

# SMARTLINK RUPIAH BALANCED FUND

## October 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	-1.09%
Best Month	Oct-07 12.71%
Worst Month	Oct-08 -17.27%

### Portfolio Breakdown

Equity	29.12%
Mutual Funds - Bonds	54.21%
Mutual Funds - Equities	0.75%
Mutual Funds - Alternatives	4.60%
Cash/Deposit	11.32%

### Top Five Bonds Holding

FR0056	3.54%
FR0070	3.28%
FR0078	3.13%
FR0080	2.93%
FR0059	2.69%

### Top Five Stocks Holding

Bank Central Asia	4.22%
Bank Rakyat Indonesia	2.34%
Telekomunikasi Indonesia	1.88%
Unilever Indonesia	1.81%
Bank Mandiri Persero	1.56%

### Key Fund Facts

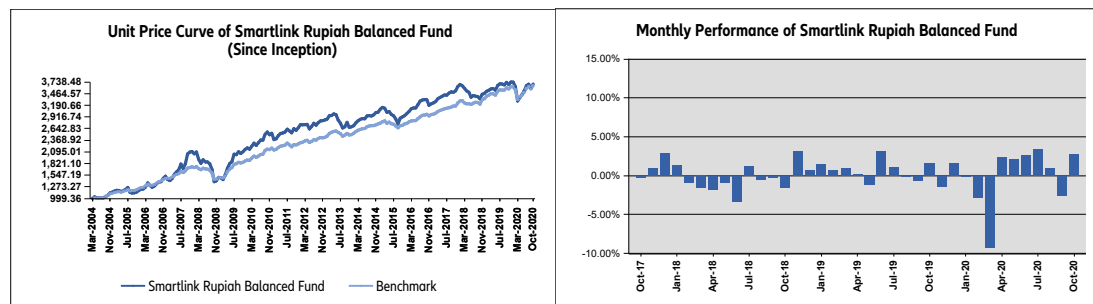
Fund Size (in bn IDR)	IDR 1,963.37
Risk Profile	Moderate
Launch Date	08 Mar 2004
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	560,211,138.4719

Price per Unit	Bid	Offer
(As of Oct 27, 2020)	IDR 3,504.69	IDR 3,689.15

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	2.74%	0.96%	9.42%	-1.09%	5.52%	-1.32%	268.92%
Benchmark*	2.27%	1.76%	8.14%	1.62%	15.28%	0.82%	265.92%

\*25% Jakarta Composite Index (JCI), 50% Indonesia Bond Pricing Agency (IBPA) 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 Oct 2020 inflation at +0.07% mom (vs consensus inflation +0.07%, -0.05% in Sep 2020). On yearly basis, inflation was +1.44% yoy (vs consensus inflation +1.45%, +1.42% in Sep 2020). Core inflation was printed at +1.74% yoy (vs consensus inflation +1.82%, +1.86% in Sep 2020). After three months consecutively deflation, finally this month recorded inflation which was supported by the inflation of volatile food group, especially increment on horticulture plants price, such as: chili and onion, while administered price group still recorded deflation on the back of declining of electricity and transportation cost. While the core inflation is lower compared last month on the back of declining of global gold price. In the Board of Governors' Meeting on 12-13 Oct 2020, Bank Indonesia hold the BI 7-day Reverse Repo Rate at 4.00%, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates at 3.25% and 4.75% level, respectively. This policy is expected to maintain Rupiah stability amid low inflation. Rupiah appreciated by +1.53% from 14,918 at end of Sep 2020 to 14,690 at end of Oct 2020. Indonesia's trade balance recorded surplus amounting to USD +2,438mn in Sep 2020 vs previous month surplus USD +2,327mn. The higher number of trade surplus was affected by increment on commodity price, such as: CPO, iron, and steel. The import number grew by +7.7% MoM which was caused by increment of oil imports and machineries (hospital equipment). Non-oil and gas trade balance in Sep 2020 recorded surplus USD +2,908mn, which was higher than the previous month that recorded trade surplus amounting to USD +2,666mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -470mn in Sep 2020, which was higher than the deficit on Aug 2020 amounting to USD -388mn. Indonesia's economy contracted by -3.49% YoY in Q3 2020 (vs previous -5.32%, consensus -3.20%), but recorded positive growth by +5.05% QoQ (vs previous -4.19%, consensus 5.55%) which was supported by the relaxation of PSBB in July - September 2020. With this negative YoY growth, Indonesia's officially enter recession for the first time since 1998 Asian Financial Crisis. The YoY negative growth was contributed by the contraction on household consumption growth by -4.04% YoY, while only government spending grow positively by 9.72% YoY. Indonesia's official foreign reserve as of October 2020 was at USD 133.4 billion, lower than September 2020's number at USD135.2 billion. The decrement of foreign reserve was caused by the payment of external debt.

IDR Government bond yields were lower across all curves on the back of offshore inflows in line with IDR appreciation. Market was opened with weaker tone which was affected by global sentiments, such as: the uncertainty of additional budget stimulus in US and the increasing number of new cases & lockdown reimplementation on several cities in Europe Zone. However, market rebounded with bullish tone which was affected by the approval of Omnibus Law by The Parliament and also the capability of government to contain protest around Indonesia's cities. Thus the confidence level of investor to enter the market was rising again with the hope that Omnibus Law could increase the Indonesia's FDI level. On 8 Oct 2020, MoF succeed to issue new bonds on private placement which the only buyer is Bank Indonesia with burden sharing scheme. This issuance is expected to finance Public Goods amounting to IDR 397.56tn. The total issuance itself is amounting to IDR 46.2 with four new bonds, as follows: VR46 (2025), VR47 (2026), VR48 (2027), and VR49 (2028). The coupon for these bonds is 3.84000% for the first three months. Offshore accounts increased their holding by IDR 21.8tn in Oct 2020 (+2.34% MoM), to IDR 954.95tn as of 27 Oct 2020 from IDR 933.15tn as of 30 Sep 2020, which brought their holding to 26.41% of total outstanding tradable government bond (from 26.96% in the previous month). The 5Y yield Oct 2020 ended -24bps lower to +5.49% (+5.73% in Sep 2020), 10Y tenor ended -35bps lower to +6.61% (+6.96% in Sep 2020), 15Y tenor ended -28bps lower to +7.17% (+7.45% in Sep 2020) and 20Y tenor ended -17bps lower to +7.27% (+7.44% in Sep 2020).

The JCI ended the month higher at 5,128.23 (+5.3% MoM). Market movers were BBKA, ASII, BMRI, BBRI, and TPIA as they rose 6.83%, 21.64%, 16.43%, 10.53% and 11.11% MoM respectively. Global stock markets continued its decline in October due to record high COVID-19 new cases in Europe which have triggered most European Countries to enforce another lockdown. Meanwhile, investors were concerned on the narrow US election results that would effectively result in a divided house of senate also weighed on capital market sentiments. Policy direction under this scenario will be divided and lack clarity on direction. Meanwhile on the Indonesian shores, investors responded positively to the passing of the Omnibus Bill in the hope that Indonesia will attract Foreign Direct Investment (FDI) particularly those that are related to the EV value chain. In addition, the easing of the Large Scale Social Distancing in Jakarta also boosted investors' confidence as it would had an impact on economy recovery given that Indonesia's economy is 60% consumption driven. Sector wise, the Miscellaneous Industries Sector was the best performing sector during the month, gaining 16.79% MoM. Ticker wise, SSTM (Sunson Textile Manufacturer) and ASII (Astra International) were the movers, appreciating 32.21% and 21.64% MoM respectively. This was followed by the Finance Sector which rallied 9.61% MoM. Ticker wise, BKSJ (Bank QNB Indonesia) and BNL (Bank Permata) posted 81.16% and 76.72% MoM gains respectively. On the other hand, the worst sector during the month was the Consumer Sector, which recorded a decline of 1.30% MoM. Ticker wise, UNVR (Unilever) and ICBP (Indofood CBP) were the laggards which fell 3.40% and 4.22% MoM respectively.

### About Allianz Indonesia

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