

# Allianz Life Master Dana Ekuiti



## Investment Objective

An open-ended investment fund which aims to provide medium to long term capital appreciation by investing in Shariah-approved equities and equity-related securities.

## Investor Profile

The fund is suitable for investors who are looking for a fund that invests in Shariah-approved investments, seeking moderate to high capital appreciation, have moderate to high risk tolerance and have medium to long term investment horizon.

## Performance Indicator

	Master Dana Ekuiti	Benchmark: FBMS*
1 month	2.25%	2.67%
6 months	10.74%	7.39%
1 year	22.76%	11.70%
3 years	34.58%	6.27%
5 years	90.04%	22.90%
YTD	2.25%	2.67%
Since Inception (Annualised)	16.40%	7.20%

\* Source: Bloomberg

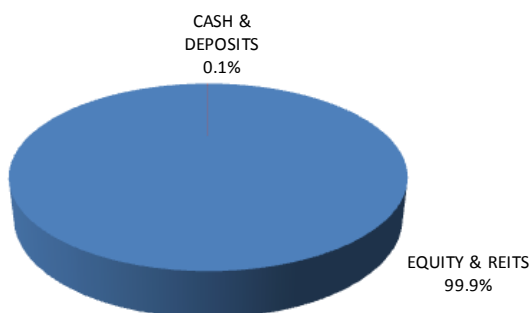
The above performance is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

## Key Fund Facts

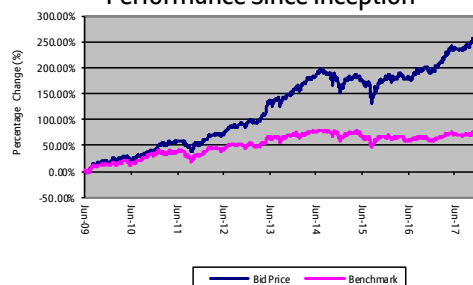
Fund Size	RM31.348 million
Risk Profile	Moderate to high
Launch Date	08 <sup>th</sup> June 2009
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit <sup>1</sup> - Bid (as at 30th January 2018)	3.721
Management Fee	0.00% p.a
Other Charges <sup>2</sup>	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)

Company Name	% NAV
TENAGA NASIONAL BERHAD	10.33%
AXIATA GROUP BERHAD	6.47%
DIALOG GROUP BERHAD	6.42%
GAMUDA BERHAD	6.22%
SERBA DINAMIK HOLDINGS BHD	5.52%

## 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



## Bond Market Review

US Treasury (UST) posted their highest increase in monthly yields since the 2016 US presidential election which marked the worst start to a new year since 2009. The increase in auction sizes, rising Euro-zone sovereign yields and bearish calls by several major banks in January drove UST yields up by 20-30bps across the curve. The US Treasury Department announced on 31st January that they would increase the amount of long-term debt sales to USD66b this quarter from USD62bn in the last quarter. The 2y UST closed the month at 2.14% (highest since 2008), 5y UST at 2.51% (highest since 2010) and the 10y UST at 2.71%.

As expected, Bank Negara Malaysia delivered an OPR hike of 25bps to 3.25% on 25th January. The Monetary Policy Committee (MPC) statement highlighted a lower inflationary trend this year with monetary policy to remain accommodative. As the policy statement sounded neutral, market expected end-2018 OPR to stay at 3.25%. Following the increase in global bond yields, the Malaysian Government Securities (MGS) yield curve flattened MoM with 5y MGS 11bps higher at 3.64% and 10y MGS 5bps higher at 3.96%.

Ringgit continued to strengthen as it ended the month at 3.8985 (Dec: 4.0465). Foreign funds bought a total of RM4.5b of domestic debt securities in January (Dec: RM2.7b) while foreign share of MGS rose to 45.7% (Dec: 45.1%) which was the highest level since Jan 2017. External reserve remained healthy as it grew for the 13th straight month to USD103.7b in January (Dec: USD102.4b).

## Bond Market Outlook

For bonds, with the 0.25% OPR hike in January 2018 and pending rate hikes in US, the MYR sovereign bonds could weaken initially. However, the strength of Ringgit and economic numbers are expected to provide support to local bonds, while buying opportunities may emerge with investors looking for bargain levels from a relative higher yield perspective. Nevertheless, we would remain cautious of possible bond market volatility arising from the said global risks which could accelerate outflows from Emerging Markets. We are inclined to accumulate bonds skewing towards high quality and liquid names.

## Equity Market Review

The global equity market sustained its uptrend for its fifth consecutive month and began the New Year with the MSCI World Index rising by +5.22% mom, driven by US and Asian markets. The Dow Jones Index continued to ascend to its all time high by surging +5.79% mom. It was bolstered by generally positive macroeconomic data such as increasing retail sales, robust manufacturing activities and a low unemployment rate. China's Shanghai Composite Index rebounded strongly by +5.25% mom on the back of a strong +6.9% yoy 2017 GDP growth as well as positive manufacturing and industrial production growths in December 2017. In Europe, the Stoxx 50 Index rose by +3.01% mom, driven by positives such as a pickup in German industrial production and an easing Eurozone unemployment rate. In addition, preliminary flash estimates have suggested that the Eurozone 2017 GDP growth could reach as high as 2.5%, which would be its strongest growth rate since 2007.

Brent crude oil price also grew by +3.3% mom to USD69.05/ bbl. It was buoyed by a combination of the effectiveness of the OPEC decision in 4Q17 to extend output cuts as well as an easing of the USD. Crude Palm Oil (CPO) price reversed its downtrend in the previous month to recover +1.9% mom. The CPO price was supported by an export tax suspension by Malaysia which was aimed to reduce palm oil stocks and strengthen palm oil prices.

Over in ASEAN, the top gainer was the Stock Exchange of Thailand which jumped +4.17% mom as it benefited from the rise in global commodity prices as energy stocks feature prominently on its index. Indonesia's Jakarta Composite Index also maintained its uptrend as it gained +3.93% mom but of note was the fact that net foreign inflows returned to the market after 8 months of outflows. Singapore's Straits Times Index rose by +3.85% mom, driven by the strong performance of its financial sector as well as industrial heavyweight Keppel. Last but not least, the FBM KLCI joined its ASEAN peers by rising +3.99% mom. It was propelled by the financial sector which benefitted from Bank Negara Malaysia's 25 bps Overnight Policy Rate hike in January, its first in 3 and a half years, as well as the heightened interest for PNB – related companies. However, the good performance in the Malaysian market was mainly centred on the large market capitalisation stocks as the FBM Small Cap Index rose by 0.20% mom. On the currency front, the Ringgit ended the month at RM3.8985: USD1.00 from RM4.0465: USD1.00 in Dec 2017. This was the first time the exchange rate was below the RM4.00: USD1.00 mark since August 2016.

## Equity Market Outlook

While we continue to advocate our cautious optimism on the Malaysian equity market amidst global growth, we are watchful on potential global risks which may give rise to bouts of increased volatility. These risks include the US rate hikes, global central banks' monetary policy normalisations and a faster than expected increase in inflation. Nevertheless, our economic fundamentals are presently intact underpinned by strong pump priming activities in 2018 which would lead to a gradual improvement in corporate earnings. We will therefore keep our strategy of a bottom – up approach to select fundamentally good investments for the longer term.

# 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)