

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	-1.98%	-1.78%
6 months	-0.61%	-3.82%
1 year	3.01%	-5.09%
3 years	-13.41%	-14.00%
5 years	0.75%	-5.34%
10 years	47.27%	1.62%
YTD	-2.49%	-7.14%
Since Inception (Annualised)	6.98%	1.90%

* Source: Bursa.

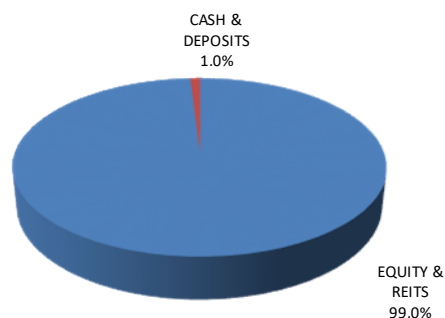
The above performance is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

Key Fund Facts

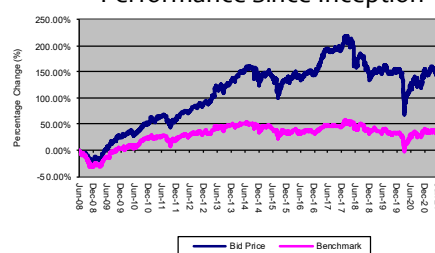
Fund Size	RM94.903 million
Risk Profile	Moderate
Launch Date	13 th June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ - Bid (as at 31st July 2021)	2.427
Management Fee	0.00% p.a
Other Charges ²	Include but not limited 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, 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	6.35%
GENTING MALAYSIA BERHAD	5.25%
TENAGA NASIONAL BERHAD	4.93%
RHB BANK BHD	4.86%
MALAYAN BANKING BERHAD	4.62%

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 +1.7% mom to close at 3,069 points for the month of July. US' Dow Jones Index also rose +1.3% mom as its stocks once again hit record highs during the month despite a resurgence of Covid-19 cases throughout the country due to the Delta variant. In its July meeting, the FOMC concluded that the U.S. economic recovery would remain on track despite the rise in Covid-19 infections. Fed Chair Jerome Powell described the job market as still having "some ground to cover" before it would be appropriate to withdraw some economic support, which had been in place since the beginning of the pandemic. On the US' economic front, retail sales in June increased by +0.6% mom compared to a drop of 1.3% mom in May. Its June industrial production also rose +0.4% mom, slightly lower as compared to +0.8% mom in the previous month. However, the Markit US Composite PMI fell to 63.7 in June as compared to 68.7 in May. Over in Europe, the Stoxx 50 Index advanced by +0.6% mom during the same period following a better Eurozone Markit Composite PMI reading of 59.5 in June as compared to 57.1 in May. Its May retail sales also rose +4.6% mom, after falling by 3.1% mom in the previous month. However, industrial production fell by 1.0% mom in May, as compared to a rise of +0.8% mom in April. On the other hand, China's Shanghai Composite Index declined by 5.4% mom in July due to an imposition of a new clampdown in Beijing and concerns about its economic outlook due to high inflation and the spread of Covid-19's delta variant. In addition, Caixin China Composite PMI fell to 50.6 in June as compared to 53.8 in May. Nonetheless, with economic improvement being underway, China kept its 1-year and 5-year Loan Prime Rates stable. They had remained unchanged since April 2020.

In July, Brent oil continued its uptrend, gaining +1.6% mom to USD76.33/bbl being fuelled by indications of a global recovery in demand, with the gradual reopening of economies worldwide. Crude palm oil price rebounded sharply by +23.1% mom to RM4,656/MT due to expectations of higher exports to China and India and weaker palm oil production in the months ahead.

On the ASEAN front, equity markets closed the month under review with generally mixed performances. Malaysia's FBMKLCI fell by 2.5% mom to close at a new low of 1,494 points for the year as market sentiment hit a fresh low on political concerns and record high new daily Covid-19 cases. Malaysia's daily new Covid-19 case numbers surged to a new record high of 17,786 on 31 July from 6,988 on 1 July. The Ministry of Health attributed the rise in cases to more self-testing, the use of antigen rapid test kits and the highly infectious Delta variant. Political uncertainty rose after the King expressed 'deep disappointment' that the law minister did not seek his assent to revoke the state of emergency declared in January. Net foreign equity outflows continued, resulting in a net sale of RM1.3b in July, bringing YTD outflow to approximately RM5.5b. From an economic standpoint, Malaysia's May industrial production rose by +26.0% yoy, continuing its strong recovery after posting a +50.1% yoy gain in April. However, June manufacturing PMI weakened to 39.9, as compared to 51.3 a month ago. On the currency front, the RM weakened further to RM4.2205: USD1.000 as at end July 2021 from RM4.1490: USD1.00 as at end June 2021. On the other hand, the Indonesia's Jakarta Composite Index rose by +1.4% mom despite lower Markit manufacturing PMI reading of 53.5 in June as compared to 55.3 in May. The Indonesian central bank held its 7 - day repo rate stable at 3.5% in its July meeting after a 0.25 ppt cut in February 2021. Singapore's Straits Times Index rose by +1.2% mom following a stronger June PMI reading of 50.8 as compared to 50.7 in May. However, Singapore's industrial production declined by 3.0% mom in June as compared to a gain of +7.2% mom in May. Its June Non-oil Domestic Exports surged +6.0% mom, as compared to a drop of 0.1% mom in the previous month. The Stock Exchange of Thailand plunged by 4.1% mom despite a rebound in its Markit manufacturing PMI reading of 49.5 in June, as compared to 47.8 in the previous month. The Bank of Thailand kept its Benchmark Interest Rate at 0.50%, unchanged since May 2020.

Market Review & Outlook



Market Review

UST rallied strongly in July as yields declined 12-25bps mom as upbeat economic forecasts were countered by the resurgence in Covid-19 cases both locally and globally. The 5y and 10y UST declined the most in a month since Mar'20 as it fell 20bps and 25bps mom respectively. June's inflation was higher-than-expected as CPI rose 5.4% yoy versus an expectation of 5.0% yoy with the highest monthly gain since Aug'08.

MGS yield curve flattened in July as the 3y to 7y MGS increased by 2-8bps mom while the 10-30y MGS decreased by 9-20bps mom. Finance Minister Datuk Seri Tengku Zafrul expects Malaysia's 2021 fiscal deficit to rise to between 6.5-7.0% of GDP after factoring in government's recent stimulus packages. At the 4th MPC meeting on 8th July, BNM kept the OPR unchanged at 1.75% as it expects global economic recovery to be driven by better vaccination progress and policies support. BNM however cautioned that re-implication of FMCO would pose significant downside risk to domestic growth outlook.

Fitch reaffirmed Malaysia's sovereign credit rating at BBB+ stable in July 2021 with key rating drivers being strong broad-based medium term growth, persistent current account surpluses and highly diversified export based. Ratings were however weighted down by the high public debt, low revenue base and political uncertainty.

Foreign funds net sold a total of RM3.6b of Ringgit debt securities in July (June: -RM0.5b). Foreign share of MGS remained unchanged mom at 40.4% (June: 40.4%) while MGS+GII dropped to 25.3% (June: 25.7%) respectively. Foreign reserves remained unchanged mom at USD111.1b in June 2021.

Market Review & Outlook



Market Outlook

Globally, investors' will be monitoring how the highly infectious Delta Covid-19 variant would be affecting the number of new Covid-19 cases and the rollout of Covid-19 vaccination and distribution programmes. Focus will also be on the Chinese government's regulatory crackdown on a range of Chinese companies. Locally, investors will be tracking the release of 2Q21 GDP numbers due on 13 August, the impact of FMCO on the 2Q21 earnings results season, the daily reports on new Covid-19 cases, and which states will enter Phase 2 or Phase 3 of the recovery plan in the coming weeks. They will also be eyeing newsflow on the rollout of the nationwide vaccination programme and whether the government can meet its target to fully vaccinate 50% of the adult population by 31st August.

In conclusion, 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 predilection for sectors with more resilient growth and sectors that will benefit from the reopening of economies due to recovery made as a result of the vaccination efforts. That said, we will remain vigilant to realign our investment direction as necessary to be in sync with the changes in the market environment, and may sometimes assume a degree of trading bias to take advantage of any near-term market volatility.

On the bond front, Malaysia's official economic growth outlook for 2021 could be cut to around 4% from current 6.0-7.5% due to the reintroduction of movement restrictions against Covid-19. Meanwhile, the series of stimulus package announced since the pandemic began is expected to bring Malaysia's fiscal deficit to a level higher than the Global Financial Crisis in 2008-2009. We 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)