February 2021

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

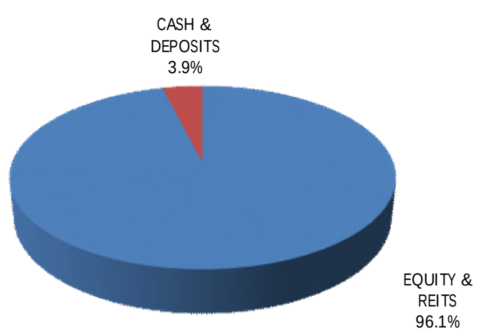
The fund is suitable for investors who are seeking moderate capital appreciation, seek stable income stream, have moderate risk tolerance and have medium to long term investment horizon.

Performance Indicator

	Master Dividend Fund	Benchmark: FBM 100*
1 month	3.40%	1.77%
6 months	6.99%	3.81%
1 year	8.00%	9.72%
3 years	-19.92%	-12.54%
5 years	6.72%	0.84%
10 years	63.01%	11.67%
YTD	1.45%	-1.74%
Since Inception (Annualised)	7.55%	2.41%

* 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

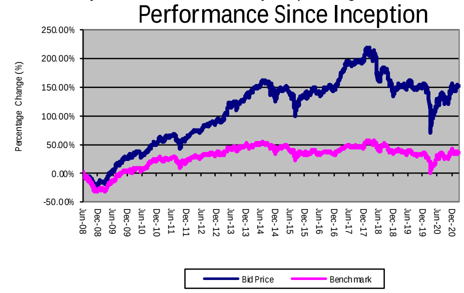


Key Fund Facts

Fund Size	RM94.391 million
Risk Profile	Moderate
Launch Date	13th June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit[1] - Bid (as at 28th February 2021)	2.525
Management Fee	0.00% 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.

Performance Since Inception



Top Holdings (Equities)

Top Holdings (Equities)	% NAV
TENAGA NASIONAL BERHAD	5.20%
GENTING MALAYSIA BERHAD	5.10%
CIMB BERHAD GROUP	4.98%
MALAYAN BANKING BERHAD	4.66%
RHB BANK BHD	4.40%

Allianz Life Insurance Malaysia Berhad (104248-X)
Level 29, Menara Allianz Sentral, 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral, 50470 Kuala Lumpur.
Allianz Life Call Centre : 603-2264 1188
www. allianz.com.my

Market Review & Outlook

Market Review

Global equity markets rebounded in February 2021 as evinced by the MSCI World Index which rose by +2.45% mom. The Dow Jones Index surged by +3.17% mom as the House of Representatives voted to approve President Biden's USD1.9tr aid package to contain the fallout of the Covid – 19 pandemic and also to jump start the country's economic recovery. This aid package, which recently received the Senate's approval in early March 2021, comes after the USD900b pandemic relief bill signed by President Trump in December 2020. Treasury Secretary and former Fed Chairperson Yellen reiterated that the risk to the economic recovery outweighed the risk of inflation and that the stimulus package, if passed, could return the US to "full employment" by 2022. On the economic front, data such as the expansionary January 2021 ISM Manufacturing and ISM Services Indexes readings at 58.7 each suggest that nascent economic recovery may already be underway. In addition, President Biden vowed to make available 600m doses of Covid – 19 vaccines by end July 2021 which would be enough to vaccinate almost the entire American population. In Europe, the Stoxx 50 Index also rose by +4.45% mom as the European Parliament voted to approve the Recovery and Resilience Facility Regulation which would be instrumental in making available €672.5b in loans and grants to its member states to spur investments and reforms. The European Commission's President also reiterated her target of vaccinating 70% of the adult population in the European Union by the end of summer 2021. However, its reported economic data were mixed as while January 2021 Markit Eurozone Manufacturing PMI Index was expansionary at 54.8, its January 2021 Markit Eurozone Services PMI Index was still contractionary at 45.4. In China, its Shanghai Composite Index increased by +0.75% mom as the January 2021 Caixin PMI Composite and Services Indexes were both expansionary at 52.2 and 52.0 respectively. Apart from that, the People's Bank of China (PBOC) kept its 1-year and 5-year Loan Prime Rates stable for the 10th straight month and reiterated that it would prioritize stability in its monetary policy.

UST yield curve bear steepened in February as the 3y UST increased by 11bps while the 10 to 30y UST increased by up to 33bps mom. Mom UST yields increased the most since November 2016 when Donald Trump won the 2016 US election and bond yields rose on the back of his pro-spending and tax-cut plan. 10y and 30y UST yields are now at the highest levels since early 2020. Yields moved upward following the passing of the aforementioned President Joe Biden's $1.9 trillion pandemic aid package by US House as well as faster vaccination pace that led to optimism on economy recovery and inflationary pressure. Minutes for January's FOMC meeting revealed that Fed officials see economy 'far from' where it needs to be, signaling that that policy is unlikely to change soon.

In February, Brent oil maintained its upward trajectory and rose to USD66.13/ bbl, +18.3% mom. It was spurred by factors such as an encouraging global vaccine deployment progress which would herald a possible return to economic normalcy, the Saudis' voluntary production cut of 1m bbl/ day from February to March and a major storm in the US which caused temporary production slippage of up to 2m bbl/ day. Crude palm oil price also edged up by +1.3% mom supported by strong soybean oil prices that rose due to heavy rains in Brazil and robust demand from China.

Over in the ASEAN region, the equity markets under review generally tracked their global peers' positive performance trends. Malaysia's FBMKLCI moved up by +0.72% mom as market sentiment was buoyed by the improvement in the containment of Covid – 19 with the government starting to unveil its vaccination program and also easing some of its Movement Control Order (MCO) restrictions. Moreover, the government launched its MYDIGITAL initiatives while Securities Commission and Bursa Malaysia extended the ban on Intraday Short Selling (IDSS) by propriety day traders (PDT) up till 29 August 2021. Despite that, net foreign equity outflow continued unabated at RM867.37m, +4.0% mom during the month under review which brought its YTD total to RM1,704.24m, -19.3% yoy. The 4Q20 GDP contracted by 3.4% yoy due to additional movement restrictions during the quarter. This led to 2020 GDP contracting by 5.6% yoy which was slightly outside the Bank Negara Malaysia's (BNM) 2020 GDP contraction projection of 3.5 – 5.5%. The RM eased slightly to RM4.0498: USD1.00 from RM4.0400: USD1.00 in the previous month. Singapore's Straits Times Index also jumped +1.60% mom on the back of encouraging economic data such as January 2021 Non – Oil Domestic Exports growing by +12.8% yoy, surpassing consensus estimates and also electronic exports growing by +13.5% yoy. The Budget 2021 saw the job support scheme being extended with additional funds being channelled to the Jobs Growth Incentive scheme. Meanwhile, the Stock Exchange of Thailand climbed +2.03% mom pushed by the dissipating fears of Covid – 19 which saw new daily infections/ day decline to < 100 from a January 2021 high of 959 as well as the global equity market recovery. Thailand's economic data was still lacklustre with January 2021 Markit Thailand PMI Manufacturing exhibiting a contractionary reading at 49.0. Its 4Q GDP contracted 4.2% yoy which led to a 2020 GDP contraction of 6.1% yoy. The Bank of Thailand kept its benchmark interest rate steady at 0.50% amid weak economic recovery, unchanged since May 2020. Lastly, Indonesia's Jakarta Composite Index surged +6.47% mom as the government began to rollout a series of stimulus and tax cuts to jump start selected portions of its economy. The Indonesian central bank cut its 7 - day repo rate by 0.25 ppt to 3.5%, the lowest since 2016 due to fears that a Covid – 19 resurgence could hamper economic recovery. From an economic performance standpoint, its 4Q20 and 2020 GDP contracted by 2.19% yoy and 2.07% yoy respectively. However, the Indonesian Finance Ministry projected that while 1Q21 GDP growth could be close to zero, its 2021 GDP growth was expected to be approx. +5.0% yoy.

In our domestic bond market, MGS yield curve bear steepened in February as 3y MGS increased by 14bps mom while 5 to 30y MGS increased by 27-50bps mom. 10y MGS closed the month at 3.08% which was the highest since June 2020. Selling pressure was seen across the curve following the rise in UST yields. Reopening auctions (MGS 20y, MGII 5y and MGII 7y) during the month garnered good BTC above 2x's with an auction size between RM3.5-4.5b. However, auction results for the MGS 20y was wide at 3.901-4.01% despite the smaller-than-expected auction size of RM4.0b (expectation: RM4.5b), which reflected a lower appetite for longer duration bond. January 2021 inflation data declined by only 0.2% yoy (consensus: -0.8% yoy) from -1.4% yoy in December 2020 mainly due to the slower decline in transport costs of -5.1% yoy (December 2020 -8.4% yoy). As widely expected, BNM held the OPR unchanged at 1.75% at the 2nd MPC meeting for 2021 on 4 March as BNM expects economy to improve from 2Q onwards and headline inflation in 2021 is also projected to average higher due to higher global oil prices. Foreign funds remained net buyers of Malaysian bonds for the tenth consecutive month in February +RM7.2b (January: +RM3.7b). Foreign share of MGS and MGS+GII was at 41.2% (January: 40.5%) and 25.4% (January: 24.9%) respectively. Foreign reserves increased by USD0.4b mom to USD109b as at end-February 2020.

Market Review & Outlook

Market Outlook

Investors would continue to observe the efficacy of the current Covid – 19 containment measures and how well run are the subsequent rollout of the vaccination programs. Domestically, the easing daily infection rates, gradual lifting of movement restrictions, reopening of more parts of the economy and the start of the nationwide vaccination program should help to buoy equity market sentiment.

To sum up, we would continue to adopt a prudent yet sensible posture towards our equity market's longer term growth trajectory and would continue directing monies into fundamentally good investments. We will maintain our preference for sectors with more resilient growth and sectors that will benefit from the reopening of economies due to the vaccine proliferation. Nonetheless, we will remain watchful to realign our investment direction as necessary to be in sync with the changes in the market environment, and may at times assume a degree of trading bias to take advantage of any near term market volatility.

On the bond front, market sentiment will likely be driven by the prospects of recovery from Covid-19 i.e. number of infection cases, vaccines development and macroeconomics data. Amid unchanged OPR, BNM had utilised other policy tools over the past few months. Flexibility for banks' use of MGS & MGII to comply with Statutory Reserve Requirement (SRR) was extended until 31 December 2022 from the previous effective period of 5 May 2020 until 31 May 2021. BNM is also in discussion with banks on the Targeted Repayment Assistance (TRA) expiring on 30 June 2021. There remains ample space for BNM to purchase securities as BNM's current holdings of Government securities is 1.4% of total Government outstanding vs the 10% limit. We would remain cautious of the bond market volatility arising from both external and internal fronts, especially with the sharp rise in UST which had impacted local yields. 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.

Market Review & Outlook

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)