

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	-1.43%	-2.20%
6 months	3.84%	0.88%
1 year	16.14%	8.58%
3 years	-5.79%	-6.26%
5 years	4.45%	1.03%
10 years	50.18%	5.89%
YTD	0.04%	-2.64%
Since Inception (Annualised)	7.29%	2.29%

* Source: Bursa.

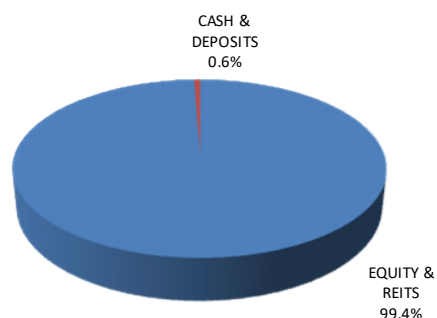
The above performance is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

Key Fund Facts

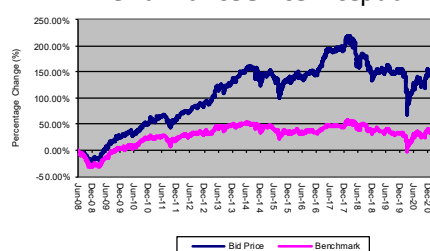
Fund Size	RM93.085 million
Risk Profile	Moderate
Launch Date	13 th June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ - Bid (as at 31st May 2021)	2.490
Management Fee	0.00% p.a
Other Charges ²	Include but not limited 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
CIMB BERHAD GROUP	6.23%
GENTING MALAYSIA BERHAD	5.32%
TENAGA NASIONAL BERHAD	5.19%
MALAYAN BANKING BERHAD	4.81%
RHB BANK BHD	4.79%

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

Global equity markets continued their upward trajectory in May 2021 with the MSCI World Index rising by +1.26% mom. The Dow Jones Index surged in tandem by +1.93% mom on the back of strong economic growth data. The IHS Markit US Manufacturing Purchasing Managers' Index (PMI) rose to 62.1 while the IHS Markit US Services PMI rocketed to 70.4 during the month, both were above market expectations. Initial jobless claims also improved to 385k/ week as at end May 2021 from 507k/ week as at end April 2021. However, this positive economic growth sentiment was somewhat tempered by the reading of the US Federal Reserve's April 2021 minutes which showed, despite considerations accorded to tapering its bond purchase programme, the participants agreed that the US economy had yet to achieve the central bank's goals. In Europe, the Stoxx 50 Index rose by +1.63% mom on the hope that a successful vaccination programme which was underway could lead to an eventual economic reopening later in the year. The Eurozone also exhibited positive economic growth with the Markit Eurozone Manufacturing and Services PMIs recording expansion readings at 63.1 and 55.2 respectively. The foregoing nascent economic recovery was further reinforced by the Eurozone retail sales volume which grew by 12.0% yoy in March beating consensus' expectation. On the other hand, the Chinese Shanghai Composite Index surged by +4.89% mom, propelled by its Composite PMI expansionary reading of 54.2 in May 2021 as compared to 53.8 in the previous month. With its economic recovery well in progress, the People's Bank of China (PBOC) maintained its 1 – year Loan Prime Rate at 3.85% for the 13th straight month. It also kept the 5 – year Loan Prime Rate at 4.65%, in – line with market expectations.

During the month under review, Brent crude oil price rose by +3.1% mom to USD69.32/ bbl due to robust demand recovery from US, China and parts of Europe. Additionally, the OPEC Monthly Oil Market Report (MOMR) for May provided an upward revision of the 2021 demand for OPEC oil, up by +0.2m bbl/ day from the assessment in April 2021 to 27.7m bbl/ day, +23.1% yoy. Crude palm oil price instead eased by -8.7% mom to RM4024/ MT due to softening corn and soybean prices which were in turn hampered by the easing of dry weather concerns in the US.

Unlike its global peers, the ASEAN equity markets experienced mixed performances. Malaysia's FBMKLCI retraced 1.13% mom and remained in negative territory on a YTD basis with a 2.68% loss as it was dragged by fears of a worsening Covid – 19 pandemic and its subsequent impact on the economy. In order to arrest the disconcerting resurgence in new Covid – 19 cases, the Malaysian government placed the entire country under Movement Control Order (MCO) 3.0 from 12 May 2021 till 7 June 2021. This MCO had the effects of imposing restraints on economic and social activities as well as inter – district/ state travels. In spite of that, due to the unchecked swell in new daily infections which breached the 7000 – mark in mid – May 2021, the government had to introduce a more stringent lockdown, effective from 25 May to 7 June 2021, to contain the burgeoning infection outbreak by incorporating even tighter constraints on the said economic and social sectors. With the new set of restrictions, the Finance Minister noted that it could have up to a 1% impact on the gross domestic product (GDP) and could lower the nation's 2021 GDP growth forecast to +5 – 6.5% from the Bank Negara Malaysia's (BNM) earlier forecast of +6 – 7.5%. However, even that was followed by an announcement of a 'total lockdown' that would be imposed across all socio – economic sectors in the country from 1 June to 14 June 2021. To mitigate its effects, the government launched the PEMERKASA+ stimulus on 31 May 2021 which incorporated a direct fiscal injection of RM5b. During the month, net foreign equity outflow totaled RM161.4m, i.e. -86.2% mom, thus bringing the total YTD net equity outflow to RM3.1b. From an economic standpoint, Malaysia's 1Q21 GDP recorded a 0.5% yoy contraction, which was an improvement over the 3.4% yoy contraction in 4Q20. It was above consensus expectation and was the lowest contraction recorded since the pandemic started. In addition, industrial production in March 2021 chalked an increase of +9.3% yoy, i.e. +7.8 ppt mom, which had also beaten consensus estimates. Across the causeway, the Singapore's Straits Times Index declined 1.68% mom as the country embarked on tightening measures to curb the proliferation of the Covid – 19 pandemic.

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Apart from that, its Non – oil domestic exports (NODX) dropped 8.8% mom in April 2021 which fell short of market's expectation. The Indonesian Jakarta Composite Index slipped 0.80% mom as 1Q21 GDP growth came in at -0.74% yoy and -0.96% qoq which were below market expectations. It was also weighed down by fears of a potential spike in Covid – 19 cases post the long Eid – ul – Fitr (Lebaran) holidays which led to the government announcing the rollout of further movement restrictions called 'Pemberlakuan Pembatasan Kegiatan Masyarakat (PPKM) mikro' throughout Indonesia's 34 provinces from 1 – 14 June 2021. On the other hand, the Stock Exchange of Thailand rebounded +0.66% mom as the government launched the third phase of stimulus programmes which included THB93b to remedy the financial situation of the Covid – 19 pandemic stricken populace. Other than that, the government had started its programme aiming to vaccinate 70% of Bangkok's population and tourism cities by July 2021 in a bid to reopen its economy.

The month under review saw the US Treasuries (USTs) holding steady under less volatile conditions. Earlier losses which stemmed from the FOMC minutes raised concerns that there will be further discussion pertaining to the asset purchases but was counter-balanced by investors' view that the recent acceleration in consumer prices are unlikely to be sustained. The concern that Fed would tighten policy soon also lessened as the job market condition still remained considerably weaker when compared to that in the pre-pandemic era. UST yields also pared down some of its gains towards month end due to concerns of higher debt to finance the President's \$6 trillion federal budget with spending on infrastructure, education and other initiatives. Overall, benchmark yields closed 2-5bps lower across, as the curve bull-flattened with the 10y UST -4bps to 1.59%.

As widely expected, BNM held the OPR unchanged at 1.75% at the 3rd MPC meeting for 2021. The MGS yield curve steepened in May with local bonds succumbed to some selling pressure as the abovementioned 1Q21 GDP numbers released surprised on the upside. However, the recovery appeared to be primarily supported by trade due to an upswing in the global semiconductor cycle and the concurrent chip shortage around the world. Domestic demand recovery continued to be weak. Both private consumption and investment remained the main drags on GDP growth. The 3y MGS ended 3bps lower at 2.31%, while the longer tenures sold-off between 3-19bps, with the 15y MGS impacted the most, closing at 4.00%.

Foreign funds remained net buyers of Malaysian bonds to a new record of 13th consecutive month in May +RM1.9b (April: +RM6.4b). Foreign share of MGS and MGS+GII was at 41.1% (April: 41.0%) and 26.1% (April: 26.3%) respectively. Foreign reserves increased by +USD0.1b mom to USD110.9b in May 2021.

Market Review & Outlook



Market Outlook

In the light of a resurgence of new Covid – 19 cases in the region, investors would be keenly following the effectiveness of the current MCOs or lockdowns employed by the government to contain the spread of the virus. The latest stringent MCO 3.0 has been broadened to flatten the infection curve and it is noteworthy that, with the influx of vaccine supplies, the government has set vaccination rate targets of 150k/ day for June and 200k/ day for July. As at 3 June 2021, the vaccination rate stood at 117,563 doses/ day. No doubt, a well - executed nationwide vaccination programme would help to bolster investor sentiments as well as put the nation firmly on track for gradual economic reopening.

For equity, 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 are also inclined towards sectors which have exhibited more resilient growth and ones that may benefit from the eventual reopening of economies as a result of the ongoing vaccination efforts. Furthermore, we would keep constant vigil to realign our investment portfolios as needed to account for any changes in the market environment. To that end, we may, at times, assume a trading posture to capitalise on any near term market volatility.

While inflation should spike in 2Q21 due to the low base effect, it should stabilise thereafter as the higher inflation is transitory in nature. Meanwhile, the latest MCO 3.0 measures are expected to result in a downward revision in 2021 GDP growth as espoused by the Finance Minister, but the extent of slippage would depend on the duration of the lockdown. 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.

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)