

SMARTLINK DOLLAR MANAGED FUND

September 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		7.09%
Best Month	Dec-08	9.61%
Worst Month	Oct-08	-10.66%

Portfolio Breakdown

Treasury Bonds	88.62%
Corporate Bonds	6.91%
Cash/Deposit	4.47%

Top Five Bonds Holding

MTN Sritex II	6.79%
RI-2023	5.72%
RI-2038	5.24%
RI-0727	4.57%
RI-2025	4.53%

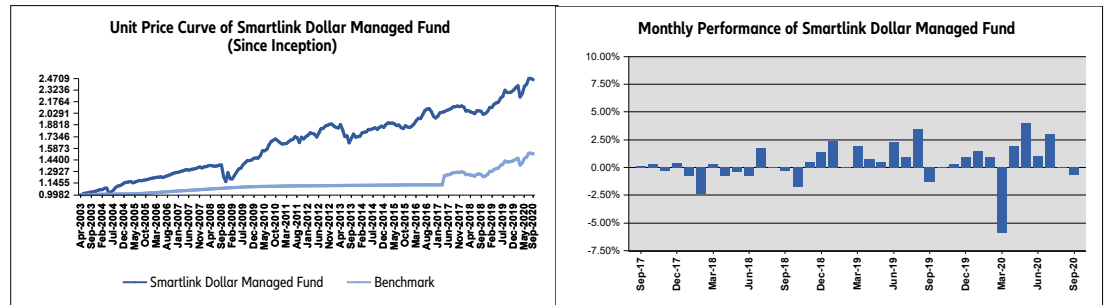
Key Fund Facts

Fund Size (in mio USD)	USD 73.94
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	31,705,004.3649

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	-0.66%	2.44%	9.74%	7.09%	16.11%	5.65%	145.47%
Benchmark*	-0.53%	2.73%	10.31%	7.21%	18.49%	5.98%	51.74%

*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 Oct 2020 deflation at -0.05% mom (vs consensus inflation -0.03%, -0.05% in Sep 2020). On yearly basis, inflation was +1.42% yoy (vs consensus inflation +1.40%, +1.32% in Sep 2020). Core inflation was printed at +1.86% yoy (vs consensus inflation +2.00%, +2.03% in Sep 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 price, while the administered price group was impacted by the declining of transportation cost. In the Board of Governors' Meeting on 16-17 Sep 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 depreciated by +2.50% from 14,554 at the end of Aug 2020 to 14,918 at end of Sep 2020. Indonesia's trade balance recorded surplus amounting to USD +2,327mn in Aug 2020 vs previous month surplus USD +3,263mn. The surplus was caused by increment on commodities prices, especially CPO price and also the increasing in export number for iron & steel, especially to China & US. However, our import number also showed recovery from the previous month by +3% MoM which could indicated the recovery on Indonesia's economic activity that was caused by the relaxation of public restriction. Non-oil and gas trade balance in Aug 2020 recorded surplus USD +2,666mn, which was lower than the previous month that recorded trade surplus amounting to USD +3,516mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -338mn in Aug 2020, which was higher than the deficit on July 2020 amounting to USD -253mn. Indonesia's official foreign reserve as of September 2020 was at USD 135.2 billion, lower than August 2020's number at USD 137.0 billion. The decrement of foreign reserve was caused by the payment of external debt and to stabilize the Rupiah exchange rate.

USD government bond yields were mostly posted higher, except the 5yr tenor which was lower by -9bps. Market was actually opened with bullish tone on the back of global risk on which was supported by the indication that FED will hold the lower rate for longer time and also the optimism for Covid-19 vaccine. However, the mood in the market was changed which was triggered by the news that Parliament propose to change the Undang-Undang Bank Sentral and set Monetary Council, and also the announcement of re-implementation of Large Scale Social Distancing (PSBB) in Jakarta by Governor Anies Baswedan. While negative sentiments from global side, the increment of new cases of Covid-19 which was still considered high, the rising tension between US and China, and also the uncertainty of additional stimulus budget for US economics' recovery, were affected to the weaker market as well. Indonesia's CDS 5yr level was worsen in Sep 2020 compared with previous month, from 101/105 to 114/118. The 5Y yield Sep 2020 ended -9bps lower to +1.34% (+1.43% in Aug 2020), 10yr tenor ended +4bps higher at +2.25% (+2.21% on Aug 2020), 15yr tenor ended +16bps higher to +3.38% (+3.22% on Aug 2020), and 25yr tenor ended +19bps higher to +3.55% (+3.36% on Aug 2020).

In regards to our recent portfolio we maintain an overweight position in the weighting with underweight duration.

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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Price per Unit	Bid	Offer
(As of Sep 30, 2020)	USD 2.3320	USD 2.4547

Managed by PT. Asuransi Allianz Life Indonesia