

SMARTLINK RUPIAH EQUITY FUND

September 2019

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		6.26%
Best Month	Jul-09	14.70%
Worst Month	Oct-08	-19.00%

Portfolio Breakdown

Equity	85.55%
Mutual Funds - Equities	2.75%
Cash/Deposit	11.69%

Top Five Stocks Holding

Bank Central Asia	10.65%
Bank Rakyat Indonesia	8.11%
Telekomunikasi Indonesia	6.23%
Bank Mandiri Persero	4.69%
Astra International	4.27%

Key Fund Facts

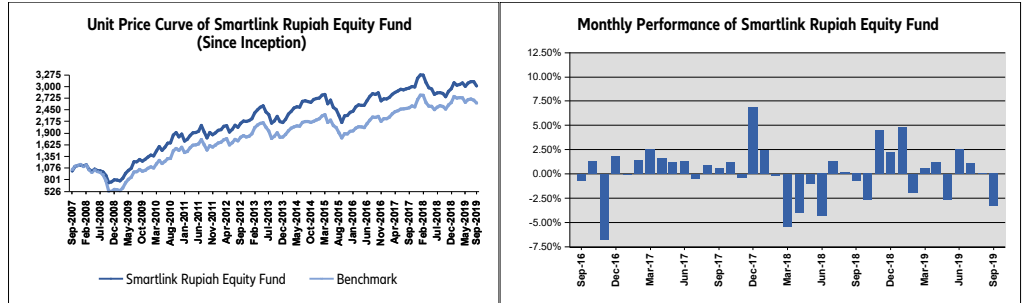
Fund Size (in bn IDR)	IDR 9,846.19
Risk Profile	Aggressive
Launch Date	01 Sep 2007
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

Price per Unit	Bid	Offer
(As of Sep 30, 2019)	IDR 2,864.42	IDR 3,015.18

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Equity Fund	-3.27%	-2.23%	-1.13%	6.26%	7.11%	2.27%	201.52%
Benchmark*	-2.52%	-2.98%	-4.63%	3.22%	14.99%	-0.41%	161.26%

*Jakarta Composite Index (JCI)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced September 2019 deflation at -0.27% mom (vs consensus inflation -0.15%, +0.12% in August 2019). The deflation in this month was caused by decrement on food prices, especially chilli prices. On yearly basis, inflation was +3.39% yoy (vs consensus inflation +3.52%, +3.49% in August 2019). The contributor of yearly inflation was still affected by the increment of school fees ahead of new school academic year and clothing prices. Core inflation was printed at +3.32% yoy (vs consensus inflation +3.30%, +3.30% in August 2019). In the Board of Governors' Meeting on 18th and 19th September 2019, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 5.25%, while also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 4.50% and 6.00%, respectively. The reason for this policy is due to Indonesia's inflation is still lower enough. Bank Indonesia also do refinement for macro prudential policies for LTV and RIM. Rupiah appreciated by +0.44% to 14,174/USD at end of September 2019 from 14,237/USD in previous month. Indonesia's trade balance recorded surplus amounting to USD +85.1mn in August 2019 vs previous month deficit USD -0.63mn. Both of export and import growth was declining this month, but import growth declined faster than export growth. Thus, it impacted surplus in August 2019. Non-oil and gas trade balance in August 2019 recorded surplus USD 0.84bn, higher than the previous month which was resulting surplus amounting to USD 0.079bn. Meanwhile, oil and gas trade balance still recorded deficit to USD -0.756bn in August 2019, worsen than deficit on July 2019 amounting to USD -0.142bn. The deficit was still caused by higher oil products imports. Indonesia's official foreign reserve as of September 2019 was at USD 124.3billion, lower than August 2019's number at USD 126.4billion. The decrement in the reserve assets per Aug 2019 was caused by government external debts repayments.

The JCI ended the month lower at 6,169.1 (-2.52% MoM). Market laggards were HMSP, GGRM, UNVR, BBRI, and TLKM as they fell -14.87%, -24.61%, -4.81%, -3.51% and -3.15% MoM respectively. The stock market continued its decline in September as global leading indicators continues to show weakness. A stubborn global PMI at below 50 also triggered several central banks to cut interest rates to stimulate economic growth. On the domestic front, the government's plan to raise cigarette excise tax by 23% in 2020 which puts a pressure on cigarette names in addition to a benign grassroots wage growth. The Banking/Financial sector also showed strains as asset quality ticked upwards slightly and loan book growth looks to set on the softer side in months to come. Domestic consumption data early indicators looks weak as well as retailers post a softer trajectory same stores sales growth. The lack of short term catalyst had resulted in the JCI to contract by a notable -2.52% MoM. Sector wise, the Consumer Sector was the worst performing sector during the week, declining 8.08% MoM. Ticker wise, INAF (Indofarma Persero) and GGRM (Gudang Garam) were the laggards, depreciating 24.75% and 24.61% MoM respectively. This was followed by the Basic Industry Sector which dropped 3.62% MoM. Ticker wise, YPAS (Yanaprima Hastapersada) and ALMI (Alumindo Light Metal Industry) posted 23.21% and 21.25% MoM losses respectively. On the other hand, the best sector during the week was the Agriculture Sector, which recorded a gain of 1.24% MoM. Ticker wise, LSIP (Perusahaan Perkebunan London Sumatera) and ANJT (Austindo Nusantara Jaya) were the movers which rose 6.64% and 4.46% 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.

Disclaimer:

Smartlink Rupiah Equity Fund is unit linked fund offered by PT. Asuransi Allianz Life Indonesia (Allianz). This fact sheet is prepared by Allianz. The information presented is for informational use only. The performance of the fund is not guaranteed and the value of the units and the income from them may increase or decrease. Past returns and any forecast are not necessarily a guide to future performance. Allianz does not warrant or make any representations regarding the use or the results of the use of the figures generated in terms of their correctness, accuracy, reliability, or otherwise. You are advised to seek your financial consultant before making any investment.