

Smartlink Rupiah Balanced Fund

March 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	-0.38%
Best Month	12.71% Oct-07
Worst Month	-17.27% Oct-08

Portfolio Breakdown

Equity	30.15%
Mutual Funds - Bonds	36.23%
Cash/Deposit	33.62%

Top Five Bonds Holding

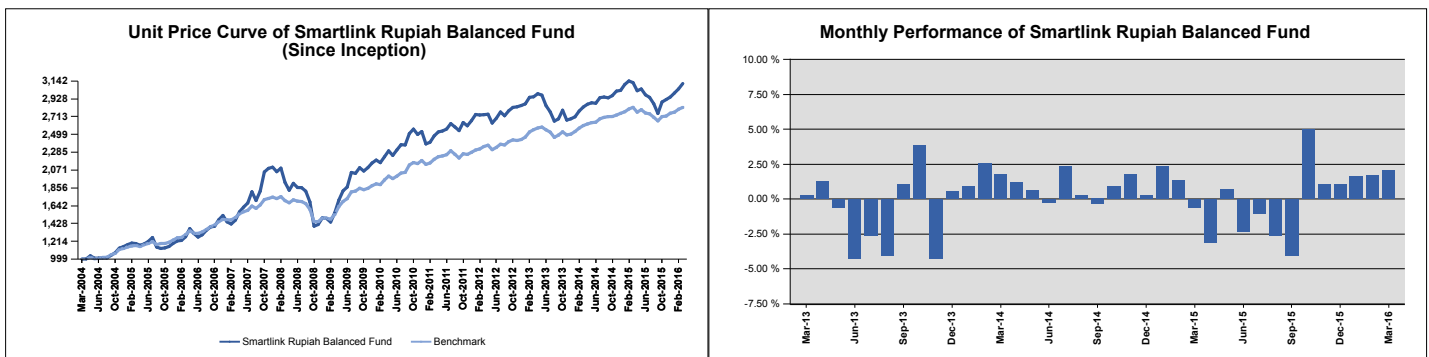
FR0070	13.06%
FR0068	36.23%
FR0071	33.62%
FR0056	
FR0053	

Top Five Stocks Holding

Hanjaya Mandala Sampoerna	2.92%
Telekomunikasi Indonesia	2.66%
Bank Central Asia	2.39%
Unilever Indonesia	2.12%
Astra International	1.91%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	2.08%	5.48%	13.06%	-0.38%	5.38%	5.48%	211.05%
Benchmark*	0.76%	2.51%	6.07%	-0.03%	10.47%	2.51%	182.39%

*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 2,466.60
Risk Profile	: Moderate
Launch Date	: 08 Mar 2004
Fund Currency	: Indonesian Rupiah
Managed by	: PT Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily	
Price per Unit	<i>Bid</i>	<i>Offer</i>
(As of Mar 31, 2016)	IDR 2,954.94	IDR 3,110.46
Bid-Offer Spread	: 5.00%	
Management Fee	: 2.00% p.a.	

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced March's inflation at 0.19% mom (vs consensus 0.25%, -0.09% in Feb 2016) mostly were caused by higher food ingredients, processed food, beverages, cigarettes and tobacco prices. On yearly basis, inflation printed at 4.45% YoY (vs consensus 4.5%, 4.42% in Feb 2016). Core inflation printed at +3.50% YoY, slightly lower from previous month (vs consensus 3.57%, +3.59% in Feb 2016). In the Board of Governors' Meeting on Mar 17th, 2016, Bank Indonesia cut its reference rate by 25bps to 6.75%, Lending Facility to 7.25% as well as facility rate (FASBI) to 4.75%. Indonesia Deposit Insurance Corporation (LPS) lower the guarantee rate by 25bps to 7.25% for Rupiah and 1.00% for other currencies and effective on 15 January 2016 to 14 May 2016 on the back of macro economy indicators and banks liquidity in general seems continues to improving. Rupiah appreciated against USD by +0.89% to 13,276 at end of February compared to previous month 13,395. Trade balance was surplus +1.14bn USD (non-oil and gas surplus +1.14bn USD) in Feb 2016. Export decreased by -7.18% YoY mostly driven from export in mineral gas, while imports decreased by -11.71% YoY. X Reserves increased +2.999bn USD from 104.544bn USD in Feb 2016 to 107.543bn USD in Mar 2016 on the back of offshore inflow to the bond market.

IDR government bond yields closed lower all across the curve in Mar 2016 on the back offshore inflows. Positive sentiment came from better than consensus Feb trade surplus data, dovish Fed statement and BI decision to cut reference rate by 25bps. ECB stimulus decision to cut its main interest rate and bank deposit rate gave positive sentiment to the market and triggered further buying action. Some profit taking action occurred oftenly but still failed to block the strong rally movement. After a cumulative 75bps cut in interest rate instruments and 150bps cut in reserve requirement ratio since January, the central bank reported limited policy transmission. Average deposit rates decreased by only 7bps while lending rates declined by 4bps. Although both deposit and credit growth remains on downward paths, the slowdown in deposit growth was steeper. MoF planned to issue IDR 106Tn of bonds in 2nd quarter 2016. Offshore accounts increased their holding by IDR 18.3Tn in Mar 2016 (+3.11% MoM), from IDR 587.78Tn as of Feb 2016 to IDR 606.08Tn as of Mar 2016, which brought their holding to 38.48% of total outstanding tradable government bond (from 38.98% in the previous month). The 5Y yield Mar 2016 was lower by -55bps to 7.41% (7.96% in Feb 2016), 10Y tenor lower by -55bps to 7.70% (8.25% in Feb 2016), 15Y tenor lower by -44bps to 8.18% (8.62% in Feb 2016) and 20Y tenor lower by -47bps to 8.18% (8.65% in Feb 2016).

The JCI (Jakarta Index) closed higher in March, gaining +1.56% MoM to close at 4,845.37 for the month. Movers were ASII, BMRI, BBRI, TLKM, and KLBF which rose +6.62%, +7.85%, +3.16%, +2.31%, and +11.15% MoM respectively. Meanwhile the laggards were HMSP, UNVR, AKRA, BBKA, and ICBP which fell -10.50%, -3.59%, -14.98%, -1.30%, and -3.49% MoM respectively. Government has launched initiatives to improve consumer purchasing power by lowering fuel price by 9-10% as well as another 25bps rate cut by BI in mid-March 2016 on the monetary side. The recent fiscal and monetary initiatives have had positive impact towards economic activities especially within the mid-to-low segments. Certain industry indicators such as low-end ceramic demand, retail sales, and housing priced below IDR 400mn/unit posted double digit growth. However the middle and middle-up segments sentiments have yet to improve as the tax office are still being aggressive to find potential additional tax revenue from these segments. If this continues, then consumption growth might be impeded and could potentially impact to the company's earnings in the next 3-6 months. We are cautious that any equity rallies which isn't supported by earnings performance will not sustain in the long run. Earnings disappointment is a big risk as weak 1Q16 results could appear in late April 2016. Sector wise, the Agriculture Sector was the best performing sector this month, gaining by +12.29% MoM. SIMP (Salim Sawit Ivomas) and LSIP (London Sumatera) were the movers; appreciating by +30.75% and +27.27% MoM respectively. This was followed by the Mining Sector that posted +7.28% MoM gains, driven by MEDC (Medco International) and TINS (Timah) which rose +52.55% and +29.82% MoM respectively. On the other side, Consumer Sector was the worst performing sector this month, falling by -3.95% MoM. HMSP (HM Sampoerna) and UNVR (Unilever) were the laggards, falling -10.50% and -3.59% MoM respectively.

Disclaimer:

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