

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	2.02%	2.28%
6 months	6.30%	1.29%
1 year	5.75%	-4.23%
3 years	9.39%	-3.74%
5 years	7.34%	-1.55%
10 years	59.13%	6.03%
YTD	5.75%	-4.23%
Since Inception (Annualised)	7.40%	2.07%

* Source: Bursa.

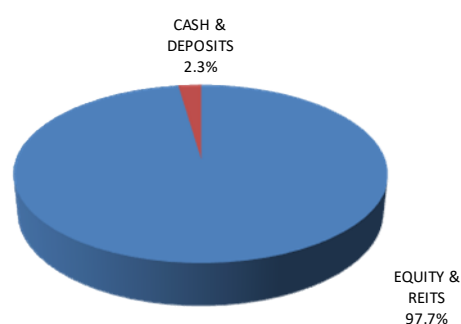
The above performance is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

Key Fund Facts

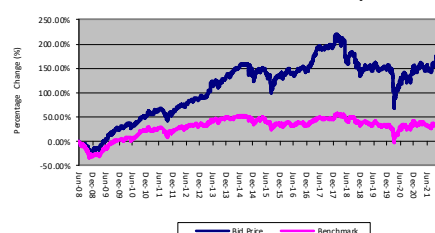
Fund Size	RM111.79 million
Risk Profile	Moderate
Launch Date	13 th June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ - Bid (as at 31st December 2021)	2.632
Management Fee	0.00% p.a
Other Charges ²	Include but not 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.

Portfolio Composition by Asset Type



Performance Since Inception



Top Holdings (Equities)

Top Holdings (Equities)	% NAV
YINSON HOLDINGS	5.30%
CIMB BERHAD GROUP	5.23%
MALAYAN BANKING BERHAD	5.10%
RHB BANK BHD	4.61%
GENTING MALAYSIA BERHAD	4.21%

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 gained by +4.2% mom to close at 3,232 points for the month of December. Similarly, the Dow Jones Index climbed by +5.4% mom, a rebound from previous month as investors grew less fearful of the potential economic impact from the new infectious Covid – 19 Omicron variant. On the US' economic front, retail sales in November grew slower by +0.3% mom as compared to +1.7% mom in October. Its November industrial production increased at a slower pace of +0.5% mom as compared to +1.6% mom in the previous month. Nonetheless, Markit US Composite PMI growth inched up to 57.0 in December as compared to 56.9 in November. Over in Europe, the Stoxx 50 Index rose by +5.8% mom during the same period following a higher Eurozone Markit Composite PMI reading of 55.4 in November as compared to 54.2 in October. Its October retail sales rebounded by +0.2% mom, a reversal from a contraction of 0.3% mom in the previous month. Growth in industrial production rose by +1.1% mom in October as compared to a drop of 0.2% mom in the previous month. China's Shanghai Composite Index also grew by +2.1% mom in December 2021 despite its Caixin China Composite PMI recording a lower reading of 51.2 in November as compared to 51.5 in the previous month. To bolster its economic growth, the People's Bank of China, in its December meeting, cut its 1-year Loan Prime Rates to 3.80% from 3.85% while keeping its 5-year Loan Prime Rates stable.

In December, Brent oil rebounded by +10.2% mom to USD77.78/ bbl amid fears of tight supply as witnessed by drawdown in U.S. inventories and as concerns eased about the impact of global fuel demand from the new Covid – 19 Omicron variant. Crude palm oil price continued its decline of 0.6% mom to RM5,159/MT amid fears of deteriorating demand from top buyers India and China and relatively high stockpiles in importing countries.

On the ASEAN front, equity markets closed the month under review with positive performances. Not rattled by the recent flood in parts of Peninsular Malaysia, Malaysia's FBMKLCI appreciated by +3.5% mom as concerns diminished over the impact of Omicron variant on economic recovery and the bourse was propped up by year-end window dressing. After four-months of buying, foreign investors turned net equity seller in December amounting to RM1.0b, bringing YTD net outflow to approximately RM3.0b. From an economic standpoint, Malaysia's October industrial production growth strengthened to +5.5% yoy from a growth of +2.5% yoy in the previous month. November manufacturing PMI also strengthened to 52.3 as compared to 52.2 month ago. The Stock Exchange of Thailand also gained by +5.7% mom despite a lower Markit manufacturing PMI reading of 50.6 in November, from 50.9 in the previous month. Nonetheless, the Bank of Thailand kept its Benchmark Interest Rate at 0.50%, unchanged since May 2020. Similar to regional peers, the Indonesia's Jakarta Composite Index rose by +0.7% mom. Its Markit manufacturing PMI reading dropped to 53.9 in November as compared to 57.2 in the previous month. The Indonesian central bank held its 7 - day repo rate stable at 3.5% in its December meeting, unchanged since February 2021. Singapore's Straits Times Index advanced by +2.7% mom despite a slightly lower industrial production growth of +2.3% mom in November from +2.4% mom in October. Its November PMI reading was also slightly weaker at 50.6 as compared to 50.8 in October. Its November Non-oil Domestic Exports growth was also lower at +1.1% mom as compared to +4.2% mom in the previous month.

Market Review & Outlook



Market Review

UST yields were up 7-12bps mom when the Fed said that they would accelerate the reduction of its monthly bond purchases. The Fed tapered by USD15b a month in November, doubled that in December, and would further accelerate the monthly reduction to USD60b starting January 2022. Market participants believe that with the asset-tapering on track, the interest rate hikes could happen faster than expected. According to the dot-plot projections, 12 out of 18 FOMC members expect at least three interest rate hikes in 2022 compared to September where only half of FOMC members expected at least 1 hike in 2022. This also led to weaker demand for long tenured UST as the 30y UST auction results ended long tailed and only garnered a weak bid-to-cover ratio of 2.22x. The Fed also revised down its GDP projection for 2021 to 5.5% from 5.9% in its September meeting. They however raised 2022 GDP growth forecast to 4.0% from 3.8% while lowering 2023 GDP growth forecast to 2.2% from 2.5%. Inflation forecasts were raised as well with 2021 core PCE expected to be 4.4% from 3.7% earlier. 2022 and 2023 core PCE forecast are now at 2.7% and 2.3% from 2.3% and 2.2% respectively earlier in September.

MGS yields movement were mixed in December with movements between -2 to +14bps mom. The largest movement was in the 3y MGS which rose 14bps mom to 2.81%. Market activities were light due to the year-end effect. Investors were also expecting the 2022 auction calendar which was announced on 20th December. All benchmark bonds will be replaced except for the 30y MGS. Sustainability-linked GII will make its debut in 2022 but details are sketchy for now. Duration profile is expected to be slightly higher for 2022. CPI for November rose 3.3% yoy (Oct: 2.9% yoy) largely due to higher prices of raw materials for cooking but market reaction was muted.

Market Outlook

Globally, earlier worries over the impact of the new Covid – 19 Omicron variant had tapered. Nonetheless, recent data had shown that Covid-19 cases had started to surge again as evident from the new Covid-19 cases per day in US and Australia in January 2022. Locally, the whole of Malaysia will be under Phase 4 of the National Recovery Plan with the inclusion of Kelantan and Sarawak on 3 January 2022. At the end of December 2021, we are heartened that PM Ismail Sabri had agreed to set up a special task force for post-flood activities so that assistance could be provided to flood victims and adequate preparations could be made in the event of a second wave of floods.

For equities, we would maintain our prudent yet sensible posture towards our market's longer term growth trajectory and would continue directing monies into fundamentally good investments. We keep our predilection towards sectors which have exhibited more resilient growth and ones that will be key beneficiaries from the eventual reopening of economies. Hence, we will always remain cautious to realign our investment direction as necessary to be in sync with any changes in the market environment. To that end, we may at times assume a degree of trading bias to capitalise on any near-term market volatility.

For bonds, apart from tracking any significant swings in UST yields, we expect local yields to be pressured by the higher fiscal deficit and statutory debt ceiling. We will remain cautious of the bond market volatility arising from both external and internal fronts, which may 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)