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	3 months	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Amanah Dana Ikhlas	2.65%	0.87%	-2.68%	-5.07%	8.41%	5.45%	-0.51%	2.18%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	2.45%	0.29%	-1.88%	-2.09%	6.81%	7.62%	-0.38%	2.25%
Maybank Malaysia Balanced-I Fund	2.90%	0.71%	-2.90%	-5.63%	9.75%	7.68%	-0.63%	2.96%

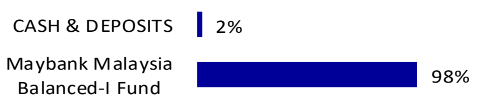
* Source: Bursa and Bank Negara Malaysia.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product.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

Facts on CIS

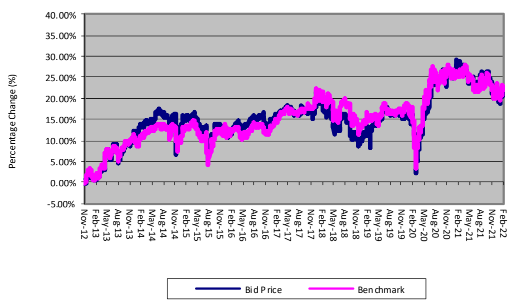
Name	Maybank Malaysia Balanced-I Fund^
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

^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	RM17.592 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 28th February 2022) - Bid	0.580
Management Fee	1.26% 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 (198301008983)
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Manager's Comments (For Maybank Malaysia Balanced-I Fund)

Market Commentary

The Malaysian sovereign bond yield curve bull steepened in February, with the 1-3-year MGS yields dropping 5-23 bps while longer 10-20 year maturities MGS yields saw smaller drop of 1-4 bps as escalating Ukraine-Russia conflict that peaked with Russia launching a large-scale military operation into Ukraine on 24 Feb drove US Treasury yields lower and shift to Asia market as safe haven. Prior to this event, MGS were mildly bearish on cue with the rise in US Treasury yields in run-up to an expected start of the US Feds's series of interest rate hike in March. Meanwhile, corporate bonds similar adjustment with the stronger MGS, albeit at a smaller quantum compared to govvies.

Global financial markets were rocked with the invasion of Ukraine by Russia and surging commodity prices. Investor sentiments were already fragile from January's poor sentiment on the heels of inflation concerns and aggressive monetary tightening. Despite the market volatility, KLCI gained 6.4% mom to 1,608pts buoyed by rally in plantation stocks in line with record high CPO prices and other commodity related names. CPO touched RM8,000/t following the supply concerns and following the export halt of sunflower oil by Ukraine following the invasion. On the other hand, information technology and healthcare declined. Commodities surged on the back of the geopolitical conflict, logistical disruptions, and concerns of tight inventory. Brent oil prices reached US$100/bbl (+10.9% mom) for the first since 2014 as the Russia invasion intensified. Apart from being a major oil producer, it is also a producer of base metals, accounting for 5-10% of aluminum, nickel, and copper. Aluminum, nickel, and copper rose 10.7%, 9.0% and 2.8% respectively. In precious metals, gold was up 6.2% to US$1,900/oz mom as investors flock to "safe haven" assets. Malaysia was the best performer in the region, in local currency terms, followed by Indonesia (+3.9%) and Thailand (+2.2%) given the exposure as commodity exporters in metals, coal, and CPO. Philippines (-0.7%) and Singapore (-0.2%) were decliners for the months given their limited exposure. In currencies, the Baht was up 1.6%, Rupiah up slightly 0.1%, while the Peso fell 0.1% while Singapore and the Ringgit both fell 0.3%. The month saw foreign maintaining their net inflow position with +RM2.8bn (US$667m) in Malaysia. Similarly, Thailand and Indonesia also net foreign inflows of US$2.2bn and US$1.6bn.

Market Outlook & Strategy

After the rebound in 4Q2021 GDP growth (+3.6% YoY vs -4.5% YoY in 3Q 2021) to see a 3.1% YoY growth in 2021, Malaysia GDP growth is expected to continue its rebound in 2022 onwards, as lockdown measures are relaxed, and economy sectors reopens. We expect bond yield curve to move higher on continued economic recovery and rising US Treasury yields driven by US Feds interest rates hikes. Other central banks globally have also turned more hawkish on monetary policy outlook. Despite this, the Malaysian market remains flush with liquidity, and this will provide support to the local bond market as yield pickup remain decent as compared to the low yielding fixed deposits and money market funds. We expect a better year for fixed income returns in 2022, coming out of negative return in 2021. Absolute yields have now become more attractive after the sell-off, providing a good entry level for yield accretion for the fund.

We expect 2022 for markets to rebound as the economic recovery trajectory continues to be driven by new growth areas and "living with Covid-19". With high vaccination rates and ongoing Booster shots, we think resumption of lockdowns is unlikely at this juncture. GDP growth is expected to rebound this year on pent-up demand and to some form of normalisation driving private consumption and higher employment. Domestically, there is some political stability given conclusion of the state elections (majority win in Johor) and markets can focus on the recovery path of the economy. However, there could be political uncertainty as there is now expectations that the general elections (GE15) would come in earlier rather than later.

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Manager's Comments (For Maybank Malaysia Balanced-I Fund)

Market Outlook & Strategy

For Malaysian sukuk, we believe our preference for corporate bonds (which are less volatile and provide higher yields compared to govvies) and strong credit selection will continue to protect our portfolio. We prefer strong AA-rated and A-rated papers for yield pickup and potential long-term upgrade. We maintain our underweight duration bias as we assume a more defensive stance given our expectation of a higher yield curve on continued economic recovery and rising US Treasury yields driven by US Feds interest rates hikes. We will continue to trade opportunistically and will also look into new primary issuances that offer higher yields, as well as bonds in the secondary market that has oversold.

For Malaysian equities, we remain focus on the recovery and structural theme such as financials, materials, energy and consumer discretionary. In the near-term, we are favourable to beneficiaries of higher commodity prices and rising interest rates although we note that recently prices have eased from their recent peaks. We think commodity prices broadly would remain high, albeit pass its peak due to linger supply constraints, under capex/opex (both o&g and fertilizer) and logistical issues. Despite the recent shift to value stocks from growth stocks recently, we maintain our longer-term positive view on the technology sector, as a structural theme. Although we are reducing our technology exposure, we may look to add back these names on dips.

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February 2022

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.

On top of regulatory limits imposed by Bank Negara Malaysia, Allianz Life have put in place tight internal investment limits for all asset classes to ensure that the Fund does not take on excessive risk, while recognizing there cannot be total elimination of risks associated with investing in the Fund. The following is a non-exhaustive list of key risk factors when investing into the Fund.

- **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 debt instrument fluctuates due to interest rate movements. When interest rate rises, the debt instrument prices generally decline and this may lower the market value of the investment. The reverse may apply when interest rate falls. Debt instruments with longer maturities and lower coupon rates are more sensitive to interest rate changes. This risk may be mitigated by regular and rigorous reviews of asset allocation and duration 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 managed through portfolio diversification and control on sector concentration risk.

- **Company Specific Risk** – The asset values of securities may be affected by company-specific factors, some of which include volatile business situations, adverse financial conditions and poor corporate governance. This risk may be contained through appropriate portfolio diversification, prudent investment selection and better control on investment concentration risks.

- **Credit and Default Risk** – This relates to the creditworthiness of the issuers of the debt and money market instruments as well as their abilities to make timely payments of interest and principal. Any adverse situations faced by the issuer may impact the value of the fund as well as the liquidity of the debt instrument or money market instrument. This risk is managed through appropriate portfolio diversification, stringent credit selection and control on sector as well as credit concentration risks.

- **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. Appropriate portfolio diversification, control on investment concentration limits taking into account liquidity constraints and regular monitoring could help mitigate the said risk.

- **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:
    1. "Shariah-compliant securities" which are subsequently considered "Shariah non-compliant"; or
    2. Investment in Shariah non-compliant securities.

  This risk may be mitigated by pre – trade Shariah Compliant checks conducted whenever the Fund invests into securities, regular monitoring of our portfolio's investments to identify if any investments may be in danger of losing their Shariah compliant status, and regular reviews of the Fund's compliance with the list of securities approved by the Shariah Advisory Council of the Securities Commission.

- **Target Fund Risk** – As the Fund is a feeder fund, it will invest into a Target Fund which is being managed by a Target Fund Manager. While we would make every effort to ensure that the objectives of the Target Fund are appropriately aligned with those of ours, we do not have control over the Target Fund Manager's investment in terms of its approach, intelligence, operations and management. In the unlikely event of any mishandling of the Target Fund, the NAV of our Fund, which is investing predominantly into the Target Fund, could be similarly adversely affected. This risk may be mitigated by our constant monitoring of the Target Fund, which is requisite to ensuring that the Target Fund's objective, risk profile and characteristics are in line with ours.

- **Target Fund Subscription/Redemption Time Lapse Risk** – Due to the inherent unitisation and Target Fund subscription/redemption processing times, there could be a time lapse between the time monies are received by the Fund and the time the monies are subsequently invested into the Target Fund, vice versa for redemption. The risk of unnecessary subscription/redemption time lapse may be minimised by our best efforts in optimizing the process while adhering strictly to the stipulated asset allocation.