

# Smartlink US Dollar Managed Fund

## May 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) **3.74%**  
 Best Month **9.61% Dec-08**  
 Worst Month **-10.66% Oct-08**

**Portfolio Breakdown**

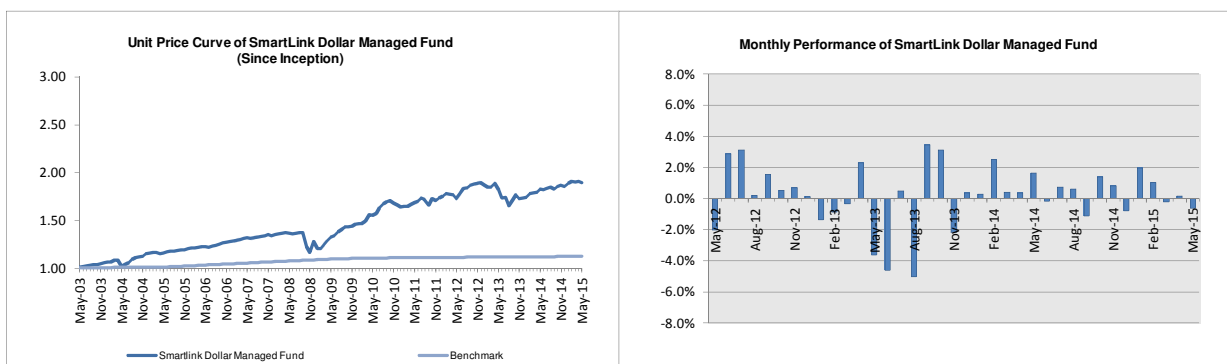
Treasury Bonds **60.48%**  
 Govt. Related Bonds **34.64%**  
 Corporate Bonds **0.00%**  
 Cash/Deposit **4.88%**

**Top Five Bonds Holding**

Pertamina USD **10.36%**  
 Indon 2019 **9.44%**  
 Indon 2017 **7.73%**  
 Indon 2022 **7.02%**  
 Indon 2018 **6.03%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	-0.63%	-0.71%	1.48%	3.74%	9.50%	2.30%	89.48%
Benchmark*	0.02%	0.07%	0.13%	0.24%	0.82%	0.11%	12.33%

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


**KEY FUND FACTS**

**Fund Size (in mn USD)** : USD 28.66  
**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** USD 1.8001, **Offer** USD 1.8948  
**(As of May 29, 2015)**  
**Bid-Offer Spread** : 5.00%  
**Management Fee** : 1.00% p.a

**MANAGER COMMENTARY**

Central Bureau Statistics of Indonesia (BPS) announced inflation in May 2015 at 0.50% mom (vs consensus 0.40%, inflation 0.36% in Apr 2015) which mostly were caused by higher food ingredients, processed food and tobacco prices. On yearly basis, inflation printed at 7.15% YoY (vs consensus 7.01%, 6.79% in Apr 2015). Core inflation printed at 5.04% YoY, unchanged from previous month (vs consensus 5.06%, 5.04% in Apr 2015). In the Board of Governors' Meeting on May 19th, 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 -2.12% to 13,211 at end of May compared to previous month 12,937. Trade balance was surplus +0.45bn USD (non-oil and gas surplus 1.33bn, oil and gas deficit 0.88bn USD) in Apr 2015. Export decreased by -8.46% YoY mostly driven from export in mineral fuel, while imports decreased -22.31% YoY. FX Reserves slightly decreased -0.1bn USD from 110.87bn USD in Apr 2015 to 110.77bn USD in May 2015 (can cover 7.1 months import or 6.8 months import and offshore government loan payment). The government issuance of \$2 billion global sukuk added to the reserves, however the gain was offset when Bank Indonesia used reserves to repay offshore government loans and to defend the rupiah in the foreign-exchange market.

USD government bond yields closed higher across all tenor in May 2015 on the back of market sell-off due to slower economic growth despite of better than expected April's trade balance. Negative sentiment also came from global news such as fear on Greece's debt problem and UST sell-off. While positive sentiment came from unchanged BI reference rate and S&P outlook released. Indonesia's credit outlook was changed to positive from stable by Standard & Poor's rating agency. The reason behind it was the improvement in fiscal and monetary framework. S&P stated that the greater policy effectiveness and predictability have resulted on expanded fiscal and reserve buffers, which improves Indonesia's external resilience. Indonesia sold USD 2bn of global sukuk with USD6.8bn of total bids from 240 accounts. Bid to cover ratio of 3.45x, lower than the Bid to cover ratio of 5x for global bonds in January. Govt allocates 41% of sukuk to Middle East and Islamic funds, 21% to US funds, 16% to European investors, 10% to local funds, 12% to Asian investors excluding Indonesia. Indonesia's CDS 5yr level deteriorated further from 160/166 to 166/173. The 5Y yield May was higher by +6bps to 2.92% (2.86% in Apr 2015), 10yr tenor was higher by +28bps to 4.15% (3.87% in Apr 2015), and 30yr was higher by +24bps to 5.14% (4.90% in Apr 2015).

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

**Disclaimer:**

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