

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.

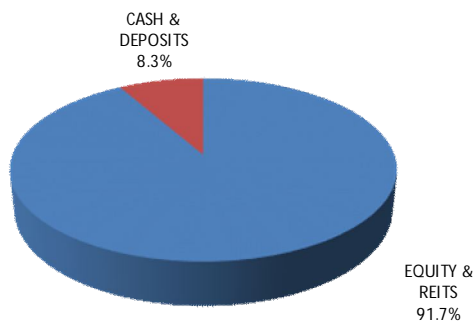
Performance Indicator

	Master Dividend Fund	Benchmark: FBM 100*
1 month	9.55%	5.57%
6 months	-16.91%	-12.94%
1 year	-18.25%	-15.62%
3 years	-27.70%	-21.06%
5 years	-15.40%	-20.81%
10 years	51.63%	5.91%
YTD	-17.70%	-12.93%
Since Inception (Annualised)	6.39%	1.26%

* 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

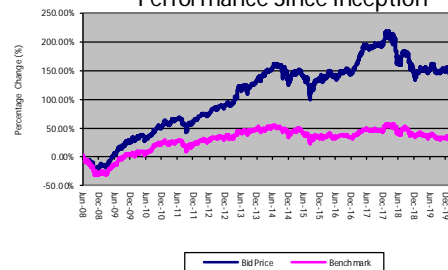


Key Fund Facts

Fund Size	RM65.701 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 April 2020)	2.088
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)

Equity	% NAV
MALAYAN BANKING BERHAD	9.27%
TENAGA NASIONAL BERHAD	8.69%
DIALOG GROUP BERHAD	5.03%
AXIATA GROUP BERHAD	3.80%
MY EG SERVICES BERHAD	3.77%

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 therefrom 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.

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Bond Market Review

UST yields declined for the fourth straight month in April as US economic activity remained depressed by the Government's measures to contain the Covid-19 spread coupled with Fed's purchases of Treasury securities that topped USD1.4t since mid-March under their unlimited Treasury purchase plan. More than 33 million American have now filed for initial jobless claims since the Covid-19 pandemic ripped through the economy. Continuing claims meanwhile exceeded 22 million, which far surpassed the last recessionary peak of 6.6 million. The unemployment rate surged to 14.7% in April, which shattered the post-World War 2 record of 10.8% in Nov 1982. As widely expected, Fed maintained the policy rate at 0.00-0.25% on 29th April and pledged to keep rates near zero until full employment returned and inflation reverted to around Fed's long-stated 2% goal.

MGS yields rallied strongly by 33-60bps across the yield curve in April following speculations that BNM may cut OPR rates further in the MPC meeting on 5th May to support the economy that is struggling from the Covid-19 pandemic impact. Fitch Ratings downgraded Malaysia's outlook from stable to negative on 9th April as the growth outlook and public finances of Malaysia looked highly uncertain following the Covid-19 pandemic. Fitch forecasted that Malaysia's GDP would contract 1% yoy in 2020 before rebounding to a 5.8% yoy growth in 2021. As widely expected, on 5th May, BNM cut the OPR by 50bps to 2.00% which is the lowest level since the 2008-09 global financial crisis. It was the third consecutive cut by BNM this year following two cuts of 25bps each in January and March. BNM also announced further liquidity measures by allowing the usage of MGS/MGII by banking institutions to fully meet the SRR compliance effective 16 May 2020 until 31 May 2021. This would release RM16b of liquidity into the banking system.

Foreigners net sold a milder -RM0.4b of MGS in April compared to -MYR12.5b of MGS in March. This brought YTD MGS outflow to -RM16.7b. Foreign share of MGS and MGS+GII decreased to 35.8% (Mar: 36.8%) and 21.7% (Mar: 22.1%) respectively. Foreign reserves meanwhile rose by USD0.8b mom to USD102.5b as at end-April.

Bond Market Outlook & Strategy

The severity of the economic damage is still unclear due to uncertainty over the duration, intensity and the overall impact of the Covid-19 outbreak. While the MPC noted that global economic conditions have weakened significantly and will exert a large drag on the domestic economy, with labour market conditions expected to weaken considerably, the MPC added that policy levers will be used as appropriate to create enabling conditions for a sustainable economic recovery. We would continue to remain cautious of possible bond market volatility as corporate earnings come under pressure and credit spreads widen. 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.

Equity Market Review

For equity markets around the world, April 2020 was another volatile month but saw a reversal of some significant losses incurred in the previous month when Covid - 19 was declared a global pandemic. As a result, the MSCI World Index rebounded by +10.80% mom, in part due to short covering as well as further constructive reactions by worldwide central banks and governments. In the US, the Covid - 19 pandemic had resulted in economic slowdown as evinced by 1Q annualized GDP contraction of 4.8% qoq and an unemployment rate of 14.7% in April 2020. However, the Dow Jones Index instead shrugged off the effects from the negative economic data and rose by +11.08% mom on the back of proactive measures by the Federal Reserve such as cutting Fed Fund rate to 0.00 - 0.25%, a level last seen in 2015, and providing USD2.3tr in credit lines to businesses and local governments. The European Stoxx 50 Index also rose by +5.06% mom despite in Mar 2020 Markit Eurozone Composite PMI contracting at 29.7 and Markit Manufacturing PMI for Germany easing at 45.4 while Spain registering 1Q20 unemployment at 14.41%. Similarly, in China, the Shanghai Composite Index climbed by +3.99% mom despite recording a 1Q20 GDP contraction of 6.8% yoy and Caixin China Manufacturing PMI contraction at 49.4 in Apr 2020. However, it was noteworthy that the Caixin China Manufacturing PMI had showed signs of recovery from its Feb 2020 low of 40.3. Around the globe, various governments were also implementing economic lockdowns and social distancing measures in their efforts to 'flatten the infection rate curve' of the Covid - 19 virus.

During the month under review, Brent oil price recovered by +11.1% mom to USD25.27/ bbl as President Trump led an initiative which resulted in OPEC+ and US agreeing to production curbs to bolster oil prices. Nonetheless, oil prices were wrought with volatility in April 2020 as Brent price fell to a low of USD19.33/ bbl late in the month, dragged by West Texas Intermediate (WTI) oil price for May delivery which crashed to -USD37.63/ bbl on oil storage shortage concerns at Cushing, US as well as demand disruption arising from countries globally enacting lockdown measures to contain the Covid - 19 pandemic. Crude palm oil price also fell in tandem with crude oil price, falling 17.6% mom, to RM2102/ MT due to both demand and supply disruptions as a result of the aforementioned pandemic.

On the ASEAN front, equity markets also rallied in - line with global peers. The Malaysian FBMKLCI soared by +4.21% mom as the government announced an additional RM10b of Prihatin Rakyat Economic Stimulus Package, bringing the stimulus package total to RM260b which was approximately 17% of GDP to mitigate the economic impact of Covid - 19. Along with the abovementioned recovery in Brent oil price, the Ringgit recovered to RM4.3022: USD1.00 from RM4.3212: USD1.00 a month ago. Nevertheless, net foreign equity outflow continued in April 2020 to the tune of RM2.7b, -51.6% mom, bringing the YTD net outflow to RM10.3b as compared to 2019's full year net outflow of RM11.1b. From an economic standpoint, Bank Negara Malaysia (BNM) projected Malaysia's 2020 GDP to be at -2.0% to +0.5% as the nation's economy would be affected by the highly challenging global economic outlook, the dampening of the domestic economic activities (i.e Movement Control Order extension) due to the Covid - 19 pandemic, and the volatility in crude oil price. The Stock Exchange of Thailand surged +15.61% mom led by strong rebounds in the transportation, energy and petrochemical sectors. In Apr 2020, to counter the effects of the Covid - 19 pandemic. The Thai government launched its third stimulus package worth THB1.9tr, approximately 10% of GDP, which was aimed at providing liquidity to the market, soft loans to SMEs and cash handouts to workers. Singapore's Straits Times Index increased by +5.76% mom as market volatility had moderated. However, the Monetary Authority of Singapore's (MAS) latest half - yearly macroeconomic review released in April 2020, warned that the Covid - 19 pandemic would drive Singapore's economy into recession in 2020 with "significant uncertainty" over how long and intense the downturn would be. The Jakarta Composite Index also went up by +3.91% mom after intense foreign selling in 1Q20. Consequently, its currency strengthened to IDR14,882: USD1.00 in April 2020 from its historically weak level of IDR16,310: USD1.00 in March 2020.

Equity Market Outlook

While the Covid - 19 pandemic disruption has undoubtedly weighed heavily on the global economic growth, we note that several countries are beginning to witness infection curves flattening. This has in turn led to the governments' gradual reopening of their economies. Nonetheless, we acquiesce that there remains a degree of volatility in equity markets as markets begin to take stock of the full extent of the economic damage caused by the virus outbreak.

Domestically, we are cautiously optimistic that infection rates appear to be moderating so much so that the government has deemed it fit to allow certain economic sectors to revive activities during the Conditional Movement Control Order (CMCO) period under appropriate standard operating procedures. This stance appears to be similarly taken in a number of countries worldwide such as the US and Europe which are unveiling plans for the revival of their respective locked down economies. Apart from that, we are also somewhat heartened that the concerted efforts of OPEC, Russia and US have resulted in oil production curbs that will kick off in May 2020 which should bring a modicum of stability to oil prices.

Due to the volatility pervading the equity market, we continue to adopt a prudent yet sensible posture towards our market's longer term growth trajectory and would direct monies into fundamentally good investments. As always, we will be mindful to realign our investment direction as necessary to be in sync with the changes in the market environment.

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)