

SMARTLINK RUPIAH BALANCED FUND

February 2020

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 50%-75% in money market and fixed income instruments (such as deposits, SBI, SPN, and / or money market mutual funds, government bonds, corporate bonds, and / or fixed-income mutual funds), and 25%-50% in equity instruments (either directly through stocks and / or through equity mutual funds).

Return Performance

Last 1-year Period		2.40%
Best Month	Oct-07	12.71%
Worst Month	Oct-08	-17.27%

Portfolio Breakdown

Equity	28.06%
Mutual Funds - Bonds	63.59%
Mutual Funds - Equities	0.72%
Mutual Funds - Alternatives	4.15%
Cash/Deposit	3.48%

Top Five Bonds Holding

FR0070	4.26%
FR0068	4.25%
FR0056	3.97%
FR0078	3.70%
FR0080	3.42%

Top Five Stocks Holding

Bank Central Asia	3.83%
Bank Rakyat Indonesia	2.48%
Bank Mandiri Persero	2.00%
Telekomunikasi Indonesia	1.69%
Astra International	1.42%

Key Fund Facts

Fund Size (in bn IDR)	IDR 2,044.61
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.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	593,084,691.1724

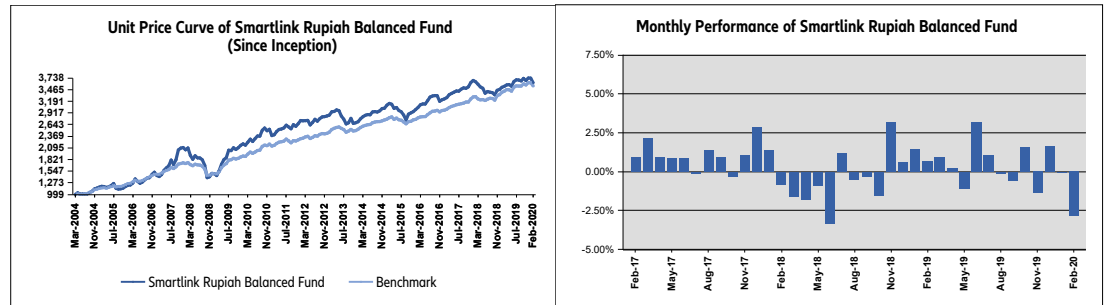
Price per Unit	Bid	Offer
(As of Feb 28, 2020)	IDR 3,447.41	IDR 3,628.85

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	-2.86%	-1.36%	-1.70%	2.40%	10.69%	-2.93%	262.89%
Benchmark*	-1.99%	-0.59%	0.13%	3.63%	18.26%	-2.06%	255.46%

*25% Jakarta Composite Index (JCI), 50% Indonesia Bond Pricing Agency (BPA) IDR Bond Index & 25% average time deposit (3 months) from Mandiri, BNI, BTN, Danamon, and CIMB Niaga

(Benchmark assessment; before Sep 2018: 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 February 2020 inflation at +0.28% mom (vs consensus inflation +0.16%, +0.39% in January 2020). On yearly basis, inflation was +2.98% yoy (vs consensus inflation +2.90%, +2.68% in January 2020). Core inflation was printed at +2.76% yoy (vs consensus inflation +2.85%, +2.88% in January 2020). The higher inflation data above consensus was contributed by increasing prices of raw food, such as: garlic and chilli. The increasing garlic prices was affected by disruption in garlics import from China. While, the deceleration of core inflation was caused by lower of air fare. In the Board of Governors' Meeting on 19-20 Feb 2020, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 4.75%, and also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 4.00% and 5.50%, respectively. This cutting is preventive act from Bank Indonesia for the external pressure that was caused by the spreading Covid-19. Rupiah depreciated by -4.18% to 14,234.00/USD at end of February 2020 from 13,662/USD previous month. Indonesia's trade balance recorded deficit amounting to USD -864mn in January 2020 vs previous month deficit USD -62mn. The increment deficit was caused by contraction in gas export gas to China and coal export to South Korea. While, import number was also contracted by the declining of import volume for non-oil & gas sector (capital goods and raw materials) by -12.6% yoy. Non-oil and gas trade balance in January 2020 recorded deficit USD -361mn, while the previous month resulted surplus amounting to USD +942mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,181mn in January 2020, higher than the deficit on December 2019 amounting to USD -971mn. Indonesia's official foreign reserve as of February 2020 was at USD 130.40billion, lower than January 2020's number at USD 131.70billion. The declining of foreign reserve was caused by paying external government debt.

IDR Government bond yields were closed higher across all curves on the back of offshore inflows in line with IDR depreciation. The confidence of offshore names for Indonesia's bond were still seen in the beginning of Feb 2020 where they were still recorded buying bond in market. However, market then became gloomier because of fearing of the widening coronavirus (now known as Covid 19) outbreak around the world where the spread already reached 49 countries. IMF also stated that the impact of Covid 19 might be bigger than the impact of SARS. Bank Indonesia did several intervention to market from falling deeper with doing several auction to buy bonds. Thankfully, locals were also seen absorbing liquidity in the market. Offshore accounts decreased their holding by IDR-28.90tn in Feb 2020 (-28.90% MoM), to IDR 1,048.16tn as of 28 Feb 2020 from IDR 1,077.06tn as of 31 Jan 2020, which brought their holding to 37.09% of total outstanding tradable government bond (from 38.65% in the previous month). The 5Y yield Feb 2020 ended +9bps higher to +6.14%(+6.05% in Jan 2020), 10Y tenor ended +27bps higher to +6.94%(+6.67% in Jan 2020), 15Y tenor ended +31bps higher to +7.50%(+7.19% in Jan 2020) and 20Y tenor ended +18bps lower to +7.55%(+7.37% in Jan 2020).

The JCI ended the month lower at 5,452.7 (-8.2% MoM). Market laggards were UNVR, HMSG, ASII, TLKM, and BBRI as they fell -14.15%, -17.87%, -12.99%, -8.16% and -6.05% MoM respectively. The JCI continued its decline in February across the global stock markets as the COVID-19 virus outbreaks outside China worsen, which has surpassed the number of new cases in China. China published February PMI number at 35.7 which prompted investors to sell off across the globe, Indonesia not exempted and magnified through illiquidity. US treasuries yield also compressed at stands at the 1.9% mark which is the lowest level since GFC. Sector wise, the Basic Industry Sector was the worst performing sector during the month, declining 14.48% MoM. Ticker wise, LMSH (Lionmesh Prima) and NIKL (Pelat Timah Nusantara) were the laggards, depreciating 58.47% and 44.75% MoM respectively. This was followed by the Agriculture Sector which dropped 13.2% MoM. Ticker wise, TBLA (Tunas Baru Lampung) and DSFI (Dharma Samudera Fishing Industries) posted 26.35% and 26.04% MoM losses respectively. On the other hand, the best amongst the worst sector during the month was the Mining Sector, which recorded a decline of 4.68% MoM. Ticker wise, ITMG (Indo Tambangraya Megah) and MDKA (Merdeka Copper Gold) were the laggards which fell 12.44% and 11.54% MoM respectively.

About Allianz Indonesia

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