

SMARTLINK DOLLAR MANAGED FUND

July 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		10.03%
Best Month	Dec-08	9.61%
Worst Month	Oct-08	-10.66%

Portfolio Breakdown

Treasury Bonds	84.14%
Corporate Bonds	6.25%
Govt. Related Bond	0.60%
Cash/Deposit	9.01%

Top Five Bonds Holding

MTN Sritex II	6.20%
RI-2023	5.24%
RI-2038	4.93%
RI-0727	4.19%
RI-2025	4.14%

Key Fund Facts

Fund Size (in mio USD)	USD 80.48
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	34,303,594.5097

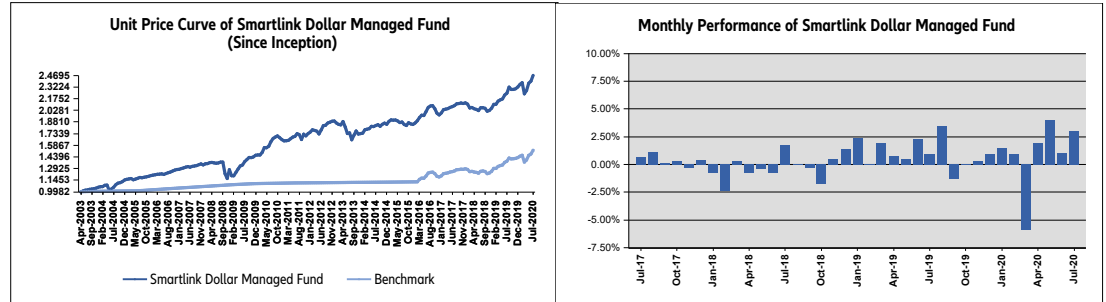
Price per Unit	Bid	Offer
(As of Jul 30, 2020)	USD 2.3460	USD 2.4695

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	3.05%	8.35%	4.80%	10.03%	18.27%	6.29%	146.95%
Benchmark*	3.21%	8.68%	5.16%	9.95%	20.66%	6.47%	52.43%

*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 July 2020 deflation at -0.10% mom (vs consensus inflation +0.05%, +0.18% in June 2020). On yearly basis, inflation was +1.54% yoy (vs consensus inflation +1.71%, +1.96% in June 2020). Core inflation was printed at +2.07% yoy (vs consensus inflation +2.11%, +2.26% in June 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 15-16 July 2020, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 4.00%, and also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 3.25% and 4.75% level, respectively. This policy is still in line with the low inflation target, and it expected to keep the stability of economic and also help the economic recovery which is affected by the Covid-19. Rupiah depreciated by -2.45% to 14,653 at the end of July 2020 from 14,302 at end of June 2020. Indonesia's trade balance recorded surplus amounting to USD +1,268mn in June 2020 vs previous month surplus USD +2,092mn. The surplus was caused by better number in export which was supported by the increment on commodities prices and also the increasing in export number for iron & steel. The growth of import on June was also better compared with May's number which was caused the the relaxation of implementation of new normal policy where the business started to reopen on June. Non-oil and gas trade balance in June 2020 recorded surplus USD+1,372mn, which was lower than the previous month that recorded trade surplus amounting to USD +2,098mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -95mn in June 2020, which was higher than the deficit on May 2020 amounting to USD -6mn. Indonesia's economy contracted by -5.32% YoY in Q2 2020 (vs previous -2.97%, consensus -4.72%), and -4.19% QoQ (vs previous -0.41%, consensus -3.65%). This is the first negative growth in Indonesia's history after the Asian Financial Crisis in 1998. In terms of expenditure, the private consumption which dominated 57.85% of GDP growth, also contracted by -6.5% QoQ. While, in terms of business sector, the contraction was happened on all of sectors, except agriculture, telecommunication, and water supply sector that still grew positively. Indonesia's official foreign reserve as of July 2020 was at USD 135.1billion, higher than June 2020's number at USD 131.7billion. The increment of foreign reserve was supported by the issuance of global bonds and withdrawal of government loans.

USD government bond yields closed lower all across the curve. The bullish tone in this month was affected by the global and domestic sentiments, such as: the news about additional stimulus budget for Europe Zone amounting to EU 750bn, the expectation of the injection liquidity by US Government amounting to US 4tn (100x of Indonesia's stimulus budget), and also the development process of Covid-19 vaccine showed good signed. While from domestic side are the announcement of scheme for Burden Sharing between MoF and Bank Indonesia. On 2 July 2020, Government issued Samurai Bonds through five different tenor, there are: 3 year, 5 years, 7 years, 10 years, and 20 years with total issuance amounting to JPY100bn. This funding will be used as additional budget to address the impact of Covid-19. Indonesia's CDS 5yr level was better in July 2020 compared with previous month, from 132/138 to 115/119. The 5Y yield July 2020 ended -69bps lower to +1.46% (+2.15% in June 2020), 10yr tenor ended -43bps lower at +2.18% (+2.61% on June 2020), 15yr tenor ended -49bps lower to +3.22% (+3.70% on June 2020), and 25yr ended -46bps lower to +3.27% (+3.73% on June 2020).

In regards to our recent portfolio we maintain the strategy, and gradually buying from fresh money.

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.

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