

SMARTLINK DOLLAR MANAGED FUND

August 2020

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.

Return Performance

Last 1-year Period		6.43%
Best Month	Dec-08	9.61%
Worst Month	Oct-08	-10.66%

Portfolio Breakdown

Treasury Bonds	86.98%
Corporate Bonds	6.33%
Govt. Related Bond	6.00%
Cash/Deposit	6.09%

Top Five Bonds Holding

MTN Sritex II	6.25%
RI-2023	5.26%
RI-2038	4.92%
RI-0727	4.22%
RI-2025	4.16%

Key Fund Facts

Fund Size (in mio USD)	USD 80.30
Risk Profile	Moderate
Launch Date	07 Apr 2003
Fund Currency	United States Dollar
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	1.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	34,208,077.1887

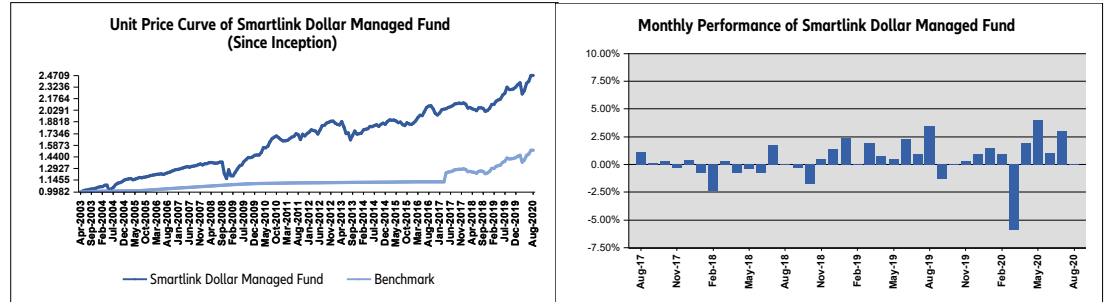
Price per Unit	Bid	Offer
(As of Aug 31, 2020)	USD 2.3474	USD 2.4709

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	0.06%	4.20%	3.92%	6.43%	17.06%	6.35%	147.09%
Benchmark*	0.07%	4.47%	4.38%	6.95%	19.29%	6.54%	52.54%

*80% Indonesia Bond Pricing Agency (IBPA) USD Bond Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)

(Benchmark assessment: before Jul 2018: 80% Bloomberg USD Emerging Market Indonesia Sovereign (BEMSID) Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank; before Mar 2016: Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced Aug 2020 deflation at -0.05% mom (vs consensus inflation +0.01%, -0.10% in July 2020). On yearly basis, inflation was +1.32% yoy (vs consensus inflation +1.40%, +1.54% in July 2020). Core inflation was printed at +2.03% yoy (vs consensus inflation +2.00%, +2.07% in July 2020). The monthly deflation was contributed by the deflation on volatile food and administered price group. The deflation on volatile food group was affected by the declining of chicken, onion, and rice price, while the administered price group was impacted by the declining of transportation cost. The core inflation was contributed by the increment of gold price. In the Board of Governors' Meeting on 18-19 Aug 2020, Bank Indonesia hold the BI 7-day Reverse Repo Rate at 4.00%, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates at 3.25% and 4.75% level, respectively. This policy is expected to maintain the external stability in line with their expectation that the inflation remain low. Rupiah slightly appreciated by +0.68% from 14,653 at the end of July 2020 to 14,554 at the end of Aug 2020. Indonesia's trade balance recorded surplus amounting to USD +3,263mn in July 2020 vs previous month surplus USD +1,268mn. The surplus was caused by better number in export which was supported by the increment on commodities prices, especially CPO price and also the increasing in export number for iron & steel, especially to China. Non-oil and gas trade balance in July 2020 recorded surplus USD +3,516mn, which was higher than the previous month that recorded trade surplus amounting to USD +1,372mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -253mn in July 2020, which was higher than the deficit on June 2020 amounting to USD -95mn. Indonesia's official foreign reserve as of Aug 2020 was at USD 137.0 billion, higher than July 2020's number at USD 135.1 billion. The increment of foreign reserve was supported by the withdrawal of government loans and oil & gas export proceeds.

USD government bond yields were closed mixed across all curves which is lower on short to belly tenor and higher on the long tenor. Bond market was quiet volatile last month. Market was opened bearish which was caused by the contraction on US economic growth by -32.9% QoQ and the rising tension between US and China again. Then, global risk on sentiment were seen in the market which was supported by the rising hope for Covid-19 vaccine in the near term, and also the announcement from FED for their new policy framework which they signed that they will maintain lower rate for long time. While from domestic, the affirmation from Fitch for Indonesia's rating on BBB and also the unchanged 7DRR by Bank Indonesia, also give positive sentiment to market. Indonesia's CDS 5yr level was better in Aug 2020 compared with previous month, from 115/119 to 101/105. The 5Y yield Aug 2020 ended -15bps lower to +1.36%(+1.51% in July 2020), 10yr tenor ended -3bps lower to +2.18%(+2.21% on July 2020), 15yr tenor ended +2bps higher to +3.22%(+3.20% on July 2020), and 25yr ended +6bps higher to +3.34%(+3.28% on July 2020).

In regards to our recent portfolio we have an overweight position in the weighting with underweight duration. We will maintain the current proportion in the portfolio.

About Allianz Indonesia

PT Asuransi Allianz Life Indonesia was founded in 1996 and is part of Allianz Asia Pacific which has been present in the region since 1910. Allianz Group is a leading insurance company and asset manager in the world with over 129 years of experience and provides a variety of personal and insurance services, companies, ranging from property, life and health insurance to credit insurance and business insurance services globally.

Disclaimer:

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