

# 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	-4.76%	-3.75%
6 months	3.61%	-3.83%
1 year	7.59%	-2.98%
3 years	4.37%	-6.19%
5 years	6.44%	-2.90%
10 years	62.57%	7.80%
YTD	3.66%	-6.36%
Since Inception (Annualised)	7.29%	1.91%

\* Source: Bursa.

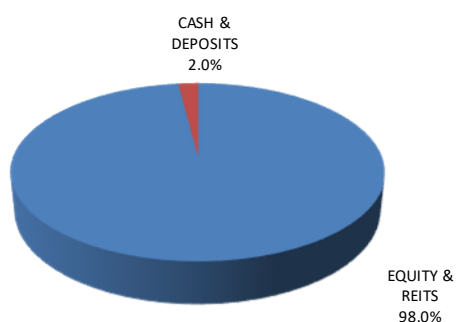
The above performance is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

## Key Fund Facts

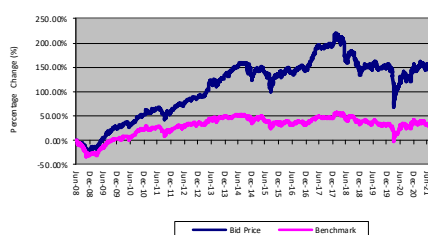
Fund Size	RM109.913 million
Risk Profile	Moderate
Launch Date	13 <sup>th</sup> June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit <sup>1</sup> - Bid (as at 30th November 2021)	2.580
Management Fee	0.00% p.a
Other Charges <sup>2</sup>	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
CIMB BERHAD GROUP	5.06%
YINSON HOLDINGS	5.01%
MALAYAN BANKING BERHAD	4.99%
RHB BANK BHD	4.61%
GENTING MALAYSIA BERHAD	4.12%

## 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

In November 2021, the MSCI World Index retreated by 2.3% mom due to the resurgence of Covid – 19 cases in Europe and the emergence of the new infectious Covid – 19 Omicron variant which has been designated as a Variant of Concern by the World Health Organisation on 26 November 2021. In response, several European nations have reinstated some previously repealed measures such as working from homes, face masks to be worn on public transport and in the case of Austria, a complete lockdown. In the US, the Dow Jones Index eased 3.73% mom as inflation concerns appeared to overshadow some positive economic data. The US economy seemed to be on the mend with the US Retail Sales Index growing by +1.7% mom in October 2021 and the November 2021 unemployment rate was 4.2%, -2.5 ppt yoy and -0.4 ppt mom. However, there was concern surrounding the stubbornly high inflation level as evinced by the October US Consumer Price Index (CPI) which grew +6.2% yoy, the highest reading in 31 years, evidently being driven by strong demand amid pandemic – related supply shortages. In the light of better economy data and persistent inflationary pressures, the Fed Chair indicated to the Senate Banking Committee that the Fed was contemplating to accelerate the tapering of its asset purchase programme and promised that they would provide an update after its 15 December 2021 meeting. He also stated that “it’s probably a good time to retire” the word “transitory” to describe inflation and promised that the Fed would be vigilant in controlling it. The Europe’s Stoxx 50 Index also fell by 4.41% mom dragged by the renewed Covid – 19 concerns. Economic data in the Eurozone in November 2021 was however mixed. Markit Eurozone Composite Purchasing Managers Index (PMI) during the month under review was expansionary at 55.4. Eurozone October 2021 unemployment rate had also improved 0.1 ppt mom to 7.3%. Meanwhile, Eurozone retail sales was +2.5% yoy but -0.3% mom in September. In contrast, the China’s Shanghai Composite Index rose by +0.47% mom spurred by positive macroeconomic data. The November 2021 China Composite PMI was expansionary at 52.2, October 2021 industrial production up by +3.5% yoy and October 2021 retail sales expanded by +4.9% yoy.

During the month under review, Brent oil fell 16.4% mom to USD70.57/ bbl due to concerns caused by the resurgence of the Omicron Covid – 19 variant. However, OPEC+ decided to stick to its oil production plan which would increase oil production by 400k bbl/ day each month. The US government then released supplies from its Strategic Petroleum Reserve in an effort to contain oil price and address the global oil shortage situation. Crude palm oil price also declined by 4.0% mom to RM5188/ MT due to higher output, concerns regarding the new Covid strain and weaker soybean prices.

The ASEAN equity markets were not spared the volatility permeating their global peers. The FBMKLCI tumbled 3.09% mom on the back of the introduction in Budget 2022 of a one – off corporate Prosperity Tax (Cukai Makmur) for companies with Profit before taxes more than RM100m and the removal of tax exemptions on foreign source income. The Budget also put forth a rise in stamp duty for equity transactions and the abolishment of the stamp duty cap of RM200 in 2022. Apart from that, Malaysia also had a series of mixed macroeconomic data such as 3Q GDP which came in at -4.50% yoy, October 2021 Markit Malaysia PMI Manufacturing which was expansionary at 52.2 and September 2021 industrial production growing by +2.50% yoy. In addition, Bank Negara Malaysia’s (BNM) Monetary Policy Committee (MPC) maintained the Overnight Policy Rate (OPR) at 1.75% on account of the Covid – 19 risk to Malaysia’s economic outlook and the expectation that the country’s inflation to remain moderate. Foreigners had a net purchase of RM0.2b worth of equities during the month but the RM weakened to RM4.2040: USD1.00 from RM4.1403: USD1.00 in the previous month. The Singapore’s Straits Times Index collapsed 4.91% mom due to Omicron variant concerns which caused the market to overlook positive macroeconomic data such as October 2021 Non – oil Domestic Exports growth of +17.90% yoy, September 2021 Retail Sales which grew by +6.60% yoy and October 2021 Industrial Production which increased +16.90% yoy. The Stock Exchange of Thailand also dipped by 3.37% mom as market reeled from the fall in oil prices (it being a net oil exporter) and inflation concerns.

# Market Review & Outlook



## Market Review

The country also experienced mixed macroeconomic data with 3Q Thai GDP down 0.3% yoy while Markit Thailand PMI Manufacturing was expansionary at 50.9. Lastly, the Jakarta Composite Index waned by 0.87% mom due to weak equity sentiment brought about by the impending US tapering of asset purchases as well as the Covid – 19 concerns. To keep the spread of Covid – 19 in check, the government announced the implementation of Level 3 Pemberlakuan Pembatasan Kegiatan Masyarakat (PPKM) throughout the country during the 2021 Christmas and New Year holidays. From an economic standpoint, Indonesia did enjoy some positive data with 3Q GDP growth at +3.51% yoy and October 2021 Markit Indonesia PMI Manufacturing having an expansionary reading at 57.2.

US Treasury (UST) yields ended the month lower, backed by stronger bids over concerns from the emergence of the Omicron Covid-19 variant which outweighed the Federal Reserve's hawkish tone which indicated a potentially faster pace of asset-tapering. The curve flattened as overall yields closed between 2-14bps lower mom. The 3y UST was up 8bps mom at 0.84% whilst the 30y rallied the most by 14bps mom at 1.79%. Elsewhere, the debt ceiling anxiety seems to have waned slightly following Democrat and Republican congressional leaders agreeing on a short-term funding bill until 18 February 2022.

Malaysian Government Securities (MGS) regained some of its losses after October sell-off as yields trended lower in tandem with UST. The MGS yield curve flattened as the belly to the long end fell 7-17bps mom, while the 3y MGS fell 1bp mom. As mentioned above, BNM kept the OPR unchanged which was expected as the economic situation had improved, and the Covid-19 cases locally had stabilised. However, BNM also took note of the rising global inflation due to stronger global demand, supply chain disruptions, higher commodity prices and shortages of labour, with expectation that the core Consumer Price Index (CPI) would average below 1% in 2021 and would increase moderately in 2022.

## Market Outlook

On the global scene, it is imperative to find out whether prevailing vaccines are effective against the highly transmissible Omicron Covid – 19 variant. Should they not be sufficiently efficacious, new efforts and therefore more time would be needed to modify existing vaccines or develop new ones. During that period, there could be a degree of volatility buffeting equity markets as the new Omicron variant might lead to renewed economic disruption. There is also some concern of the US monetary policy tapering in 2022 but we are reassured by the Federal Reserve's stance that the process would be gradual and would remain largely accommodative. Over in China, we will continue to monitor the Chinese government's regulatory and policy changes.

In Malaysia, we are heartened by our government's initiative to embark on a Covid – 19 booster shot programme which should help keep the pandemic somewhat contained and the economy remain open. According to Defence Minister Datuk Seri Hishammuddin, the long – awaited transition to an endemic phase has been put on hold due to Omicron fears. Despite that, Malaysia's economic reopening appears to be well underway as five more states, namely Perlis, Perak, Penang, Sabah and Kedah, have successfully moved into Phase 4 of the National Recovery Programme (NRP) during the month under review leaving only Kelantan and Sarawak still in NRP Phase 3.

# Market Review & Outlook



## Market Outlook

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. Even so, we are cognizant of the potential effects arising from the aforementioned new taxes which may weigh down equities in 2022. 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. Meanwhile, the market awaits the release of the 2022 auction calendar in December. 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)