**December 2020**

# Allianz Life Amanah Dana Ikhlas

Allianz

## 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 | 0.17% | 7.90% | 8.88% | 7.32% | 11.71% | 8.88% | 2.95% |
| Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate* | 0.16% | 5.38% | 7.01% | 5.31% | 10.99% | 7.01% | 2.93% |
| Maybank Malaysia Balanced-I Fund | 0.26% | 8.77% | 10.02% | 9.20% | 15.28% | 10.02% | 3.89% |

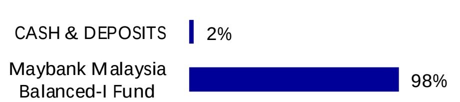
* Source: Bursa and Bank Negara Malaysia.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product.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

## Facts on CIS

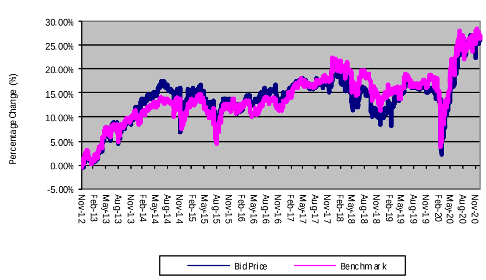
| | |
|---|---|
| Name | Maybank Malaysia Balanced-I Fund^ |
| Type | Managed Fund |
| Fund Manager | Maybank Asset Management |
| Fund Currency | MYR |

^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 | RM15.36 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 December 2020) - Bid | 0.601 |
| Management Fee | 1.19% 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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## Manager's Comments

### *Market Commentary*

The Malaysian bond market saw a knee-jerk reaction in early December as market reacted to Fitch's downgrade to Fitch's downgrade of Malaysia's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'BBB+' with a Stable outlook, citing weakened key credit metrics due to Covid-19 crisis, as well as political uncertainties. The other rating agencies, S&P and Moody's, still have a A3 rating for Malaysia. However, soon after, bargain hunters emerged amidst strengthening MYR and stronger investor appetite on emerging markets. The bond market seemed supported on the outlook of sustained low interest rates and abundant liquidity.As at year-end, the 10y MGS closed at 2.65%, which is a month-on-month decline of 10bps, and a decline of 66bps on a year-on-year basis. Meanwhile on foreign flows, December marks the 8th consecutive month of foreign inflows into MYR bonds of RM3.6bln (Nov: RM1.9bln), bringing full year inflows for 2020 to RM18.3bln, and foreign share in MGS and MGS+GII at 40.6% and 24.9% respectively (Nov: 40.1% and 24.6% respectively).

Asian equities ended the year on a positive note as markets continued to post gains in December following an already strong showing in November. Optimism surrounding a vaccine-led economic recovery continued to outweigh rising COVID-19 caseloads in various parts of the world even as concerns grew over the emergence of more transmissible strains in the UK and South Africa. Regulatory risks resurfaced with tighter fintech regulation in China, further additions to the US black list of Chinese companies and the threat of delisting Chinese ADRs. On the positive side, the long-awaited Brexit deal and US$900bn stimulus package in the US was finally passed and the roll-out of COVID-19 vaccines began in several countries. Commodities enjoyed another bumper month with oil (Brent) prices rising 7.5% mom. Gold rose 6.8% mom. Most Asian currencies were stronger against a weaker USD. On month-on-month (mom) basis, all ASEAN markets was in positive territory. In local currency terms, Indonesia was the best performer, gaining 6.5% mainly driven mainly by the Energy and Materials sector in line with the boost in commodity prices. Followed by Philippines, up 5.1%, with optimism surrounding Covid-19 vaccines, were also buoyed by the passage of the budget and Financial Institutions Strategic Transfer bill. Industrials and Real Estate were the best performing sectors. Malaysia rose by 4.1%, as investors rotate into economic-sensitive sectors e.g. Financials and Industrials but was partially dragged down by the declines in glove stocks. Thailand was up by 2.9% driven by the IT, Financials, Energy and Materials but was tempered by possible of additional lockdowns. Singapore was the worst performer, gained 1.3%, driven by Wilmar and the Real Estate sector.



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### *Market Outlook and Strategy*

As we are going into 2021, with the vaccines to be made available to support the economic activities with less disruptions due to current lockdowns, economic recoveries are looking better and sentiments will improve accordingly. Hence, in absolute term, we may see risk assets like equities to perform better than bonds in 2021. As such, we are neutral with defensive positioning for bonds.Nevertheless, we expect the uneven economic recoveries globally will provide support to the bond market where low interest rates will be maintained for longer by central bankers to ensure accommodative environment to their economies. Hence, the risk of higher interest rate in 2021 may not be significant for the bond market and with abundant liquidity, both from the local and foreign investors, the bond market will still be a good alternative for yield pickup from the low yielding fixed deposits and money market funds. On monetary policy, we believe BNM is reserving the bullet for 2021 if needed to ease further when economic recoveries are less than desired or current second wave of COVID-19 poses renewed concerns. Hence, our base case is for the Bank Negara Malaysia (BNM) to maintain OPR at this 1.75% for the whole of 2021.

We continue to expect a challenging investing environment in 2021 with occasional volatile periods. While an effective COVID-19 vaccine offers the hope of a return to normalcy, there are availability issues as well as logistics/operational challenges which optimistic markets run the risk of downplaying. The threat of eventual stimulus withdrawal could also result in another 'taper tantrum'. Closer to home, the Malaysian market would generally benefit from higher oil prices but are watchful of political developments given the possibility of snap elections once the COVID-19 situation eases.

For Malaysian sukuk,we believe the local bond market will remain supported by demand from local and foreign investors as liquidity is abundant and bond market will still be a good alternative for a yield pickup as compared to the low yielding fixed deposits and money market funds. We will maintain our underweight duration relative to the TRBPAM Sukuk Index as we assume a more defensive stance given our expectation of a steepening yield curve on the back of improvement in economic activities as vaccines are made available globally. Nevertheless, we expect the uneven global economic recoveries will provide support to the bond market where low interest rates will be maintained for longer by central banks to ensure an accommodative economic environment. 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 as economy starts to recover. We prefer strong AA- and A-rated papers; for yield pickup and potential long term upgrade as economic activities accelerate. We will continue to trade opportunistically will also look into new primary issuances that offer higher yields to deliver the required performance.

For Malaysian equities, we cautiously increasing our exposure as we position the portfolios for a recovery in the market following positive news on vaccine development. Sector-wise, we favour cyclicals (e.g., Industrials, Materials, Energy, Consumer Discretionary) over defensives (e.g., Healthcare, Utilities, Consumer Staples, Communication Services). We remain positive on Tech. Although tech names may fall out-of-favour in the short term amidst the rotation into cyclicals, we believe that underlying growth drivers are primarily structural in nature.



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