

SMARTWEALTH DOLLAR US BOND FUND

December 2020

BLOOMBERG: AZUSWUS UJ

Investment Objective

The objective of the fund is to provide relatively stable income with capital preservation for the long term in U.S. Dollars.

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	N/A	N/A
Best Month	N/A	N/A
Worst Month	N/A	N/A

Portfolio Breakdown

Mutual Fund Fixed Income	99.45%
Cash/Deposit	0.55%

Top 3 Holding*

NEW FORTRESS ENERGY INC	3.50%
ALLIANCE DATA SYSTEMS CO	3.50%
GLOBAL AIR LEASE CO LTD	3.00%

Top 3 Sector Allocation*

GAS DISTRIBUTION	12.50%
CONS/COMM/LEASE FINANCING	7.00%
SPECIALTY RETAIL	6.60%

*based on previous month Fund Fact Sheet

Key Fund Facts

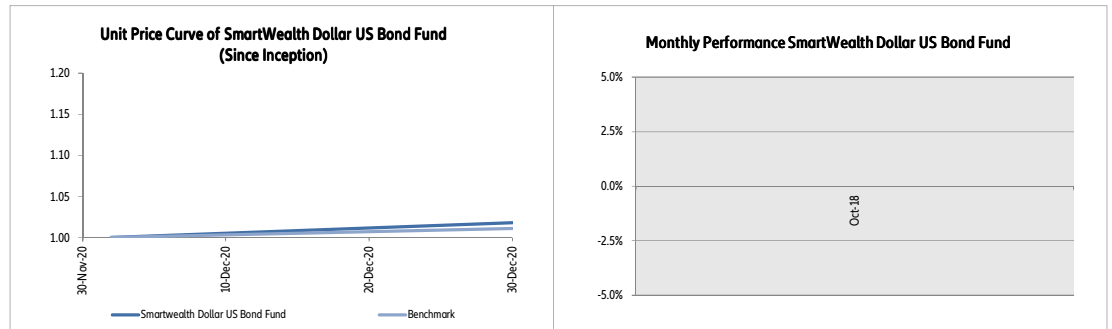
Fund Size (in mn USD)	USD 0.36
Risk Profile	Moderate
Launch Date	December 2, 2020
Fund Currency	US Dollar
Pricing Frequency	Daily
Management Fee	1.50% p.a.
Custodian Bank	Bank HSBC Indonesia
Total Unit	350,000.00

Price per Unit	
(As of Dec 30, 2020)	USD 1.0178

Managed by Allianz Global Investor

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth Dollar US Bond Fund	N/A	N/A	N/A	N/A	N/A	N/A	1.78%
Benchmark*	N/A	N/A	N/A	N/A	N/A	N/A	1.08%

*ICE BofA 1-5yr BB-B US Cash Pay High Yield Index



Manager Commentary

The broad US high-yield market rallied in November with the ICE BofA US High Yield Index returning +4.00%. Credit-quality subsector returns for the month: BB-rated bonds returned +3.61%; B-rated bonds returned +3.45%. CCC-rated bonds returned +7.47%. High-yield spreads tightened 99 basis points (bp) to 433bp and bond prices increased sharply alongside equity market strength. The tail-end of a better-than-feared Q3 earnings season in conjunction with constructive US economic data, waning US election risk and positive vaccine news offset increasing infections and hospitalisations and softer lockdown measures. With 95% of the companies in the S&P 500 reporting Q3 results, 84% have topped earnings estimates and 78% have topped revenue estimates. Additionally, the global earnings revision ratio increased sharply in November – typically, an early stage indicator of a sustained earnings upturn. The US ratio was the third highest on record. US economic reports were positive on balance with the unemployment rate falling to 6.9% alongside increasing retail sales and industrial production. The homebuilder index rose to a record level and small business optimism remained elevated. As expected, the Federal Reserve (Fed) delivered no change in policy; however, commentary indicated that the central bank stood ready to engage more easing if needed to support the recovery.

The 10-year US Treasury yield finished well off its intra-month high of 0.97%, resulting in a largely unchanged yield curve month to month. The 3-month, 2-year, 5-year and 10-year yields settled at 0.07%, 0.15%, 0.36% and 0.84%, respectively. Crude oil (WTI) rose more than USD 9/barrel to USD 45.34 on the prospect of higher demand. Notably, the performance contribution from energy-related issues accounted for 25%, or 1%, of the high-yield market's 4% total return. All industries finished higher in November led by Theatres & Entertainment, Air Transportation and Printing & Publishing. Primary market activity remained elevated. Forty-three issues priced, raising USD 32.2 billion in proceeds and bringing the year's total to USD 419.9 billion – an annual record. High-yield fund flows were -USD 1.3 billion in November and +USD 38.6 billion year to date. The upgrade/downgrade ratio increased to 0.8 with 31 upgrades and 41 downgrades. Default rates declined month over month. The trailing 12-month default rates on an issuer-weighted basis and a dollar-weighted basis were 5.57% and 6.15%, respectively.

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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