

January 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	-0.91%	-1.62%	3.60%	0.00%	0.18%	-0.91%	1.98%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	-1.51%	-1.04%	1.87%	2.55%	3.57%	-1.51%	2.12%
Maybank Malaysia Balanced-I Fund	-0.94%	-1.47%	4.10%	1.33%	2.63%	-0.94%	2.88%

\* Source: Bursa and Bank Negara Malaysia.

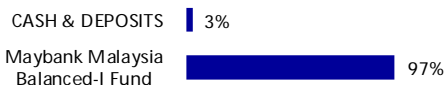
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the

## Facts on CIS

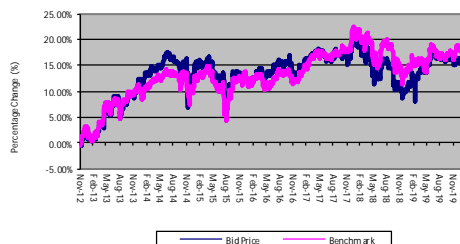
Name	Maybank Malaysia Balanced-I Fund <sup>^</sup>
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

<sup>^</sup>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	RM11.5 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 31st January 2020) - Bid	0.547
Management Fee	1.19% 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.

## Disclaimer:

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## Manager's Comments

### Market Commentary

The new year saw the Malaysian bond market supported by the surprise 25 basis point OPR cut on 22 January 2020, as sovereign bond yields were down by 10-14.5 basis points overnight. Bond yields further declined by 2-15 basis points as at month-end on safe haven demand and concerns on impact of the coronavirus scare on global growth, which was already impacted by the US-China trade war. Corporate bond yields also declined by 13-28 basis points month-on-month. Meanwhile, foreign share of MGS rose to 41.7% (Dec 2019: 41.6%) and MGS + GII rose to 25.3% (Dec 2019: 25.2%) in January 2020. Foreign demand for local debt securities was due to the pre-emptive OPR cut in January, stronger Ringgit (USDMYR averaged 4.08 in Jan 2020 vs 4.15 in Dec 2019), as well as safe haven demand due to the coronavirus scare.

January was a tale of two halves, with the year beginning with a positive note in anticipation of the signing of the Phase-1 US-China trade deal. The assassination of an Iranian military commander by the US did initially spark geopolitical concerns but was soon eased given little sign of further escalation. The signing of the Phase 1 trade deal proceed as widely expected but markets saw a sharp correction in the second half of the month on worries over the spread of the novel coronavirus and its detrimental effect on the global economic growth. This caused the USD to strengthen against most Asian currencies along with the upbeat economic data as well as easing trade and geopolitical tensions. The THB depreciated the worst against the USD (-3.8%) was the worst performing currencies given the virus impact to the country's tourism sector. Amidst the risk-off environment, gold rallied (+4.7% mom) while other commodities were weaker on China-related demand concerns. Oil prices saw one of its biggest monthly declines with the Brent prices falling circa 12% despite product cuts by OPEC.

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## Manager's Comments

### *Market Outlook and Strategy*

Although some market participants are expecting another rate cut following the unexpected OPR cut 22nd January, we think that the MGS yield curve looks flat and hence are neutral in terms of duration. However, if the current coronavirus pandemic prolong into 2Q 2020, BNM could introduce another 25 bps cut to support domestic economic growth to counter global economic activities slowdown from the pandemic. Construction activities are expected to pick up in 2020 after a disappointing 2019. Aside from ECRL and potential revival of HSR, the next wave of major infrastructure project flows will be coming from Sarawak ahead of its state elections, which must be held by May 2021. This could see new bond issuances from the construction sector in the coming months especially from GG-rated issuers. In the short term, we expect the yield curve to remain flat on uncertainties from the impact of the coronavirus, but if the virus situation stabilizes by April, yield curve is expected to steepen in 2Q 2020. Nevertheless, we continue to believe that the local bond market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers.

Optimism on a Phase One trade deal between the US and China has been dampened by the new Covid-19 (Coronavirus) and its detrimental impact to the economy. Locally, development in politics will be key as political noises will affect both foreign fund flows and investor sentiment. Malaysia political landscape took a surprising twist following the PH Presidential Council Meeting on 21st Feb. There is a possibility of a new government being formed, as well as a snap election to be called. The situation remains fluid, hence sentiment may continue to be negative in near term. A new stimulus package for the economy that was supposed to be announced on 27th Feb could be delayed due to these events.

For Malaysian sukuk, 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. Given our expectation of a steepening yield curve once the virus situation stabilizes, we will take profit and raise cash, and maintain our neutral to slightly underweight duration view. We will also look into new primary issuances that offer higher yields to deliver the required performance.

In equities, we continue to allocate 10-15% of our cash allocation for tactical trading. The current market weakness presents a buying opportunity, but we are careful and selective on our stock selection until we see clarity on the political development. We maintain a high proportion of our portfolios in defensives to help anchor the portfolio and continue to find shelter in REITs and consumer sector. We believe that Malaysia is well positioned to face volatility as market liquidity is ample, represented by the large pension funds, life insurance and other institutional investor.

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