

# SMARTLINK RUPIAH BALANCED FUND

## May 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	2.73%
Best Month	Oct-07 12.71%
Worst Month	Oct-08 -17.27%

#### Portfolio Breakdown

Equity	30.67%
Mutual Funds - Bonds	49.05%
Mutual Funds - Alternatives	3.31%
Cash/Deposit	16.97%

#### Top Five Bonds Holding

FR0056	3.80%
FR0070	3.65%
FR0071	2.79%
FR0061	2.57%
FR0068	2.57%

#### Top Five Stocks Holding

Bank Central Asia	2.70%
Hanjaya Mandala Sampoerna	2.37%
Bank Mandiri Persero	1.84%
Surya Citra Media	1.58%
Astra International	1.54%

#### Key Fund Facts

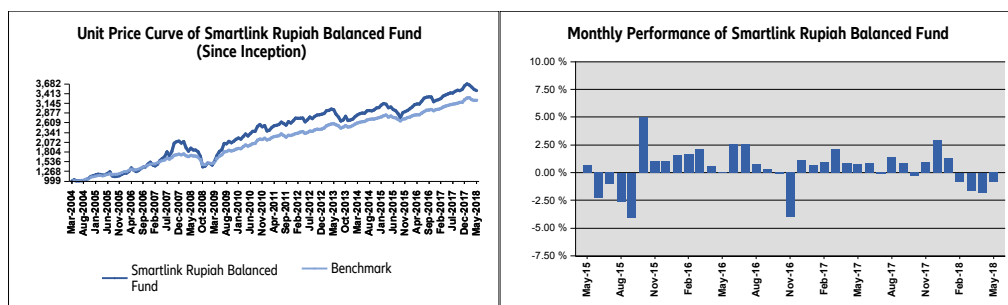
Fund Size (in bn IDR)	IDR 2,278.52
Risk Profile	Moderate
Launch Date	08 Mar 2004
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

Price per Unit	Bid	Offer
(As of May 31, 2018)	IDR 3,323.26	IDR 3,498.17

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	-0.86%	-4.20%	-0.94%	2.73%	14.85%	-3.70%	249.82%
Benchmark*	0.21%	-2.07%	1.82%	4.63%	15.57%	-0.45%	223.19%

\*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 May 2018 inflation at +0.21% mom (vs consensus inflation +0.25%, +0.10% in Apr 2018). On yearly basis, inflation was +3.23% yoy (vs consensus inflation +3.30%, +3.41% in Apr 2018). Core inflation was printed at +2.75% yoy (vs consensus inflation +2.80%, +2.69% in Apr 2018). Inflation mostly caused by the slowing down of volatile food inflation. In the Board of Governors' Meeting on 30 May 2018, Bank Indonesia raised the BI 7-day Reverse Repo Rate by 25 bps to 4.75%, while also raising the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to 4.00% and 5.50% respectively. Rupiah depreciated by +0.02% to 13,896 /USD at end of May 2018 from 13,892/USD in previous month. Indonesia's trade balance in April 2018 records deficit of USD -1.269bn vs consensus USD 733mn. Non-oil and gas trade balance deficit in April 2018 is recorded USD 0.50bn, lower than the previous month which was surplus amounting to USD 2.02bn. Meanwhile, oil and gas trade balance deficit to USD 1.13bn in April 2018.

IDR Government bond yields were closed higher across all curves in May. Lower than expected trade balance, IDR depreciation (touched 14,100), as well as higher 10yr US Treasury yield (passed above 3.1%) gave negative sentiment to the market. BI raised the 7-day reverse repo rate two times in May 2017 (on 17 May 2018 by 25 bps and on 30 May 2018 by 25 bps) by 50bps in total becoming 4.75%. Market bounced back in the end of month post inauguration of Mr. Perry Wijaya as BI Governor, increment of BI's rate followed by IDR appreciation and the Fed FOMC minutes meeting (which stated that the current inflation (2%) will not lead to increase the rate in May). Bank Indonesia and local player supported the market especially on 10yr. Standard & Poor's (S&P) maintained Indonesia's sovereign credit rating on BBB- / A-3 with a stable outlook. Ratings supported by government's relatively low debt levels and moderate fiscal performance and external indebtedness. Offshore accounts decreased their holding by IDR 11.53tn in May 2018 (-1.36% MoM), from IDR 845.34tn as of April 2018 to IDR 833.81tn as of May 2018, which brought their holding to 38.15% of total outstanding tradable government bond (from 38.44% in the previous month). The 5Y yield May 2018 ended +33bps higher to 6.83% (6.50% in Apr 2018), 10Y tenor ended +1bps higher to 6.99% (6.98% in Apr 2018), 15Y tenor ended +35bps higher to 7.56% (7.21% in Apr 2018) and 20Y tenor ended +11bps higher to 7.58% (7.47% in Apr 2018).

The JCI ended the month lower at 5983.59 (-0.18% MoM). Market laggards were TLKM, BBRI, ASII, BDMN, and SMGR as they fell -7.25%, -4.35%, -3.5%, -12.41% and -12.95% MoM respectively. The index fell in the first week of May-18 as market concerned that higher US yield and oil prices will provide more pressure to the EM market. As a dollarize economy structure and past foreign portfolio investor favorite, Indonesia has experienced massive foreign outflows from both equity and bond markets, which had triggered the IDR currency to decline surpassing the IDR 14k/USD handle. On a positive note, there had been a proactive response from BI to stabilize the currency by raising its benchmark 7-day repo rate by 50bps to 4.75% and also provide macro prudential relaxation measure had partially restored investors' confidence. That being said, external risks will however still linger within EM market space, Indonesia no exception, in the short run as a result of a persistent trend of the US treasury yield and higher crude oil price backdrop. Sector wise, the Infrastructure, Utilities and Transportation Sector was the worst performing sector during the week, declining 4.46% MoM. Ticker wise, SAFE (Steady Safe) and WEHA (Panorama Transportasi PT) were the laggards, depreciating 30.56% and 26.19% MoM respectively. This was followed by the Agriculture Sector which dropped 4.2% WoW. Ticker wise, GOLL (Golden Plantation) and BWPT (Eagle High Plantations) posted 45.3% and 25.2% MoM losses respectively. On the other hand, the best sector during the week was the Mining Sector, which recorded a gain of 6.02% MoM. Ticker wise, MITI (Mitra Investindo) and HRUM (Harum Energy) were the movers which rose 119.64% and 26.17% MoM respectively.

#### Disclaimer:

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