

SMARTLINK RUPIAH BALANCED FUND

July 2018

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).

Return Performance

Last 1-year Period	-0.23%
Best Month	Oct-07 12.71%
Worst Month	Oct-08 -17.27%

Portfolio Breakdown

Equity	30.62%
Mutual Funds - Bonds	49.30%
Mutual Funds - Alternatives	3.73%
Cash/Deposit	16.36%

Top Five Bonds Holding

FR0056	3.81%
FR0070	3.67%
FR0071	2.76%
FR0061	2.52%
FR0068	2.50%

Top Five Stocks Holding

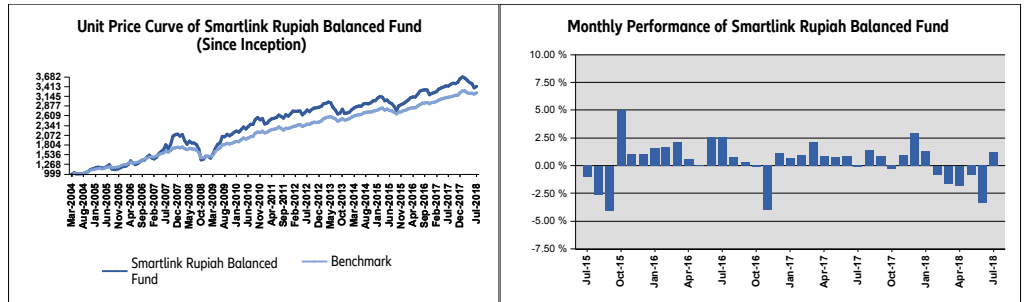
Bank Central Asia	2.86%
Hanjaya Mandala Sampoerna	2.42%
Bank Mandiri Persero	1.55%
Astra International	1.44%
Bank Rakyat Indonesia	1.39%

Key Fund Facts

Fund Size (in bn IDR)	IDR 2,208.19
Risk Profile	Moderate
Launch Date	08 Mar 2004
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	1.20%	-3.03%	-7.07%	-0.23%	16.19%	-5.81%	242.16%
Benchmark*	0.98%	0.50%	-1.60%	3.81%	17.99%	-0.17%	224.12%

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



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced July 2018 inflation at +0.28% mom (vs consensus inflation +0.24%, +0.59% in June 2018). On yearly basis, inflation was +3.18% yoy (vs consensus inflation +3.20%, +3.12% in June 2018). Core inflation was printed at +2.87% yoy (vs consensus inflation +2.74%, +2.72 in June 2018). The slowing down of inflation was caused by deflation on 'administered price' group, such as fare decrement of air freight and intercity transport, while the biggest contributor of the inflation itself was the increase of egg and chicken price. In the Board of Governors' Meeting on 18th -19th July 2018, Bank Indonesia kept unchanged the BI 7-day Reverse Repo Rate at 5.25%, the Deposit Facility (DF) rates at 4.50% and Lending Facility (LF) rates at 6.00%. Rupiah depreciated by -0.59% to 14,414 /USD at end of June 2018 from 14,330/USD in previous month. Indonesia's trade balance in June 2018 recorded surplus of USD 1.743bn vs consensus USD 0.968bn. Non-oil and gas trade balance in June 2018 recorded surplus at USD 2.1bn, better than previous month which was deficit amounting to USD -0.28bn. Meanwhile, oil and gas trade balance recorded deficit to USD -0.4bn in June 2018, which lower from deficit on May 2018 amounting to USD -1.244bn. Indonesia's economy grew 5.27% yoy in Q2 2018 (vs previous 5.06%, consensus 5.12%), and 4.2% qoq (vs previous -0.40%, market 4.07%), helped by high consumption during the Muslim fasting month and Lebaran Holiday. Private consumption, which accounts for more than half of Indonesia's gross domestic product, grew 5.14% yoy in Q2 2018 (vs previous 4.79%). Indonesia's foreign reserve assets stood at USD 118.3 billion as of end-July 2018, lower than the end of Jun 2018 level at USD 119.8 billion. The decline in the reserve assets in July 2018 was mainly due to government external debt repayment and rupiah stabilization in the midst of remained high uncertainty of global financial market.

IDR Government bond yields were closed mixed at the end of the July 2018. The higher yields mostly was caused by IDR depreciation (that have breached 14,500) and trade wars between US and China (where US imposed tariff to \$34bn of Chinese import on July 6, 2018). However, several events also added positive sentiment to market, such as US-EU agreement (which talked about the possibility of zero tariff, especially on industrial goods) and buying activities from onshore players. Offshore accounts increased their holding by IDR 9.10tn in July 2018 (+1.10% MoM), from IDR 830.17tn as of June 2018 to IDR 839.26tn as of July 2018, which brought their holding to 37.70% of total outstanding tradable government bond (from 37.79% in the previous month). The 5Y yield July 2018 ended +9bps higher to 7.67% (7.58% in June 2018), 10Y tenor ended -4bps lower to 7.76% (7.80% in June 2018), 15Y tenor ended -8bps lower to 8.15% (8.23% in June 2018) and 20Y tenor ended +1bps higher to 8.16% (8.15% in June 2018).

The JCI ended the month higher at 5936.44 (+2.37% MoM). Market movers were BBKA, HMSP, BBRI, ASII, and BYAN as they rose 8.38%, 7.26%, 8.1%, 8.33% and 35.97% MoM respectively. The stock market moved positively last month following the regional and global markets as trade war concerns between US and China was muted at least temporarily. The acceleration on US's Q2 2018 earnings report also brought positive sentiment to the US market as well. On the domestic side, foreign investors started buying this month amounting US\$70mn after massive outflows of US\$3.7bn in the 5 consecutive months. Improvement in several leading economic indicators such as credit growth, 2W and 4W sales, and cement sales have made investors become more optimistic towards Q2 2018 GDP growth outlook. That being said however, we see limited tailwind to push faster than anticipated economic activity in the medium term. Concerns of IDR depreciation could lead to as twin deficit situation (Current Account and Trade Balance) for Indonesia remains a key concern for the rest of the year. Tightening monetary policy along with the trend of rising global interest rates could also start to adversely affect economic growth at one point in time. Sector wise, the Mining Sector was the best performing sector during the week, gaining 9.84% MoM. Ticker wise, BYAN (Bayan Resources) and ITMG (Indo Tambora Resources) were the movers, appreciating 35.97% and 27.26% MoM respectively. This was followed by the Miscellaneous Industries Sector which rallied 6.01% MoM. Ticker wise, POLY (Asia Pacific Fibers) and KBLM (Kabelindo Murni) posted 49.22% and 23.93% MoM gains respectively. On the other hand, the worst sector during the week was the Trade, Service and Investment Sector, which recorded a decline of 1.81% MoM. Ticker wise, SILO (Siloam International Hospitals) and FISH (FKS Multi Agro) were the laggards which fell 40.29% and 26.98% MoM respectively.

Disclaimer:
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Price per Unit	Bid	Offer
(As of Jul 31, 2018)	IDR 3,250.48	IDR 3,421.56

Managed by PT. Asuransi Allianz Life Indonesia