

# Smartlink Rupiah Balanced Fund

## July 2016



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

Last 1-year Period	<b>11.74%</b>
Best Month	<b>12.71%</b> Oct-07
Worst Month	<b>-17.27%</b> Oct-08

#### Portfolio Breakdown

Equity	<b>30.92%</b> FR0070
Mutual Funds - Bonds	<b>37.60%</b> FR0056
Cash/Deposit	<b>31.49%</b> FR0071

#### Top Five Bonds Holding

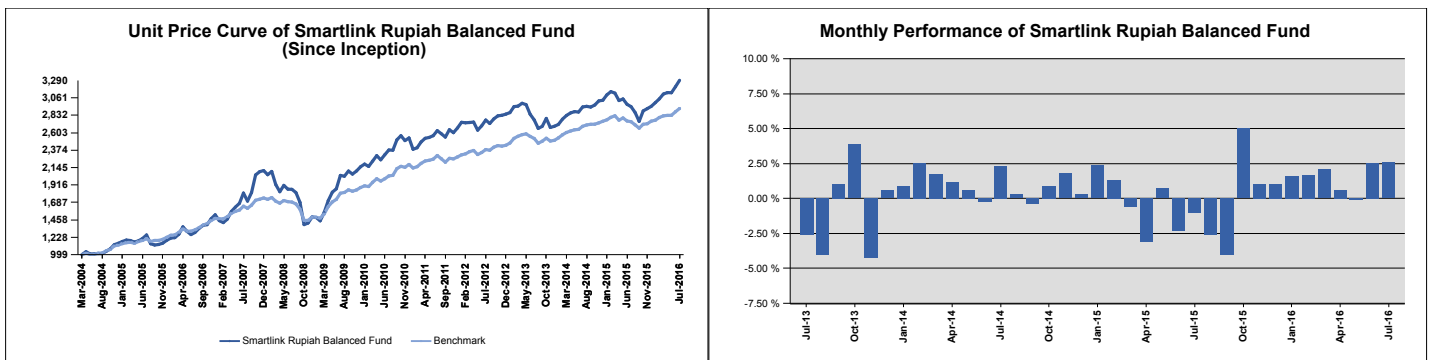
FR0068
FR0053

#### Top Five Stocks Holding

<b>3.79%</b> Telekomunikasi Indonesia	<b>2.91%</b>
<b>3.11%</b> Hanjaya Mandala Sampoerna	<b>2.89%</b>
<b>2.88%</b> Bank Central Asia	<b>2.50%</b>
<b>2.66%</b> Unilever Indonesia	<b>1.97%</b>
<b>2.23%</b> Bank Rakyat Indonesia	<b>1.94%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	<b>2.60%</b>	<b>5.15%</b>	<b>9.78%</b>	<b>11.74%</b>	<b>18.73%</b>	<b>11.59%</b>	<b>229.04%</b>
Benchmark*	<b>1.46%</b>	<b>3.17%</b>	<b>5.55%</b>	<b>6.30%</b>	<b>15.55%</b>	<b>6.00%</b>	<b>192.00%</b>

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



### KEY FUND FACTS

<b>Fund Size (in bn IDR)</b>	: IDR 2,564.22
<b>Risk Profile</b>	: Moderate
<b>Launch Date</b>	: 08 Mar 2004
<b>Fund Currency</b>	: Indonesian Rupiah
<b>Managed by</b>	: PT Asuransi Allianz Life Indonesia

<b>Pricing Frequency</b>	: Daily
<b>Price per Unit (As of Jul 29, 2016)</b>	: IDR 3,125.89 <b>Bid</b> <b>Offer</b> IDR 3,290.41
<b>Bid-Offer Spread</b>	: 5.00%
<b>Management Fee</b>	: 2.00% p.a.

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Jul's inflation at 0.69% mom (vs consensus 0.83%, 0.66% in Jun 2016) mostly were caused by higher food ingredients, process food and beverages prices. On yearly basis, inflation stood at 3.21% YoY (vs consensus 3.37%, 3.45% in Jun 2016). Core inflation printed at 3.49% YoY, unchanged previous month (vs consensus 3.59%). In the Board of Governors' Meeting on Jul 21st, 2016, Bank Indonesia maintained its reference rate at 6.50%, Lending Facility at 7.00% along with its facility rate (FASBI) at 4.50%. Rupiah appreciated by +0.65% to 13,094/USD at end of July as opposed to 13,180/USD previous month. Indonesia economic growth in second quarter 2016 was increased 4.02% QoQ (5.18% YoY compared to previous quarter at 4.91% YoY) which largely led by growth in agriculture, forestry and fisheries business sector. By expenditure, government spending and private consumption were the main drivers while investment continued to ease and net export ebbed. Trade balance booked a surplus of +US\$0.9bn (non-oil and gas surplus +US\$1.399bn, oil and gas deficit US\$-0.498bn) in Jun 2016. Export fell by -4.42% YoY mostly driven by a reduction in exports of iron and steel goods, while imports fell by -7.41% YoY. FX Reserves rose by US\$1.62bn from US\$109.79bn in Jun 2016 to US\$111.41bn in Jul 2016 on the back of revenue from tax, and oil-gas, as well as proceeds from Bank Indonesia's FX bills, known as SBBI. Reserves are sufficient for 8.5months imports or 8.2months imports and government external debt payments.

IDR government bond yields closed lower all across the curve in Jul 2016 on the back of buying action driven by foreign inflows. Market rally occurred post the tax amnesty approval announcement. Positive sentiment came from BI signaled for monetary easing and better than expected trade balance result. Buying action continues until end of the month – from both sides local and foreign – triggered by news that Indonesia's deposit insurance (LPS) stated that it is looking to change its method in calculating their guaranteed rates to be around BI's 7 day reverse repo rate. Positive sentiment also came from cabinet reshuffle on July 27. President Joko Widodo has announced the composition of his new cabinet reshuffle (July 27) with 4 transferred minister and 9 newly appointed ministers, saying that the shake-up aims to create a more efficient cabinet. Offshore accounts increased their holding by IDR 15.04Tn in Jul 2016 (+2.34% MoM), from IDR 643.99Tn as of Jun 2016 to IDR 659.03Tn as of Jul 2016, which brought their holding to 39.39% of total outstanding tradable government bond (from 39.10% in the previous month). The 5Y yield Jul 2016 ended -55bps lower to 6.76% (7.31% in Jun 2016), 10Y tenor ended -51bps lower to 6.94% (7.45% in Jun 2016), 15Y tenor ended -41bps lower to 7.24% (7.65% in Jun 2016) and 20Y tenor ended -30bps lower to 7.39% (7.69% in Jun 2016).

The JCI (Jakarta Index) closed higher in July, gaining +3.97% MoM to close at 5,219.99 for the month. movers were BBKA, TLKM, PGAS, BBRI, and BMRI which rose +8.44%, +6.28%, +40.60%, +6.71%, and +6.04% MoM respectively. Meanwhile the laggards were HMSP, TBIG, MIKA, GGRM, and SILO which fell -4.47%, -13.64%, -7.64%, -2.14%, and -15.73% MoM respectively. The equity market continued to react strongly as a result of the passing of the tax amnesty bill that is expected to increase the government's future tax collection, to the point that it will be able to fund most of its infra projects and populist policies without relying heavily on external funding. This positive sentiment has reflected in strong foreign inflow which is posted US\$900mn in Jul-16. Investors were also surprised by the second cabinet reshuffle announcement, especially on the appointment of former finance minister and current managing director at the World Bank, Sri Mulyani as the new finance minister. Having a sound track record as a true reformist, she would be able to manage fiscal risk more properly going forward. On a broader framework, she will likely deliver a more consistent fiscal policy and be able to continue tax amnesty and tax reform programs. Keep in mind that she was the engineer for the so-called soft tax amnesty, Sunset Policy 2008. Bottom line, the two catalysts have and will send positive sentiment to wards investors and will have real benefits towards the economy as a whole, especially private investment. Sector wise, the Mining Sector was the best performing sector this month, appreciating by +12.30% MoM. INCO (Vale Indonesia) and HRUM (Harum Energy) were the movers; gaining by +40.66% and +39.63% MoM respectively. This was followed by the Financial Sector that posted +7.07% MoM gains, driven by BNII (Bank Maybank Indonesia) and BJBR (Bank Jabar) which rose +54.14% and +26.67% MoM respectively. On the other side, Consumer Sector was the worst performing sector this month, losing by -0.08% MoM. HMSP (HM Sampoerna) and GGRM (Gudang Garam) were the laggards, decreasing -4.47% and -2.14% MoM respectively.

#### Disclaimer:

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