September 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	-0.34%	19.04%	7.61%	6.83%	12.71%	7.61%	2.89%
Benchmark: 50% FBM Emas Shariah Index + 50% GIA rate*	-0.88%	14.04%	6.83%	6.38%	14.12%	5.57%	2.85%
Maybank Malaysia Balanced-I Fund	-0.38%	20.30%	8.79%	8.95%	16.66%	8.62%	3.84%

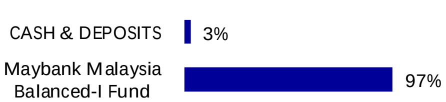
* Source: Bursa and Bank Negara Malaysia.
The above performance of the Fund is calculated in Ringgit Malaysia on a NAV-to-NAV basis with gross dividends reinvested. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product.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

Facts on CIS

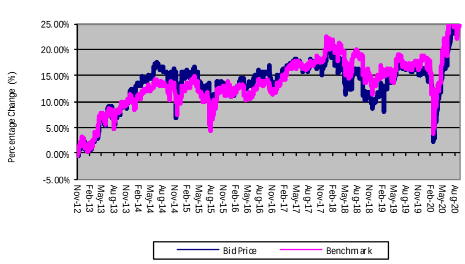
Name	Maybank Malaysia Balanced-I Fund^
Type	Managed Fund
Fund Manager	Maybank Asset Management
Fund Currency	MYR

^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	RM14.483 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 30th September 2020) - Bid	0.594
Management Fee	1.21% 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.

Allianz Life Insurance Malaysia Berhad (104248-X)
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Allianz Life Amanah Dana Ikhlas

Manager's Comments

Market Commentary

The Malaysian sovereign bond market sold off further in September; with yield curve flattening as the short-end and belly increased by 5bps to 14bps while the long-end yields dropped by 6bps to 20bps; as Bank Negara Malaysia (BNM) kept its Overnight Policy Rate (OPR) unchanged at 1.75%. The OPR decision was seen as a dovish pause to preserve its monetary policy space, as BNM continued to warn that the economy outlook remains subjected to downside risk, while acknowledging the improvement in the economy with the easing of containment measures. In addition, market was cautious leading up to FTSE Russell's decision on Malaysia bond weightage in the World Global Bond Index, in which it announced it retained Malaysia under its Watch Listfor possiblereclassification from Market Accessibility Level 2 to 1. Market weakness was evident in 2 of the month's government bond auctions with weak bid-to-cover (BTC) ratio of 1.538x and 1.358x for 7-year MGS Reopening and 30-year GII Reopening respectively. Buying momentum returned at month-end as rising covid-19 cases causes concerns of another potential lockdown. The last auction in September (reopening of 5-year MGS) garnered a strong BTC of 2.08x.Separately, the government announced an additional RM10 billion fiscal stimulus for the low/middle income groups, as well as wage subsidies and special grants to micro enterprises.Foreign inflow into Ringgit bonds continued to increase in September but at a much slower pace of RM0.5 billion compared toAugust's RM3.0 billion, July's RM7.1 bln, and June's RM11.6 bln. This brings YTD cumulative flows to +RM4.8 bln.This resulted in a slight drop in foreign share in MGS and MGS+GII at 38.8% and 23.8% respectively (Aug: 39.2% and 24.0% respectively).

Following a stellar run in markets off March lows, Asian equity markets saw some correction in the month of September as equity investors took some profit off the table amidst ongoing US-China tension and a resurgence in COVID-19 cases. Sentiment turned more cautious given the risks of a disputed outcome in the upcoming US Presidential elections in November that increasingly appeared 'too close to call'. In addition, there were concerns that the US economic recovery might still be some time away as stalled negotiations between Democrats and Republicans on another round of COVID-19 aid diminished hopes that such relief would be soon forthcoming. Asian currencies were mixed against a strengthening USD in September. A higher USD and a less optimistic growth outlook saw Brent prices fall c.9% to c.US$42/bbl. Gold prices continued to decline in September, falling by c.4%. ASEAN equity markets continued to lag in the month of September compared to the rest of ASIA (MIAPJ Index). All ASEAN markets posted negative absolute returns (in local currency terms) but Indonesia (-7.0%) and Thailand (-5.6%) were the worst performers. In Indonesia, market weakness was driven by anxiety over the possible erosion of central bank independence and the re-imposition of social restrictions in Jakarta. The Financials and Consumer Discretionary sectors were amongst the worst hit. Thailand saw heavy foreign selling in September given the weakened economic backdrop and heightened political unrest. The index heavy-weight energy names also corrected with the fall in oil prices. In Singapore, the market fell 2.6% in September along with the correction in global equities, led by banks and the telecommunication sector. In Malaysia, the market declined 1.3% in September driven by profit-taking in the glove makers, political noise, the end of the loan moratorium and rising COVID-19 cases post Sabah state election. Although the number of new COVID-19 cases were still high in the Philippines, there were some signs of deceleration. The market fared relatively better than its other ASEAN peers, declining by only 0.34%.

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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, BNM kept OPR at 1.75% in its latest meeting in September, with the pause seen as a dovish pause, with policy bias tilted to easing rather tightening. 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.

In equities, massive foreign outflows is expected to taper-off as foreign shareholdings now at around historical bottom. The strong recovery of equities market despite huge foreign outflows proves that local liquidity is abundance and may continue to support the equities. Any sign of foreign inflows will further provide catalyst for equities market recovery. Locally, talks on a new backdoor government by Anwar Ibrahim or a snap General Election may take a back seat as coincidentally COVID-19 cases began to surge. Given the situation, Government has announced conditional MCO in several parts of Malaysia.

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, there appears to be a disconnect between financial markets and economic reality with markets rallying despite the uncertainty, thanks to a supportive liquidity environment. We view the recent profit taking on gloves as a healthy correction and provides opportunity for us to trade. Potential inclusion of additional 2 glove stocks, Kossan and Supermax, into the KLCI may provide further upside to the index. We continue to favour the IT/Technology sector as the long term prospects remain intact with the push for 5G infrastructure and the trend towards digitalisation. Meanwhile earnings for gloves sector may continue to be high at least for another 2 quarters, hence we think there will be opportunities to trade within this sector on weakness. In the medium-term, we may look to gradually reposition our portfolio into bashed down cyclical (financials, oil & gas, plantation, construction and property).