

# Smartlink Rupiah Equity Fund

## March 2017



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).

### PERFORMANCE INDICATOR

#### Return Performance

Last 1-year Period	<b>9.70%</b>
Best Month	<b>14.70%</b> Jul-09
Worst Month	<b>-19.00%</b> Oct-08

#### Portfolio Breakdown

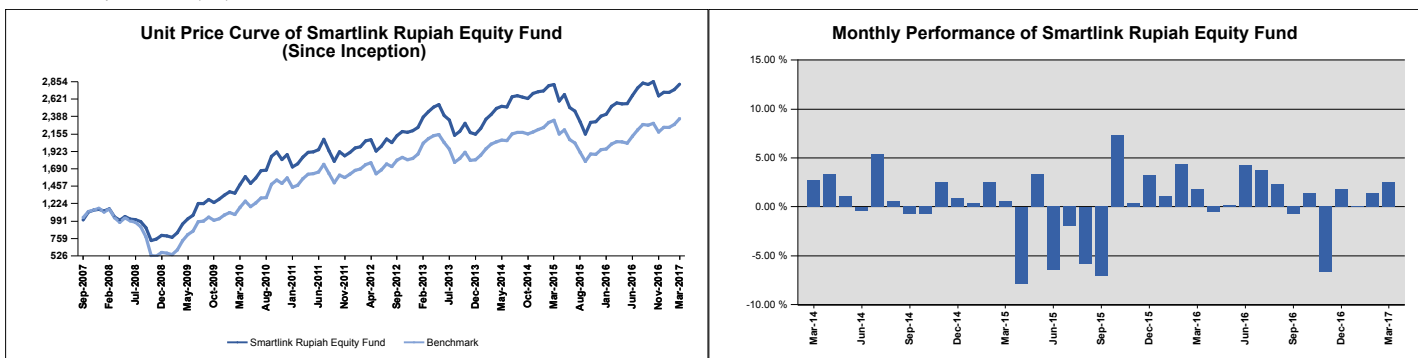
Equity	<b>89.45%</b>
Cash/Deposit	<b>10.55%</b>

#### Top Five Stocks Holding

Telekomunikasi Indonesia	<b>8.76%</b>
Hanjaya Mandala Sampoerna	<b>7.80%</b>
Bank Central Asia	<b>7.79%</b>
Astra International	<b>5.83%</b>
Unilever Indonesia	<b>5.52%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Equity Fund	<b>2.60%</b>	<b>3.96%</b>	<b>0.11%</b>	<b>9.70%</b>	<b>16.69%</b>	<b>3.96%</b>	<b>181.81%</b>
Benchmark*	<b>3.37%</b>	<b>5.12%</b>	<b>3.79%</b>	<b>14.92%</b>	<b>16.77%</b>	<b>5.12%</b>	<b>135.80%</b>

\*Jakarta Composite Index (JCI)



### KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 8,801.14
Risk Profile	: Aggressive
Launch Date	: 01 Sep 2007
Fund Currency	: Indonesian Rupiah
Managed by	: PT Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily
Price per Unit	<i>Bid</i> <i>Offer</i>
(As of Mar 31, 2017)	: IDR 2,677.20 IDR 2,818.11
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Mar 2017 deflation at -0.02% mom (vs consensus +0.20%, +0.23% in Feb 2017), mostly was caused by lower food ingredients prices also transportation and communication tariff. On yearly basis, inflation was lower to +3.61% YoY (vs consensus +3.80%, +3.83% in Feb 2017). Core inflation printed at +3.30% YoY, lower than previous month at +3.41% YoY. In the Board of Governors' Meeting on 15-16 Mar 2017, Bank Indonesia maintained the 7-day reverse repo rate at 4.75%, also Deposit Facility (DF) at 4.00% and Lending Facility (LF) at 5.50%. Rupiah appreciated by +0.19% to 13,321/USD at end of Mar 2017 as opposed to 13,347/USD previous month. Trade balance booked a surplus of +US\$1.32bn (non-oil and gas surplus USD 2.55bn, oil and gas deficit USD 1.23bn) in Feb 2017. Export rose by +11.16% YoY mostly driven by jewelry exports, while imports rose by +10.61% YoY. FX Reserves rose by USD 1.9bn from USD 119.9bn in Feb 2017 to USD 121.8bn in Mar 2017 on the back of oil and gas export, government foreign loan drawdown also income from foreign currency BI Securities (SBBI).

The JCI (Jakarta Composite Index) closed higher in March, gaining +3.37% MoM to close at 5,568.11 for the month. Movers were BBRI, TLKM, BBCA, ASII, and BMRI which posted respectable gains of +8.58%, +7.27%, +7.12%, +5.18%, and +3.54% MoM respectively. Meanwhile the laggards were PGAS, SMGR, SCMA, MDIA, and BJBR which fell -10.60%, -6.49%, -8.47%, -29.63%, and -12.17% MoM respectively. Index broke thru all-time high in March at 5,500 on the back of potential S&P upgrade. Despite an improvement in Indonesia's macro economy, achieving S&P's investment grade status remains elusive despite Fitch and Moody having listed Indonesia into investment grade years ago. In recent weeks, the prospect of an S&P upgrade in May re-emerged, enticed by significant foreign inflow of US\$785mn in the equity market. The upgrade would lead to a lowering both risk free and premium, which would result in higher equity value. However, we expect market volatility will be higher in short term on the back of tax law enforcement post tax amnesty period which ends in Mar-17 and secondly the outcome of Jakarta elections on 19 Apr. Sector wise, the Mining Sector was the best performing sector this month, appreciating by +6.63% MoM. MEDC (Medco Energy) and HRUM (Harum Energy) were the movers; gaining by +24.00% and +19.72% MoM respectively. This was followed by the Basic Industry Sector that posted +5.35% MoM gains, driven by BRPT (Barito Pacific) and SBR (Semen Baturaja) which rose +35.14% and +24.24% MoM respectively. On the flip side, Property and Construction Sector was the worst performing sector this month, losing by -1.29% MoM. PPRO (PP Properti) and CTRA (Ciputra Development) were the laggards, falling -11.59% and -10.22% MoM respectively.

Our portfolio strategy leans towards a more defensive approach where risk/reward is still the bottom up main focus. Generally speaking, we have been selective on equities that have pricing power, relatively low gearing and well-disciplined corporate governance. 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.