

Smartlink Dollar Managed Fund

February 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 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 INDICATORReturn Performance

(Last 1-year period) **7.00%**
 Best Month **9.61% Dec-08**
 Worst Month **-10.66% Oct-08**

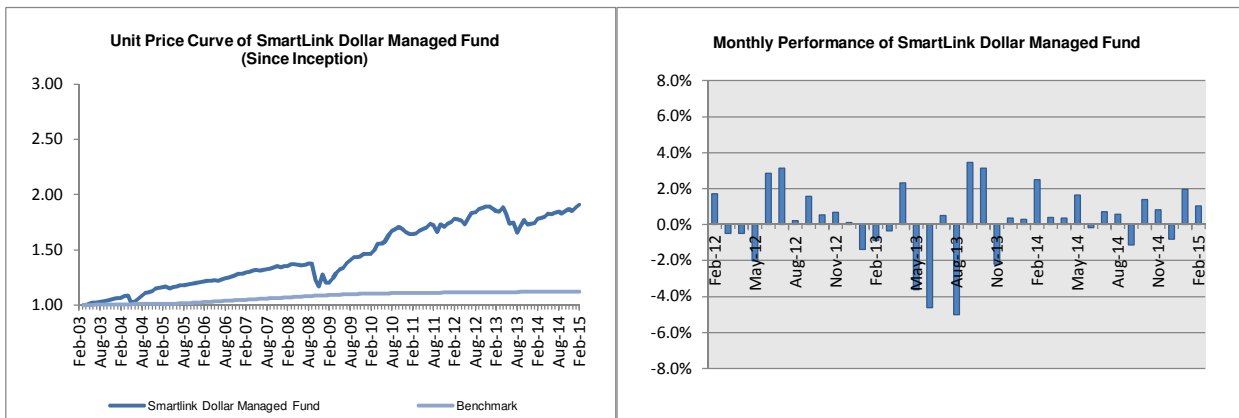
Portfolio Breakdown

Treasury Bonds **64.02%** Pertamina USD **10.73%**
 Govt. Related Bonds **32.08%** Indon 2019 **9.91%**
 Corporate Bonds **0.00%** Indon 2044 **9.29%**
 Cash/Deposit **3.90%** Indon 2017 **8.03%**
 Indon 2022 **7.42%**

Top Five Bonds Holding

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	1.04%	2.20%	3.29%	7.00%	7.02%	3.03%	90.83%
Benchmark*	0.02%	0.06%	0.11%	0.23%	0.80%	0.04%	12.25%

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

**KEY FUND FACTS**

Fund Size (in mn USD) : USD 28.22
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 Feb 27, 2015) : USD 1.8129 **Offer** USD 1.9083
Bid-Offer Spread : 5.00%
Management Fee : 1.00% p.a

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in Feb 2015 at -0.36% mom (vs consensus 0.18%, inflation -0.24% in Jan 2015). Lower CPI was driven by price reduction in raw foods, tobacco and transportation costs. On yearly basis, inflation printed at 6.29% YoY (vs consensus 6.70%, 6.96% in Jan 2015). Core inflation printed at 4.96% YoY (vs consensus 5.00%, 4.99% in Jan 2015). In the Board of Governors' Meeting on Feb 17th, 2015, Bank Indonesia cut 25bps its reference rate to 7.50%, maintained Lending Facility at 8.0%, and cut the deposit facility rate (FASBI) to 5.50%. Rupiah depreciated against USD by -1.52% to 12,863 at end of Feb compared to previous month 12,670. Trade balance was surplus +0.71bn USD (non-oil and gas surplus 0.74bn, oil and gas deficit -0.03bn USD) in Jan 2015 (vs consensus surplus 0.06bn USD, surplus 0.19bn USD in Jan 2015). Export decreased by -8.1% YoY mostly driven from export in vegetable oil, while imports decreased -15.6% YoY. FX Reserves increased +1.277bn USD from 114.250bn USD in Jan 2015 to 115.527bn USD in Feb 2015.

USD government bond yields curve closed lower across all tenor in Feb 2015 as foreign inflows continued bidding in the market. BI's decision to cut rate also gave positive sentiment to the market, aside from negative sentiment toward IDR Weakening and further comment from BI governor that could depreciate further. Overall market was bearish as regional currencies weakened on the back of negative sentiment from Greece and rangebound post Yellen's congressional testimony. Some Highlights from January's news:

- Fiscal deficit for the Revised Budget is lower at 1.9% of GDP (down from 2.2% in 2014);
- Ambitious goals on tax revenue at IDR 1,440tn (\$115.2bn), up +4.3% from original Budget and +15.6% than 2014;
- Capital expenditure at IDR 280tn (\$22.5bn), up +28% from original Budget and up +47% from 2014;
- Fuel subsidy allocation cut to IDR 64.7tn (\$5.1bn), down -77% from IDR 276tn in original Budget and down -69% from IDR 210.7tn in 2014;
- Capital injection for state firms set at IDR 64.8tn (\$5.2bn);
- Reduction in dividend payments from state firms to IDR 36.9tn (\$2.96bn), -16% from original Budget.

Indonesia's CDS 5yr level improved from 153/159 to 136/141. The 5Y yield Feb was lower by -21bps to 2.52% (2.73% in Jan 2015), 10yr tenor was lower by -15bps to 3.60% (3.75% in Jan 2015), and 30yr was lower by -8bps to 4.78% (4.86% in Jan 2015).

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

Disclaimer:

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