

# Smartlink Rupiah Balanced Fund

## March 2017



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>7.62%</b>
Best Month	<b>12.71%</b> Oct-07
Worst Month	<b>-17.27%</b> Oct-08

#### Portfolio Breakdown

Equity	<b>29.58%</b> FR0056
Mutual Funds - Bonds	<b>41.04%</b> FR0070
Cash/Deposit	<b>29.38%</b> FR0071

#### Top Five Bonds Holding

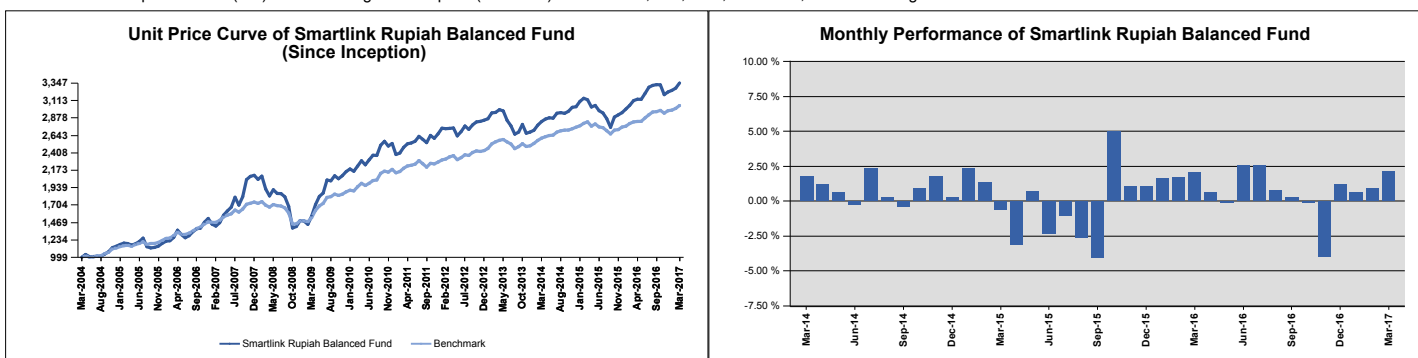
FR0061
FR0068

#### Top Five Stocks Holding

<b>3.58%</b> Telekomunikasi Indonesia	<b>2.87%</b>
<b>3.41%</b> Bank Central Asia	<b>2.62%</b>
<b>2.58%</b> Hanjaya Mandala Sampoerna	<b>2.55%</b>
<b>2.39%</b> Astra International	<b>1.94%</b>
<b>2.34%</b> Unilever Indonesia	<b>1.85%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	<b>2.11%</b>	<b>3.72%</b>	<b>0.65%</b>	<b>7.62%</b>	<b>18.33%</b>	<b>3.72%</b>	<b>234.75%</b>
Benchmark*	<b>1.29%</b>	<b>2.34%</b>	<b>2.79%</b>	<b>7.81%</b>	<b>16.83%</b>	<b>2.34%</b>	<b>204.44%</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 2,490.28
<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 Mar 31, 2017)</b>	<b>Bid</b> : IDR 3,180.08 <b>Offer</b> : IDR 3,347.45
<b>Bid-Offer Spread</b>	: 5.00%
<b>Management Fee</b>	: 2.00% p.a.

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Mar 2017 deflation at -0.02% mom (vs consensus +0.20%, +0.23% in Feb 2017), mostly was caused by lower food ingredients prices also transportation and communication tariff. On yearly basis, inflation was lower to +3.61% YoY (vs consensus +3.80%, +3.83% in Feb 2017). Core inflation printed at +3.30% YoY, lower than previous month at +3.41% YoY. In the Board of Governors' Meeting on 15-16 Mar 2017, Bank Indonesia maintained the 7-day reverse repo rate at 4.75%, also Deposit Facility (DF) at 4.00% and Lending Facility (LF) at 5.50%. Rupiah appreciated by +0.19% to 13,321/USD at end of Mar 2017 as opposed to 13,347/USD previous month. Trade balance booked a surplus of +US\$1.32bn (non-oil and gas surplus USD 2.55bn, oil and gas deficit USD 1.23bn) in Feb 2017. Export rose by +11.16% YoY mostly driven by jewelry exports, while imports rose by +10.61% YoY. FX Reserves rose by USD 1.9bn from USD 119.9bn in Feb 2017 to USD 121.8bn in Mar 2017 on the back of oil and gas export, government foreign loan drawdown also income from foreign currency BI Securities (SBBi).

IDR government bond yields closed lower all across the curve in March 2017 on the back of offshore inflows. Market rally occurred since the first week especially after news that Japan Credit Rating (JCR) Agency upgrade outlook on Indonesia's rating from stable to positive and the expectation that S&P will upgrade Indonesia to investment grade this year. Furthermore, The Fed's dovish tone gave positive sentiment to the market following up the The US Federal Reserve hiked the fed funds rate by 25bp as expected on March 15. While from domestic side, the downsized issuance by the government in the second week auction also brought positive impact to the secondary market as players craved for additional size. MoF said that the government plans to raise 45.7% of this year's gross local bond sale in H1, and 59.3% of total bond sales (including foreign currency bonds) over the same period; and the gross issuance target for 2017 is IDR 684.84tn. The government also held debt switch on March 23 and resulted in IDR1.973tn incoming offers for 1-4yr tenors and swapped IDR1.253tn for destination bond of 5yr FR61 at 100.4 (6.9%). Offshore accounts increased their holding by IDR +31.33tn in Mar 2017 (+4.53% MoM), from IDR 691.89tn as of Feb 2017 to IDR 723.22tn as of Mar 2017, which brought their holding to 38.24% of total outstanding tradable government bond (from 37.47% in the previous month). The 5Y yield Mar 2017 ended -43bps lower to 6.85% (7.28% in Feb 2017), 10Y tenor ended -49bps lower to 7.04% (7.53% in Feb 2017), 15Y tenor ended -43bps lower to 7.43% (7.86% in Feb 2017) and 20Y tenor ended -44bps lower to 7.68% (8.12% in Feb 2017).

The JCI (Jakarta Composite Index) closed higher in March, gaining +3.37% MoM to close at 5,568.11 for the month. Movers were BBRI, TLKM, BBCA, ASII, and BMRI which posted respectable gains of +8.58%, +7.27%, +7.12%, +5.18%, and +3.54% MoM respectively. Meanwhile the laggards were PGAS, SMGR, SCMA, MDIA, and BJBR which fell -10.60%, -6.49%, -8.47%, -29.63%, and -12.17% MoM respectively. Index broke thru all-time high in March at 5,500 on the back of potential S&P upgrade. Despite an improvement in Indonesia's macro economy, achieving S&P's investment grade status remains elusive despite Fitch and Moody having listed Indonesia into investment grade years ago. In recent weeks, the prospect of an S&P upgrade in May re-emerged, enticed by significant foreign inflow of US\$785mn in the equity market. The upgrade would lead to a lowering both risk free and premium, which would result in higher equity value. However, we expect market volatility will be higher in short term on the back of tax law enforcement post tax amnesty period which ends in Mar-17 and secondly the outcome of Jakarta elections on 19 Apr. Sector wise, the Mining Sector was the best performing sector this month, appreciating by +6.63% MoM. MEDC (Medco Energy) and HRUM (Harum Energy) were the movers; gaining by +24.00% and +19.72% MoM respectively. This was followed by the Basic Industry Sector that posted +5.35% MoM gains, driven by BRPT (Barito Pacific) and SMBR (Semen Baturaja) which rose +35.14% and +24.24% MoM respectively. On the flip side, Property and Construction Sector was the worst performing sector this month, losing by -1.29% MoM. PPRO (PP Properti) and CTRA (Ciputra Development) were the laggards, falling -11.59% and -10.22% MoM respectively.