

Smartlink Dollar Managed Fund

October 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) **-5.88%**
 Best Month **9.61% Dec-08**
 Worst Month **-10.66% Oct-08**

Portfolio Breakdown

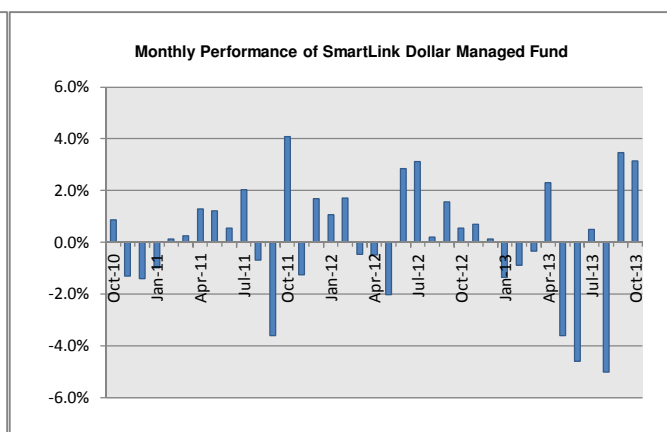
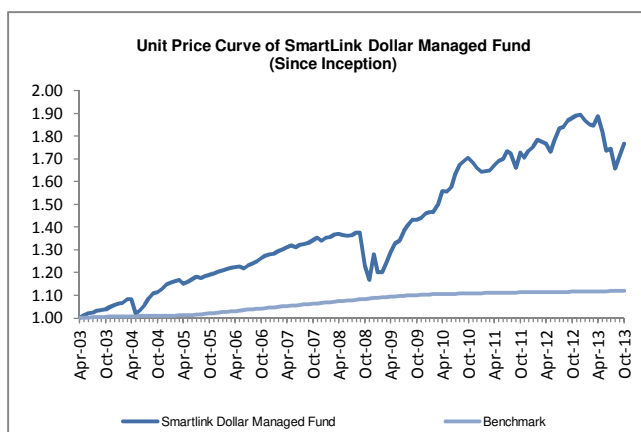
Corporate Bonds **32.02%**
 Government Bonds **53.60%**
 Cash/Deposit **14.38%**

Top Five Bonds Holding

Pertamina USD **10.16%**
 Indon 2019 **9.17%**
 Indon 2017 **7.58%**
 Indon 2016 **7.53%**
 Indon 2015 **7.15%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	3.14%	1.36%	-6.35%	-5.88%	3.64%	-6.65%	76.78%
Benchmark*	0.02%	0.07%	0.17%	0.31%	0.96%	0.27%	11.91%

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


KEY FUND FACTS

Fund Size (in mn USD) : USD 30.21
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 Oct 31, 2013) : USD 1.6795 *Offer* USD 1.7678
Bid-Offer Spread : 5.00%
Management Fee : 1.00% p.a

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in Oct at 0.09% mom (vs consensus 0.20%, deflation -0.35% in Sept). On yearly basis, inflation printed at 8.32% yoy (vs consensus 8.44%, lower than 8.40% in Sept), caused by lower food and clothes prices. Core inflation was slightly rose to 4.73% yoy (vs consensus 4.78%, 4.72% in Sept). In the Board of Governors' Meeting on Oct 8th, 2013, BI kept its reference rate at 7.25%, Lending Facility at 7.25%, and the deposit facility rate (FASBI) at 5.5%. Rupiah appreciated against USD by +3.37% to 11,234 at end of October compared to previous month 11,613. Trade balance was deficit -US\$ 0.657bn in Sept (vs consensus surplus US\$0.096bn, surplus US\$0.133bn in Aug) on the back of higher import. Export increased by 13.19% MoM while imports increased by 18.86% MoM. Deficit was caused by the decreasing surplus of non-oil and gas trade balance to USD 0.5bn and the increasing deficit of oil and gas trade balances to USD 1.2 bn. Indonesia Parliament has approved 2014 budget, with the following assumptions: GDP Growth 6.00%, Inflation 5.50%, USD/IDR average 10,500, Budget Deficit 1.69% of GDP, Target net bond issuance IDR 205.07 Tn, and Energy subsidy is IDR 282.1 Tn (Oil subsidy is IDR 210.7 Tn and Electricity subsidy is IDR 71.40 Tn).

USD gov't bond yields closed lower across all tenor in October post President Barack Obama signed a bill that ends the 16-day partial government shutdown and raises the temporary debt ceiling (The debt cushion now extends through February 7, with current spending levels being authorized through January 15). Federal Open Market Committee (FOMC) left its policy message largely unchanged from September statement. Fed as well will keep on with USD 85bn in monthly bond purchases. Rating and Investment Information, Inc. (R&I), a rating agency from Japan, held Indonesia's Sovereign Credit Rating at BBB-/stable outlook on October 11, 2013. Indonesia's CDS 5yr level was lower from 245/260 to 198/202. The 5Yr tenor yield October decreased by 61.6bps to 3.212% (3.828% in September 2013), 10yr tenor yield October decreased by 62.2bps to 4.612% (5.234% in September 2013), and the longest 30Yr tenor yield October decreased by 53.9bps to 5.643% (6.182% in September 2013).

For the portfolio strategy: we maintained neutral strategy for fixed income portion and duration.

Disclaimer:

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