

Smartlink Rupiah Balanced Plus Fund

June 2017



BLOOMBERG: AZRPBPF: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 10% in short-term instruments (such as deposits, SBI, SPN, and / or money market mutual funds), 25% in medium or long term instruments (such as government bonds, corporate bonds, and / or fixed-income mutual funds), and 65% in equity instruments (either directly through stocks and / or through equity mutual funds).

PERFORMANCE INDICATOR

Return Performance

Last 1-year Period **8.87%**
 Best Month **8.09%** Sep-10
 Worst Month **-6.74%** Aug-13

Portfolio Breakdown

Equity **63.46%**
 Mutual Funds - Bonds **25.22%**
 Cash/Deposit **11.32%**

Top Five Bonds Holding

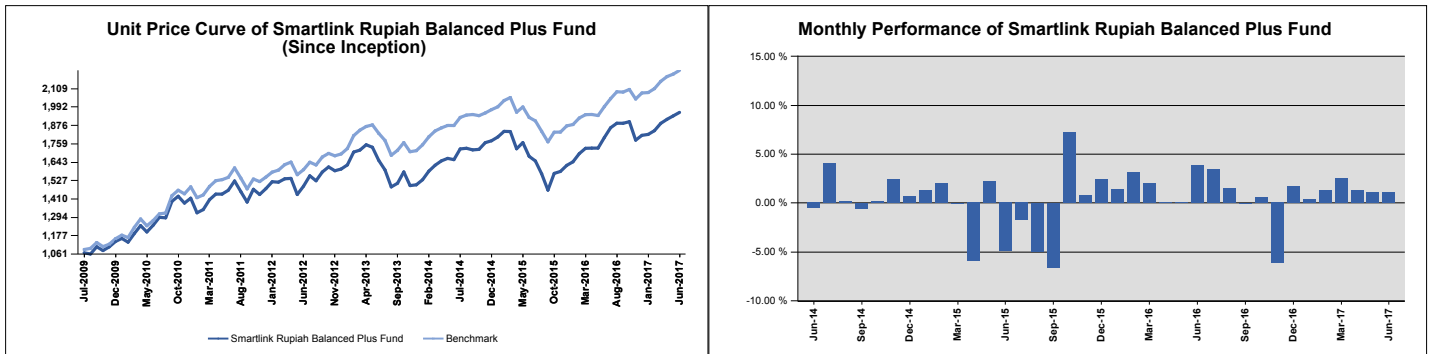
FR0056
 FR0070
 FR0071
 FR0068
 FR0061

Top Five Stocks Holding

2.13% Telekomunikasi Indonesia **5.91%**
 2.01% Bank Central Asia **5.73%**
 1.54% Bank Rakyat Indonesia **4.65%**
 1.39% Hanjaya Mandala Sampoerna **4.37%**
 1.36% Unilever Indonesia **4.19%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Plus Fund	1.13%	3.68%	8.02%	8.87%	18.04%	8.02%	95.86%
Benchmark*	1.07%	3.23%	6.88%	11.52%	18.64%	6.88%	122.50%

*60% Jakarta Composite Index (JCI) & 40% average time deposit (3 months) from Mandiri, BNI, BTN, Danamon and CIMB Niaga



KEY FUND FACTS

Fund Size (in bn IDR) : IDR 468.14
Risk Profile : Moderate - Aggressive
Launch Date : 15 Jul 2009
Fund Currency : Indonesian Rupiah
Managed by : PT Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit (As of Jun 22, 2017) : **Bid** IDR 1,860.68 **Offer** IDR 1,958.61
Bid-Offer Spread : 5.00%
Management Fee : 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Jun 2017 inflation at 0.69% mom (vs consensus 0.60%, 0.39% in May 2017). On yearly basis, inflation was slightly higher to +4.37%yoy (vs consensus 4.29%, 4.33% in May 2017). Core inflation was printed at +3.13% yoy (vs 3.20% in May 2017). Higher inflation was due to seasonally higher food prices during the Ramadan period. In the Board of Governors' Meeting on 14-15 Jun 2017, Bank Indonesia maintained the BI 7-day (Reverse) Repo Rate (BI-7 day RR Rate) at 4.75%, while maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 4.00% and 5.50% respectively. Rupiah appreciated by +0.02% to 13,319/USD at end of Jun 2017 from 13,321/USD in previous month. Trade balance booked a surplus of USD 0.47bn (non-oil and gas surplus USD 1.03bn, oil and gas deficit USD 0.56bn) in May 2017. Export rose by +12.63% YoY mostly driven by engine and mechanical equipment, while imports rose by +24.03% YoY.

IDR government bond yields closed lower across the curve in June 2017 with activities spread between onshore and offshore names. Despite of some profit taking action before the ECB meeting, UK election and ex-FBI chief testimony on President Trump, market started quiet good with support mostly came from onshore players; while offshore buying supports came in the second week. The FOMC announcement of +25bps rate hike while BI kept its 7-day reverse repo rate unchanged – which as market expected – gave positive sentiment to the market. It was actually half month activities; the market turned quiet in the third week and stayed unchanged until end of the month as everyone were recalculating their risk ahead of Ramadan long holiday. The government of Indonesia announced 15th economic policy package on Jun 15, addressed four main aspects: (1) enhancing the role of transportation insurance; (2) reducing costs for logistic service providers; (3) strengthening the Indonesia National Single Window (INSW) authority; and (4) reducing the number of prohibited and restricted goods. Offshore accounts increased their holding by IDR +14.4tn in Jun 2017 (+1.9% MoM), from IDR 756.15tn as of May 2017 to IDR 770.55tn as of Jun 2017, which brought their holding to 39.47% of total outstanding tradable government bond (from 39.15% in the previous month). The 5Y yield Jun 2017 ended -4bps lower to 6.67% (6.71% in May 2017), 10Y tenor ended -13bps lower to 6.82% (6.95% in May 2017), 15Y tenor ended -3bps lower to 7.37% (7.40% in May 2017) and 20Y tenor ended -7bps lower to 7.55% (7.62% in May 2017).

The JCI (Jakarta Composite Index) ended the month higher at 5,829.71 (+1.6% MoM). Market movers were BBKA, UNVR, BBRI, TLKM, and GGRM as they rose 5.83%, 5.68%, 5.35%, 3.91% and 5.88% MoM respectively. The index extended its gain in June after the S&P rated "investment grade" for Indonesia. Improvement on several economic indicators such as credit growth, car and cement sales increased by 9%, 6%, and 7% YoY, respectively, coupled by sustainable export growth brought the BI stance that 2Q17 economic growth will improve. However, weaker May-17 retail sales for lower-middle income segment compared to April numbers became investor concern, which is an early indication that purchasing power are still relatively soft. On the external front, rising Middle East tensions between Qatar and several Arab countries increase global geopolitical risks. Overall company's valuations are relatively demanding at this current juncture. With the lack of positive catalyst in the near term, we favor 'de-risking'. Sector wise, the Infrastructure Sector was the best performing sector during the week, gaining 3.37% MoM. Ticker wise, SAFE (Steady Safe) and CANI (Capitol Nusantara Indonesia) were the movers, appreciating 71.57% and 33.08% MoM respectively. This was followed by the Finance Sector which rallied 3.3% MoM. Ticker wise, AGRS (Bank Agris) and YULE (Yulie Sekurindo) posted 162.35% and 160.61% MoM gains respectively. On the other hand, the worst sector during the week was the Agriculture Sector, which recorded a decline of 2.06% MoM. Ticker wise, GZCO (Gozco Plantations) and BWPT (Eagle High Plantations) were the laggards which fell 15.66% and 10.95% MoM respectively.