

# 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	6.28%	8.23%	6.47%	7.05%	10.65%	7.25%	2.91%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	5.81%	9.10%	7.96%	8.87%	14.23%	7.44%	3.15%
Maybank Malaysia Balanced-I Fund	6.87%	9.12%	7.51%	9.09%	14.34%	8.09%	3.86%

\* Source: Bursa and Bank Negara Malaysia.

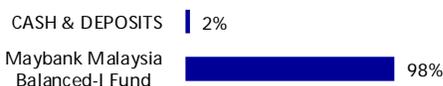
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication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

## Facts on CIS

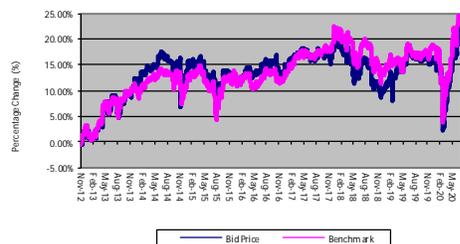
Name	Maybank Malaysia Balanced-I Fund <sup>^</sup>
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

<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	RM13.963 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 July 2020) - Bid	0.592
Management Fee	1.20% 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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July 2020

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## Manager's Comments

### Market Commentary

The Malaysian sovereign bond yield lowered in July, as BNM expectedly delivered another 25bps OPR cut, bringing it to 1.75%, which is the lowest level since the rate was introduced in 2004. Sovereign bond yields were lower across the board by 31-46bps month-on-month, with the 10yr MGS at its lowest ever at 2.54% as at end-July. The buying momentum was supported by lower for longer global rates outlook, as efforts are taken to support domestic growth amidst increasing downside risk from the resurgence of Covid-19 cases globally. Foreign holdings in Ringgit bonds continued to increase in July, with net buying amounting to RM7.1 bln. This follows a strong inflow in June of RM11.6 bln, resulting in a positive YTD cumulative flows of RM1.3 bln, and fully reversing the outflows earlier in the year. Foreign share of MGS and MGS+GII continued to rise to and is currently at 38.2% (Jun: 37.3%) and 23.5% (Jun: 23.0%) respectively.

Asian equity markets continued to rally in the month of July led by the tech sector and driven by a weaker USD amidst mixed economic data. Ever-rising COVID-19 cases in the US and second wave fears elsewhere (e.g., Hong Kong, Australia) were counterbalanced by seemingly good progress of vaccines under development as well as expectations of extended stimulus. US-China tensions continued to simmer. In the commodity space, gold continued its meteoric rise to a record high of US\$1,964/oz driven by the fall in real yields as 10-year US government bond yields fell to 0.55%. Oil prices saw a modest rise (Brent c. +5%) on hopes of economic recovery and a weaker USD. The USD was weaker against most Asian currencies with the SGD (+1.4%) and PHP (+1.3%) amongst the best performing currencies. In contrast, the IDR (-1.6%) and THB (-1.1%) were the worst performing currencies in July. Within ASEAN, in local currency terms, Malaysia (+6.8%) was the best performing market for the month and on year-to-date basis (+0.9%). The market continued to be driven by the healthcare sector as the number of Covid-19 cases continue to rise globally. Other notable rallies included the plantation sector in line with CPO reaching the high of RM2,800. Retailers continue to dominate trading activity, with net buyers of RM2.1bn accounting for 35% of value traded. Foreign institutions remained net outflow of RM2.5bn (US\$600m) for the month which brings year-to-date net outflow of RM18.8bn (US\$4.4bn), highest since 2015 (RM19.7bn). Elsewhere, Thailand reported net foreign outflow of (US\$322m) (YTD:US\$7.12bn) while Indonesia and Philippines saw net outflow of US\$265 (YTD:US\$1.30bn) and US\$124m (US\$1.45bn) respectively.

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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 -2% to 0.5%, and had cut OPR by 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. In the OECD Economic Outlook report June 2020, the agency forecasted that global economic activity to fall 6% in FY2020 with OECD unemployment at 9.2% versus 5.4% FY2019. OECD also expects that full recovery to economic growth 4Q19 will take two years. In June, both the ECB and US Fed continued to demonstrate a strong resolve to support the economy and to support jobs in the current economic crisis. The ECB increased the asset purchase program by EUR 600bn on 4th June and committed to extend the program till June 2021 or until the crisis is over. US Fed meeting minutes released on 10th June showed that the Fed expects zero interest rates through 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.

As markets continue to rally driven by the strong liquidity with market technical improving, the economy remains weak with valuations reaching elevated levels. Already, macroeconomic data, such as GDP was still below streets estimates despite the lower expectation. Geopolitical risks have also re-escalated between the US-China with the latest subject of contention in the internet and social media space, which likely to be the main topic given the upcoming US Presidential elections. Therefore, there appears to be a disconnect between financial markets and economic reality. Asian equities are trading at almost 15x forward P/E (versus historical average of 12x) and we view the risk-reward as being unattractive. Rather than being outright bearish, we remain tactically neutral as market technicals have improved but the economy remains weak and valuations elevated amidst a re-escalation in geopolitical tensions. We believe that the global economic recovery will be uneven and slow unless a COVID-19 vaccine or efficacious treatment is found. While Asia is largely ahead of the rest of the world in terms of infection curves, the world remains intertwined and thus a synchronized recovery will be difficult. The risk remains that a second wave of COVID-19 will result a more prolonged hit to the global economy.

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, given the uncertainty, 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. We maintain our targeted equity exposure to 85% with a trading band of 5% for better flexibility to position portfolios in these volatile times. At point of writing, we are tactically at around 85% invested for equity portion. In terms of sectors, we have preference on Technology/EMS as the long term prospects remain intact with the push for 5G Infrastructure and recovery in demand for electronic devices. We also favour plastic packaging manufacturers given the beneficiary of low input costs.

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