

Smartlink Rupiah Balanced Fund

June 2015

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

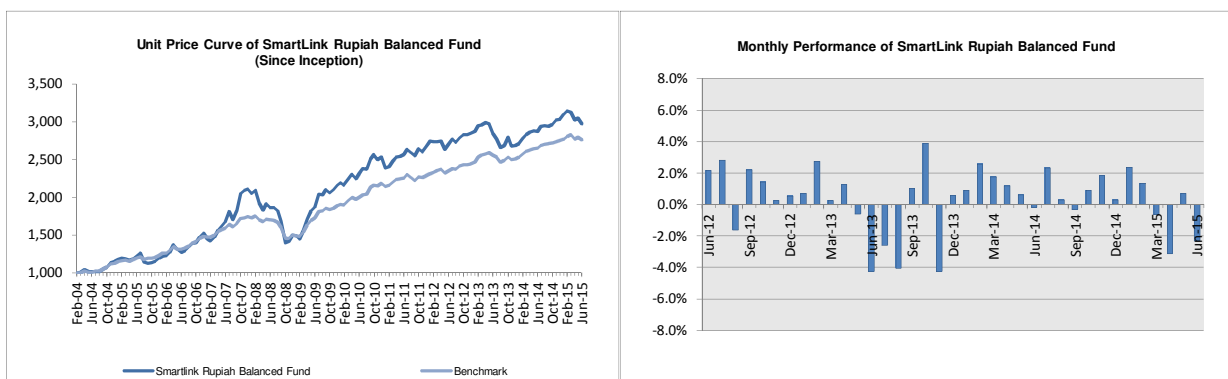
To achieve the investment objectives, this fund shall be invested with a target of 30% in short-term instruments (such as deposits, SBI, SPN, and / or money market mutual funds), 40% in medium or long term instruments (such as government bonds, corporate bonds, and / or fixed-income mutual funds), and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

PERFORMANCE INDICATOR

Return Performance		Portfolio Breakdown	Top Five Bonds Holding		Top Five Stocks Holding		
Last 1-year period	3.52%	Equity	29.88%	FR0070	4.19%	TELEKOMUNIKASI	2.67%
Best Month	12.71% Oct-07	Mutual Fund Fixed Income	36.46%	FR0068	3.91%	BANK CENTRAL ASIA	2.56%
Worst Month	-17.27% Oct-08	Cash/Deposit	33.66%	FR0071	3.09%	UNILEVER INDONESIA	2.34%
				FR0058	1.78%	BANK RAKYAT INDONESIA	1.98%
				FR0065	1.52%	ASTRA INTERNATIONAL	1.84%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	-2.32%	-4.71%	-1.77%	3.52%	10.46%	-1.77%	197.52%
Benchmark*	-1.43%	-2.42%	0.12%	4.17%	17.65%	0.12%	175.64%

* 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 2,386.19
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 2,826.39 Offer IDR 2,975.15
(As of June 30, 2015)	
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced June's inflation at 0.54% mom (vs consensus 0.65%, inflation 0.50% in May 2015) which mostly were caused by higher food ingredients, processed food, beverages and tobacco prices during the fasting month. On yearly basis, inflation printed at 7.26% YoY (vs consensus 7.4%, 7.15% in May 2015). Core inflation printed at 5.04% YoY, unchanged from previous month (vs consensus 5.07%, 5.04% in May 2015). In the Board of Governors' Meeting on Jun 18th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%. Rupiah depreciated against USD by -0.92% to 13,332 at the end of Jun compared to previous month 13,211. Trade balance was surplus +0.95bn USD (non-oil and gas surplus 1.66bn USD, oil and gas deficit 0.71mn USD) in May 2015. Export decreased by -15.24% YoY mostly driven from export in natural oil, while imports decreased -21.40% YoY. FX Reserves decreased -2.74bn USD from 110.77bn USD in May 2015 to 108.03bn USD in June 2015 on the back of Government foreign debt payments and the use of foreign exchange to stabilize the IDR exchange rate. May's FX reserves level is sufficient to cover 7.0x imports or 6.8x imports and debt.

IDR government bond yields closed higher across all tenor in Jun 2015 on the back of global sell-off due to further slowing economic growth and uncertainty on Greece's debt issue. The impact of Indonesia's higher inflation data also gave negative sentiment to the market. While positive sentiment came from huge demand in several auction which made MOF upsize from their initial target and also BI's buyback - even though they cancel the first week buy back. MoF as of June achieved around 65.05% of their gross target financing for 2015 or IDR 294tn issued. Going forward, there will be 10 conventional and 9 sukuk auction until end of year. If DMO issues IDR 2bn of the Eurobond (expecting very soon) and the upcoming ORI-12 (target on Sept) of IDR 20tn, MOF will need to issue only around IDR 9tn average per auction on the conventional. After BI canceled reverse auction on the first week, BI finally held another auction on the week after, June 8. With indicative target of IDR 1tn, only IDR 475bn awarded from IDR 5.176tn incoming offer (IDR 200bn FR69 4yr average at 8.405%, IDR 125bn FR70 9yr at 8.6428%, and IDR 150bn FR71 14yr at 8.86%). Offshore accounts increased their holding by IDR 23.04tn in Jun 2015 (+4.48% MoM), from IDR 514.49tn as of May 29, 2015 to IDR 537.53tn as of Jun 30, 2015, which brought their holding to 39.63% of total outstanding tradable government bond (from 38.39% in the previous month). The 5Y yield Jun was higher by +23bps to 8.29% (8.06% in May 2015), 10Y tenor higher by +18bps to 8.35% (8.17% in May 2015), 15Y tenor higher by +10bps to 8.48% (8.38% in May 2015) and 20Y tenor higher by +11bps to 8.49% (8.38% in May 2015).

The JCI (Jakarta Composite Index) closed lower in June, falling -5.86% MoM to close at 4,910.66 for the month. Laggards were BBRI, BBNI, UNVR, BMRI, and BBCA which depreciated -12.10%, -22.91%, -8.78%, -6.73%, and -4.42% MoM respectively. Meanwhile the movers were TLKM, SMMA, BHIT, AKRA, and ISAT appreciated +2.99%, +22.50%, +27.40%, +8.22%, and +6.95% MoM respectively. Broad market declined due to broad market sell-off. Investors were concerned on further currency depreciation and some populist government interventions such as toll tariff discounts and capping the micro loan rates from 22% to 12%, brought negative sentiments. Expectations of the Ramadan month supporting retail sales were evident, however is expected to come short as purchasing power is relatively weaker this year. Shopkeepers in Tanah Abang market, the largest wholesale clothing market in Southeast Asia, said that sales during fasting month this year is the worst in the past 5 years. To dampen the effects of the lower purchasing power the government had taken easing measures such as lowering 5-10% LTV ratio for housing and automotive industry, push lower dwelling time in ports and accelerate infrastructure spending in 2H15 to reduce logistic costs. Such measures are expected to have an impact in the medium term and could see some improvement on Indonesia's economic activity in 2H15. Sector wise, the Agriculture Sector was the worst performing sector this month, falling by -12.32% MoM. SSMS (Sawit Sumbermas) and AALI (Astra Agro Lestari) were the laggards; falling by -21.49% and -7.46% MoM respectively. This was followed by the Basic Industry Sector that posted -9.29% MoM losses, contributed by ARNA (Arwana Citra Mulia) and WTON (Wika Beton) which fell -21.48% and -12.66% MoM respectively. On the other hand, Infrastructure sectors was the best amongst the worst performing sector this month, which only fell -0.71%. WINS (Wintermar) and JSMR (Jasa Marga) were the laggards which fell -18.00% and -15.44% MoM respectively. Meanwhile, the movers were ISAT (Indosat) and TLKM (Telekomunikasi Indonesia), rising +6.95% and +2.99% MoM respectively.

Disclaimer:

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