

# SMARTLINK RUPIAH BALANCED PLUS FUND

## July 2020

**BLOOMBERG: AZRPBPF: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 25%-50% 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 50%-75% in equity instruments (either directly through stocks and / or through equity mutual funds).

### Return Performance

Last 1-year Period		-12.21%
Best Month	Sep-10	8.09%
Worst Month	Mar-20	-16.64%

### Portfolio Breakdown

Equity	65.97%
Mutual Funds - Bonds	23.52%
Mutual Funds - Equities	2.13%
Cash/Deposit	8.38%

### Top Five Bonds Holding

FR0056	1.58%
FR0070	1.48%
FR0078	1.35%
FR0059	1.16%
FR0068	1.14%

### Top Five Stocks Holding

Bank Central Asia	10.93%
Unilever Indonesia	5.22%
Bank Rakyat Indonesia	4.92%
Telekomunikasi Indonesia	4.21%
Bank Mandiri Persero	3.19%

### Key Fund Facts

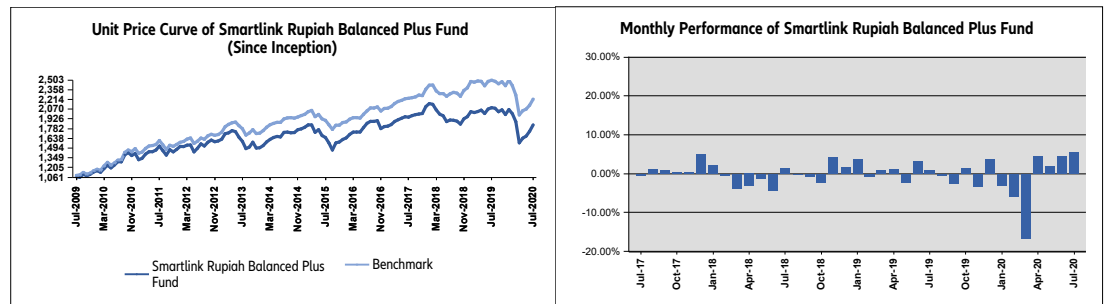
Fund Size (in bn IDR)	IDR 466.70
Risk Profile	Moderate - Aggressive
Launch Date	15 Jul 2009
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	267,366,029.0396

Price per Unit	Bid	Offer
(As of Jul 30, 2020)	IDR 1,745.55	IDR 1,837.42

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Plus Fund	5.31%	11.97%	-8.31%	-12.21%	-5.88%	-11.04%	83.74%
Benchmark*	4.18%	8.35%	-8.28%	-11.23%	-0.60%	-11.35%	121.86%

\*70% Jakarta Composite Index (JCI), 25% Indonesia Bond Pricing Agency (IBPA) IDR Bond Index & 5% average time deposit (3 months) from Mandiri, BNI, BTN, Danamon and CIMB Niaga  
(Benchmark assessment; before Sep 2018: 60% Jakarta Composite Index (JCI) & 40% average time deposit (3 months) from Mandiri, BNI, BTN, Danamon and CIMB Niaga)



### Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced July 2020 deflation at -0.10% mom (vs consensus inflation +0.05%, +0.18% in June 2020). On yearly basis, inflation was +1.54% yoy (vs consensus inflation +1.71%, +1.96% in June 2020). Core inflation was printed at +2.07% yoy (vs consensus inflation +2.11%, +2.26% in June 2020). The monthly deflation was contributed by the deflation on volatile food and administered price group. The deflation on volatile food group was affected by the declining of chicken, onion, and rice price, while the administered price group was impacted by the declining of transportation cost. The core inflation was contributed by the increment of gold price. In the Board of Governors' Meeting on 15-16 July 2020, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 4.00%, and also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 3.25% and 4.75% level, respectively. This policy is still in line with the low inflation target, and it expected to keep the stability of economic and also help the economic recovery which is affected by the Covid-19. Rupiah depreciated by -2.45% to 14,653 at the end of July 2020 from 14,302 at end of June 2020. Indonesia's trade balance recorded surplus amounting to USD +1,268mn in June 2020 vs previous month surplus USD +2,092mn. The surplus was caused by better number in export which was supported by the increment on commodities prices and also the increasing in export number for iron & steel. The growth of import on June was also better compared with May's number which was caused by the relaxation of implementation of new normal policy where the business started to reopen on June. Non-oil and gas trade balance in June 2020 recorded surplus USD+1,372mn, which was lower than the previous month that recorded trade surplus amounting to USD +2,098mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -95mn in June 2020, which was higher than the deficit on May 2020 amounting to USD -6mn. Indonesia's economy contracted by -5.32% YoY in Q2 2020 (vs previous -2.97%, consensus -4.72%), and -4.19% QoQ (vs previous -0.41%, consensus -3.65%). This is the first negative growth in Indonesia's history after the Asian Financial Crisis in 1998. In terms of expenditure, the private consumption which dominated 57.85% of GDP growth, also contracted by -6.5% QoQ. While, in terms of business sector, the contraction was happened on all of sectors, except agriculture, telecommunication, and water supply sector that still grew positively. Indonesia's official foreign reserve as of July 2020 was at USD 135.1billion, higher than June 2020's number at USD 131.7billion. The increment of foreign reserve was supported by the issuance of global bonds and withdrawal of government loans.

IDR Government bond yields were closed lower across all curves in line with offshore inflows. The bullish tone in this month was affected by the global and domestic sentiments, such as: the news about additional stimulus budget for Europe Zone amounting to EU 750bn, the expectation of the injection liquidity by US Government amounting to US 4tn (100x of Indonesia's stimulus budget), and also the development process of Covid-19 vaccine showed good signed. While from domestic side are the announcement of scheme for Burden Sharing between MoF and Bank Indonesia. The scheme for burden sharing between BI and MoF will be divided into three, as follows: Public Goods amounting to IDR 397Tn that BI will bear the cost and buy it through private placement; Non Public Goods for SMEs amounting to IDR 123Tn that BI will partially bear the cost and buy it in market; Non Public Goods for Non SMEs amounting to IDR 53 tn that MoF will bear the cost and BI will buy bonds in market. Offshore accounts increased their holding by IDR +8.79tn in July 2020 (+0.94% MoM), to IDR 945.79tn as of 30 July 2020 from IDR 937.00tn as of 30 June 2020, which brought their holding to 29.77% of total outstanding tradable government bond (from 30.17% in the previous month). The 5Y yield July 2020 ended -58bps lower to +5.96%(+6.54% in June 2020), 10Y tenor ended -38bps lower to +6.83%(+7.21% in June 2020), 15Y tenor ended -36bps lower to +7.27%(+7.63% in June 2020) and 20Y tenor ended -25bps lower to +7.42%(+7.68% in June 2020).

The JCI ended the month higher at 5,149.63 (+4.98% MoM). Market movers were BBKA, BMRI, UNTR, UNVR, and ARTO as they rose 9.57%, 17.17%, 29%, 6.33% and 58.19% MoM respectively. Global stock markets continued to rally in July on the back of market optimism of resumption of economic activity recovery and fiscal & monetary stimulus from governments globally starting to cushion economic impacts. China's 2Q20 GDP growth was encouraging at 6.2% YoY and was welcomed positively by the market. Consequently, commodities such as oil, palm oil & copper moved positively in tandem following the encouraging economic data release. From the west, the economic stimulus which involves printing of money helped gold prices to reach a record high of \$1,900 / ounce as investors seek hedge on the devaluation of the dollar. Meanwhile locally in Indonesia, investors are starting to price in path to recovery in 2021 be it the expectation is to be lower than 2019 levels despite the number of new daily Covid-19 cases reaching a record high of over 1,200 cases / day. In addition, relaxation of large-scale social activity restrictions (PSBB) which have a positive impact on automotive, cement, and housing sales which served as a positive catalyst for sentiment towards JCI. Normalization of business matrix data will be closely watched and will dictate market trends going forward. The recent policy synergy, which is a combination of government fiscal stimulus acceleration and expansive monetary policies will serve to propel sequential improvements. Sector wise, the Agriculture Sector was the best performing sector during the month, gaining 12.54% MoM. Ticker wise, BWPT (Eagle High Plantations) and TBLA (Tunas Baru Lampung) were the movers, appreciating 33.71% and 31.53% MoM respectively. This was followed by the Mining Sector which rallied 11.95% MoM. Ticker wise, DOD (Delta Dunia Makmur) and PTRO (Petrosea) posted 91.18% and 49.24% MoM gains respectively. On the other hand, the worst sector during the month was the Construction, Property and Real Estate Sector, which recorded a decline of 6.69% MoM. Ticker wise, DART (Duta Anggada Realty) and LPKR (Lippo Karawaci) were the laggards which fell 22.86% and 19.3% MoM respectively.

### About Allianz Indonesia

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