largest mover at +34bps to 2.66%. The 3y MGS increased by +15bps mom while the 20y MGS increased by +26bps mom. 10y MGS closed the month +16bps at 3.24%. Selling pressure was seen across the curve following the rise in UST yields. Sentiments were also impacted by the further possibility of sovereign debt issuances to fund the RM20b PEMERKASA stimulus package. The government bonds pared down some of its losses following the earlier euphoria and relief from FTSE Russell's decision on 29 March to maintain Malaysia in the World Government Bond Index (WGBI) whilst removing it from the watch list. While BNM reported the abovementioned encouraging 2021 GDP forecast, there was some market uneasiness over the high headline inflation forecast. However, the apprehension was mitigated by the subdued core inflation and BNM's pledge to maintain accommodative policy stance.

Foreign funds remained net buyers of Malaysian bonds for the 11th consecutive month, with a net inflow of RM5.9b recorded in March (February: +RM7.2b). Foreign share of MGS and MGS+GII was at 40.8% (February: 41.2%) and 25.7% (February: 25.4%) respectively. Foreign reserves declined slightly by USD0.4b mom to USD108.6b as at end-March 2020.

Market Outlook

Investors will be monitoring the number of new Covid-19 cases globally and the corresponding rollout of Covid-19 vaccines and distribution programmes. Locally, investors will be keeping an eye on whether the CMCO would be extended beyond 14 April as well as on the potential lifting of the inter-state travel ban, progress on Phase 1 vaccination and rollout of Phase 2 vaccination, reports on new Covid-19 cases, and political developments.

In conclusion, we would continue to adopt a prudent yet sensible posture towards our equity 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 recovery made as a result of the vaccination efforts. That said, 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. On the bond front, we would remain cautious of the bond market volatility arising from both external and internal fronts, especially with the sharp rise in UST which had impacted local yields. 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.

Market Review & Outlook

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)