

# Smartlink Rupiah Balanced Fund

## April 2014

**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**

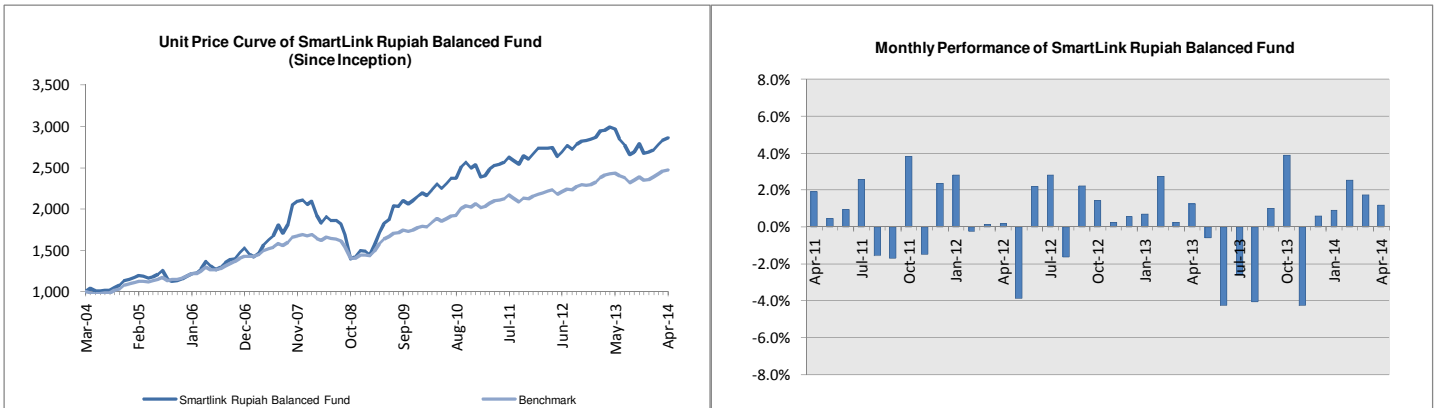
To achieve the investment objectives, this fund shall be invested with a target of 30% in short-term instruments (such as deposits, SBI, SPN, and / or money market mutual funds), 40% in medium or long term instruments (such as government bonds, corporate bonds, and / or fixed-income mutual funds), and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

**PERFORMANCE INDICATOR**

<u>Return Performance</u>		<u>Portfolio Breakdown</u>	<u>Top Five Bonds Holding</u>		<u>Top Five Stocks Holding</u>		
Last 1-year period	-4.24%	Equity	30.29%	Obligasi Negara FR0070	1.65%	BANK CENTRAL ASIA	2.45%
Best Month	12.71% Oct-07	Mutual Fund-FI	34.26%	Obligasi Negara FR0058	1.42%	TELEKOMUNIKASI	2.31%
Worst Month	-17.27% Oct-08	Cash/Deposit	35.45%	Obligasi Negara FR0061	1.38%	ASTRA INTERNATIONAL	2.20%
				Obligasi Negara FR0065	1.35%	BANK MANDIRI	2.17%
				Obligasi Negara FR0066	1.34%	BANK RAKYAT INDONESIA	2.02%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	<b>1.18%</b>	<b>5.57%</b>	<b>2.58%</b>	<b>-4.24%</b>	<b>13.16%</b>	<b>6.52%</b>	<b>186.23%</b>
Benchmark*	<b>0.73%</b>	<b>3.57%</b>	<b>3.74%</b>	<b>1.87%</b>	<b>17.64%</b>	<b>4.89%</b>	<b>147.29%</b>

\* 30% Jakarta Composite Index (JCI) & 70% average time deposit (3 months) from Mandiri, BNI, BTN, Danamon, and CIMB Niaga


**KEY FUND FACTS**

**Fund Size (in bn IDR)** : IDR 2,490.62  
**Risk Profile** : Moderate Investor  
**Launch Date** : 08 Mar 2004  
**Fund Currency** : Indonesian IDR  
**Managed by** : PT. Asuransi Allianz Life Indonesia

**Pricing Frequency** : Daily  
**Price per Unit** : **Bid** : IDR 2,719.14 **Offer** : IDR 2,862.25  
**(As of Apr 30, 2014)**  
**Bid-Offer Spread** : 5.00%  
**Management Fee** : 2.00% p.a

**MANAGER COMMENTARY**

Central Bureau Statistics of Indonesia (BPS) announced deflation in Apr at -0.02% mom (vs consensus -0.03%, inflation +0.08% in Mar) caused by lower food and jewelry prices. On yearly basis, inflation printed at 7.25% yoy (vs consensus 7.25%, 7.32% in Mar). Core inflation rose to 4.66% yoy (vs consensus 4.65%, 4.61% in Mar). 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 depreciated against USD by -1.12% to 11,532 at end of Apr compared to previous month 11,404. Trade balance was surplus US\$0.673bn in Mar (vs consensus surplus +US\$0.520bn, surplus US\$ 0.789bn in Feb). Surplus is supported by the increasing surplus in non-oil and gas balance of trade. Surplus in non-oil and gas balance of trade increased from US\$1.57bn in Feb 2014 to US\$2.05bn in Mar 2014. On the other hand, increase in balance of trade in Mar 2014 is constrained by the increasing deficit in oil and gas balance of trade. Deficit in oil and gas balance of trade increased from US\$0.73bn in Feb 2014 to US\$1.37bn in Mar 2014. Export increased by 1.24% YoY, while imports decreased by -2.30% YoY. Indonesia's Q1 2014 GDP expanded 5.21% yoy (vs consensus 5.59% yoy, 5.72% Q4 2013) on the back of slowed mining export mainly due to the implementation of mineral ore export ban.

IDR government bond yield closed mixed in Apr with short and medium tenor outperform long tenor. Positive sentiment came from comment by US Federal Reserve Chair Janet Yellen, that the Fed's moves to stimulate the economy would still be needed for some time, and S&P Stable affirmation outlook result on Indonesia at 'BB+/B'. Negative sentiment came from unexpected quick-count parliament election result (PDI-P the opposition, showed it had won, but fail to secure 20 percent of seats or 25 percent of the total vote to stand a presidential candidate (Joko Widodo) on their own without forming any political coalition), as well as IDR depreciation on the back of cyclical higher CAD in 2Q14. Offshore accounts increased their holding by IDR 16.09Tn in Apr 2014 (+4.46% mom), from IDR 360.91Tn as of March 28, 2014 to IDR 377Tn as of Apr 30, 2014, which brought their holding to 34.52% of total outstanding tradable government bond (from 33.64% in the previous month). The 5Y yield Apr was lower by -6bps to 7.64% (7.70% in March 2014), 10Y tenor lower by -3bps to 7.97% (8.00% in March 2014), 15Y tenor higher by +6bps to 8.44% (8.38% in March 2014) and 20Y tenor higher by +3bps to 8.57% (8.54% in March 2014).

The JCI (Jakarta Composite Index) ended higher in April, appreciating by +1.51% MoM. Large cap stocks such as GGRM, BBKA, BMRI, BBRI, and INCO saw notable gains, which appreciating by +14.37%, +3.77%, +3.97%, +3.39%, and +25.89% MoM respectively. Inflows continued to support the market this month as foreign investors are sentimentally more upbeat towards Indonesia justifying relatively higher valuations. Furthermore, confidence level towards favorable election outcome seems high which could solve several overhangs that the country currently faces through reforms. Beyond that, 1Q14 earnings results were generally favorable, particularly from Banking Sector which still indicates healthy growth, fueled the index higher. Sector wise, the Mining Sector was the best performing sector this month where it advanced +7.00% MoM. INCO (Vale Indonesia) and ADRO (Adaro Energy) rose by +25.89% and +20.92% MoM respectively. This was followed by the Agriculture Sector that appreciated by +6.16% MoM, which was driven by SSMS (Sawit Sumbermas) and SGRO (Sampoerna Agro) that appreciated +15.94% and +14.52% MoM respectively. On the other hand, the Property and Construction Sector was the worst performing this month which fell by -1.88% MoM, driven by SSIA (Surya Semesta) and CTRP (Ciputra Property) falling by -13.09% and -12.65% MoM respectively. Slower industrial land demand and high potential delays on building project have brought down sentiments towards the respective names.

**Disclaimer:**

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