May 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	4.17%	-0.18%	0.73%	-1.26%	1.67%	-0.54%	1.95%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	5.24%	3.01%	3.04%	2.53%	7.14%	1.31%	2.42%
Maybank Malaysia Balanced-I Fund	4.55%	-1.61%	1.13%	0.11%	4.50%	-0.28%	2.84%

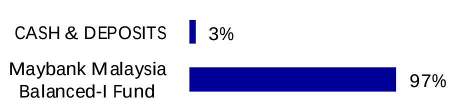
* Source: Bursa and Bank Negara Malaysia.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product.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

Facts on CIS

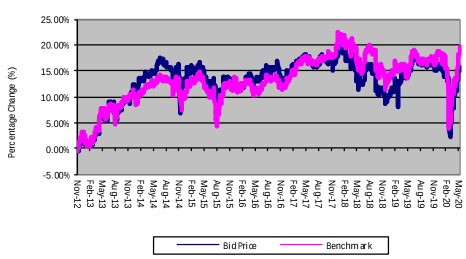
Name	Maybank Malaysia Balanced-I Fund^
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

^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	RM12.471 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 May 2020) - Bid	0.549
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 Comment

Market Commentary

The Malaysian sovereign bond yields were generally lower month-on-month following the 50 basis point cut in Overnight Policy Rate (OPR) to 2.00% in early May. The OPR cut was widely expected by the market as the economy is expected to contract in the first half of 2020 due to covid-19 as well as the containment measure of the Movement Control Order (MCO). In addition to the OPR cut, BNM also allowed Banks to use MGS and GII to fully meet the Statutory Reserve Requirement (SRR) compliance effective 16 May 2020 and up to 31 May 2021. This measure will release approximately RM16 billion in liquidity into the banking system. While there were some profit taking activities post-OPR cut, the bond market remained supported amidst weak economic data and global risk-off sentiment, coupled with the re-emergence of US-China tensions. On foreign shareholding, foreigners turned net buyers in May 2020 with an inflow of RM1.5 bln, after 2 months of flight to quality and cash net selling in March and April.

For equities, market has since rebounded from lows, on the back of collective measures by central banks and governments worldwide to supply liquidity and fiscal stimulus for the economy. The large cap FBM KLCI Index were up by 4.6% over the month of May, and outperformed the regional markets led by strong gains in the healthcare (gloves) sector due to surge in demand for gloves amidst the pandemic. Meanwhile, earnings continue to see absolute downward revisions following the release of 2QCY2020 corporate results in May 2020, which was exacerbated by the closer of businesses due to the lockdown (MCO) as well the poorer outlook of the economy. Not surprising, earnings disappointment came from consumer discretionary, oil & gas, transportation (e.g. AirAsia, Malaysia Airports), retails and Gaming. On the other hand, positive earnings came from the glove sector and telecommunication amidst the strong demand in for both sectors amidst the current climate.

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Manager's Comment

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 100 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 and we do not rule out another OPR cut in 2H 2020. 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, equities rebounded over the past 2 month buoyed by confidence in government and central bank stimulus measures and expectations of economies reopening This is despite growth and corporate earnings expectations have been revised downwards. Hence, there appears to be a disconnect between financial markets and economic reality with markets rallying. Furthermore, we see the reigniting tension between US and China with Hong Kong's new security law providing fresh impetus. We see the near term rebound in Asian equities to be short-lived as we caution that bear markets (such as the one we are now in) may also see strong rallies occasionally. For a more sustained rally, we would need to see not only aggressive fiscal policy response from governments but also a peak in COVID-19 cases worldwide. While governments have begun to rollout their fiscal stimulus, we still have limited visibility as to when the virus outbreak might peak as the situation remains fluid. That said, we would expect a better 2H20. While markets may not have troughed yet, value is emerging. The indiscriminate selling has now thrown up potential buying opportunities. While we would still hold a high amount of cash (as a buffer amidst the uncertainty) at present, we are looking to position our portfolios for the eventual recovery by redeploying the cash opportunistically.

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 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 that economy will recover in 2H 2020 as efforts by central banks and governments globally to combat the negative impact of Covid-19 start to show results, we will continue to trade opportunistically and realize profit. We are looking to be neutral duration relative to the TRBPAM Sukuk Index and also look into new primary issuances that offer higher yields to deliver the required performance.

We maintain our targeted equity exposure to 85% of maximum equity portion with a trading band of+-10% from +-5% for better flexibility to position portfolios in these volatile times. At point of writing, we are taking profit from recent relief rally and are tactically at around 82% invested for equity portion (or 41% of total portfolio). While we raise cash from defensives to reposition into bashed down stocks, we will still maintain some portion of our portfolios in these stocks to help anchor the portfolio. High cash level and higher dividend should cushion the portfolios against volatile market movements.