

# 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.

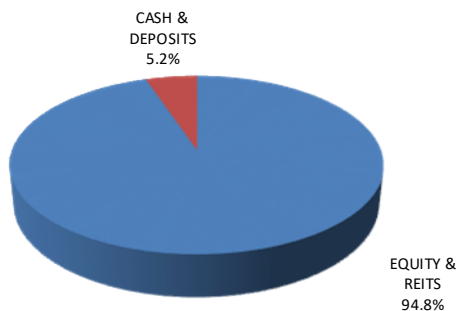
## Performance Indicator

	Master Dividend Fund	Benchmark: FBM 100*
1 month	-0.51%	1.49%
6 months	13.89%	9.75%
1 year	20.98%	18.32%
3 years	-18.07%	-10.91%
5 years	4.68%	1.02%
10 years	55.06%	9.92%
YTD	1.49%	-0.45%
Since Inception (Annualised)	7.45%	2.49%

\* 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

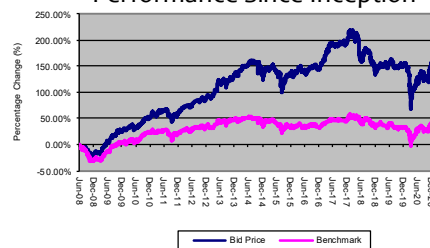


## Key Fund Facts

Fund Size	RM94.404 million
Risk Profile	Moderate
Launch Date	13 <sup>th</sup> June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit <sup>1</sup> - Bid (as at 30th April 2021)	2.526
Management Fee	0.00% 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.

## Performance Since Inception



## Top Holdings (Equities)

Top Holdings (Equities)	% NAV
CIMB BERHAD GROUP	5.17%
TENAGA NASIONAL BERHAD	5.12%
GENTING MALAYSIA BERHAD	5.04%
MALAYAN BANKING BERHAD	4.77%
RHB BANK BHD	4.32%

## 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.

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.

# Market Review & Outlook



## Market Review

For equities, the MSCI World Index surged by +4.5% mom to close at 2,939 points for the month of April. The Dow Jones Index also gained +2.7% mom and created a new all-time high during the month. President Biden's first 100 days have now passed and the key takeaway for investors is that this president is not afraid to spend big. Following the USD1.9 trillion stimulus package passed in March, the president has outlined his plans for two more spending packages. The USD2.3 trillion American Jobs Plan is designed to invest in the country's infrastructure, while the USD1.8 trillion American Families Plan will aim to ensure a more sustainable recovery, with many key tax credits being extended or made permanent. On the US' economic front, retail sales in March recovered strongly by +9.8% mom, as compared to a drop of 2.7% mom in February. Its March industrial production also rose by +1.4% mom as compared to a drop of 2.2% mom in the previous month. The Markit US Composite PMI jumped to 59.7 in March as compared to 59.5 in February. Over in Europe, the Stoxx 50 Index advanced by +1.4% mom during the same period following a very strong Eurozone Markit Composite PMI reading of 53.2 in March as compared to 48.8 in February. Its February retail sales also rose sharply by +3.0% mom, a reversal from a drop of 5.9% mom in the previous month. However, industrial production fell 1.0% mom in February after a rise of +0.8% mom in the previous month. In China, its Shanghai Composite Index increased by +0.1% mom in April, on the back of an improving Caixin China Composite PMI which rose to 53.1 in March, compared to 51.7 in February. With economic improvement being underway, China kept its 1-year and 5-year Loan Prime Rates stable. They had remained unchanged since April 2020.

In April, Brent oil price rose by +5.8% mom to USD67.25/bbl after dropping 3.9% mom in March. This was on the back of reopening of economies and improving economic data which fueled demand optimism. Crude palm oil price was up +8.5% mom to RM4,408/MT due to uncertain palm oil production recovery as well as adverse weather and labour concerns.

On the ASEAN front, equity markets closed the month under review with generally mixed performances. Malaysia's FBMKLCI rebounded +1.8% mom to 1,602 points, but remains down 1.6% YTD. The market was led by the rally in glove stocks as Covid-19 cases in Malaysia and other parts of the world trended higher. Market sentiment was boosted by the approval of the MRT3 project in the Klang Valley, and news that Axiata Group and Telenor Asia will merge the telco operations of Celcom and Digi. However, the market fell towards the last week of the month due to concerns over rising new Covid-19 cases and selling by foreign investors. Net foreign equity outflows picked up in April, resulting in a net outflows of RM1.2b, which brings YTD outflow to approximately RM2.9b. On the economic front, Malaysia's February industrial production grew at a faster pace of +1.5% yoy as compared to +1.2% yoy in the previous month. March manufacturing PMI improved to 49.9, as compared to 47.7 a month ago. On the currency front, the RM strengthened to RM4.088: USD1.00 as at end April from RM4.145: USD1.00 as at end March. The Indonesia's Jakarta Composite Index also rose by +0.2% mom following higher Markit manufacturing PMI reading of 53.2 in March as compared to 50.9 in the previous month. Singapore's Straits Times Index rose by +1.7% mom, despite a lower March Markit PMI reading of 53.5 as compared to 54.9 in February. Singapore's industrial production also fell by 1.7 mom in March after a +1.6% mom in February. Its March Non-oil Domestic Exports gained by +1.2% mom as compared to +8.2% mom in the previous month. The Stock Exchange of Thailand fell 0.3% mom despite a stronger Markit manufacturing PMI of 48.8 in March, an increase from 47.2 in the previous month.

# Market Review & Outlook



UST rallied mom across the curve for the first time since November 2020 as yields declined 2-11bps mom despite the strong economic data. Nonfarm payroll figures far exceeded an expectation of 647k at 916k for March which was the highest since 1.58m jobs were added in August 2020. As expected, FOMC maintained rates at 0.00-0.25% in its April meeting as they reassured markets that it will keep rates near zero despite assessment of a strengthening economy citing transitory inflation. The Fed remains committed to maintain its pace of asset purchases of at least USD80b/month for bonds and USD40b/month for agency backed securities until 'substantial further progress' has been made toward their maximum employment and price stability goals.

As widely expected, Bank Negara Malaysia (BNM) held the Overnight Policy Rate (OPR) unchanged at 1.75% at the 3rd MPC meeting for 2021 on 6 May as BNM expects global economic recovery to be supported by vaccine roll-out and continued policy support in major economies. Malaysian Government Securities (MGS) yield curve ended stronger as yields strengthened by 3-13bps mom except for the 3y MGS which was weaker by 21bps mom. Sentiments were lifted by the continuous inflow of foreign funds for the 11th consecutive month with a RM5.9b inflows in March (February: +RM7.2b). Foreign share of MGS and MGS+GII was at 40.8% (February: 41.2%) and 25.7% (February: 25.4%) respectively. Interest in the government bond auctions were however mixed as the 7y MGS auction saw a lacklustre demand of 1.59x which is the lowest YTD, while the 3y MGS auction garnered a decent BTC of 2.086x and the 15y Malaysian Government Investment Issues (MGII) auction received a strong BTC of 2.545x. Finance Minister Datuk Seri Tengku Zafrul on 26 April said Malaysia's fiscal deficit would likely reach 6.2% of GDP from the targeted 6.0% this year if the government did not utilize the RM5b from the National Trust Fund (KWAN) for vaccine purchase. He also said that government's statutory debt level was nearing its 60% limit, being currently at 58% of Gross Domestic Product (GDP).

## Market Outlook

Globally, investors will be monitoring the number of new Covid-19 cases in India and globally, as well as the rollout of Covid-19 vaccination and distribution programmes. Also in focus will be the 10-year US Treasury yield rate movements. Locally, Malaysia's 1Q21 GDP data will be released in May, as well as the bulk of the 1Q21 earnings season. Headline inflation is anticipated to temporarily spike in 2Q21 due to the low base effect, before moderating thereafter. Investors will be focusing on the impact, severity and length of the current MCO, reports on new Covid-19 cases, and the rollout of the nation's Phase 2 vaccination programme as well as the rollout of the voluntary AstraZeneca Covid-19 vaccine slots.

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, we would remain cautious of the bond market volatility arising from both external and internal fronts, especially with the sharp rise in UST which had impacted local yields. 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.

# Market Review & Outlook



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)