

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	-3.38%	-4.05%
6 months	4.78%	-1.05%
1 year	4.14%	-4.83%
3 years	3.50%	-8.46%
5 years	-0.08%	-7.62%
10 years	53.47%	2.37%
YTD	-3.38%	-4.05%
Since Inception (Annualised)	7.08%	1.75%

* Source: Bursa.

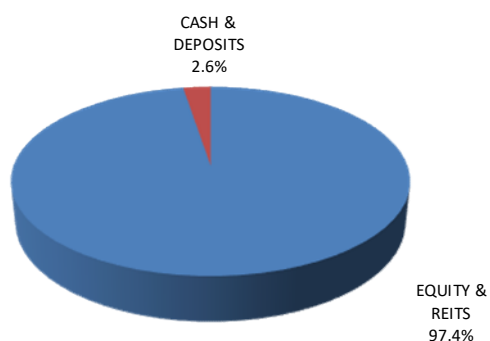
The above performance is calculated in Ringgit Malaysia on a NAV-to-NAV basis. It is strictly the performance of the investment fund and not the returns earned on the actual premiums paid of the investment-linked product. Past performance is not an indication of future performance.

Key Fund Facts

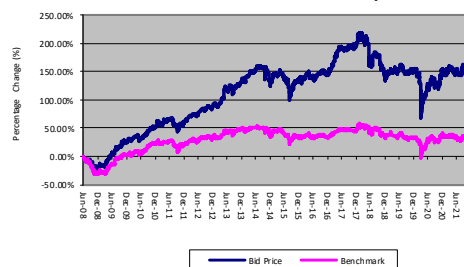
Fund Size	RM107.994 million
Risk Profile	Moderate
Launch Date	13 th June 2008
Fund Currency	Ringgit Malaysia
Investment Manager	Allianz Life Insurance Malaysia Berhad
Pricing Frequency	Daily
Price per Unit ¹ - Bid (as at 31st January 2022)	2.543
Management Fee	0.00% p.a
Other Charges ²	Include but not 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)

Equity	% NAV
MALAYAN BANKING BERHAD	5.26%
RHB BANK BHD	5.07%
YINSON HOLDINGS	5.03%
CIMB BERHAD GROUP	4.79%
GENTING MALAYSIA BERHAD	4.13%

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 fell by 5.3% mom to close at 3,059 points for the month of January. Similarly, the Dow Jones Index declined 3.3% mom, mainly due to hawkish comments from The Federal Reserve on a more aggressive rate hike and heightened geopolitical tension in Ukraine-Russia. On the US' economic front, retail sales in December fell 1.9% mom as compared to a gain of +0.3% mom November. Its December industrial production also declined by 0.1 % mom as compared to a rise of +0.5% mom in the previous month. Markit US Composite PMI growth also slowed to 51.1 in January as compared to 57.0 in December. Over in Europe, the Stoxx 50 Index declined 2.9% mom during the same period, in tandem with a lower Eurozone Markit Composite PMI reading of 53.4 in December as compared to 55.4 in November. Its November retail sales rose +1.0% mom, higher than the +0.2% mom in the previous month. Growth in industrial production also continues to rise by +2.3% in November as compared to a gain of +1.1% mom in the previous month. China's Shanghai Composite Index also tumbled 7.7% mom in January despite its Caixin China Composite PMI recorded a higher reading of 53.0 in December as compared to 51.2 in the previous month.

In January, Brent oil rose by 17.3% mom to USD91.21/bbl, sending oil prices above USD90/bbl for the first time since 2014. This was due to ongoing supply concerns, as cold weather is affecting production across the United States, and expectations that supply will tighten further even after OPEC+ producers stuck to planned moderate output increases. Crude palm oil price surged +12.1% mom to RM5,785/MT due to lower plantation stockpile and labour concerns that will affect CPO production output in the coming months.

On the ASEAN front, equity markets closed the month under review with mixed performances. FBMKLCI fell 3.5% mom due to concerns over corporate earnings risks, rising global interest rates, ESG, political risks in the country and the rising new Covid-19 cases locally. Foreign investors were net equity buyers in January of RM331.8m. From an economic standpoint, Malaysia's November industrial production growth strengthened further to +9.4% yoy from +5.5% yoy in the previous month. December manufacturing PMI also improved to 52.8 as compared to 52.3 a month ago. The Stock Exchange of Thailand also fell by 0.5% mom due to a lower Markit manufacturing PMI reading of 49.5 in December, from 50.6 in the previous month. Nonetheless, the Bank of Thailand kept its Benchmark Interest Rate at 0.50%, unchanged since May 2020. On the other hand, the Indonesia's Jakarta Composite Index increased by 0.8% mom, despite its Markit manufacturing PMI reading dropping to 53.5 in December as compared to 53.9 in the previous month. The Indonesian central bank held its 7 - day repo rate stable at 3.5% in its January 2022 meeting, unchanged since February 2021. However, Singapore's Straits Times Index advanced by +4.0% mom, following a stronger industrial production growth of +4.3% mom in December from +2.3% mom in November. Its December PMI reading was also slightly stronger at 50.7 as compared to 50.6 in November. Its December Non-oil Domestic Exports growth was also higher at +3.7% mom as compared to +1.1% mom in the previous month.

Market Review & Outlook



Market Review

For fixed income, The FOMC left the federal funds target range at 0-0.25% at its 25-26 January meeting. The FOMC statement mentions that it "expects it will soon be appropriate to raise the target range for the federal funds rate". With this, the market expects the Fed to hike rate(s) starting at the March FOMC meeting. Fed Funds futures are pricing four or five rate hikes in 2022, followed by two or three more in 2023. Fed chair Powell also described tightening US financial conditions lately as an expected outcome of shift in Fed policy stance and did not seem deterred by financial market volatility. The FOMC would let the balance sheet purchases taper off to end early March and released principles for reducing the size of its balance sheet later this year. On inflation, it was mentioned that supply chain bottlenecks are the main drivers of inflation and that price pressures could remain elevated but potentially recede in 2H22 with the Chairman indicating that his personal forecast for 2022 inflation may need to be adjusted up. The balance of risks to inflation remained tilted to the upside as the Fed observes no progress in the dissipation of supply chain bottlenecks. US yields rose across tenors with a curve flattening bias. The 10y UST yield increased 10bps on the day of the FOMC and up 27bps mom. The UST 2/10 gap narrowed to 60bps on the persistent rise in UST2y yield by 45bps mom to 1.19%. However, bond movements responded to safe-haven bids towards the end of January due to potential Ukraine-Russia geopolitical tensions.

MGS yields movement were mostly higher in January with movements between +1 to +16 bps mom. The 10y MGS touched a high of 3.73% during the month before settling lower at 3.68% (+12bps mom). Trading volumes remained low during the start of the new year as most investors turned more cautious amid rising volatility in the US Treasury market. The much awaited new issuance of 10y MGS 7/32 saw strong participation from GLC's, insurers and offshore parties with a book-to-cover of 2.044x at an average yield of 3.582%. On the currency side, the MYR weakened against USD to 4.1855 as at end-January from 4.1665 prior month. The MPC meeting held on the 20 January saw Bank Negara Malaysia stating a neutral policy tone which resulted in the OPR staying pat as per market expectation.

Market Outlook

Globally, investors will keep an eye on the global Covid-19 situation and how the Omicron variant will impact border reopening plans. Also in focus will be global inflation, the US Treasury yields, and the ongoing geopolitical risks. Locally, investors will keep a lookout for 4Q21 GDP numbers, the upcoming 4Q21 results season, new Covid-19 cases, and the Johor state election results. Malaysia is also due to conduct its Parliament sitting from 28 Feb to 24 Mar 2022, where some key bills (anti-hopping law, limit PM's term) could be tabled and passed.

For equities, we would maintain our prudent yet sensible posture towards our market's longer term growth trajectory and would continue directing monies into fundamentally good investments. We keep our predilection towards sectors which have exhibited more resilient growth and ones that will be key beneficiaries from the eventual reopening of economies. Hence, we will always remain cautious to realign our investment direction as necessary to be in sync with any changes in the market environment. To that end, we may at times assume a degree of trading bias to capitalise on any near-term market volatility.

For bonds, 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)