

Smartlink US Dollar Managed Fund

July 2015

BLOOMBERG: AZUSMGD:IJ

INVESTMENT OBJECTIVE

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

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

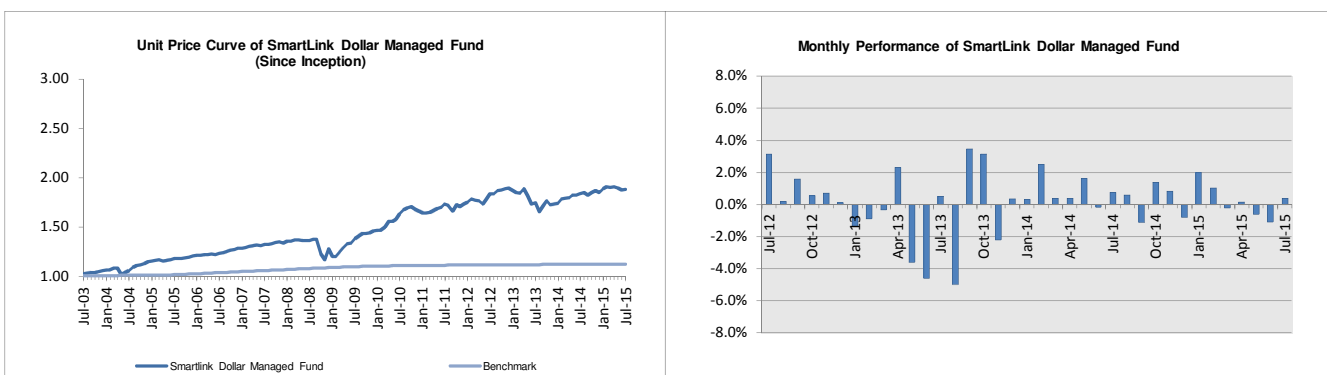
(Last 1-year period) **2.43%**
 Best Month **9.61% Dec-08**
 Worst Month **-10.66% Oct-08**

Portfolio Breakdown

Treasury Bonds	59.03%	Top Five Bonds Holding	Pertamina USD	10.15%
Govt. Related Bonds	33.95%		Indon 2019	9.38%
Corporate Bonds	0.00%		Indon 2017	7.68%
Cash/Deposit	7.02%		Indon 2022	6.93%
			Indon 2018	5.81%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	0.41%	-1.33%	-0.39%	2.43%	2.50%	1.58%	88.14%
Benchmark*	0.02%	0.07%	0.14%	0.26%	0.82%	0.16%	12.39%

*Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank


KEY FUND FACTS

Fund Size (in mn USD) : USD 28.87
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 (As of July 31, 2015) : USD 1.7874 **Bid** USD 1.8814 **Offer**
Bid-Offer Spread : 5.00%
Management Fee : 1.00% p.a

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced July's inflation at 0.93% mom (vs consensus 0.74%, inflation 0.54% in Jun 2015) which mostly were caused by higher food ingredients, processed food, beverages, tobacco prices and transportation cost during the fasting month and Hari Raya. On yearly basis, inflation printed steady at 7.26% YoY (vs consensus 7.06%, 7.26% in June 2015). Core inflation printed at 4.86% YoY, lower compared to previous month (vs consensus 5.00%, 5.04% in Jun 2015). In the Board of Governors' Meeting on Jul 14th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%. Rupiah depreciated against USD by -1.12% to 13,481 at end of Jul compared to previous month 13,332. Indonesia economic growth in second quarter 2015 eased to 4.67% YoY compared to previous quarter at 4.71% YoY. The major driven of the slowdown was the fixed investment and the government spending. Trade balance was surplus +0.47bn USD (non-oil and gas surplus 1.59bn, oil and gas deficit 1.12bn USD) in Jun 2015. Export decreased by -12.78% YoY mostly driven from export in natural oil, while imports decreased -17.42% YoY. FX Reserves decreased -0.48bn USD from 108.03bn USD in June 2015 to 107.55bn USD in July 2015 on the back of Government foreign debt payments and the use of foreign exchange to stabilize the IDR exchange rate.

USD government bond yields closed lower across all tenor in Jul 2015 due to better Indonesia economic data results. Rally halted by market risk-off on the back of negative global sentiment such as triggered by Greece referendum result and slumped in Chinese stock market. Profit taking emerged post Greece deal news however slowing down ahead Idul Fitri holiday as everyone stayed on the side line and don't want to take any risk. Greece vote NO on the referendum (Sunday, Jul 5). Market projected probability of a Grexit will increase to 75% from 33% and there is only a one in three chance of a Grexit turning into a systemic crisis (i.e. a 25% overall). In fact, Greece reached an agreement with its creditors over the reforms needed to start talks for a third bailout in five years and remain in the euro. MoF issued 10yr Euro bond nominal EU 1.25bn from EU 2.4bn incoming bids at coupon 3.375% or yield 3.555%. Indonesia's CDS 5yr level deteriorated further from 174/180 to 180/187. The 5Y yield Jul was lower by -6bps to 3.16% (3.22% in Jun 2015), 10yr tenor was lower by -9bps to 4.27% (4.36% in Jun 2015), and 30yr was lower by -5bps to 5.38% (5.43% in Jun 2015).

For the portfolio strategy: we maintain our current duration strategy.

Disclaimer:

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