

# Smartlink Rupiah Balanced Fund

## March 2014



**BLOOMBERG: AZRPBLF:J**

**INVESTMENT OBJECTIVE**

The objective of this fund is to achieve conservative long term capital growth while earning more relatively stable income.

**INVESTMENT STRATEGY**

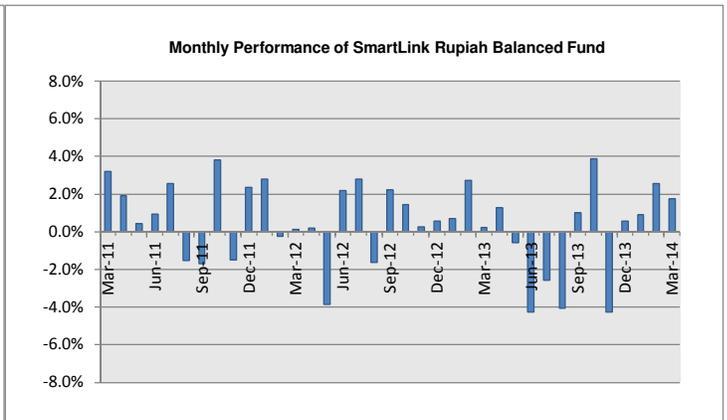
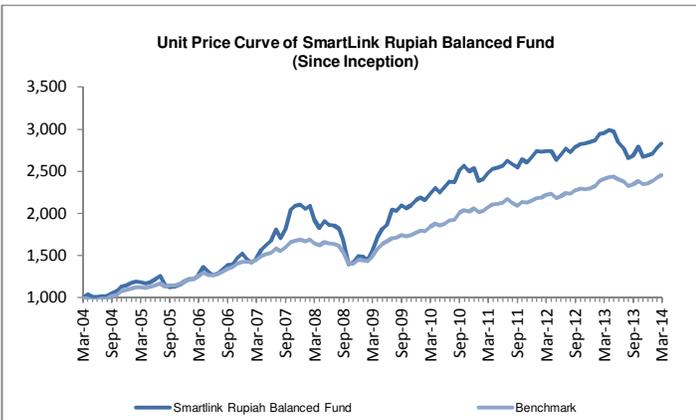
To achieve the investment objectives, this fund shall be invested with a target of 30% in short-term instruments (such as deposits, SBI, SPN, and / or money market mutual funds), 40% in medium or long term instruments (such as government bonds, corporate bonds, and / or fixed-income mutual funds), and 30% in equity instruments (either directly through stocks and / or through equity mutual funds).

**PERFORMANCE INDICATOR**

Return Performance		Portfolio Breakdown		Top Five Bonds Holding		Top Five Stocks Holding	
Last 1-year period	-4.16%	Equity	30.43%	Obligasi Negara FR0070	1.66%	BANK CENTRAL ASIA	2.39%
Best Month	12.71% Oct-07	Mutual Fund-FI	34.34%	Obligasi Negara FR0058	1.41%	ASTRA INTERNATIONAL	2.32%
Worst Month	-17.27% Oct-08	Cash/Deposit	35.23%	Obligasi Negara FR0061	1.38%	TELEKOMUNIKASI	2.28%
				Obligasi Negara FR0065	1.35%	BANK MANDIRI	2.24%
				Obligasi Negara FR0066	1.34%	BANK RAKYAT INDONESIA	1.98%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	1.75%	5.28%	5.31%	-4.16%	13.99%	5.28%	182.90%
Benchmark*	1.20%	4.14%	4.61%	1.94%	18.43%	4.14%	145.50%

\* 30% Jakarta Composite Index & 70 % the average time deposit 3 months the following banks: Mandiri, BNI, BTN, Danamon, and Niaga



**KEY FUND FACTS**

<b>Fund Size (in bn IDR)</b>	: IDR 2,459.21	<b>Pricing Frequency</b>	: Daily
<b>Risk Profile</b>	: Moderate Investor	<b>Price per Unit</b>	<b>Bid</b>
<b>Launch Date</b>	: 08 Mar 2004	<b>(As of Mar 28, 2014)</b>	: IDR 2,687.51
<b>Fund Currency</b>	: Indonesian IDR	<b>Bid-Offer Spread</b>	: 5.00%
<b>Managed by</b>	: PT. Asuransi Allianz Life Indonesia	<b>Management Fee</b>	: 2.00% p.a
		<b>Offer</b>	: IDR 2,828.96

**MANAGER COMMENTARY**

Central Bureau Statistics of Indonesia (BPS) announced inflation in March at +0.08% mom (vs consensus +0.11%, +0.26% in Feb). Better mom inflation was due to lower food prices. On yearly basis, inflation printed at 7.32% yoy (vs consensus 7.35%, 7.75% in Feb). Core inflation rose to 4.61% yoy (vs consensus 4.50%, 4.57% in Feb). In the Board of Governors' Meeting on April 8<sup>th</sup>, 2014, BI maintained its reference rate at 7.5%. Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah appreciated against USD by +1.98% to 11,404 at end of March compared to previous month 11,634. Trade balance was surplus US\$0.789bn in Feb (vs consensus surplus +US\$0.3bn, deficit -US\$ 0.431bn in Jan), on the back of increasing of non-oil trade balance surplus (from US\$ 0.60 bn in January 2014 to US\$ 1.58 bn in February 2014) and the narrowing of oil and gas trade balance deficit (from -US\$1.05 bn in January 2014 to -US\$0.80 bn in February 2014). Export decreased by -2.96% YoY, while imports decreased by -10% YoY. Foreign reserves in March decreased by USD -0.1bn (-0.1% MoM) from USD102.7bn in Feb to USD102.6bn in Mar.

IDR government bond yield curve bullish flattened in March. Bond prices was higher especially in benchmark series post news of Jokowi elected as presidential candidates from PDIP party. Negative sentiments came from US Federal Reserve Chair Janet Yellen' statement that they could begin raising rates six months after it end its monthly bond-buying program. Offshore accounts increased their holding by IDR 15.77Tn in March 2014 (+4.57% mom), from IDR 345.14Tn as of February 28, 2014 to IDR 360.91Tn as of March 28, 2014, which brought their holding to 33.64% of total outstanding tradable government bond (from 33.48% in the previous month). The 5Y yield March was lower by -18bps to 7.7% (7.88% in February 2014), 10Y tenor lower by -33bps to 8.00% (8.33% in February 2014), 15Y tenor lower by -52bps to 8.38% (8.90% in February 2014) and 20Y tenor lower by -41bps to 8.54% (8.95% in February 2014).

The JCI further its gains during the month of March gaining 3.2% MoM as macro data releases looked supportive, as depicted above. The monthly gain further fuel the YTD market gain to 11.56%. Large caps noticeably appreciated as cost pressures in FY13 put pressure on earnings as a result of the weakening IDR are now behind post results releases and investors look ahead for margin improvement taking into account the macro data mentioned above. In regards to ticker, ASII, UNVR and BMRI rose a noticeable 14.9%, 5% and 5.67% respectively. Indonesia macro play stocks continue to attract foreign flows and flows in general. There seems to also be no growth unfriendly measures taken by policy makers.

**Disclaimer:**

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