

Smartlink Dollar Managed Fund

May 2013


BLOOMBERG: AZUSMGD:IJ (USD)
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

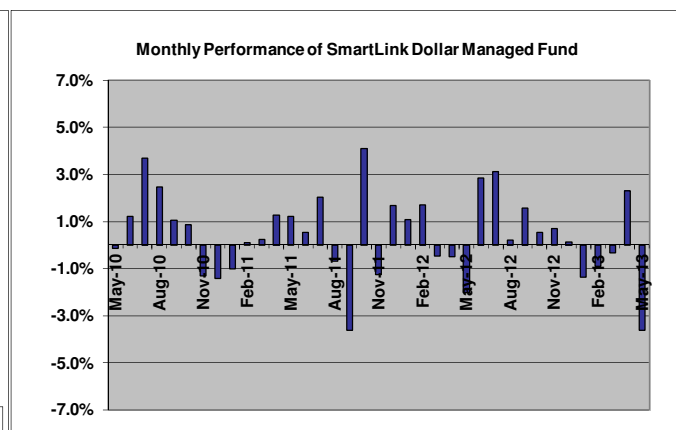
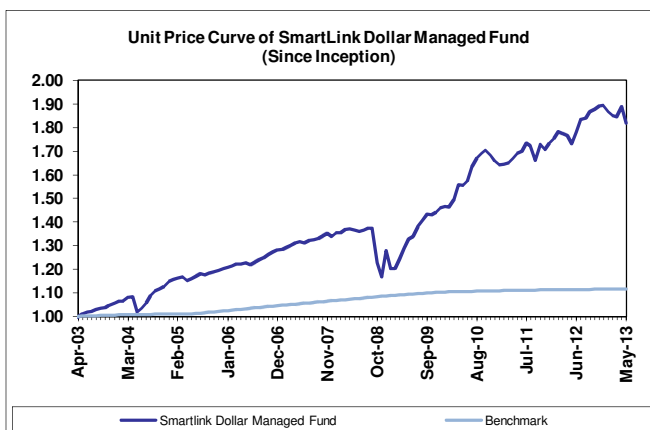
(Last 1-year period)	5.14%
Best Month	9.61% Dec-08
Worst Month	-10.66% Oct-08

Portfolio Breakdown

Corporate Bonds	34.60%	Pertamina USD	9.42%
Government Bonds	62.90%	Indon 2019	8.82%
Cash/Deposit	2.50%	Indon 2017	7.11%
		Indon 2016	7.05%
		Indon 2015	6.68%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception	Simple Average Growth Rate Since Inception
Smartlink Dollar Managed Fund	-3.61%	-1.72%	-3.80%	5.14%	16.93%	-3.92%	81.94%	8.06%
Benchmark*	0.02%	0.07%	0.15%	0.30%	1.03%	0.12%	11.75%	1.16%

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


KEY FUND FACTS

Fund Size (in mn USD)	USD 33.194
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 Offer
(As of May 31, 2013)	1.7285 1.8194
Bid-Offer Spread	: 5.00%
Management Fee	: 1.00% p.a

MANAGER COMMENTARY

Indonesia May's Inflation was lower compared to market consensus i.e. May CPI YoY 5.47% (consensus 5.61%) vs April 5.57%, May MoM -0.03% (consensus +0.11%) vs April -0.10%; due to deflation in food and clothes as horticulture import restrictions were loosened, and prices of personal accessories fell due to downtrend in gold prices. April's Core inflation was also lower compared to previous month figure, YoY 3.99% (consensus 4.08%) vs Apr 4.12%. BI maintained its reference rate unchanged at 5.75% on 14 May 2013's meeting due to manageable inflation. Rupiah depreciated against USD by -1.45% to 9877 at end of May from 9734 compared to previous month. Indonesia's April trade balance posted deficit at - USD 1.61bn compared to surplus USD 305 million in March 2013. Export decreased by -2.18% MoM while imports increased by 9.59% MoM. May's foreign reserves decreased by -USD2.12bn from USD107.27bn in April to USD105.15bn in May on the back of Bank Indonesia's intervention in foreign exchange market. Target deficit of 2013's Revised Budget widened by IDR 80.4T from initial budget. Overall, budget deficit widened to IDR 233.7T (2.48% of GDP).

USD govt bond yields closed higher all across the curve in May on the back of selling action. S&P revised its outlook on Indonesia's BB+ rating to stable from positive. The outlook revision reflects S&P assessment that the stalling of reform momentum and a weaker external profile have diminished the potential for a rating upgrade over the next 12 months followed by warning from Moody's saying that Indonesian Gov't's inability to effect fuel subsidy reform is credit negative. Selling action also triggered by US treasury sell-off. News that the FED may consider to lower down its bond-buying program on the back of improved US Economic data gave additional negative sentiment to the market. Government plans to issue global bond in 2nd half (Oct), as announced by Indonesia's Head of Debt Office. Indonesia's CDS 5yr level was higher from 126/132 to 160/170. The 5Yr tenor yield increased by 46.5bps to 2.669% (2.204% in April 2013), 10yr tenor yield increased by 84.6bps to 3.966% (3.12% in April 2013), and the longest 30Yr tenor yield increased by 71.4bps to 5.135% (4.421% in April 2013).

For the portfolio strategy: we maintain to have a medium duration.

Disclaimer:

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