

Smartlink Dollar Managed Class B Fund

December 2022

BLOOMBERG: AZUSMGB IJ
Investment Objective

The objective of the fund is to provide relatively stable income with capital preservation for the long term in U.S. Dollars.

Investment Strategy

To achieve the investment objective, this fund shall be invested 0-20% in short-term instruments, and 80-100% in the medium-or long-term instruments, in U.S. Dollars.

Return Performance

Last 1-year Period -8.97%
 Best Month Nov-22 2.67%
 Worst Month Sep-22 -4.20%

Portfolio Breakdown

Bonds 95.68%
 Money Market 4.32%

Top 10 Holding

(in Alphabetical Order)

Ind Eurobonds 2.8% 06/23/30
 RI-2019 4.75% 02/11/29
 RI-2024 5.875% 01/15/24
 RI-2025 4.125% 15/1/25
 RI-2025 4.325% 28/05/25
 RI-2026 4.75% 01/08/2026
 RI-2027 3.85% 07/18/27
 RI-2027 4.15% 03/29/27
 RI-2027 4.35% 01/08/27
 RI-2028 4.1% 04/24/28

Industry Sector

Government 96.64%
 Finance 3.36%

Key Fund Facts

Fund Size (in mio USD) USD 0.57
 Risk Level Moderate
 Launch Date 15 Dec 2020
 Fund Currency United States Dollar
 Launch Date NAV Price USD 1.00
 Pricing Frequency Daily
 Investment Management 1.50% p.a.
 Fee
 Custodian Bank Name Bank HSBC Indonesia
 Total Unit 615,524.1295

Price per Unit

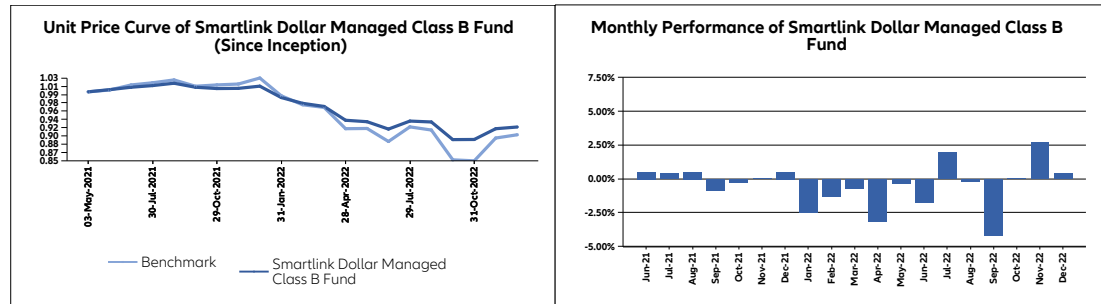
(As of Dec 30, 2022) USD 0.9218

Managed by PT. Asuransi Allianz Life Indonesia

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years | YTD | Since Inception |
|---------------------------------------|---------|----------|----------|---------|---------|---------|---------|-----------------|
| Smartlink Dollar Managed Class B Fund | 0.41% | 3.13% | 0.50% | -8.97% | N/A | N/A | -8.97% | -7.82% |
| Benchmark* | 0.81% | 6.56% | 1.67% | -12.24% | N/A | N/A | -12.24% | -9.55% |

*IBPA - Indonesia Government Global Bond Index

(Benchmark assessment; before Oct 2021: 80% IBPA - Indonesia Government Global Bond Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)


Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced Dec 2022 inflation at +0.66% mom (vs consensus inflation +0.54%, +0.09% in Nov 2022). On yearly basis, inflation was at +5.51% yoy (vs consensus inflation +5.39%, +5.42% in Nov 2022). Core inflation was printed at +3.36% yoy (vs consensus inflation +3.39%, +3.30% in Nov 2022). The higher yearly inflation was contributed by the higher inflation on administered prices group which was impacted by the higher fuel prices and airfare. While the inflation on volatile food group decreased from 5.70% on Nov 2022 to 5.61% on Dec 2022. The BI Board of Governors agreed on 21-22 Dec 2022 to increase the BI 7-Day Reverse Repo Rate by 25bps to be 5.50% and also increase the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 4.75% and 6.25%, respectively. In total, Bank Indonesia had increased their benchmark rate by 200bps along 2022. This decision for this policy is as front loaded, pre-emptive and forward-looking movement to lower the expectation inflation, to ensure the core inflation back to their target level at 3±1% on 1H 2023, and also to strengthen the Rupiah currency amid the uncertainty of global financial market. Rupiah appreciated against USD by +0.95% from 15,742 at end of November 2022 to 15,592 at end of December 2022. The appreciation of Rupiah was impacted by the weakening of Dollar currency and also the inflow from foreign investor to Indonesia's bond market. Indonesia's trade balance recorded surplus amounting to USD +5,159mn in November 2022 vs previous month surplus USD +5,674mn in Oct 2022. The higher of trade surplus was mostly impacted by the slowing down in imports number on capital & raw material goods. The exports number declined from 12.30% YoY in Oct 2022 to 5.60% YoY in Nov 2022 on the back of decreasing of coal and palm oil export. Non-oil and gas trade balance in Nov 2022 recorded surplus USD +6,827mn, which was lower than the previous month that recorded trade surplus amounting to USD +7,663mn in Oct 2022. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,668mn in Nov 2022, which was lower than the deficit in Oct 2022 amounting to USD -1,989mn. Indonesia's official reserve assets position amassed USD137.2 billion as of end-December 2022, increased from USD134.0 billion as of end-November 2022. The gain of official reserves assets in December 2022 was underpinned, amongst others, by the tax and service receipts as well as government's foreign loan withdrawal.

USD government bond yields were closed lower across all the curves in line with foreign inflows to Indonesia's bond market. The Indonesia's bond market was opened with bullish tone which was showed by the incoming of foreign investor to the Indonesia's bond market. However, the tone has changed and market players tended to choose the sideways position after Fed indicated that they will continue to have hawkish stance in 2023. This was impacted by the better US economic indicator, such as: better number of US unemployment rate and the GDP number per Q3 2022 that grew by +3.20% QoQ. Indonesia's CDS 5yr level worsened in December 2022 compared with previous month from 91/94 to 97/101. The 5Y yield Dec 2022 ended -6bps lower to +4.68%(vs +4.74% in Nov 2022), 10yr tenor ended -2bps lower to +4.80%(vs +4.82% in Nov 2022), 20yr tenor ended -5bps lower to +5.40%(vs +5.45% in Nov 2022), and 25yr ended -1bps lower to +5.33%(vs +5.34% in Nov 2022).

In regards to our recent portfolio, we increase the bond allocation however still maintain underweight duration against benchmark.

About Allianz Indonesia

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