

Smartwealth US Dollar Equity IndoAsia Fund

August 2023

BLOOMBERG: AZRPIAS IJ

Investment Objective

The objective of this fund is to provide maximum long term investment yield.

Investment Strategy: Equity

To achieve the investment objective, this fund shall be invested 80 - 100% in equity instruments (directly through stocks and / or through equity mutual funds) and 0 - 20% in short-term instruments (such as deposits). Furthermore, the fund shall be invested in equity instruments in the Asia Pacific region, excluding Japan, not exceeding 20% of the fund.

Return Performance

Last 1-year Period		2.54%
Best Month	Oct-11	8.45%
Worst Month	Mar-20	-16.90%

Portfolio Breakdown

Equity	95.89%
Money Market	4.11%

Top 10 Holding

(in Alphabetical Order)

- Adaro Minerals Indo Tbk
 - Astra International
 - Bank Central Asia
 - Bank HSBC Indonesia 1.75% 01/09/2023
 - Bank Mandiri Persero
 - Bank Rakyat Indonesia
 - Bukalapak.Com
 - Merdeka Battery Materials Tbk
 - Merdeka Copper Gold Tbk
 - Telekomunikasi Indonesia
- *there is no investment on related parties

Industry Sector

Finance	32.13%
Infrastructure	14.22%
Technology	11.97%
Consumer Non-Cyclical	10.57%
Consumer Cyclical	8.38%
Industry	7.15%
Basic Industry	6.11%
Energy	5.24%
Health	2.44%
Property	1.78%

Key Fund Facts

Fund Size (in mio USD)	USD 15.65
Risk Level	Aggressive
Launch Date	01 May 2012
Fund Currency	United States Dollar
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Investment Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia

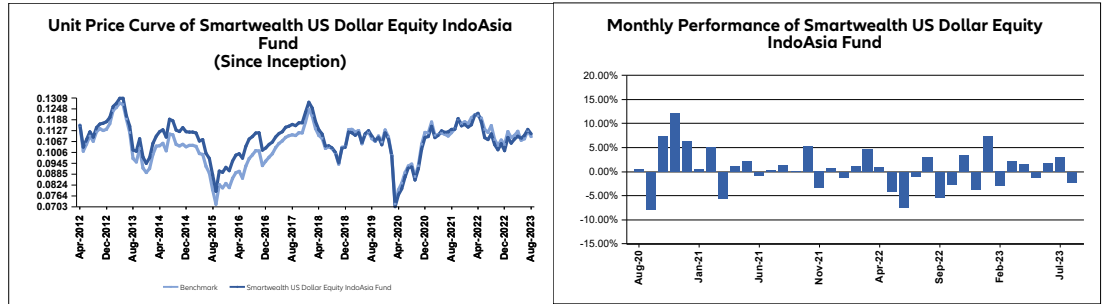
Price per Unit	Bid	Offer
(As of Aug 31, 2023)	USD 0.1055	USD 0.1110

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	YTD	Since Inception
Smartwealth US Dollar Equity IndoAsia Fund	-2.20%	2.40%	4.91%	0.00%	20.00%	7.66%	9.25%	-4.15%
Benchmark*	-2.96%	1.91%	0.53%	-5.27%	16.37%	6.46%	4.20%	-5.44%

*80% Jakarta Composite Index (JCI) and 20% MSCI AC Far East Ex-Japan Index (MXFEJ Index)

(New benchmark assessment as of May 2012; previously: Jakarta Composite Index (JCI))



Manager Commentary

Asia ex Japan equities lost ground over August, with almost all markets in the region posting negative returns. An underwhelming response from the Chinese authorities to China's slowing economic momentum weighed on sentiment, as did signals from the US Federal Reserve that US rates are likely to stay higher for longer. Chinese stocks fell sharply over August as the attempts to stimulate economic growth from the Chinese authorities fell short of expectations. Economic data continued to highlight that economic momentum was subdued at best, with China falling back into deflation for the first time since early-2021. Additionally, there were further signs of distress in the real estate sector, with developer Evergrande filing for bankruptcy protection while Country Garden suspended trading in some of its bonds after missing an interest payment. Hong Kong shares also suffered double-digit declines, due in part to real estate developer woes. Australian shares held up relatively well, closing the month flat. The Judo Bank Australia composite purchasing managers' index dropped to 47.1 in August from 48.3 in July, marking the lowest reading in 19 months as service sector activity shrank at the fastest pace in 19 months. The Reserve Bank of Australia kept interest rates unchanged at 4.1%, extending the rate pause for the second successive month. Australian inflation slowed to an annual rate of 4.9% in July. ASEAN markets fell overall. While Malaysia, Indonesia and Thailand slid only slightly, share prices fell sharply in the Philippines and Singapore. Singapore's government lowered the top band of its growth forecast range for GDP in 2023 to 1.5% from 2.5%, reflecting weak external demand, sticky inflation in western economies and ongoing geopolitical tensions. Thailand's political deadlock ended with the country's new prime minister vowing to introduce measures such as minimum wage hikes. Japanese equities closed August little changed, outperforming other developed markets. Japan's GDP grew by an annualised 6.0% in the second quarter, helped by resurgent car exports which were far stronger than expected. The au Jibun Bank Japan composite purchasing managers' index (PMI) rose to 52.6 in August, up from a final reading of 52.2 in July. The manufacturing PMI edged up to 49.7, its third consecutive month in contraction territory but the services PMI increased to a three-month peak of 54.3 in August from 53.8 in July.

Central Bureau Statistics of Indonesia (BPS) announced August 2023 inflation at -0.02% MoM (vs consensus inflation +0.05%, +0.21% in July 2023). On yearly basis, inflation was at +3.27% YoY (vs consensus inflation +3.34%, +3.08% in July 2023). Core inflation was printed at +2.18% YoY (vs consensus inflation +2.33%, +2.43% in July 2023). The lower inflation MoM was contributed by the lower price of food, beverage, tobacco group, clothing group and utilities group. The BI Board of Governors agreed on 23-24 August 2023 to hold the BI 7-Day Reverse Repo Rate at 5.75% and also hold the Deposit Facility (DF) and Lending Facility (LF) rates at 5.00% and 6.50%, respectively. In total, Bank Indonesia had increased their benchmark rate by 225bps up to Jan 2023. The decision is consistent with the monetary policy stance of managing inflation under 3.0% this year and 2.5% in 2024. The policy concentrate on rupiah stability in order to manage imported inflation and limit the spreading effect of global financial market uncertainties. Rupiah weakened against USD by -0.96% from 15,092 at end of July 2023 to 15,237 at end of August 2023. The weakened of Rupiah was impacted by Jerome Powell hawkish statement that stated the Fed still could hike rate until the Fed get assurance that inflationary path to inflation target of 2% is sustainable. Indonesia's trade balance recorded surplus amounting to USD +1,313mn in July 2023 vs previous month surplus USD +3,451mn in Jun 2023. The lower trade surplus was impacted by exports fell deeper than import. Non-oil and gas trade balance in July 2023 recorded surplus USD +3,218mn, which was lower than the previous month that recorded trade surplus amounting to USD +4,413mn in June 2023. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,905mn in July 2023, which was higher than the deficit in June 2023 amounting to USD -963mn. Indonesia's current account deficit increased to USD -1.93 billion in Q2 of 2023 from Current Account Surplus USD 3.85 billion in the same period of the previous year, accounting for -0.55 percent of the country's GDP. The deficit driven by seasonally high dividend repatriation at USD -9.15bn while goods balance surplus thinner at USD 10.4bn. Indonesia's official reserve assets position amassed USD 137.1 billion as of the end of August 2023, decreased from USD 137.7 billion as of July 2023. The decrease was impacted by the government's external debt repayments and the need for Rupiah stabilization in response to increasing global financial market uncertainty.

The JCI ended the month higher at 6,953.26 (+0.32% MoM). Market movers were AMMN, BMRI, BRPT, AMRT, and PANI as they rose +61.21%, +5.24%, +38.06%, +7.41%, and +122.42% MoM respectively. Global equities posted negative return in August as recent hawkish statement by the Fed combined with lackluster economic data coming out of China resulted in investors taking some money away from the equity market as there is a high probability that we may be living in a higher interest rate environment for a prolonged period. Domestically, the JCI posted a slight positive return in August, gaining by +0.32% vs July. This was driven by combination of recent coal prices spike on the back of recent coal miners' strike in Australia and Indonesia offers more stable macro environment compared to its peers globally. Sector wise, the Basic Material Sector was the best performing sector during the month, gaining +9.81% MoM. Ticker wise, KAYU (Darmi Bersaudara) and MOLI (Madusari Murni) were the movers, appreciating +68.67% and +67.26% MoM respectively. This was followed by the Infrastructure Sector which rallied +6.24% MoM. Ticker wise, PGE0 (Pertamina Geothermal) and OASA (Maharaksa Biru) posted +62.35% and +41.77% MoM gains respectively. On the other hand, the worst sector during the month was the Technology Sector, which recorded a decline of -5.81% MoM. Ticker wise, TFAS (Telefast Indonesia) and DMMX (PT Digital Meditama) were the laggards which fell -56.74% and -45.05% MoM respectively.

About Allianz Indonesia

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