

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	6.84%	5.08%
6 months	4.86%	-2.09%
1 year	7.60%	-1.74%
3 years	7.56%	-5.06%
5 years	3.82%	-4.60%
10 years	58.98%	4.25%
YTD	3.23%	0.82%
Since Inception (Annualised)	7.56%	2.11%

* Source: Bursa.

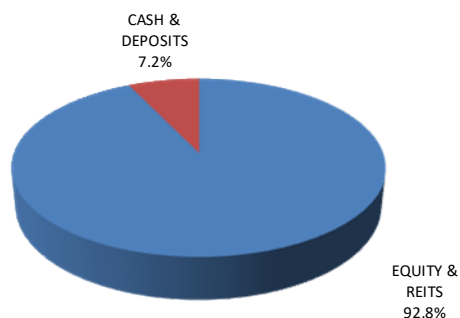
The above performance is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

Key Fund Facts

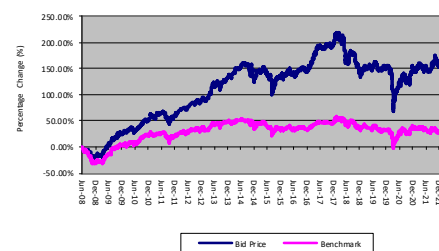
Fund Size	RM115.404 million
Risk Profile	Moderate
Launch Date	13 th June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ - Bid (as at 28th February 2022)	2.717
Management Fee	0.00% p.a
Other Charges ²	Include but not 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.

Portfolio Composition by Asset Type



Performance Since Inception



Top Holdings (Equities)

Top Holdings (Equities)	% NAV
MALAYAN BANKING BERHAD	5.21%
RHB BANK BHD	5.04%
CIMB BERHAD GROUP	4.92%
YINSON HOLDINGS	4.50%
GENTING MALAYSIA BERHAD	4.43%

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

In February 2022, the MSCI World Index continued its decline, falling 2.65% mom, amidst concerns of central banks' interest rate hikes and heightened geopolitical tensions. The Russian – Ukraine conflict was at fever pitch when Russian forces entered Ukraine on 24 February 2022. In response, several countries, namely United States and its European counterparts, have imposed a slew of sanctions on Russia. Bearing in mind that Russia is a major commodity exporter and producer in terms of wheat, crude oil and natural gas, the ensuing market turmoil has without doubt worsened the inflation situation and if left unbridled, could eventually threaten the global post – Covid 19 pandemic economic recovery. Against that overarching backdrop, the Dow Jones Index fell 3.53% mom as inflation continued to rise seemingly unchecked as represented by the strong January 2022 Consumer Price Index (CPI) surge of +7.5% mom, which was the highest since the '80s. This in turn stoked fears of interest rate hikes as the US Federal Reserve ceased viewing the inflationary phenomenon as transitory, thereby shifting their focus towards a more hawkish stance where it would begin tapering of its bond purchases. The Federal Open Market Committee (FOMC) had also guided that increases in federal funds rate would soon commence after the conclusion of quantitative easing. That being said, US' economy was on good footing as evinced by its January 2022 Markit US Composite Purchasing Managers Index (PMI) which had an expansionary reading of 51.1. In Europe, the Stoxx 50 Index had also declined by 6.00% mom due to the abovementioned conflict brewing in its continent. Like the US, rising inflation was at the forefront with January 2022 Eurozone Consumer Price Index of the Monetary Union (MUICP) at a record +5.1% yoy. The European Central Bank (ECB)'s President acknowledged that risks to the inflation outlook were tilted towards the upside and declined to reiterate her previous guidance that interest rate hikes in 2022 were unlikely. Nonetheless, economic activities were growing with the January 2022 Markit Eurozone Composite PMI showing an expansionary reading of 52.3. On the other hand, China's Shanghai Composite Index rose by +3.00% mom after the People's Bank of China (PBOC) had elected to maintain the 1 and 5 year Prime Loan Rates, which it had reduced in December 2021 alongside a reduction in financial institutions' Required Reserve Ratio (RRR), in an effort to stabilize economic growth in 2022. Unlike the western developed markets, inflation in China was not excessive at only +0.9% yoy in January 2022. However, its February 2022 Caixin China PMI Composite index had a reading of 50.1 in January 2022 which was a decline from 53.0 in the previous month.

During the month under review, Brent oil rocketed +10.7% mom to USD100.99/ bbl, breaching the USD100/ bbl mark for the first time since 2H14. This was sparked by fears that a protracted conflict in Russia – Ukraine could disrupt global oil supply. Correspondingly, crude palm oil (CPO) price also climbed +28.8% mom to a record high of RM7451/ MT. Apart from the aforesaid issues, the situation in Malaysia was compounded by the bottlenecks of as yet still insufficient foreign labour and also fertiliser supply disruption.

Market Review & Outlook



Market Review

For the ASEAN regions under review, with the exception of Singapore, equity markets generally performed well in February 2022. Malaysia's FBMKLCI moved up +6.35% mom as investors ploughed into commodity - based investments which were being buoyed by a swell in commodity prices, among which were those of oil and CPO. Malaysia is an exporter of oil and that oil as well as CPO make up some 16% of Gross Domestic Product (GDP) and 20% of gross exports in 2021. Recall that the Ministry of Finance's assumption for oil price in Budget 2022 was only USD66/ bbl for this year. Apart from that, Malaysia could, in terms of its direct impact, be considered fairly distant from the Russia - Ukraine conflict as it has < 1% of trade originating from that region. From an economic standpoint, Malaysia recorded a 4Q21 GDP growth of +3.6% yoy which brought 2021 GDP growth to +3.1% yoy. Meanwhile, Bank Negara Malaysia appraised that inflation in the country was moderate with a January 2022 CPI growth of +2.3% yoy and that there was no apparent risk of hyperinflation. Net foreign equity inflow during the month amounted to RM2.84b which brought the YTD total to RM3.17b, which was positive when compared to the 2021 net foreign equity outflow of RM3.15b. Despite that, the RM weakened to RM4.1993: USD1.00 as at end February 2022 from RM4.1855: USD1.00 as at end January 2022. The Stock Exchange of Thailand also enjoyed a +2.21% mom increase driven by the post - pandemic reopening of its economy as seen by its outperforming sectors such as retail and healthcare. Thailand's 4Q21 GDP growth came in above consensus expectations at +1.9% yoy and brought 2021 GDP growth to +1.6% yoy. During the month, the Thai central bank kept its benchmark interest rate at 0.50% to support the nation's economic recovery. Indonesia's Jakarta Composite Index edged up +3.88% mom as the market was a key beneficiary of the rises in key commodity prices such as those of coal, CPO and nickel. The country chalked a +5.0% yoy 4Q21 GDP growth which brought its 2021 GDP growth to +3.7%, which was in - line with consensus expectations. Lastly, Singapore's Straits Times Index declined by 0.23% mom due to the escalation in the Russia - Ukraine conflict and the concerns over the looming US Fed rate hikes. Nonetheless, its economy was seen recovering with its January 2022 Non - oil Domestic Exports (NODX) rising by +17.6% yoy.

UST yields rose 5 to 25bps across the curve in a flattening manner even as yields declined in the few days of the month following flight-to-safety triggered by the Russian - Ukraine conflict. The stronger-than-expected US CPI for January 2022 resulted in the 2y and 10y UST rising to the highest levels since 2019 during the month. Fed futures indicated a 50bps hike in March in early February but dwindled to a 25bps hike by the end of the month. FOMC's January minutes revealed that Fed may remove policy support more quickly if inflation continues to accelerate.

MGS yields movement mom meanwhile were mixed as the 3y MGS rallied 11bps mom to 2.71% while 5y and 7y MGS yields rose 7bps mom to 3.33% and 3.59% respectively. Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) unchanged at 1.75% in the 2nd Monetary Policy Committee (MPC) meeting for the year on 2-3 March as widely expected. The overall tone was neutral but BNM cautioned that the Russian - Ukraine conflict may affect global growth and inflation.

Foreign funds raised Ringgit bond holdings by +RM3.1b in February (January: +RM3.5b). Foreign share of both MGS and MGS+MGII decreased marginally to 39.3% (January: 39.6%) and 25.8% (January: 26.0%) respectively. Foreign reserves decreased by USD0.3b mom to USD115.8b as at end-February 2022.

Market Review & Outlook



Market Outlook

We believe that investors would continue to maintain their constant vigil over the Covid – 19 situation and how the newer, more infectious but less deadly Omicron variant may impact global as well as local economic reopening campaigns. In addition, there would be heightened monitoring for any escalation of geopolitical risks, persistently high global inflation and concerns for any over - accelerated reversals of accommodative monetary policies by central banks. Locally, there could be some political uncertainty brewing from 2H22 as General Election 15 (GE15) must take place by end July 2023. GE15 is unlikely to take place in 1H22 because of Pakatan Harapan's Memorandum of Understanding (MoU) of Transformation and Political Stability with the government which will remain valid till end July 2022. However, investors would likely be scrutinising the evolution of the nation's political dynamics via the Johor state elections that will be held in March 2022.

For equities, we should remain vigilant over the likelihood of another massive Covid – 19 outbreak and escalation of the conflict in Eastern Europe which might have adverse impacts on the global economic recovery and our government's plans to promote growth in 2022. That being so, we would continue to adopt a prudent yet sensible posture towards our equity market's longer term growth trajectory and, where opportunities arise, would direct monies into fundamentally good investments. That said, during this period of nascent economic recovery, we would be partial towards robust growth sectors but should remain watchful for any changes in market environment which might necessitate a realignment of investment direction. We might also at times assume a degree of trading bias to take advantage of any market volatility.

Locally, bond yields are expected to trend higher in tandem with the UST yields as concerns loom over the higher than anticipated rate hikes in the US for 2022. The Russian – Ukraine conflict may impact rate hike expectations but the impact is uncertain as of now. 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.

On top of regulatory limits imposed by Bank Negara Malaysia, Allianz Life have put in place tight internal investment limits for all asset classes to ensure that the Fund does not take on excessive risk, while recognizing there cannot be total elimination of risks associated with investing in the Fund. The following is a non-exhaustive list of key risk factors when investing into the Fund.

- **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 regular and rigorous reviews of macroeconomic factors and asset allocation 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 regular and rigorous reviews of macroeconomic, socio – politic and regulatory factors as well as adopting an appropriate asset allocation strategy.
- **Currency Risk** – For foreign investments, fluctuations in currency exchange rates may have an impact on the value of the Fund’s investment assets. This risk may be managed by engaging in foreign currency hedging.
- **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 managed through portfolio diversification and control on sector concentration risk.
- **Company Specific Risk** – The asset values of securities may be affected by company-specific factors, some of which include volatile business situations, adverse financial conditions and poor corporate governance. This risk may be contained through appropriate portfolio diversification, prudent investment selection and better control on investment concentration risks.
- **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. Appropriate portfolio diversification, control on investment concentration limits taking into account liquidity constraints and regular monitoring could help mitigate the said risk.

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 Ekuiti and any other Allianz Life Master Funds)