

# SMARTLINK RUPIAH BALANCED FUND

## December 2021

### 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		5.84%
Best Month	Oct-07	12.71%
Worst Month	Oct-08	-17.27%

#### Portfolio Breakdown

Equity	30.28%
Treasury Bonds	55.29%
Corporate Bonds	1.69%
Govt. Related Bond	0.63%
Mutual Funds - Bonds	0.00%
Mutual Funds - Alternatives	3.57%
Cash/Deposit	8.55%

#### Top Five Bonds Holding

(in Alphabetical Order)

FR0070	15/03/2024
FR0078	15/05/2029
FR0080	15/06/2035
FR0087	15/02/2031
FR0091	15/04/2032

#### Top Five Stocks Holding

(in Alphabetical Order)

Bank Central Asia
Bank Jago
Bank Rakyat Indonesia
Merdeka Copper Gold
Telekomunikasi Indonesia

#### Key Fund Facts

Fund Size (in bn IDR)	IDR 1,993.72
Risk Profile	Moderate
Launch Date	08 Mar 2004
Fund Currency	Indonesian Rupiah
Launch Date NAV Price	IDR 1,000.00
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	497,441,529.5455

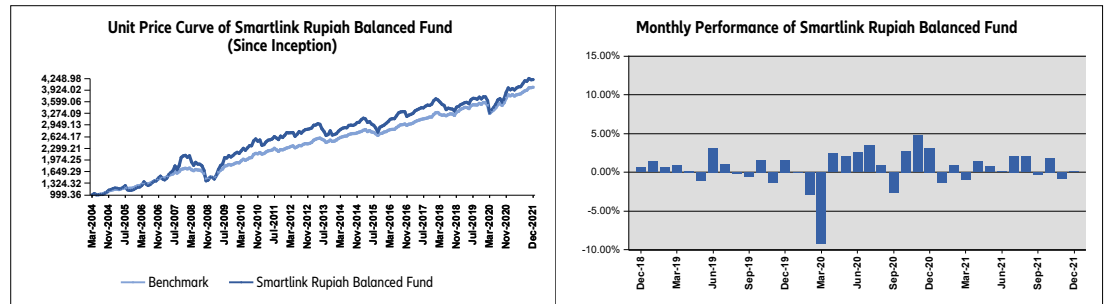
<b>Price per Unit</b>	<b>Bid</b>	<b>Offer</b>
(As of Dec 30, 2021)	IDR 4,007.95	IDR 4,218.89

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	0.12%	1.12%	4.95%	5.84%	21.58%	30.72%	5.84%	321.89%
Benchmark*	0.28%	2.05%	4.79%	5.57%	20.03%	34.60%	5.57%	300.42%

\*25% Jakarta Composite Index (JCI), 50% IBPA Indonesia Government Bond Total Return Index (IBPRTRI) & 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 Dec 2021 inflation +0.57% mom (vs consensus inflation +0.52%, +0.37% in Nov 2021). On yearly basis, inflation was +1.87% yoy (vs consensus inflation +1.81%, +1.75% in Nov 2021). Core inflation was printed at +1.56% yoy (vs consensus inflation +1.53%, +1.44% in Nov 2021). The increment of monthly inflation was contributed by the higher inflation of volatile food group (higher chili and cooking oil prices), and also the increment of inflation on administered prices group ahead of Christmas and New Year Holiday due to higher airfare. The BI Board of Governors agreed on 15-16 Dec 2021 to hold the BI 7-Day Reverse Repo Rate at 3.50%, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates at 2.75% and 4.25%, respectively. This policy is to maintain Rupiah stability in the middle of global uncertainty and also the lower inflation. Rupiah appreciated against USD by +0.5% from 14,340 at end of Nov 2021 to 14,269 at end of Dec 2021. Indonesia's trade balance recorded surplus amounting to USD 3,513mn in Nov 2021 vs previous month surplus USD 5,733mn in Oct 2021. The trade surplus recorded lower growth compared last month by -39% which was impacted by higher oil and gas import which grew by +94%. Non-oil and gas trade balance in Nov 2021 recorded surplus USD +5,206mn, which was higher than the previous month that recorded trade surplus amounting to USD +6,606mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,693mn in Nov 2021, which was higher than the deficit in Oct 2021 amounting to USD -873mn. Indonesia's official foreign reserve in the end of Dec 2021 was at USD 144.9bn, slightly higher than Nov 2021 number at USD 145.9bn due to external debt payment.

IDR Government bond yields were mostly closed higher across all curves in line with offshore outflows. The bearish market was due to negative global sentiments, such as the indication of FED to end the tapering off faster than expected, concern over omicron spreading around the world and higher inflation in US and Europe Zone. Support came mostly from the local fund managers probably due to fund inflow and light rebalancing position approaching year end. On 29 Dec 2021, Bank Indonesia continue buying bonds through private placement for their Burden Sharing Program with MOF amounting to IDR 157tn with 4 series. With this latest purchasing, BI fulfilled their responsibility for Burden Sharing Program in 2021 amounting to IDR 215tn. Offshore accounts decreased their holding by IDR -27.11tn in Dec 2021 (-2.95% MoM), from IDR 918.45tn as of 30 Nov 2021 to IDR 891.34tn as of 31 Dec 2021, which brought their holding to 19.05% of total outstanding tradable government bond (from 20.55% in the previous month). The 5Y yield Dec 2021 ended +23bps higher to +5.10% (vs +4.87% in Nov 2021), 10Y tenor ended +28bps higher to +6.38% (vs +6.10% in Nov 2021), 15Y tenor ended flat at +6.27% (vs +6.27% in Nov 2021) and 20Y tenor ended +24bps higher to +7.08% (vs +6.84% in Nov 2021).

The JCI ended the month higher at 6,581.48 (+0.73% MoM). Market movers were ADRO, MSIN, EMTK, GEMS, and BEBS as they rose 42.21%, 386.27%, 18.44%, 84.45%, and 47.98% MoM respectively. Global stock markets rebounded in the month of December amid speculation that the Omicron coronavirus variant won't derail the economic recovery. Sales of previously owned U.S. homes increased for a third consecutive month in November, while consumer confidence rose in December by more than expected as Americans' outlook for employment and the economy improved. While on the monetary policy front, minutes of the Federal Reserve's December meeting, at which it signaled its intention to reduce monetary policy support and raise interest rates this year, show members found the economy "much stronger, with higher inflation" than in previous recoveries. This poses a risk on the equity market going forward. Moving to Indonesia, Indonesia coronavirus cases has remained low in December with no signs of another round of Covid-19 wave picking up. To prevent Omicron Virus from spreading in the country, Indonesia government has extended the quarantine days for foreigners travelling aboard to Indonesia to 7 days, from previously 3 days. On Indonesia equities, the Indonesia stock benchmark currently trades at 2022 earnings multiple of 15.2x, which is slightly above its mean but considering the already low foreign investors positioning combined with improving economic activity, strong commodity prices, upcoming tax amnesty and more technology company IPOs, we believe this will improve investors' appetite in Indonesian stock market going forward. Sector wise, the Energy Sector was the best performing sector during the month, gaining 8.88% MoM. Ticker wise, GEMS (Golden Energy Mines) and BSML (Bintang Samudera Mandiri) were the movers, appreciating 84.45% and 65.81% MoM respectively. This was followed by the Consumer Cyclical Sector which rallied 8.07% MoM. Ticker wise, MSIN (MNC Studio International) and PGLI (Pembangunan Graha Lestari) posted 386.27% and 104.59% MoM gains respectively. On the other hand, the worst sector during the month was the Properties and Real Estate Sector, which recorded a decline of 5.30% MoM. Ticker wise, KBAG (Karya Bersama Anugerah) and POLL (Pollux Properties) were the laggards, which fell 44.14% and 38.25% MoM respectively.

#### About Allianz Indonesia

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