

SMARTLINK RUPIAH BALANCED FUND

April 2021

BLOOMBERG: AZRPBLF 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 objectives, this fund shall be invested with a target of 50%-75% in money market and fixed income instruments (such as deposits, SBI, SPN, and / or money market mutual funds, government bonds, corporate bonds, and / or fixed-income mutual funds), and 25%-50% in equity instruments (either directly through stocks and / or through equity mutual funds).

Return Performance

Last 1-year Period		18.23%
Best Month	Oct-07	12.71%
Worst Month	Oct-08	-17.27%

Portfolio Breakdown

Equity	29.69%
Mutual Funds - Bonds	55.20%
Mutual Funds - Equities	0.84%
Mutual Funds - Alternatives	4.55%
Cash/Deposit	9.71%

Top Five Bonds Holding

FR0056	3.42%
FR0080	3.32%
FR0087	3.16%
FR0070	3.15%
FR0078	3.05%

Top Five Stocks Holding

Bank Central Asia	3.64%
Bank Rakyat Indonesia	2.29%
Telekomunikasi Indonesia	1.60%
Elang Mahkota Teknologi	1.51%
Bank Jago	1.30%

Key Fund Facts

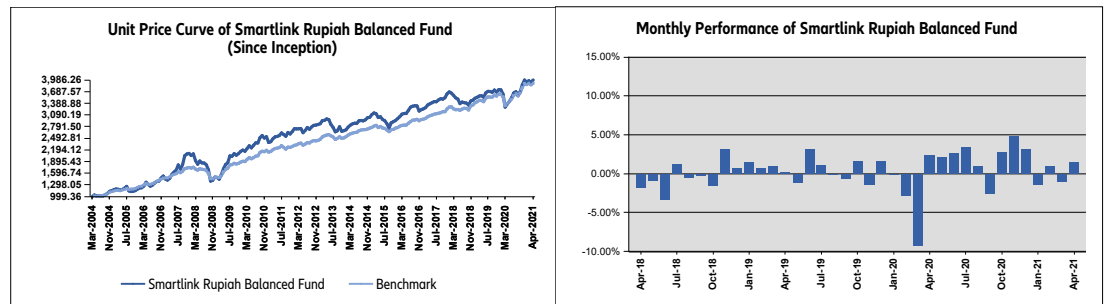
Fund Size (in bn IDR)	IDR 1,999.02
Risk Profile	Moderate
Launch Date	08 Mar 2004
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	527,870,989.2476

Price per Unit	Bid	Offer
(As of Apr 30, 2021)	IDR 3,786.95	IDR 3,986.26

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	1.46%	1.36%	8.05%	18.23%	12.97%	0.01%	298.63%
Benchmark*	1.04%	0.90%	6.68%	15.37%	21.04%	0.15%	290.37%

*25% Jakarta Composite Index (JCI), 50% Indonesia Bond Pricing Agency (BPA) IDR Bond Index & 25% average time deposit (3 months) from Mandiri, BNI, BTN, Danamon, and CIMB Niaga
(Benchmark assessment; before Sep 2018: 30% Jakarta Composite Index (JCI) & 70% average time deposit (3 months) from Mandiri, BNI, BTN, Danamon, and CIMB Niaga)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced April 2021 inflation at +0.13% mom (vs consensus inflation +0.17%, +0.08% on March 2021). On yearly basis, inflation was +1.42% yoy (vs consensus inflation +1.50%, +1.37% on March 2021). Core inflation was printed at +1.18% yoy (vs consensus inflation +1.24%, +1.21% on March 2021). The higher monthly inflation was caused by the higher core inflation which was affected by the higher global gold price, and the higher inflation on administered price group which was impacted by the implementation of tobacco excise that affected to cigarette prices. The BI Board of Governors agreed on 19-20 April 2021 to hold the BI 7-Day Reverse Repo Rate to be 3.50%, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates to be 2.75% and 4.25%, respectively. This policy is to maintain Rupiah stability in the middle of global uncertainty and also the lower inflation. Rupiah appreciated against USD by +0.82% from 14,572 at end of March 2021 to 14,453 at end of April 2021. Indonesia's trade balance recorded surplus amounting to USD +1,560mn in March 2021 vs previous month surplus USD +2,010mn. The lower trade surplus was caused by the increment of gas import number on March 2021 as well as the imports of machineries. However, the export on non-oil and gas also has higher growth by +21.1% MoM on the back of higher CPO export to China and India. Non-oil and gas trade balance in March 2021 recorded surplus USD +2,941mn, which was higher than the previous month that recorded trade surplus amounting to USD +2,445mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,373mn in March 2021, which was higher than the deficit on Feb 2021 amounting to USD -443mn. Indonesia's economy experienced contraction as -0.74% yoy in 1Q 2021 (vs previous -2.19%, consensus -0.65%), and -0.96% qoq (vs previous -0.42%, consensus -0.85%). The Indonesia's economic recovery continued from the fourth quarter 2020 which was showed by the narrowed contraction yearly and quarterly. The narrowed contraction was supported by the lower contraction on gross fixed capital formation growth which mean the better performance in investment as well as the lower contraction on household consumption growth. Gross fixed capital formation contracted by -0.23% YoY (vs previous -6.15% YoY), while the household consumption contracted by -2.23% YoY (vs previous -3.61% YoY). Indonesia's official foreign reserve as of April 2021 was at USD 138.8 billion, higher than March 2021 number at USD 137.1 billion, due to foreign inflow.

IDR Government bond yields were lower across all curves in line with offshore inflows and Rupiah appreciation. Market players tended to be on sideways position in the beginning of the month on the back of concern over additional US budget stimulus for infrastructure amounting to USD 2tn by President Biden and the rising new cases of Covid-19. Market then turned to be bullish which was supported by the positive sentiments, such as: the revision of IMF projection for global growth to be 6% in 2021, the better result of China in Q1 2021 which expected to give impact globally, and also lower US Treasury Yield which was affected by the announcement of FOMC meeting result where they stated, 'risk to the economic outlook remain', which they might sign to not do the tapering in the near term. While from domestic side, the strong bond market continued to be supported by the announcement of Bank Indonesia to hold the 7DRR at 3.50% in line with consensus and also Indonesia's better economics indicators. On 22 April 2021, S&P affirmed Indonesia's long term rating at BBB with negative outlook. S&P see the country's economy remained stable supported by the improved trade flows. However, the pressure are still in there including external factors and also the fiscal policies to overcome the impact of Covid-19. Offshore accounts decreased their holding by IDR 13.19tn in April 2021 (+1.39% MoM), from IDR 951.41tn as of 31 March 2021 to IDR 964.60 tn as of 30 April 2021, which brought their holding to 22.74% of total outstanding tradable government bond (from 22.89% in the previous month). The 5Y yield April 2021 ended -26bps lower to +5.65% (vs +5.91% on March 2021), 10Y tenor ended -32bps lower to +6.46% (vs +6.78% on March 2021), 15Y tenor ended -22bps lower to +6.43% (vs +6.65% on March 2021) and 20Y tenor ended -27bps lower to +7.22% (vs +7.49% on March 2021).

The JCI ended the month higher at 5,995.62 (+0.17% MoM). Market movers were BBCA, TBIG, MDKA, SILO, and ASII as they rose 3.06%, 34.78%, 21.86%, 71.3% and 4.27% MoM respectively. Global equity market continued to remain positive in April driven by strong reported U.S. 1Q21 GDP growth, retail sales as well as faster global trade activity. The IMF upgraded its 2021 world growth forecast to 6% (from 5.5% in Jan-21) following several consecutive strong global economic data in 2021. On the treasuries front, market seems to have partially priced in faster US inflation pick-up as the 10 year bond yields started to stabilize within the 1.6% yield level. Despite the strong economic recovery in the US and other developed nations, volatility remains on the rise in April as global COVID-19 infection rates jumped to all-time high, driven by surge in cases in developing countries such as India and Brazil, which had resulted in other nations imposing new travel restrictions. Within the Indonesian equity market, several leading economic indicators have started to improve, such as cement, property and auto sales which posted notable YoY growth in 1Q21. New daily Covid-19 cases in Indonesia statistically has declined from its peak with the government imposing several health measures and creating area cluster and restricting movements in and out of the clusters during the upcoming Eid-Al Fitri holidays. Such measures will help new case statistics to stabilize at 5-6k/day with infection rate of 10%. That said, there is a growing concern on the IDR stability in the near term as dividend repatriation is anticipated in the coming months. Sector wise, the Agriculture Sector was the best performing sector during the month, gaining 13.66% MoM. Ticker wise, SIMP (Solim Ivomas Pratama) and SMAR (Sinar Mas Agro Resources & Technology) were the movers, appreciating 17.35% and 11.55% MoM respectively. This was followed by the Mining Sector which rallied 9.87% MoM. Ticker wise, APEX (Apexindo Pratama Duta PT) and MDKA (Merdeka Copper Gold) posted 66.67% and 21.86% MoM gains respectively. On the other hand, the worst sector during the month was the Consumer Sector, which recorded a decline of 4.24% MoM. Ticker wise, ALTO (Tri Banyan Tirta) and UNVR (Unilever Indonesia) were the laggards which fell 10% and 8.75% MoM respectively.

About Allianz Indonesia

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