

# SMARTLINK RUPIAH EQUITY FUND

## August 2020

**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 |        | -15.42% |
| Best Month         | Jul-09 | 14.70%  |
| Worst Month        | Oct-08 | -19.00% |

### Portfolio Breakdown

|                         |        |
|-------------------------|--------|
| Equity                  | 93.06% |
| Mutual Funds - Equities | 3.06%  |
| Cash/Deposit            | 3.88%  |

### Top Five Stocks Holding

|                          |        |
|--------------------------|--------|
| Bank Central Asia        | 14.19% |
| Bank Rakyat Indonesia    | 8.01%  |
| Unilever Indonesia       | 6.39%  |
| Bank Mandiri Persero     | 5.79%  |
| Telekomunikasi Indonesia | 5.40%  |

### Key Fund Facts

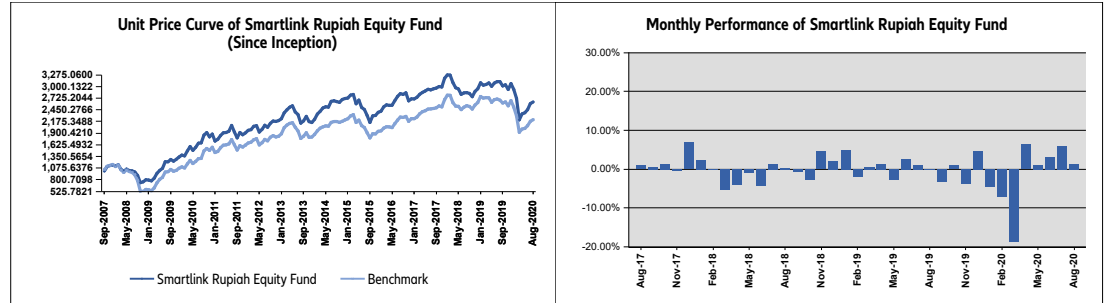
|                       |                     |
|-----------------------|---------------------|
| Fund Size (in bn IDR) | IDR 8,826.70        |
| Risk Profile          | Aggressive          |
| Launch Date           | 01 Sep 2007         |
| Fund Currency         | Indonesian Rupiah   |
| Pricing Frequency     | Daily               |
| Bid-Offer Spread      | 5.00%               |
| Management Fee        | 2.00% p.a.          |
| Custodian Bank Name   | Bank HSBC Indonesia |
| Total Unit            | 3,523,858,039.4294  |

| Price per Unit       | Bid          | Offer        |
|----------------------|--------------|--------------|
| (As of Aug 31, 2020) | IDR 2,504.84 | IDR 2,636.67 |

Managed by PT. Asuransi Allianz Life Indonesia

|                              | 1 Month | 3 Months | 6 Months | 1 Year  | 3 Years | YTD     | Since Inception |
|------------------------------|---------|----------|----------|---------|---------|---------|-----------------|
| Smartlink Rupiah Equity Fund | 1.44%   | 10.70%   | -3.13%   | -15.42% | -10.56% | -14.15% | 163.67%         |
| Benchmark*                   | 1.73%   | 10.20%   | -3.93%   | -17.22% | -10.67% | -16.84% | 121.85%         |

\*Jakarta Composite Index (JCI)



### Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced Aug 2020 deflation at -0.05% mom (vs consensus inflation +0.01%, -0.10% in July 2020). On yearly basis, inflation was +1.32% yoy (vs consensus inflation +1.40%, +1.54% in July 2020). Core inflation was printed at +2.03% yoy (vs consensus inflation +2.00%, +2.07% in July 2020). The monthly deflation was contributed by the deflation on volatile food and administered price group. The deflation on volatile food group was affected by the declining of chicken, onion, and rice price, while the administered price group was impacted by the declining of transportation cost. The core inflation was contributed by the increment of gold price. In the Board of Governors' Meeting on 18-19 Aug 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 the external stability in line with their expectation that the inflation remain low. Rupiah slightly appreciated by +0.68% from 14,653 at the end of July 2020 to 14,554 at the end of Aug 2020. Indonesia's trade balance recorded surplus amounting to USD +3,263mn in July 2020 vs previous month surplus USD +1,268mn. The surplus was caused by better number in export which was supported by the increment on commodities prices, especially CPO price and also the increasing in export number for iron & steel, especially to China. Non-oil and gas trade balance in July 2020 recorded surplus USD +3,516mn, which was higher than the previous month that recorded trade surplus amounting to USD +1,372mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -253mn in July 2020, which was higher than the deficit on June 2020 amounting to USD -95mn. Indonesia's official foreign reserve as of Aug 2020 was at USD 137.0 billion, higher than July 2020's number at USD 135.1 billion. The increment of foreign reserve was supported by the withdrawal of government loans and oil & gas export proceeds.

The JCI ended the month higher at 5,238.49 (+1.73% MoM). Market movers were BBRI, RMBA, ICBP, INDF, and BBNI as they rose 11.08%, 158.47%, 11.14%, 18.22% and 10.87% MoM respectively. Global market closed the month on a positive note as positive news on COVID-19 vaccines development. In addition to that, US economic data were also supportive as well as the FED unveiled adjustment to inflation targeting to allow for an overshoot above its 2% target, thus facilitating current low rates to persist longer. In turn inflation is a means of growth which generally is supportive of the equity market in the short run. On the domestic front, manufacturing and infrastructure activities have gradually improved post reopening, which can be seen within the Auto and cement sectors which saw double digit growth on a monthly basis. The proposed FY21 fiscal budget which was announced during the Independence Day speech focuses heavily on economic recovery which were also supportive of the market. However, we can't rule out that the continued rise in new daily cases which had reached record high above 2,500/day has raised the risk that economies could re-enter into lockdown to curb the spread of the virus. All in all, the latest developments in the vaccine helps spur some confidence within the business community despite the spike in daily new infection cases. Timeliness is crucial as to when vaccines are commercially available in order to gauge the return to normal trajectory. Sector wise, the Finance Sector was the best performing sector during the month, gaining 4.42% MoM. Ticker wise, AGRO (Bank Rakyat Indonesia Agroniaga) and BBKP (Bank Bukopin Tbk) were the movers, appreciating 63.79% and 60.67% MoM respectively. This was followed by the Consumer Sector which rallied 2.5% MoM. Ticker wise, RMBA (Bentol Internasional Investama) and KAEF (Kimia Farma Persero) posted 158.47% and 35.11% MoM gains respectively. On the other hand, the worst sector during the month was the Infrastructure, Utilities and Transportation Sector, which recorded a decline of 5.22% MoM. Ticker wise, FREN (Smartfren Telecom) and BULL (Buana Listya Tama) were the laggards which fell 37.06% and 12.35% MoM respectively.

Portfolio strategy wise, we have started to progressively shift to increase non defensives cyclical exposures on economic recovery expectation in 2021. 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.

### About Allianz Indonesia

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### Disclaimer:

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