

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.

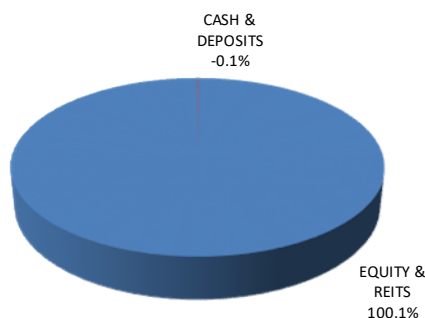
Performance Indicator

	Master Dividend Fund	Benchmark: FBM 100*
1 month	-0.19%	-3.04%
6 months	1.85%	-2.52%
1 year	13.22%	3.16%
3 years	-7.54%	-10.85%
5 years	4.19%	-3.42%
10 years	74.14%	16.83%
YTD	3.90%	-4.38%
Since Inception (Annualised)	7.40%	2.10%

* 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

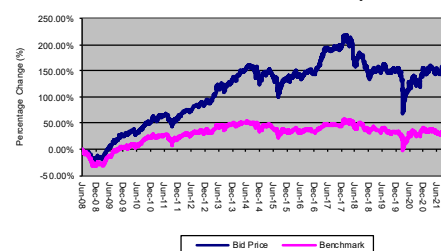


Key Fund Facts

Fund Size	RM106.277 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 September 2021)	2.586
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
CIMB BERHAD GROUP	5.48%
GENTING MALAYSIA BERHAD	5.10%
YINSON HOLDINGS	4.87%
TENAGA NASIONAL BERHAD	4.42%
RHB BANK BHD	4.40%

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

For equities, the MSCI World Index retraced by 4.3% mom to close at 3,007 points for the month of September, breaking its preceding seven-month uptrend. Similarly, the Dow Jones Index fell by 4.3% mom. In its September meeting, the FOMC delivered a hawkish surprise on the pace of tapering and timing of first rate hike which subsequently led other Developed Market central banks in sending more hawkish signals. On the US' economic front, retail sales in August grew by +0.7% mom as compared to a contraction of 1.1% mom in July. Nonetheless, its August industrial production increased at a slower pace of +0.4% mom as compared to +0.9% mom in the previous month. Markit US Composite Purchasing Managers' Index (PMI) growth also tapered to 61.1 in August as compared to 63.4 in July. Over in Europe, the Stoxx 50 Index declined by 3.5% mom during the same period following a lower Eurozone Markit Composite PMI reading of 59.0 in August as compared to 60.2 in July. Its July retail sales fell by 2.3% mom, a reversal from a gain of +1.5% mom in the previous month. However, growth in industrial production rose by +1.5% mom in July as compared to a drop of 0.3% mom in the previous month. On the other hand, China's Shanghai Composite Index rose by +0.7% mom in September 2021 despite its Caixin China Composite PMI turning to a contractionary reading of 47.2 in August as compared to an expansionary reading of 53.1 in the previous month. With broad economic improvement being underway, China kept its 1-year and 5-year Loan Prime Rates stable. They had remained unchanged since April 2020.

In September, Brent oil reached its highest YTD month-end closing price, gaining +7.6% mom to USD78.52/ bbl being fueled by indications of a global recovery in demand, falling crude inventories in the US, and shutdowns in production in the Gulf of Mexico due to impact from hurricane Ida. Crude palm oil price also reached its highest YTD month-end closing price, increased +7.4% mom to RM4,833/MT amid tight global edible oil supplies ahead of the Diwali festival in October.

On the ASEAN front, equity markets closed the month under review with generally mixed performances. Malaysia's FBMKLCI fell by 4.0% mom over concerns of potential capital gains tax, potential three months bank interest waiver for the bottom 50% (B50) income group segment and the Evergrande debt crisis. As of 6 October 2021, 88.8% of Malaysia's adult population had already received two doses of vaccine. As such, the government is considering allowing interstate travel and is targeting for full economic reopening by end of 2021. Foreign investors remained as net equity buyers for the second consecutive month amounting to RM0.7b in September, reducing YTD outflow to approximately RM3.8b. From an economic standpoint, Malaysia's July industrial production dipped by 5.2% yoy from a growth of +1.4% yoy in the previous month. However, August manufacturing PMI strengthened to 43.4 as compared to 40.1 month ago, albeit still contractionary. The Stock Exchange of Thailand also eased by 2.0% mom caused by a worsening contractionary Markit manufacturing PMI reading of 48.3 in August, from 48.7 in the previous month. Nonetheless, the Bank of Thailand kept its Benchmark Interest Rate at 0.50%, unchanged since May 2020. On the other hand, the Indonesia's Jakarta Composite Index rose by +2.2% mom following higher, albeit still contractionary, Markit manufacturing PMI reading of 43.7 in August as compared to 40.1 in the previous month. The Indonesian central bank held its 7 - day repo rate stable at 3.5% in its September meeting after a 0.25 ppt cut in February 2021. Singapore's Straits Times Index advanced by +1.0% mom following a rebound in industrial production by +5.7% mom in August from a decline of 2.6% mom in July. However, its August PMI reading was slightly weaker at 50.9 as compared to 51.0 in July. Its August Non-oil Domestic Exports contracted at a faster pace of 3.6% mom as compared to 0.9% mom in the previous month.

Market Review & Outlook



Market Review

The Federal Open Market Committee (FOMC) left its policy rate unchanged after its 21-22 September meeting, but US Treasury (UST) yields surged after the Federal Reserve said it would reduce its monthly bond purchases "soon". This sent investors grappling with a timeline that suggested higher interest rates may follow more quickly than expected. In the Fed's economic projections and policy statement, 9 of the U.S. central bank's 18 policymakers projected that Fed funds rate would need to rise next year. Chair Powell emphasized in his press conference that the dot plot does not reflect a committee plan and that "no one knows for certain where the economy will be a year or more from now." While the FOMC has not yet made any formal decisions, the market expects the Committee to agree to such a plan at November's FOMC meeting. Following the hawkish tone, the UST curve shifted 11-18bps higher mom with the 10y UST closing at 1.49% (+18bps).

Rising in tandem with UST, the local Malaysian Government Securities (MGS) yield curve flattened in September with the 5-15y up the most between 18bps to 26bps mom and the 20-30y MGS up 6-7bps mom. Despite the "mini-tantrum" which resulted in some bonds sell-off, some bargain hunting returned towards the end of the month to pare down some of the losses. The 3y MGS ended +10bps mom at 2.44% and 10y +18bps mom at 3.37%. During the month, the RM weakened against USD to 4.1930 on 20 September from 4.1355 on 10 September. Meanwhile, Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 1.75% for the seventh consecutive Monetary Policy Committee (MPC) meeting, in line with market expectation. The MPC noted that the global economy was recovering, but risks to growth remain tilted to the downside, given pandemic-related uncertainties and potential risks of heightened financial market volatility amidst adjustments in major economies' monetary policies.

Foreign funds slowed marginally with only +RM0.6b inflows into Ringgit debt securities in September (August: +RM6.6b). Foreign share of MGS was stable mom at 40.3% (August: 40.3%) while MGS+GII was marginally lower at 25.8% (August: 25.9%) respectively. Foreign reserves decreased for the first time since March 2021 by -USD1.1b mom to USD115.2b as at end-September 2021.

Market Review & Outlook



Market Outlook

Globally, the Covid-19 delta wave has likely peaked. Over to China, key focus will be on the impact of the latest power crunch across the country, Evergrande's debt crisis, as well as its push for policies such as common prosperity. Locally, all states had progressed to at least stage 2 under the National Recovery Plan while Negeri Sembilan, Labuan, and Pahang had entered Phase 4.

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.

Apart from tracking any upward movements in UST yields, we expect local yields to be pressured by the government's intention to increase both the fiscal deficit to between 6.5-7.0% and also the statutory debt ceiling to 65%. Key events to watch out for is the 29 October Budget 2022 and 3 November FOMC and MPC Meeting, while we 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)