

# SMARTLINK RUPIAH EQUITY FUND

## December 2021

**BLOOMBERG: AZRPEQF IJ**

### Investment Objective

The objective of this fund is to provide maximum long term investment yield.

### Investment Strategy

To achieve the investment objective, this fund shall be invested 0 - 20% in short-term instruments (such as deposits, SBI, SPN, and / or money market mutual funds) and 80 - 100% in equity instruments (either directly through stocks and / or through equity mutual funds).

### Return Performance

Last 1-year Period		5.65%
Best Month	Jul-09	14.70%
Worst Month	Oct-08	-19.00%

### Portfolio Breakdown

Equity	93.35%
Cash/Deposit	6.65%

### Top Ten Stocks Holding

(in Alphabetical Order)

Bank Central Asia  
Bank Jago  
Bank Mandiri Persero  
Bank Rakyat Indonesia  
Bukalapak.Com,  
Elang Mahkota Teknologi  
Merdeka Copper Gold  
Surya Citra Media  
Telekomunikasi Indonesia  
Tower Bersama Infrastruct

### Key Fund Facts

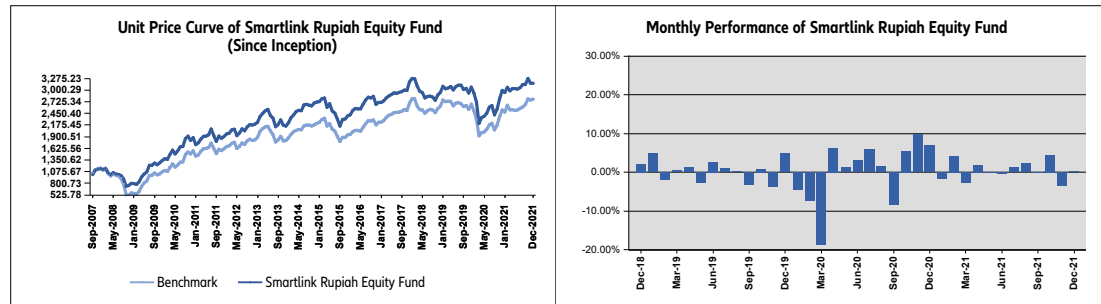
Fund Size (in bn IDR)	IDR 10,272.20
Risk Profile	Aggressive
Launch Date	01 Sep 2007
Fund Currency	Indonesian Rupiah
Launch Date NAV Price	IDR 1,000.00
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	3,418,132,137.1380

Price per Unit	Bid	Offer
(As of Dec 30, 2021)	IDR 3,005.21	IDR 3,163.38

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	YTD	Since Inception
Smartlink Rupiah Equity Fund	0.05%	0.95%	4.53%	5.65%	7.29%	16.70%	5.65%	216.34%
Benchmark*	0.73%	4.68%	9.96%	10.08%	6.25%	24.26%	10.08%	178.72%

\*Jakarta Composite Index (JCI)



### 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.

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 BSMI (Bintang Samudera Mandiri) were the movers, appreciating 84.45% and 65.81% MoM respectively. This was followed by the Consumer Cyclicals 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.

Portfolio strategy wise, we have started to progressively shift to increase non-defensive cyclical exposures on economic recovery expectation in 2022. Generally speaking, our preference on equities that have pricing power, efficient balance sheet and good corporate governance has not changed regardless of condition. We are putting a larger emphasis on managing earnings expectations to a more conservative approach rather than growth seeking and assess value on that front also bearing in mind forex, leverage exposures and cash flow generation ability.

### About Allianz Indonesia

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