

Smartlink US Dollar Managed Fund

December 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) **-0.12%**
 Best Month **9.61% Dec-08**
 Worst Month **-10.66% Oct-08**

Portfolio Breakdown

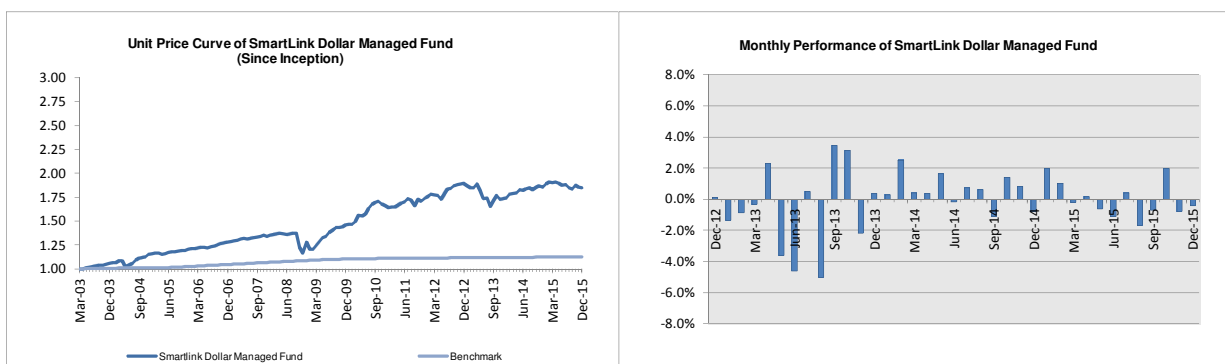
Treasury Bonds **64.48%**
 Govt. Related Bonds **26.30%**
 Cash/Deposit **9.22%**

Top Five Bonds Holding

Pertamina USD 2021 **9.88%**
 Indon 2019 **9.11%**
 Indon 2024 **7.74%**
 Indon 2017 **7.61%**
 Indon 2022 **6.80%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	-0.40%	0.73%	-1.27%	-0.12%	-2.31%	-0.12%	85.00%
Benchmark*	0.02%	0.07%	0.15%	0.28%	0.82%	0.28%	12.53%

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


KEY FUND FACTS

Fund Size (in mn USD) : USD 28.39
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 Dec 30, 2015) : USD 1.7575 **Offer**
Bid-Offer Spread : 5.00%
Management Fee : 1.00% p.a

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced December's inflation at 0.96% mom (vs consensus +0.61%, +0.21% in Nov 2015) mostly were caused by higher food ingredients, processed food, beverages, cigarette and tobacco. On yearly basis, inflation printed at 3.35% YoY (vs consensus 3.00%, 4.89% in Nov 2015). Core inflation printed at +3.95% YoY, lower compared to previous month (+4.77% in Nov 2015). In the Board of Governors' Meeting on Dec 17th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%, however cut reserve requirement by 50bps effective per December 2015. Rupiah appreciated against USD by +0.33% to 13,795 at end of December compared to previous month 13,840. Trade balance was deficit - 0.35bn USD (non-oil and gas deficit 0.29bn, oil and gas deficit 0.06bn USD) in Nov 2015. Export decreased by -17.58% YoY mostly driven from export in natural oil, while imports decreased by -18.03% YoY. FX Reserves increased +5.69bn USD from 100.24bn USD in Nov 2015 to 105.93bn USD in Dec 2015 mostly from Global MTN issuance USD3.5bn in early December 2015.

USD government bond yields closed higher all across the curve in Dec 2015 on the back of market sell-off despite of strong market during the issuance of global MTN issuance in early week of December 2015. Negative sentiment came from higher USD/IDR NDF and Nov trade balance result which far away deficit from market expectation, recorded deficit USD 350mn while market expect surplus USD 900mn. Rupiah depreciation and concern regarding increasing government budget deficit haunted the market as well. USD 3.5 billion of global MTN was issued by the Indonesian government, with detail of USD 2.25bn RI0126 at 4.8% (coupon at 4.75%) and USD 1.25bn RI0146 at 6% (coupon at 5.95%). Total subscribe of USD 8.1bn which dominated from US followed by Europe and Asia region. Asset managers were the biggest distributed to over 70% of total issuance, followed by banks, insurance, private banks and sovereign wealth funds. The US policymakers raised the Fed Funds Rate (FFR) target range to 0.25-0.50% from prior range of 0.00-0.25%. This marks the end of the zero interest rate policy of the Fed since 2008 and the first hike in FFR since 2006. 2016 bond calendar issuance has been released by MoF with target bond issuance IDR 97tn in the first quarter (18.28% of total gross issuance target, 29.75% of total net issuance target). Government plan to increased foreign currency bond issuance to 30% of target issuance compared to previous year 20%. Indonesia's CDS 5yr level improved from 225/234 to 221/227. The 5Y yield Dec was higher by +8bps to 3.55% (3.47% in Nov 2015), 10yr tenor was higher by +14bps to 4.70% (4.56% in Nov 2015), and 30yr was higher by +6bps to 5.78% (5.72% in Nov 2015).

For the portfolio strategy: we maintain fixed income weighting and duration.

Disclaimer:

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