

SMARTWEALTH DOLLAR MULTI ASSET FUND

April 2020

BLOOMBERG: AZUSWMA:IJ

Investment Objective

The objective of this fund is to achieve conservative long term capital growth while earning more relatively stable income.

Investment Strategy

To achieve the investment objective, this fund shall be invested 0% - 20% in short-term instruments (such as time deposits and / or money market mutual funds), and 80% - 100% in offshore instruments (through mutual funds).

Return Performance

Last 1-year Period	-4.58%
Best Month	Apr-20 7.72%
Worst Month	Mar-20 -11.21%

Portfolio Breakdown

Mutual Funds - Balanced	85.62%
Cash/Deposit	14.38%

Top Five Holding

MICROSOFT CORP	1.30%
APPLE INC	1.30%
TESLA INC 1.25% 03/01/21	0.80%
WELLS FARGO & COMPANY 7.5%	0.70%
NETFLIX INC 5.375% 11/15/29	0.40%

Top 3 Sector Allocation *

TECHNOLOGY	13.08%
IT	13.08%
HEALTHCARE	3.32%

Top 3 Asset Allocation *

EQUITIES / EQUITY	34.60%
CONVERTIBLE BONDS	33.20%
HIGH YIELD BONDS	32.20%

*Based on previous month Fund Fact Sheet

Key Fund Facts

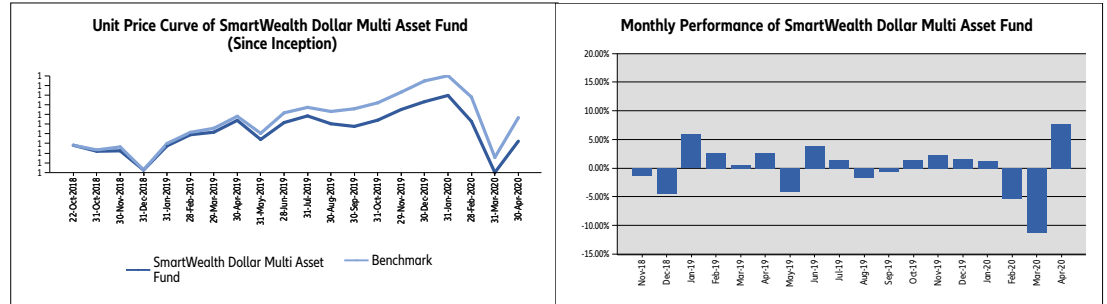
Fund Size (in mio USD)	USD 19.20
Risk Profile	Moderate
Launch Date	22 Oct 2018
Fund Currency	United States Dollar
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	1.75% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	20,026,545.8969

Price per Unit	Bid	Offer
(As of Apr 30, 2020)	USD 0.9587	USD 1.0092

Managed by Allianz Global Investor

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth Dollar Multi Asset Fund	7.72%	-9.51%	-4.62%	-4.58%	N/A	-8.33%	0.92%
Benchmark*	9.42%	-8.39%	-3.16%	-0.32%	N/A	-7.43%	6.35%

*34% ICE BofAML US High Yield Index, 33% ICE BofAML US Convertible Index & 33% S&P 500 Index



Manager Commentary

US equities, convertible securities and high-yield bonds finished sharply lower in March. The Russell 1000 Growth Index returned -9.84%. The ICE BofA US Convertibles Index and ICE BofA US High Yield Index returned -13.54% and -11.76%, respectively. By way of comparison, the 10-year US Treasury increased +4.16% and the S&P 500 Index fell -12.35%. Risk assets rallied to start the year before selling off aggressively in late February as the COVID-19 global outbreak intensified. The short-term trajectory of the global economy and corporate profitability became highly uncertain. This uncertainty led to indiscriminate selling pressure across most US asset classes and created dislocations in credit markets. Despite the sharp move lower in credit, the high-yield bond and convertible bond markets remained open and functional throughout the selloff. It is important to note that the volatility in credit was not caused by the onset of a typical recession but rather by the downstream effects of a health crisis. US banks are not highly levered or facing insolvency. Instead, banks are well capitalised and are part of the solution by providing needed liquidity to businesses and individuals.

The US Federal Reserve's (Fed's) response to these events was extraordinary in terms of its swiftness, scope, and willingness to do more. It also contrasted the central bank's drawn out response to the 2008 crisis. The Fed cut rates by 150 basis points (bp) and reduced reserve requirements to free up liquidity in the banking system. The Fed also announced USD 1.5 trillion of repo capacity to stabilise the overnight funding markets. In addition, a number of facilities were reinstated; one of which allowed primary dealers to take 90 day loans. Further measures included a commitment to purchase USD 500 billion in US Treasuries and USD 200 billion in mortgage-backed securities before making the program open-ended to support the functioning of credit markets. Just days later, the Fed took unprecedented action by establishing two facilities to address the primary and secondary credit markets for investment grade corporates. These were designed to ensure the normal functioning of markets and the repayment of debt obligations. The impact of these initiatives was immediate with US investment grade corporate new issuance setting a monthly record in March. By month-end, the Fed's balance sheet had exceeded USD 5 trillion. The fiscal response was also swift with President Trump signing into law three bills including the USD 2.2 trillion Coronavirus Aid, Relief & Security Act to help support the economy. Funds would be directed to small businesses, individuals, state and local governments and hospitals. Most US economic statistics did not reflect real-time developments of the COVID-19 pandemic and therefore were largely irrelevant. However, data released closer to month-end began to show a dramatic tick lower in activity. In a matter of weeks, the US economy went from record low unemployment to millions in initial jobless claims.

Q4 financial results and the majority of management outlooks reflected the strong fundamentals, healthy balance sheets and ample liquidity of US issuers as they exited 2019. These data points had less utility as the quarter progressed through March. The supply-side shock and demand disruption due to travel restrictions, lockdowns and other directives to contain the spread of the virus and avoid overloading the healthcare system significantly altered the near-term path for earnings and sales. By the end of the month, most companies were highly focused on cash management and liquidity, accessing lines of credit, controlling variable costs, deferring capital investment and suspending dividends and share repurchases. Aggressive rate cuts, the reinstatement of bond-buying programs and safe haven demand caused the US Treasury yield curve to compress and steepen sharply. The 10-year yield plummeted to an all-time low inside of 0.40% (intraday). At the short end of the curve, the 3-month bill traded with a negative yield in March before finishing positive at 0.07% – another sign of US Treasury market stabilisation. By month-end, the 2-year, 5-year and 10-year yields settled at 0.25%, 0.38% and 0.66%, respectively. Global demand concerns weighed on oil prices before the production conflict between Russia and Saudi Arabia sent the commodity sharply lower. Crude oil (WTI) settled USD 40 lower at USD 20 per barrel.

About Allianz Indonesia

PT Asuransi Allianz Life Indonesia was founded in 1996 and is part of Allianz Asia Pacific which has been present in the region since 1910. Allianz Group is a leading insurance company and asset manager in the world with over 129 years of experience and provides a variety of personal and insurance services, companies, ranging from property, life and health insurance to credit insurance and business insurance services globally.

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