

# SMARTWEALTH DOLLAR US BOND FUND

## January 2021

**BLOOMBERG: AZUSWUS IJ****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
Best Month	Jan-21	0.83%
Worst Month	Jan-21	0.83%

**Portfolio Breakdown**

Mutual Funds - Bonds	91.82%
Cash/Deposit	8.18%

**Top 3 Bonds \***

NEW FORTRESS ENERGY INC 6.75	3.50%
CONNECT FINCO SARM/CONNE 6.75	3.00%
GLOBAL AIR LEASE CO LTD 6.50	3.00%

**Top 3 Sector Allocation \***

GAS DISTRIBUTION	12.30%
SPECIALTY RETAIL	6.80%
CONS/COMM/LEASE FINANCING	6.70%

\*Based on previous month Fund Fact Sheet

**Key Fund Facts**

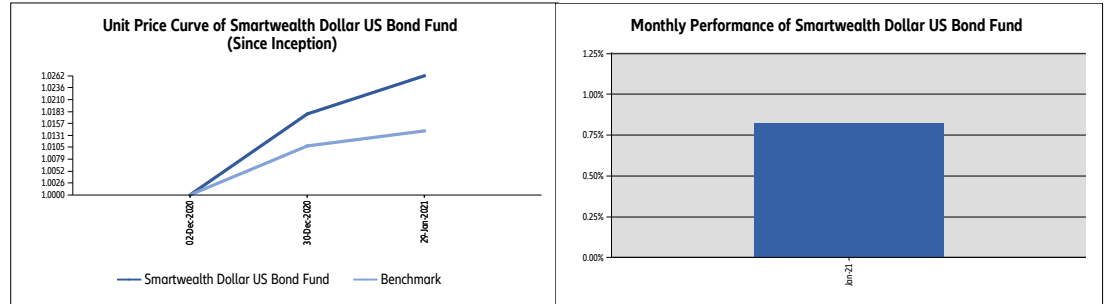
Fund Size (in mio USD)	USD 0.39
Risk Profile	Moderate
Launch Date	02 Dec 2020
Fund Currency	United States Dollar
Pricing Frequency	Daily
Management Fee	1.50% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	379,204.6083

<b>Price per Unit</b>	
(As of Jan 29, 2021)	USD 1.0262

Managed by Allianz Global Investor

Smartwealth Dollar US Bond Fund	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Benchmark*	0.83%	N/A	N/A	N/A	N/A	0.83%	2.62%
	0.33%	N/A	N/A	N/A	N/A	0.33%	1.41%

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

**Manager Commentary**

The broad US high-yield market continued to advance with the ICE BofA US High Yield Index returning +1.91%. Credit-quality subsector returns for the month: • BB-rated bonds returned +1.55%; • B-rated bonds returned +1.70%; • CCC-rated bonds returned +4.11%. High-yield spreads tightened 47 basis points (bp) to 386bp and bond prices rose alongside equities. Positive vaccine news, additional US fiscal stimulus, dovish US Federal Reserve (Fed) commentary and constructive US economic data offset rising covid-19 infections globally. The United States Food and Drug Administration (FDA) issued emergency use authorisations, allowing two vaccines to be distributed in the US. The US also began sourcing and administering one of the two approved vaccines. New legislation was signed into law providing USD 900 billion in fiscal and relief stimulus focused on extending small business assistance and unemployment benefits, sending direct checks to individuals and providing direct support to US airlines.

The Fed confirmed its accommodative stance at its December meeting with rates expected to remain unchanged through 2023. The Fed's statement also indicated its monthly asset purchases would continue "until substantial further progress has been made toward the Committee's maximum employment and price stability goals." The unemployment rate fell further, and ISM manufacturing and non-manufacturing levels remained elevated and in expansionary territory. Housing-related statistics were constructive highlighted by rising home prices. In contrast, retail sales and consumer confidence were weaker given the increase in covid-19 cases. Online commerce however continued to surge. Against this backdrop, the 10-year US Treasury yield increased on the prospect of faster economic growth and additional government stimulus, causing the yield curve to steepen. The 3-month, 2-year, 5-year and 10-year yields settled at 0.08%, 0.12%, 0.36% and 0.91%, respectively. Crude oil (WTI) finished higher at USD 48.52/barrel concurrent with a weaker dollar. All industries gained led by Energy, Air Transportation and Aerospace. Theatres & Entertainment, Environmental and Cable & Satellite TV lagged. Primary market activity remained elevated. Fifty-four issues priced, raising USD 30.1 billion in proceeds and bringing the year's total to USD 449.9 billion – an annual record. The upgrade/downgrade ratio increased to 1.0 with 23 upgrades and 24 downgrades. Default rates steadied. The trailing 12-month default rates on an issuer-weighted basis and a dollar-weighted basis were 5.53% and 6.17%, respectively. High-yield fund flows were -USD 1.7 billion for the month and +USD 43.6 billion for the year.

**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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