

May 2018

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	5 years	YTD	Since Inception (Annualised)
Allianz Life Amanah Dana Ikhlas	-4.51%	-5.03%	-4.86%	-2.04%	3.52%	-5.54%	1.97%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	-3.68%	-2.00%	-0.82%	3.64%	7.73%	-3.55%	2.69%
AMB Dana Ikhlas	-4.49%	-4.69%	-4.37%	-0.18%	7.50%	-5.45%	3.03%

* 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

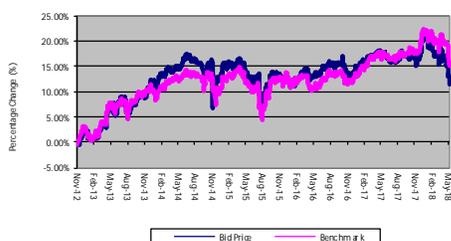
Key Fund Facts

Fund Size	RM7.457 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 May 2018) - Bid	0.529
Management Fee	1.23% 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



- 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.

Disclaimer:

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Allianz Life Amanah Dana Ikhlas



Market Review

Equity

In May, heavy foreign selling dragged the FTSE Bursa Malaysia EMAS Shariah Index (FBMS) down 993 pts or 7.5% to close at 12,175 pts as investors repriced policy risk. The bulk of the selling came after the 14th General Elections which saw the FBMS falling 6.9%. Year-to-date, the FBMS has lost 8.5%. In May, foreigners net sold RM5.6bn, reversing year-to-date net foreign flows to -RM1.9bn. During the month, the Ringgit depreciated 1.4%, the 10Y MGS rose 5 bps to 4.18%, while Brent crude oil gained 3% to USD77 per barrel.

The market sold off in May, rattled by headline news of a higher RM1 trillion national debt burden, concerns about the fiscal position and sovereign credit rating following the zero-rating of the Good and Services Tax, cancellation of mega infrastructure projects and the sanctity of toll roads concession agreements. Sentiment was further dampened by the weak first quarter corporate earnings season. Meanwhile, global trade tensions were back in focus, and there was fear of contagion from Italian politics. These were happening against a backdrop of Central Banks' plans to normalise monetary policies, leading to worries of possible policy missteps.

Fixed Income

In May-18, the MGS yield curve bear steepened in May with yields on the long-end of the curve widened by 9 to 16bps compared to the short-end of the yield curve, which only widened by 3 - 6bps. Notably, the 20-year yield curve moved up 16bps ahead of a new 20-year auction in June. Existing holders might be looking to switch out for better liquidity. During the month, the benchmark 3-, 5- 10-, 15- and 30-year MGS yields close at 3.64%, 3.84%, 4.20%, 4.60% and 4.93% respectively. Foreign investors reduced their holdings in Malaysian assets by RM4.69b in April, after an increase in prior month. YTD April-18, foreigners sold RM1.29bn of Malaysian assets. The decrease in the non-resident holdings in April 2018 was attributed to a decrease across short-term bills, MGII and MGS, with MGS outflow estimated at RM3.12bn. This is most likely due to 10y UST breaching 3% in the same month. As of April 2018, total foreign holdings in MGS was marginally higher at RM162.80b, representing about 44.3% of outstanding MGS. Prior to GE14, government bond auctions in May-18 were very well supported with yields already adjusted higher following higher UST. However, post GE14, market turned quiet even for popular tenors such as 10-year and 5-year government bond auction.

On corporate bond, trading volume dropped 56% to RM 4.5 bn in May versus April's RM 10.3bn as the credit sector is surrounded with policy uncertainties following GE14's outcome. Only a handful of trades were seen in May-18 with most of them being newly issued credit (Cagamas Ismalic) and very short maturity bonds (Cagamas 18, Malakoff 18 and BGSM 19). With thinly traded corporate bond volume, credit spreads tightened again in May-18. Credit spreads across all ratings spectrums are at its tightest spreads YTD.

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Manager's Comments

Equity

In this risk-off period, we take a more defensive view for capital protection until we see more clarity in the government's austerity measures. We have sold into strength to raise cash for future deployment into quality names with reasonable risk/reward profiles during market retracements. We continue to prefer big cap companies with strong fundamentals in sectors such as Consumer, Technology and Industrials. We maintain our view that, despite the short term volatility, investors should position for the longer term, where risk premiums may potentially reduce as a result of better governance.

Fixed Income

On fixed income strategy, the fund will remain invested in corporate bonds with strong fundamentals. The fund may increase exposure in benchmark government bond securities as valuation has turned fair/rewarding. The fund may also hold cash temporarily while waiting for new credit supply (where credit spreads are better) or buy from secondary market when liquidity and bid/ask spreads improve. Lastly, we expect Bank Negara Malaysia to hold policy rate unchanged at 3.25% for the rest of 2018.

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