August 2020

Allianz Life Amanah Dana Ikhlas

Investment Objective

The Allianz Life Amanah Dana Ikhlas (the "Fund") feeds into Maybank Malaysia Balanced-I Fund ("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 who 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	0.68%	9.76%	8.17%	7.97%	16.18%	7.97%	2.96%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	-0.88%	10.04%	7.27%	7.65%	17.54%	6.50%	3.00%
Maybank Malaysia Balanced-I Fund	0.87%	10.78%	9.35%	10.20%	20.36%	9.03%	3.94%

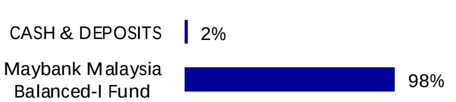
* Source: Bursa and Bank Negara Malaysia.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

Facts on CIS

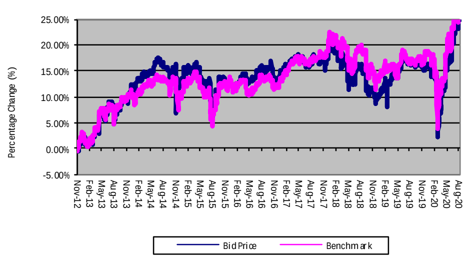
Name	Maybank Malaysia Balanced-I Fund^
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

^Maybank Malaysia Balanced-I Fund (previously known as MAYBANK Dana Ikhlas) is managed by Maybank Asset Management Sdn. Bhd. Please refer to https://www.maybank-am.com.my for more information.

Portfolio Composition by Asset



Performance Since Inception



Key Fund Facts

Fund Size	RM14.205 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 August 2020) - Bid	0.596
Management Fee	1.20% p.a
Other Charges[2]	Include but not limited to government tax, auditor fee, custodian fee, & transaction charge

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.

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Allianz Life Amanah Dana Ikhlas

Manager's Comments

Market Commentary

The Malaysian sovereign bond market weakened in August amidst softer global bond market sentiment. Yield curve steepened month-on-month, as the shorter-end yields lowered slightly while the belly and long-end increased by 2bps to 35bps. The federal government's move to raise its debt limit to 60% of GDP from the current 55% (until 31 December 2022) triggered some profit taking activities. Meanwhile, 2Q 2020 GDP numbers was weaker than expected, with the economy contracted by 17.1% year-on-year, and resulted in revision in 2020 GDP projection by BNM to -3.5% to -5.5% (previously -2% to 0.5%). There were some buying activities post-GDP announcement as some market players position for another OPR cut in September. However, the buying activity was short-lived, as the local bond market tracked rising global bond yields amidst lack of fresh market catalysts. In addition, market is cautious ahead FTSE Russell's decision on Malaysia bond weightage in the World Global Bond Index scheduled for 24-September. The recovery movement control order (RMCO) will be extended until 31 December. Foreign holdings in Ringgit bonds continued to increase in August, although at a slower pace of RM3.0 billion compared to July's RM7.1 bln. This brings YTD cumulative flows to +RM4.3 bln and increase in foreign share in MGS and MGS+GII at 39.2% and 24% respectively (July: 38.2% and 23.5% respectively).

Global markets continued to rally in the month of August on the back of optimism on vaccine developments (e.g. Pfizer and BioNtech reported positive data from Phase 1 clinical trial in the US), a weaker USD and expectations that US rates would remain 'lower for longer' as the Fed adopted a more relaxed inflation target. Rising inflation expectations saw the 10-year US government bond yield jump 17bps to 0.70%. Macroeconomic data also suggests a demand recovery, in line with the re-opening (with some restriction) in major economies. However, US-China tensions flared-up with sanctions on Huawei-affiliated blacklist, US sanctions on senior Chinese/Hong Kong government officials, export controls and the South China related disputes. Oil prices was up in August around 5.0%mom on demand recovery on normalising economic activity. On the other side, OPEC+ seemingly complied with production cuts as well as helped somewhat by the weaker dollar. In the same vein, base metal prices also recovered while Gold prices traded sideways (closed US$1,968/oz) on signs of economic recovery. Elsewhere, CPO prices rose 2.3% mom to RM2,845/mt due to improving demand and slower production. The Ringgit was stronger, closing to 4.1640 (+1.8% mom) against the greenback. The KLCI closed lower by 4.9% mom to 1,525, the worst performer (local currency) for the month, after a strong July, with only a handful of gainers and partly due to the month MSCI Quarterly Index rebalancing. Healthcare (glove) return reversed during the month on growing optimism Covid-19 vaccine. Banking stocks also detracted due concerns of non-performing loans and higher credit costs guidance. Nonetheless, the index was still the best performer for YTD (-4.0%). Net foreign outflow persisted, August saw sellers of RM1.4bn (US$356m) which brings the YTD outflow to RM20.3bn,much worse than outflow of RM10.95bn last year. On the opposite direction, retails were net buyers RM1.7bn while local institutional turned net sellers of RM1.1bn. Regionally, the biggest outflow came from Thailand (US$887) followed by Indonesia (US$582m) and Philippines (US$261m).

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Manager's Comments

Market Outlook and Strategy

The current Covid-19 pandemic is negatively affecting the economic activities on the global scale resulting in central banks and governments resorting to monetary and fiscal approach to combat the slowdown effect. BNM had revised Malaysia 2020 growth expectation lower to between -3.5% to -5.5%, following a very weak 2Q 2020 GDP number of contraction of -17.1% year-on-year. BNM had also cut OPR by a total of 125 basis points this year, as well as made changes to SRR to allow banks to use MGS and GII for SRR compliance. While most economies have started to reopen, growth outlook remains challenging. Rates are expected to stay lower for longer, with the US Fed indicating that it expects zero interest rate through to at least FY2022 and that a recovery of employment back to pre-Covid 19 is the key indicator. Meanwhile, in its July meeting, BNM acknowledged the impact of Covid-19 on the global economy and pre-emptively lowered the OPR by another 25bps to 1.75%, in order to ensure domestic recovery momentum in anticipation of weak 2Q GDP numbers. Further monetary policy action is expected to be data dependent, and we opine that BNM still has room to cut given the benign inflation outlook.

The positive momentum in equity markets continue to be driven by liquidity and sentiment but the breadth of the rally has been narrow. Futhermore, there appears to be a disconnect between financial markets and economic reality with markets rallying despite the uncertainty macroeconomic uncertainty. We view that the risk-reward is no longer attractive amidst weak economy and elevated valuations as well as re-escalation in geopolitical tensions, but rather than being outright bearish, we are tactically neutral as technical still looks positive. Potential inclusion of two more glove stocks, Kossan and Supermax, into the KLCI may provide further upside to the index.

For Malaysian sukuk, we believe the local bond market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers. We are looking to be neutral duration relative to the TRBPAM Sukuk Index given our expectation that yields will stay low for longer, as global growth outlook remains challenging. We continue to overweight corporate bonds over sovereign bonds to anchor the Fund's income in corporate bonds' coupons as they are less volatile and provide higher yields to buffer against potential mark-to-market losses in the event of a turnaround in sovereign bond yields. We will continue to trade opportunistically and realize profit given our expectations that the economy will start to recover in 2H 2020 as economies gradually reopen and efforts by central banks and governments globally to combat the negative impact of Covid-19 start to show results. We will also look into new primary issuances that offer higher yields to deliver the required performance.

For Malaysian equities, we maintain a tactical trading stance, being nimble to revise our positions as the situation calls for it. We favor value stocks as well as those with strong secular growth prospects as well as stocks that offer reasonable dividend yield. We also like more domestically oriented stocks as these are less exposed to supply chain and travel disruptions arising from escalating US-China tensions and the COVID-19 outbreak. In terms of sectors, we have preference on Technology as the long term prospects remain intact with the push for 5G Infrastructure. We also like construction as we believe these sectors are poised to benefit from economic stimulus from the government. We also favour sectors or companies that benefits from the new normal post COVID-19, namely gloves and plastic manufacturers.

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