

October 2017

Allianz Life Amanah Dana Ikhlas



Investment Objective

The Allianz Life Amanah Dana Ikhlas (the "Fund") feeds into AMB Dana Ikhlas ("CIS") and aims to seek a mix of regular income stream and possible capital growth over the medium to long term by investing in listed equities, Islamic debt instruments and other assets that are permissible under the Shariah Principles.

Investor Profile

The Fund is suitable for investors are looking for fund that invests in Shariah-compliant securities, seek regular income and moderate capital appreciation, have moderate risk tolerance and medium to long term investment horizon.

Performance Indicator

	1 month	6 months	1 year	3 years	YTD
Allianz Life Amanah Dana Ikhlas	0.36%	0.00%	1.45%	2.20%	3.33%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	1.27%	1.19%	4.41%	4.17%	5.72%
AMB Dana Ikhlas	0.53%	0.38%	2.21%	4.51%	3.84%

* Source: Bloomberg and Bank Negara Malaysia.

The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. 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.

Facts on CIS

Name	AMB Dana Ikhlas
Type	Managed Fund
Fund Manager	Amanah Mutual Berhad
Fund Currency	MYR

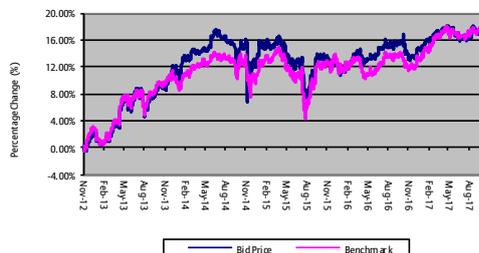
Key Fund Facts

Fund Size	RM6.898 million
Risk Profile	Moderate Investor
Launch Date	26 November 2012
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ (as at 31st October 2017) - Bid	0.558
Management Fee	1.25% p.a
Other Charges ²	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

Portfolio Composition by Asset



Performance Since Inception



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.

Disclaimer:

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Allianz Life Amanah Dana Ikhlas



Manager's Comments

Equity

Market continued to drift lower in October. Thus far, global economic data have supported our view of better economic growth in 2018. For our 2018 strategy, we remain positive on the market and will continue to buy on dips on the back of 7% earnings growth forecast. We keep to our key broad themes, with specific focus within each theme, i.e. construction (infrastructure plays, affordable housing), e-commerce/logistics (regional e-fulfillment hub, online payment), Chinese tourism (airport, airline, consumer products), consumer sector (discretionary, durables, personal financing) and technology (smart factory in a rising cost environment, connectivity). Our base case is that there is no political upheaval arising from the 14th General Election expected in the first quarter of 2018.

Fixed Income

The Federal Reserve increasingly seems intent on another rate hike in December with the Fed Fund Futures pricing in a higher probability of 82.8% in October from 70% in September. Markets will be swamped with continuous flow of first tier US economic releases in the first week of November as well as the much anticipated Trump's nomination for the next Fed chair. FOMC meeting in November will likely be a non-event but markets will still scrutinize the policy statement and rhetoric. On the contrary, BOE policy meeting is expected to be the most watched meeting following hawkish chatters by policy makers gearing towards BOE's first rate hike in November since the Global Financial Crisis.

Domestically, BNM in its latest MPC meeting in September, BNM maintained its OPR at 3.00% with the monetary stance viewed as accommodative. BNM expects domestic demand will remain the key driver of growth and the overall growth in 2017 will be stronger than earlier expected. Inflation is expected to moderate on expectation of a smaller defect from global cost factor. Therefore, we believe BNM will keep OPR steady at the next meeting on 9th November 2017.

Overall, we think overall the budget is supportive of Malaysia's sovereign rating as the Government remains on course in its fiscal consolidation drive in 2017 and 2018. In continuation with fiscal consolidation, budget deficit will see a 0.2% cut for 2018 to 2.8% from the year end target of 3.0% in 2017. Given a projected funding requirement capped at RM39.79 billion in 2018, total gross MGS/GII supply is estimated to be around RM106.6 billion, broadly similarly to 2017 (RM107.5 billion). With the high concentration of MGS/GII maturities worth RM24.8 billion in 1Q2018, the government may front load its offerings in the early part of the year on the back of potential reinvestments from scheduled govies maturities.

Meanwhile, year-to-date gross issuance of the govies in 2017 totalled RM93.5 billion, meaning additional RM14 billion to be issued this year in the remaining 5 auctions. It is noted that the remaining issuances are skewed towards long dated segment with 4 out of 5 auctions concentrate in the 10 to 15 year brackets.

In the near term, we expect investors to adopt a cautious stance and look to the global market conditions especially now with the probability of a Fed Fund Rate hike in December being higher, further developments in the US tax plan and the appointment of the next Fed chair. We believe real money investor may provide some support to the sovereign market in the near term. Meanwhile, we will monitor the pace of fund flows in the market. Overall, we continue to favour credit segment relative to sovereign for better yield pickup.

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