

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.

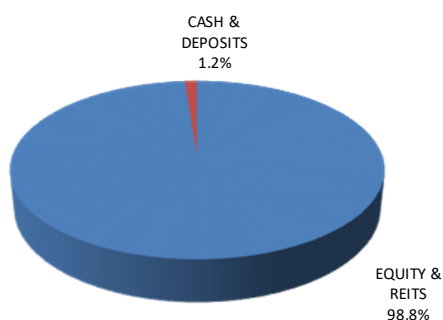
Performance Indicator

	Master Dividend Fund	Benchmark: FBM 100*
1 month	4.76%	1.74%
6 months	7.24%	-2.28%
1 year	22.14%	7.25%
3 years	4.92%	-3.74%
5 years	6.82%	-2.62%
10 years	69.84%	10.51%
YTD	8.84%	-2.72%
Since Inception (Annualised)	7.73%	2.22%

* 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

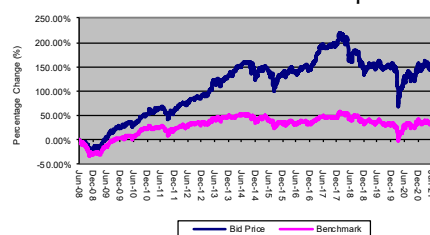


Key Fund Facts

Fund Size	RM112.723 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 31st October 2021)	2.709
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
CIMB BERHAD GROUP	5.78%
YINSON HOLDINGS	5.03%
MALAYAN BANKING BERHAD	4.91%
GENTING MALAYSIA BERHAD	4.71%
RHB BANK BHD	4.56%

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 there from 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.

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Market Review & Outlook



Market Review

For equities, the MSCI World Index rose by +5.6% mom to close at 3,175 points for the month of October, rebounding from a 4.3% mom drop in September. Similarly, the Dow Jones Index gained by +5.8% mom, mainly due to higher than expected corporate earnings, positive economic reports, slowing COVID cases, and more vaccinations. On the US' economic front, retail sales in September grew by +0.7% mom, similar to August. However, its September industrial production fell 1.3% mom, compared to an increase of +0.4% mom in the previous month. Markit US Manufacturing Purchasing Managers' Index (PMI) growth also continue to slow down to 60.7 in September as compared to 61.1 in August. Over in Europe, the Stoxx 50 Index rose by +5.0% mom during the same period despite a lower Eurozone Markit Composite PMI reading of 56.2 in September as compared to 59.0 in August. However, its August retail sales showed a gain of +0.3% mom, a reversal from a drop of 2.3% mom in the previous month. However, growth in industrial production fell by 1.6% mom in August as compared to an increase of +1.5% mom in the previous month. On the other hand, China's Shanghai Composite Index fell by 0.6% mom in October, despite its Caixin China Composite PMI having an expansionary reading of 51.4 in September after turning to a contractionary reading of 47.2 in the previous month. With broad economic improvement being underway, China kept its 1-year and 5-year Loan Prime Rates stable. They had remained unchanged since April 2020.

In October, Brent oil reached its highest YTD month-end closing price, gaining +7.5% mom to USD84.38/bbl being fuelled by an increase in demand, weather-related supply disruptions and restrained production by OPEC and its partners. Crude palm oil price also reached its highest YTD month-end closing price, increasing +11.8% mom to RM5,402/MT due to the ongoing severe shortage of foreign workers, ageing trees due to slow replanting, slower new planting rates, and lower fertiliser input due to logistics issues.

On the ASEAN front, equity markets closed the month under review with generally mixed performances. Malaysia's FBMKLCI rose by +1.6% mom, driven by strong foreign buying due to the economy gradually reopening with vaccination rate at >90% of the adult population. All sectors were broadly higher, led by energy, property and plantation names while healthcare led losers. The government lifted its interstate and overseas travel ban, in place since 13 January, for fully vaccinated Malaysians effective 11 October. The negative surprises from Budget 2022 came in the form of a one-off prosperity tax and higher stamp duty on the trading of shares which would likely dampen market sentiment. Foreign investors were net equity buyers for the third consecutive month, which at RM1.6b is the highest since January 2018 (RM3.4bn), thereby reducing YTD outflow to approximately RM2.2b. From an economic standpoint, Malaysia's August industrial production fell by 0.7% yoy from a drop of 5.2% yoy in the previous month. September manufacturing PMI also strengthened to 48.1 as compared to 43.4 a month ago. The Stock Exchange of Thailand rose by +1.1% mom, supported by an improving Markit manufacturing PMI reading of 48.9 in September, from 48.3 in the previous month. Nonetheless, the Bank of Thailand kept its Benchmark Interest Rate at 0.50%, unchanged since May 2020. The Indonesia's Jakarta Composite Index rose by +4.8% mom following a sharp increase in its Markit manufacturing PMI reading of 52.2 in September as compared to 43.7 in the previous month. The Indonesian central bank held its 7 - day repo rate stable at 3.5% in its October meeting after a 0.25 ppt cut in February 2021. Singapore's Straits Times Index advanced by +3.6% mom despite a decline in industrial production by 2.8% mom in September from an increase of +5.7% mom in August. Its September PMI reading was also slightly weaker at 50.8 as compared to 50.9 in August. However, its September Non-oil Domestic Exports gained +1.2% mom as compared to a contraction of 3.6% mom in the previous month.

Market Review & Outlook



Market Review

Except for the 30y UST which declined 11bps mom, 3y to 10y UST yields rose 6-25bps mom in line with growing expectations that Fed as well as other central banks may raise interest rates next year following higher inflation numbers. US September CPI stands at 5.4% yoy which is the multiyear high level first reached in June as rising commodity prices boosted inflation expectations especially since oil price surpassed USD85/barrel for the first time since 2014. As widely expected, Fed kept rates unchanged in November's FOMC and will start to taper its balance sheet by USD15b a month in November. They implied the process will end by mid-2022 but could be sped up or slowed down depending on the economic outlook.

MGS yield curve rose 11-27bps mom following the rising UST yields and IRS rates. Yield curve flattened as the 3 to 10y MGS rose 18-27bps mom while the 15 to 20y MGS rose 11-13bps mom. At the 6th and last MPC meeting for the year on 3rd November, BNM kept the OPR unchanged at 1.75% which was expected as the economic situation has improved and the Covid-19 cases locally has stabilised. BNM expect core CPI to average below 1% in 2021 and to increase moderately in 2022 given the continued slack in labour market and spare capacity in the economy.

Foreign funds raised Ringgit bond holdings by +RM2.9b in October (September: +RM0.6b). Foreign share of MGS decreased marginally to 40.1% (September: 40.3%) while MGS+GII increased marginally to 25.9% (September: 25.8%) respectively. Foreign reserves increased by USD0.9b mom to USD116.1b as at end-October 2021.

Market Outlook

Globally, investors will be monitoring the outcomes from UN Climate Change Conference which will take place from 31 October to 12 November. They will also keep an eye on the global Covid-19 situation, Evergrande debt crisis, and China's power crisis. Locally, investors will be closely watching the upcoming Melaka state election as well as the upcoming 3Q corporate results season in November.

In conclusion, we would continue to adopt a prudent yet sensible posture towards our equity 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 recovery made as a result of the vaccination efforts. That said, 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.

For fixed income, apart from tracking any significant upward movements in UST yields, we expect local yields to be pressured by the higher fiscal deficit and statutory debt ceiling. We will remain cautious of the bond market volatility arising from both external and internal fronts which will impact local yields. We maintain our strategy to accumulate bonds at favourable valuations skewing towards good quality names but will only extend duration in liquid papers at fair valuations.

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)