

November 2018

# Allianz Life Amanah Dana Ikhlas



## Investment Objective

The Allianz Life Amanah Dana Ikhlas (the "Fund") feeds into Maybank 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	0.76%	-0.19%	-5.21%	-2.04%	1.93%	-5.71%	1.77%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	-0.44%	-1.37%	-3.34%	1.58%	4.04%	-4.88%	2.22%
Maybank Dana Ikhlas	0.88%	0.00%	-4.69%	-0.09%	5.25%	-5.45%	2.78%

\* 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.

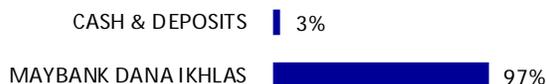
## Facts on CIS

Name	Maybank Dana Ikhlas
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

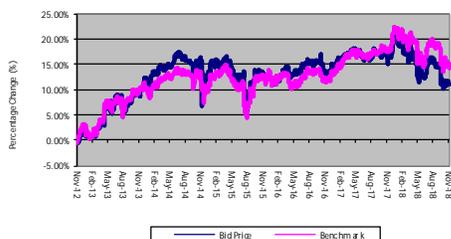
## Key Fund Facts

Fund Size	RM8.392 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 <sup>1</sup> (as at 30th November 2018)	0.528
- Bid	
Management Fee	1.26% p.a
Other Charges <sup>2</sup>	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



## Manager's Comments

### *Market Commentary*

The local MGS/ MGII and GG saw some weaknesses in November post budget 2019 following the announcement of increased issuances in MGS/GII. Also, the sudden jump of GG issuance also weakened the market sentiment on rates market. Market is expected to continue to remain volatile as the local interest rate path will be dominated by US monetary policy, foreign capital flows into and out of EM, MYR performance relative to USD and Trump's policies with regard to trade with China.

Meanwhile, foreign holdings of MGS declined in November by MYR5.4 billion (+MYR4.7 billion in October). As a result, the foreign holdings of MGS declined to MYR147.6 billion or 38.8% from MYR153.0 billion (40.7%) in October 2018. The outflows is in contrast of the broad emerging markets (EM) trend which shows the return of risk appetite in EM debts, as Indonesia saw inflows of USD2.5 billion in November (Oct: +USD0.9 billion).

After a dismal October, Asian equity markets rallied in the month of November helped by dovish Fed comments and anticipation of possible US-China trade tensions easing ahead of the G20 summit. At the start of the month, the conclusion of US midterm elections, with results coming in largely as expected, removed an overhang on the market. Another significant political event in the month was the UK and EU agreeing on a draft of the Brexit agreement after months of negotiation. Towards month end, markets also began to anticipate that the Fed was closer to the end of its rate hike cycle based on post-meeting minutes and other comments. While there was some trade tension throughout the month (e.g., at the Asia-Pacific Economic Cooperation forum), there was also some hope that the G20 summit in early December would bring some respite.

After months of underperformance, the north Asian markets outperformed Asean in the month of November as most of North Asian markets rebounded. However for Malaysia, the release of the 2019 budget in Malaysia failed to lift the market which fell 1.7% in MYR terms in November. Key items in the budget include higher gaming taxes, a sugar tax, higher real property gains tax and a proposed airport REIT. Besides the gaming sector which took a hit from higher taxes, the energy sector also underperformed given lower oil prices. Oil prices continued to sell-off in the November with Brent declining 21% in the month and dropping below US\$60/bbl. In terms of currencies, all Asian currencies strengthened against a flattish USD with the best performing currencies, IDR and INR, appreciating c.6%

### *Market Outlook and Strategy*

We enter into 2019 with a cautious tone following the weak markets and poor sentiment experienced in 2018. There is still the risk that the trade war between US and China could blow up if not handled properly, although this is not our base case. Quality of earnings delivery is very critical to sustain investors' confidence as growth is going to be below potential for the next 2 years, as guided by the new government. The weaker GDP numbers of below 5% in 2018 should also underpin the potential weaker growth for the corporates. Malaysia may be affected negatively from the expected commodities prices softening in 2019. The lower crude oil and palm oil prices may impact economic growth and lead to a lower corporate profitability. In spite of this, equity market may still be able to deliver slightly below average long term returns of between 5 to 7% for 2019.

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We are slightly more bullish on the local bond market in 2019 as we do not expect any Overnight Policy Rate expected to be maintained at 3.25% throughout 2019 on continued resilience in domestic growth outlook and subdued inflation rate in the country barring significant negative headwinds from escalating trade disputes between the US and China and heightened risk aversion in emerging markets. Meanwhile, a peaking US economy could bring back the allure of emerging markets assets, including Malaysia, among global investors seeking higher investment returns. Apart from the factors above, we believe that the local bond market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers. Net assets among these group of domestic investors are expected to continue to rise in 2019 and consequently increase liquidity in the domestic market. While Malaysia sovereign rating outlook is a concern, we anticipate that its impact on the MGS yields may not be significant due to lower foreign holdings after the recent selloffs by foreign funds in 2018 that saw a net outflow of RM19.6 billion up to November. Continued healthy demand from local investors could also see the bottoming out of the domestic government bond market in 2019 from the recent sell-offs in 2018.

For Malaysia equities, we maintain our defensive stance on the market and remain invested in sectors with stable business model with high visibility of earnings and can provide sustainable dividend, especially during the volatile period. Sectors like consumers, banking and utilities normally provides these attributes and very resilient to weather current market volatility. Participation in the exporters and global suppliers may be reduced as global growth may be at risk as trade war escalate into full blown blockade and impacting many peripheral economies outside US and China. As the government already announced expansionary budget with higher amount for Budget 2019, focus will be on companies which will benefit from improvement in domestic consumption for example consumer staples and financials is imminent. We believe geopolitical uncertainties will still be an important factor in 2019, hence high yielding companies with earnings visibility should anchor the portfolio to weather the continued volatility.

For Malaysian sukuk, we continue to overweight corporate sukuks over GIs to anchor the Fund's income in sukuks' coupons. Our overweight portfolio duration is positioned to generate excess TWRR relative to the benchmark. We will continue to trade opportunistically and also look into new primary issuances that offer higher yields to deliver the required performance.

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