March 2020

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	6 months	1 year	3 years	5 years	YTD	Since Inception (Annualised)
Allianz Life Amanah Dana Ikhlas	-8.10%	-9.60%	-6.55%	-10.09%	-8.61%	-9.60%	0.67%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	-4.35%	-6.32%	-5.09%	-6.08%	-3.91%	-7.43%	1.22%
Maybank Malaysia Balanced-I Fund	-8.26%	-9.56%	-6.27%	-9.17%	-6.50%	-9.71%	1.53%

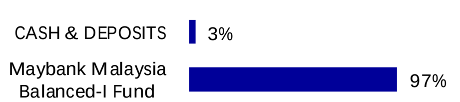
* Source: Bursa and Bank Negara Malaysia.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product.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

Facts on CIS

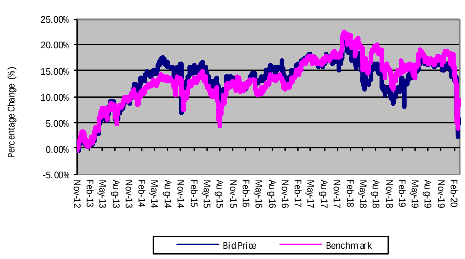
Name	Maybank Malaysia Balanced-I Fund^
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

^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	RM10.896 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 31st March 2020) - Bid	0.499
Management Fee	1.19% 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.

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Manager's Comment

Market Commentary

The Malaysian bond market sold off in March, with yields for government bonds higher by up to 55 basis points, amidst weak economic outlook due to covid-19 pandemic as well as distressed oil prices. The sell-off was also across all other asset classes due to risk aversion as investors started to raise more cash. Foreigners net sold RM12.3 bln of Malaysian debt securities, mostly in MGS. Foreign share of MGS fell further to 36.8% (Feb: 39.6%) and MGS + GII fell to 22.1% (Jan:23.9%). Foreign investors also withdrew funds from domestic equities, net selling RM5.6 bln in March.

For equities, March 2020 was the worst month since the Global Financial Crisis (GFC) with many markets in bear market territory. The market sell-off was remarkable in terms of velocity, magnitude and breadth with sharp declines triggering circuit breakers multiple times in many markets. Fears of a global recession deepened as travel restrictions, lockdowns and social distancing measures took a toll on supply chains, consumption and employment. Nevertheless, markets saw some recovery towards month end given the collective measures by central banks and governments worldwide to supply liquidity and provide fiscal support for the economy. In the commodity space, oil prices saw a shock drop as OPEC and Russia failed to agree on an extension of production cuts. Brent prices fell by c.50% to c.US$26/bbl in the month of March.

Malaysia began the month of March with a new Prime Minister and cabinet following an eventful February. The market was soon hit with lower oil prices (as a result of the oil price war) and the introduction of the Movement Control Order (MCO) to stem rising COVID-19 cases. Bank Negara Malaysia announced a cut to the Overnight Policy Rate and Statutory Reserve Requirement Ratio as well as other measures such as an automatic 6-month moratorium on loan repayments. The government also announced a stimulus package worth RM250 bn (17% of GDP) to help cushion the blow from the COVID-19 pandemic. Sectorwise, defensives (e.g., Healthcare, Consumer Staples) outperformed while Consumer Discretionary, Industrials and Financials underperformed.

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Manager's Comment

Market Outlook and Strategy

Central banks and governments globally introduced various monetary, financial and economic stimulus package in response to the covid-19 pandemic to support the economy. In its March meeting, Bank Negara Malaysia cut its Overnight Policy Rate (OPR) by another 25bps, bringing the current OPR level to 2.50% (i.e. a total of 50bps cut in 2020). In addition, the statutory reserve requirement (SRR) was lowered to 2% (from 3% previously) effective Mar 20th and banks are now allowed to recognize up to RM1b in Malaysian government bonds for SRR compliance purposes. These combined measures would inject some RM30b worth of liquidity into the banking system and support the Malaysian capital markets. Meanwhile, as at early April, the Malaysian government have announced a total of RM260 bln of economic stimulus package that is aimed to mitigate the impact of Covid-19 and avert a sharper contraction in economic activity. Market has priced in at least another 50bps OPR cut, and as such, we expect yields will fall in the coming months. In addition, we continue to believe that the local bond market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers.

For equities, following the massive sell-off in 1Q20, we could see a near term rebound in Asian equities but such a rebound may be short-lived unless we see a peaking of COVID-19 cases worldwide. We caution that bear markets (such as the one we are now in) may also see strong rallies occasionally. For a more sustained rally, we would need to see not only aggressive fiscal policy response from governments but also a peak in COVID-19 cases worldwide. While governments have begun to rollout their fiscal stimulus, we still have limited visibility as to when the virus outbreak might peak as the situation remains fluid. That said, we would expect a better 2H20 after a dismal 1Q20. While markets may not have troughed yet, value is emerging. The indiscriminate selling has now thrown up potential buying opportunities. While we would still hold a high amount of cash (as a buffer amidst the uncertainty) at present, we are looking to position our portfolios for the eventual recovery by redeploying the cash opportunistically.

For Malaysian sukuk, while we remain cautious, we expect yields will fall in the coming months driven by potential further 50bps OPR cut to counter the economic slowdown from the pandemic. Given this expectation, we will look to gradually extend duration and increase our investment level. We continue to overweight corporate bonds over sovereign bonds to anchor the Fund's income in corporate bonds' coupons as they are less volatile and provide higher yields to buffer against potential mark-to-market losses in the event of a turnaround in sovereign bond yields. Also, corporate bond yields currently looks more attractive after the recent sell-off in March. We will also look into new primary issuances that offer higher yields to deliver the required performance.

We reduced our targeted equity exposure to 85% of maximum equity portion and widened our trading band to +-10% from +-5% previously for better flexibility to position portfolios in these volatile times. At point of writing, we are taking profit from recent relief rally and are tactically at 76% invested for equity portion (or 38% of total portfolio). While we raise cash from defensives to reposition into bashed down stocks, we will still maintain some portion of our portfolios in these stocks to help anchor the portfolio. High cash level and higher dividend should cushion the portfolios against volatile market movements. Foreign shareholding of 22.4% as at end of March is already close to all-time low. Foreign selling in Malaysian equities is expected to taper off as it near its historical bottom of 21.7%, suggesting that the floor is near the levels seen in middle March. Sustainability of current government and clarity on policies moving forward will further reduce uncertainty. We believe that Malaysia is well positioned to face volatility as market liquidity is ample, represented by the large pension funds, life insurance and other institutional investor.