

Allianz Life Master Dividend Fund



Investment Objective

An open-ended investment fund which aims to provide a steady income stream and medium to long term capital appreciation by investing in equity and equity-related securities skewed towards potential dividend yielding equities.

Investor Profile

The fund is suitable for investors who are seeking moderate capital appreciation, seek stable income stream, have moderate risk tolerance and have medium to long term investment horizon.

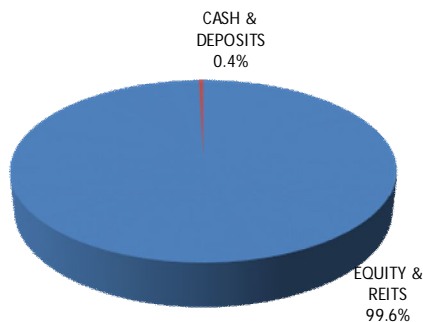
Performance Indicator

	Master Dividend Fund	Benchmark: FBM 100*
1 month	8.12%	6.40%
6 months	11.85%	7.64%
1 year	-3.69%	1.75%
3 years	-18.93%	-8.03%
5 years	2.70%	-1.87%
10 years	60.94%	10.13%
YTD	-5.48%	-0.12%
Since Inception (Annualised)	7.26%	2.32%

* Source: Bursa.

The above performance is calculated in Ringgit Malaysia on a NAV-to-NAV basis. 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.

Portfolio Composition by Asset Type

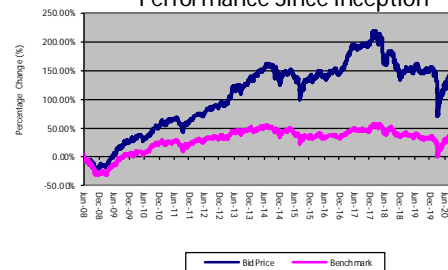


Key Fund Facts

Fund Size	RM92.274 million
Risk Profile	Moderate
Launch Date	13 th June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ - Bid (as at 30th November 2020)	2.398
Management Fee	0.00% p.a
Other Charges ²	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.

Performance Since Inception



Top Holdings (Equities)

Equity	% NAV
TOP GLOVE CORPORATION BERHAD	8.36%
TENAGA NASIONAL BERHAD	5.30%
MALAYAN BANKING BERHAD	4.61%
GENTING MALAYSIA BERHAD	4.42%
IALOG GROUP BERHAD	3.78%

Disclaimer:

This fact sheet is prepared by Allianz Life Insurance Malaysia Berhad (Allianz) and is for information only. The performance of the Fund is not guaranteed and the value of the units and the income derived therefrom may increase or decrease. Past returns and any forecast is not necessarily a guide to future performance. Allianz does not warrant or make any representations that the Fund will guarantee profits, or not result in losses or the correctness, accuracy, reliability, or otherwise of this fact sheet. Allianz disclaims any and all liabilities against loss, damages, etc whether direct, indirect or consequential as a result of your reliance on this fact sheet.

While reasonable care has been taken to ensure the accuracy and completeness of this presentation as at the date of publication, Allianz accepts no responsibility for any errors or omissions. Allianz assumes no obligation to update any information contained herein.

Bond Market Review

The FOMC had left the policy rates unchanged in November and the markets tracked a post-election rally as results revealed a Biden victory, and also as uncertainties and event risks dissipated. The announcement on a Biden victory as well as positive news by Pfizer and BioNTech claiming that a vaccine is 90% in a late stage clinical trial prompted risk rally and investors sold safe haven UST consequently. However, market players turned to a flight-to-safety mode amid concerns over restriction in economic activities and rise in COVID-19 cases. Separately, the US Treasury has decided not to extend several emergency lending facilities set up by the Fed from the onset of the COVID-19 pandemic, prompting views that synergy between the two is lacking. The UST yield curve bull flattened in November as the longer tenure UST yield rallied with the 30y UST -9bps to 1.57% while the 2y UST remained unchanged at 0.15%.

MGS yield curve bear steepened in November. The 3y to 7y MGS rose by 16bps to 23bps with the 10y MGS closing the month +13bps at 2.75%. The 15y MGS rose the most by 39bps to close the month at 3.49% due to the poor book-to-cover (BTC) during its November auction. Dovish rates pricing started to unwind after BNM kept the OPR unchanged at 1.75% at its final MPC meeting of 2020 on 3 November. The decision was driven by global economy recovery which was led by manufacturing and export activities as well as improvement in domestic economic activities in recent months. To recap, YTD OPR was cut by a total of 125bps. Also, the Budget 2021 on 6 November saw the government set a budget deficit target of RM84.8b or -5.4% of GDP for 2021 versus RM86.5b or -6.0% of GDP in 2020. Meanwhile the fiscal deficit is expected to average 4.5% of GDP in 2021-2023 under the Medium Term Fiscal Framework. Adding on to the lackluster market was the rising Covid-19 cases and its consequences, as well as ongoing noises from various parties on the 2021 National Budget which was passed at the policy stage in parliament on 26 November.

Foreign funds remained net buyers of Malaysian bonds for the seventh consecutive month in November, albeit at a slower pace of +RM1.9b (October: +RM8.0b). Foreign share of MGS and MGS+GII decreased slightly to 40.1% in November (October: 40.3%) and 24.6% (October: 24.5%) respectively. Foreign reserves increased by USD0.7b mom to USD105.3b as at end-November 2020, while the Ringgit continued to strengthened against the USD by +1.95% mom to 4.0738 (October: 4.1558).

Equity Market Review

In Nov 2020, the MSCI World Index surged by a +12.7% mom driven by the conclusion of the US Presidential election saga and the announcements of effective Covid – 19 vaccines by Pfizer, Moderna as well as AstraZeneca, thus heralding the potential starting point of the post Covid – 19 recovery phase. The Dow Jones Index climbed by +11.8% mom on the back US President-elect Joe Biden's victory which could usher in a new era of diplomacy and ease risks of trade war escalation. At the same time, economic indicators in the US continued to suggest nascent signs of a recovery as evinced by the expansionary Markit US Composite and Services Purchasing Managers Indices (PMI) for Oct 2020 which were at 56.3 and 56.9 respectively. In Europe, the Stoxx 50 Index rocketed +18.1% mom as the prospects of a return to economic normalcy underpinned by the aforementioned vaccines announcements outweighed the restrictive measures undertaken to contain the potential second Covid – 19 wave arising from the winter season. The economic impact of the virus could be observed from the Markit Eurozone Services Oct 2020 PMI which was 46.9, thus indicating a contraction. However, the Markit Eurozone Manufacturing Oct 2020 PMI did point to an expansion with a reading of 54.8. Similarly, the Shanghai Composite also rose by +5.2% mom as its path to economic recovery was reinforced by the improving expansionary readings shown by the Nov 2020 Manufacturing PMI at 52.1 and the Oct 2020 Caixin China PMI Composite Index at 55.7 respectively. The gradual economic improvements prompted China to keep its benchmark Loan Prime Rates stable for the 7th straight month.

During the month under review, Brent oil price rebounded by +27.0% mom to USD47.59/ bbl due to expectations of demand normalization on Covid – 19 vaccine news. Meanwhile, in Malaysia, crude palm oil (CPO) price also jumped by +6.1% mom as its inventory level fell to a low of 1.57m MT on weak output. Other than that, CPO was also buoyed by surging soybean prices which was driven by strong Chinese demand and weak output in Brazil owing to dry weather.

In the ASEAN region, equity markets generally reversed their negative trends in the previous month with noteworthy gains, triggered by the return of investor 'risk – on' sentiment spurred by the Covid – 19 vaccine news. The Stock Exchange of Thailand sprung strongly by +17.86% mom as the country might benefit from the potential recovery of the tourism sector. Furthermore, Thailand recorded a 3Q20 GDP growth of -6.4% yoy which was better than the consensus' estimate of -8.8% yoy and was driven by private consumption growth of +3.8% yoy. On the political front, there were continued pockets of protests but these were contained by the authorities. Singapore's Straits Times Index was up +15.76% mom following its Ministry of Trade and Industry announcement that its GDP growth was expected to come in at "-6.5 to -6.0%" in 2020 and rebound to "+4.0 to +6.0%" in 2021. Additionally, its 3Q20 GDP seasonally adjusted sequential growth was +9.2% qoq due to the phased resumption of activities following the Circuit Breaker over 7 Apr – 1 June 2020. The Jakarta Composite Index also gained +9.44% mom, as the Bank of Indonesia, in a bid to support the national economic recovery, enacted a surprise 25 bps cut to its interest rate for the 5th time in 2020 to 3.75%, which was the lowest since the policy rate was introduced in 2016. Lastly, Malaysia's FBMKLCI edged up +6.53% mom as the government tabled its largest ever Budget 2021 of RM322.5b, which was designed to help the country pull through the economic fallout brought upon by Covid – 19. Apart from that, Malaysia's 3Q20 GDP growth registered a contraction of 2.7% yoy, which was better than consensus' expectation of a 4.0% yoy contraction. Net equity outflow in Nov 2020 amounted to RM1.0b, +53.5% mom, due in part to a MSCI rebalancing exercise. On the currency front, the RM strengthened to RM4.0738: USD1.00 as at end Nov 2020 from RM4.1558: USD1.00 as at end Oct 2020.

Market Review & Outlook

Bond Market Outlook & Strategy

Moving forward, we view market sentiment will likely be driven by the prospects of recovery from Covid-19 i.e. number of infection cases, vaccines development and macroeconomics data. In its latest World Economic Outlook report, the IMF has revised its 2020 global growth forecast to -4.4% and painted an outlook of a “long, uneven and uncertain” recovery. We currently await the release of the 2021 auction calendar as we are cautious on longer duration government bonds in Malaysia due to the expected larger gross MGS+GII supply for 2021. Meanwhile, the local market would continue to be supported by accommodative monetary policy and ample liquidity in the system. We would continue to remain cautious of possible bond market volatility as corporate earnings come under pressure and credit spreads widen. We maintain our strategy to accumulate bonds at favorable valuations skewing towards good quality names, but will only extend duration in liquid papers at fair valuations.

Equity Market Outlook

Despite the 3Q20 results pointing to budding economic growth recovery, we are cognizant of the risk that there could still be some near term economic drag caused by the imposition of the Conditional Movement Control Order (CMCO) which would last till Dec 2020 for parts of Selangor, Kuala Lumpur, parts of Johor and Sabah. Yet, we are heartened by recent parliamentary approval obtained for the aforementioned Budget 2021 on 26 Nov 2020 which was crucial for the nation's economic recovery. Now that the budget has been approved at the policy stage, it would enter the “debate at the committee stage” which would run until 15 Dec 2020 where it would be concluded with debate, winding – up and voting.

In conclusion, we would continue to adopt a prudent yet sensible posture towards our market's longer term growth trajectory and would continue directing monies into fundamentally good investments. We will maintain our predilection for sectors with more resilient growth and sectors that will benefit from the reopening of economies due to the vaccine discovery. Nonetheless, we will remain vigilant to realign our investment direction as necessary to be in sync with the changes in the market environment, and may sometimes assume a degree of trading bias to take advantage of any near term market volatility.

Investment Strategy & Approach

The investment approach would be a combination of 1) Top down analysis of the macroeconomic environment to determine asset allocation and sector exposure strategy and 2) Rigorous bottom up analysis which includes value analysis and financial analysis, to select individual stocks/credits to generate alpha return.

Investors should realize that there are risks of investing in the Funds as listed below:-

- **Market Risk** – The value of the Fund's investment assets may be affected by changes in economic fundamentals, interest rate movement, regulatory policy, political and industrial developments. These market factors may result in fluctuations in the value of the Fund's investment assets. This risk may be mitigated by ensuring a rigorous review of macroeconomic factors and asset allocation strategy.
- **Interest Rate Risk** – Interest rate risk arises when the value of the securities fluctuates due to interest rate movement. As prices of bonds move inversely with the interest rates, prices of bonds will decline when interest rate rise and vice-versa. Debt securities with longer maturity and lower coupon rate are more sensitive to interest rate changes. This risk may be mitigated by rigorous review of asset allocation and duration strategy.
- **Country/foreign investment risk** – This risk refers to the risks of investing in foreign markets. The value of the foreign investment assets directly or indirectly held by the Fund may be affected by country-specific factors, such as the country's economic fundamentals, social and political stability and regulatory policy. This risk may be mitigated by ensuring a rigorous review of macroeconomic factors and asset allocation strategy.
- **Sector Risk** – The value of the Fund's investment assets may be adversely affected by the changes in sector-specific factors, such as the business condition, industry outlook and demand/supply dynamic of the industry. This risk may be minimized through portfolio diversification and control on sector concentration risk.
- **Company specific Risk** – The value of the assets in particular of securities and money market instruments may be affected by company-specific factors, such as business situation, financial condition and corporate governance of the company.
- **Credit Risk** – The creditworthiness (solvency and willingness to pay) of the issuer of a fixed income security, counterparty to a derivative contract or money market instrument may subsequently fall. This usually leads to a decrease in the price of the asset greater than that caused by general market fluctuations. This risk is minimized through portfolio diversification, stringent credit selection and control on sector concentration risk.
- **Currency Risk** – For foreign investment, fluctuations in currency exchange rates may have an impact on the value of the Fund's investment assets. This risk may be minimized by engaging in foreign currency hedging.
- **Dividend Policy Risk** – This risk may occur when there is a significant deterioration in a company's business or if there is a change in management policy resulting in a reduction or removal of the company's dividend policy. Such risk is particularly relevant to a fund that focuses largely on dividend yielding stocks. This risk can be mitigated by investing mainly in companies with consistent historical record of paying dividends, companies operating in fairly stable industries or companies with strong cash flows.
- **Liquidity risk** – If an asset has insufficient liquidity, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price. The lack of liquidity of an asset may cause its purchase price to increase significantly.
- **Risk of Non-Compliant with Shariah Requirements** – For Shariah-approved funds, there is the risk that the fund may hold securities which are Shariah non-compliant due to "Shariah-compliant securities" which are subsequently considered "Shariah non-compliant" and Investment in Shariah non-compliant securities.

Overall, on top of regulatory limits imposed by Bank Negara Malaysia, we have put in place tight internal investment limits for all asset class with oversight by risk officer to ensure that the Fund does not take on excessive risk, albeit we cannot guarantee the total elimination of risks associated with investing in the Fund.

Meanwhile, on the investment management of Master Funds, Master funds* are introduced to operate as a centralised investment vehicle for the Funds. It has its own NAV but it is not offered to the public. The objective of creating Master funds is to consolidate all different investment funds which have the same investment mandates and return objectives. Such consolidation aims to enhance the efficiency in investment management.

*(Allianz Life Master Equity Fund, Allianz Life Master Bond Fund, Allianz Life Master Dividend Fund, Allianz Life Master Dana Equiti and any other Allianz Life Master Funds)