

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.

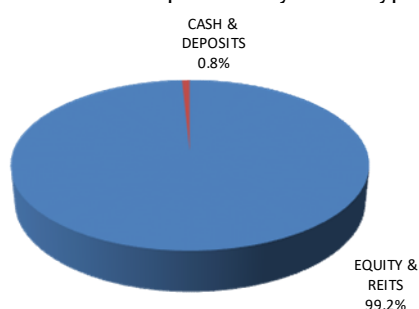
Performance Indicator

	Master Dividend Fund	Benchmark: FBM 100*
1 month	-0.56%	-2.89%
6 months	-0.52%	-5.45%
1 year	13.37%	4.44%
3 years	-5.39%	-7.51%
5 years	3.95%	-3.23%
10 years	47.73%	1.48%
YTD	-0.52%	-5.45%
Since Inception (Annualised)	7.19%	2.05%

* 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

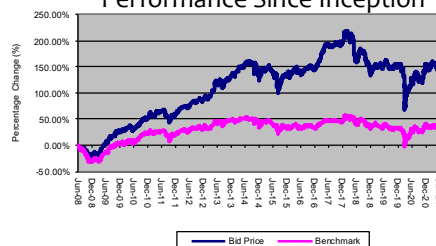


Key Fund Facts

Fund Size	RM96.306 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 June 2021)	2.476
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)

Top Holdings (Equities)	% NAV
CIMB BERHAD GROUP	6.48%
GENTING MALAYSIA BERHAD	5.10%
RHB BANK BHD	4.98%
TENAGA NASIONAL BERHAD	4.94%
MALAYAN BANKING BERHAD	4.61%

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 +1.4% mom to close at 3,017 points for the month of June. However, the Dow Jones Index retraced slightly by 0.1% mom, breaking its preceding four-month uptrend. In its June meeting, the FOMC concluded with no policy change but a slight hawkish shift in guidance which showed potentially two hikes in 2023. Apart from that, seven committee members also projected a rate hike in 2022. On the US' economic front, retail sales in May fell by 1.3% mom as compared to the flat growth rate experienced in April. Nonetheless, its May industrial production improved to +0.8% mom as compared to +0.7% mom in the previous month. Markit US Composite PMI also jumped to 68.7 in May as compared to 68.1 in April. Over in Europe, the Stoxx 50 Index advanced by +0.6% mom during the same period following a better Eurozone Markit Composite PMI reading of 57.1 in May as compared to 53.8 in April. However, its April retail sales fell by 3.1% mom, a reversal from a gain of +2.7% mom in the previous month. Growth in industrial production rose by +0.8% mom in April as compared to +0.1% mom in the previous month. On the other hand, China's Shanghai Composite Index declined by 0.7% mom in June 2021 on the back of a slightly weakened, albeit still expansionary, Caixin China Composite PMI which fell to 53.8 in May from 54.7 in April. 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 June, Brent oil reached its highest YTD month-end closing price, gaining +8.4% mom to USD75.13/ bbl being fueled by indications of a global recovery in demand, falling crude inventories in the US, and a delay in the resolution of the Iran nuclear talks amid a stalemate. Crude palm oil price tapered by another 6.0% mom to RM3,782/MT as Indonesia revised its export levy structure by raising the starting point of levy increase from USD670/MT to USD750/MT, lowering the rate of levy increase, and reduced the ceiling export levy rate.

On the ASEAN front, equity markets closed the month under review with generally mixed performances. Malaysia's FBMKLCI fell by 3.2% mom impacted by persistently high new Covid-19 cases domestically. This is despite a nationwide implementation of Movement Control Order (MCO) 3.0 from 12 May 2021, a more stringent Full Movement Control Order (FMCO) from 1 June 2021, and then followed by an Enhanced Movement Control Order (EMCO) for a large part of Selangor and several localities in Kuala Lumpur from 3 to 16 July 2021. Subsequently, Malaysia would transition into a National Recovery Plan comprising a four-phase Covid-19 exit strategy utilizing indicators such as average new daily infection cases, vaccination rate, and availability of ICU beds. At this juncture, the government would be targeting for full economic reopening by November or December 2021. Nonetheless, the King has urged Parliament to be reconvened as soon as possible to discuss steps to deal with the health and economic crisis caused by Covid-19. Given the current situation, net foreign equity outflows continued resulting in a net sale of RM1.2b in June bringing YTD outflow to approximately RM4.2b. From an economic standpoint, Malaysia's April industrial production surged by +50.1% yoy due to a low base effect caused by Covid-19 in the previous year. But May manufacturing PMI weakened to 51.3, as compared to 53.9 a month ago. On the currency front, the RM weakened to RM4.1490: USD1.00 as at end June 2021 from RM4.1252: USD1.00 as at end May 2021. On the other hand, the Indonesia's Jakarta Composite Index rose by +0.6% mom following higher Markit manufacturing PMI reading of 55.3 in May as compared to 54.6 in the previous month. The Indonesian central bank held its 7 - day repo rate stable at 3.5% in its June meeting after a 0.25 ppt cut in February 2021. Singapore's Straits Times Index declined by 1.1% mom following a weaker May PMI reading of 50.7 as compared to 50.9 in April. However, Singapore's industrial production strengthened to +7.2% mom in May after +1.0% mom growth in April. Its May Non-oil Domestic Exports contracted at a slower pace of 0.1% mom as compared to 8.8% mom in the previous month. The Stock Exchange of Thailand also eased by 0.4% mom caused by a contractionary Markit manufacturing PMI reading of 47.8 in May, from an expansionary reading of 50.7 in the previous month. Nonetheless, the Bank of Thailand kept its Benchmark Interest Rate at 0.50%, unchanged since May 2020.

Market Review & Outlook



Market Review

UST yield movements were mixed in June as 3y and 5y UST yields increased by 9-16bps mom at the back of inflation expectations following Fed's hawkish dot plot, while the 10y and 30y UST declined by 12-19bps mom. The 30yrs UST yield dipped below 2% briefly on 21 June 2021 from a YTD high of 2.51% on 18 March 2021. Job creation accelerated to 850k in June from 583k in May, versus an expectation of 720k. The biggest payroll gain came from leisure and hospitality industries which saw a gain of 343k job gains in June following a strong 306k job gains in May. US inflation was the highest in 13 years due to base effect as May CPI surged 5% yoy versus the expectation of 4.7% and 4.2% in April.

MGS yield movements were mixed as well in June as the yield curve declined by 2-19bps mom except for the 10y and 20y MGS which were up by 5bps and 2bps mom respectively. On 28 June 2021, the government announced another stimulus package, PEMULIH, worth RM150b with fiscal injection of RM10b to further help people and businesses affected by the pandemic and lockdown. Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz elaborated that the sources of funds for the RM10b fiscal injection will come from an increase in government revenue, partly from increased dividends from statutory bodies and government-linked companies, optimisation of expenditure, and an increase in borrowings. He added that the government's official gross GDP forecast of between 6% and 7.5% this year will need to be revised downwards due to the impact of the current FMCO and the deficit will also rise in tandem with the downgrade in GDP growth expectation. The new official forecast is said to be announced in mid-August.

Moody's reaffirmed Malaysia's sovereign credit rating at A3 stable on 3 June 2021 as they expect the pandemic to delay but not materially hinder Malaysia's eventual return to high growth rates. Subsequently S&P reaffirmed Malaysia's sovereign credit rating at A- negative outlook on 22 June 2021 as they expect economy recovery to gain pace as the national vaccination plan progresses.

Foreign funds turned net seller in June with RM0.5b net outflow (May: +RM1.9b). Foreign share of MGS and MGS+GII dropped to 40.4% (May: 41.1%) and 25.7% (May: 26.1%) respectively. Foreign reserves increased by +USD0.2b mom to USD111.1b in June 2021

Market Review & Outlook



Market Outlook

Globally, investors' focus will be to continue monitoring the number of new global Covid-19 cases, vaccine inoculation rate, and easing of Covid-19 restrictions such as that proposed by the UK Prime Minister Boris Johnson to lift social distancing restrictions by mid-July 2021. Locally, with the higher availability of vaccine supplies and an increased daily vaccine administration rate, the government targets to achieve herd immunity, defined as 80% of population fully vaccinated, by end 2021. As at 1 July 2021, 8.35m doses of Covid-19 vaccine have been administered broken down to 5.95m first doses and 2.39m second doses, representing 18.2% and 7.3% of the target, respectively.

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.

On the bond front, although inflation has spiked in 2Q21 due to the low base effect, it should stabilise thereafter as the higher inflation is transitory in nature. Meanwhile, the various MCO measures implemented since 12 May 2021 are expected to result in a downward revision in 2021 GDP growth as espoused by the Finance Minister, but the extent of slippage would depend on the duration of the lockdown. 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 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)