

Smartlink Dollar Managed Fund

August 2013


BLOOMBERG: AZUSMGD:IJ
INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

To achieve the investment objective, this fund shall be invested 0-20% in short-term instruments (such as deposits), and 80-100% in the medium-or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income funds), in U.S. Dollars.

PERFORMANCE INDICATOR
Return Performance

(Last 1-year period) **-9.93%**
 Best Month **9.61% Dec-08**
 Worst Month **-10.66% Oct-08**

Portfolio Breakdown

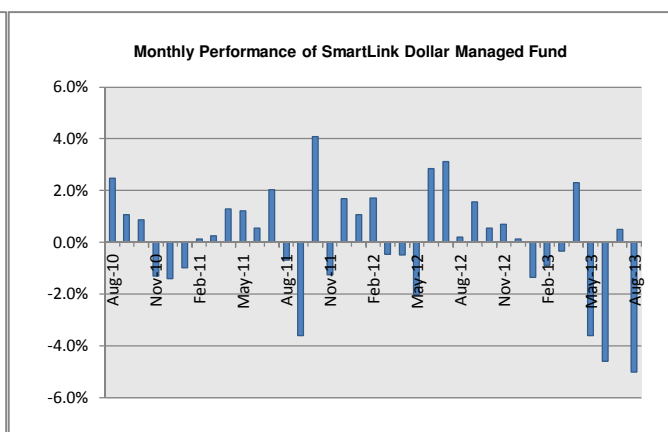
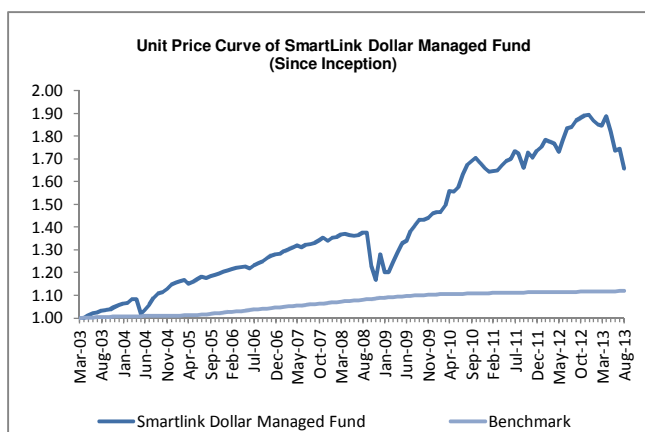
Corporate Bonds **32.81%**
 Government Bonds **57.21%**
 Cash/Deposit **9.98%**

Top Five Bonds Holding

Pertamina USD **9.56%**
 Indon 2019 **9.35%**
 Indon 2017 **7.85%**
 Indon 2016 **7.67%**
 Indon 2015 **7.62%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	-5.01%	-8.94%	-10.51%	-9.93%	-0.99%	-12.52%	65.67%
Benchmark*	0.02%	0.10%	0.17%	0.32%	1.00%	0.22%	11.86%

*Average 1 Month USD Deposit of Bank BNI, BCA and Citibank


KEY FUND FACTS

Fund Size (in mn USD) : USD 28.65
Risk Profile : Moderate Investor
Launch Date : 07 Apr 2003
Fund Currency : US Dollar
Managed by : PT. Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit *Bid*
(As of Aug 30, 2013) : USD 1.5739 *Offer* USD 1.6567
Bid-Offer Spread : 5.00%
Management Fee : 1.00% p.a

MANAGER COMMENTARY

Inflation in August was lower than market expectation, printed at 1.12% mom (vs consensus 1.20%, 3.29% in July). However in yearly basis, it was higher compared to previous month at 8.79% yoy (vs consensus 8.95%, 8.61% in July) which was driven by staple food price due to the Eid Mubarak holiday, and educational cost caused by start of new school term. Core inflation rose 4.48% yoy (vs consensus 4.43%, 4.44% in July). In the Board of Governors' Meeting on Aug 29th, 2013, Bank Indonesia increased its reference rate by 50 bps to 7.00%, Lending Facility by 25 bps to 7% and the deposit facility rate (FASBI) by 50bps to 5.25%. Rupiah depreciated against USD by -6.29% to 10,924 at end of August compared to previous month 10,278. Indonesia's July trade balance posted higher deficit at USD -2.31bn (vs consensus USD -0.4bn) compared to deficit at USD -0.847bn in June 2013. Export increased by 2.37% MoM while imports sharply increased by 11.4% MoM. Government announced policy package to address widening current account deficit, rising inflation and slowing growth. There are 4 packages: 1. to address current account deficit, 2. to maintaining economic growth, 3. to maintain consumer's purchasing power and lower inflation 4. to speed up investment. Bank Indonesia also announced some action plan: 1. Extend the allowed maturity of forex term deposits from max 30 days to maximum of 1 year, 2. Allow exporters to purchase foreign currency onshore in the amounts that they have previously converted into IDR, 3. Allow banks to "pass on" derivative positions held with third parties to BI, 4. Fund from the sale of assets by non-residents may now be kept in Indonesia and these deposits will be exempted from bank's foreign liability limit, 5. BI to issued deposit certificate of Bank Indonesia (SDBI).

USD govt bond yields closed higher across all tenor in August triggered by yield hike in US 10 year treasury (from 2.60% in 31 July 2013 to 2.78% in 30 Aug 2013) post stronger consumer spending numbers released. Players are placing higher possibility of Fed tapering QE will begin in September. Positive sentiment came from news that central bank signed USD 12bn extended bilateral swap deal with the Bank of Japan. Indonesia's CDS 5yr level was higher from 209/220 to 260/280. The 5Yr tenor yield August increased by 109.3bps to 4.531% (3.438% in July 2013), 10yr tenor yield August increased by 128.1bps to 6.072% (4.791% in July 2013), and the longest 30Yr tenor yield August increased by 98.4bps to 6.824% (5.840% in July 2013).

For the portfolio strategy: we have rebalanced to have a slightly lower duration compared to previous month.

Disclaimer:

The Smartlink Dollar Managed Fund is a 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.