

# SMARTLINK DOLLAR MANAGED FUND

## January 2019

### 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		-0.17%
Best Month	Dec-08	9.61%
Worst Month	Oct-08	-10.66%

#### Portfolio Breakdown

Treasury Bonds	70.09%
Corporate Bonds	11.39%
Govt. Related Bond	4.23%
Cash/Deposit	14.30%

#### Top Five Bonds Holding

MTN Sritex II 5.8% 12/07/20	8.10%
RI0038	5.42%
RI0422	5.04%
RI0521	5.00%
RI0727	4.76%

#### Key Fund Facts

Fund Size (in mio USD)	USD 61.75
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.

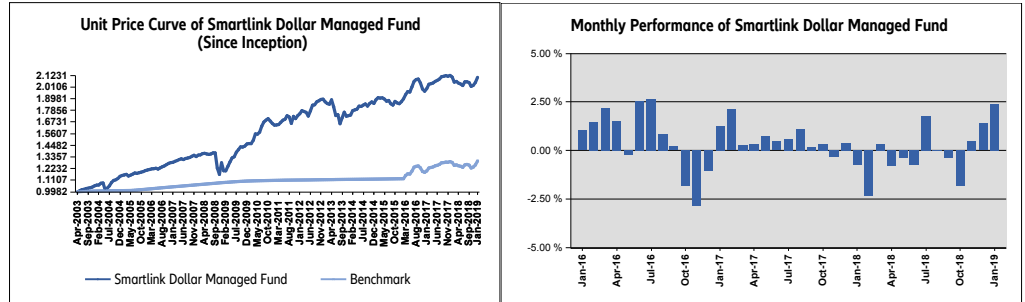
Price per Unit	Bid	Offer
(As of Jan 31, 2019)	USD 1.9989	USD 2.1041

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	2.37%	4.31%	2.08%	-0.17%	12.58%	2.37%	110.41%
Benchmark*	2.97%	5.49%	2.97%	1.07%	15.21%	2.97%	29.67%

\*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 January 2019 inflation at +0.32% mom (vs consensus inflation +0.50%, +0.62% in Dec 2018). On yearly basis, inflation was +2.82% yoy (vs consensus inflation +3.00%, +3.13% in Dec 2018). Core inflation was printed at +3.06% yoy (vs consensus inflation +3.05%, +3.07 in Dec 2018). The inflation in January 2019 was lower compared with previous month which was caused by the decrement of inflation on volatile food group and deflation on administered price group. The contributor of January inflation mostly came from increase of chicken, egg, tomato, and others commodities prices. In the Board of Governors' Meeting on 16th and 17th January 2019, Bank Indonesia kept the BI 7-day Reverse Repo Rate unchanged on 6.00%, while also maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 5.25% and 6.75% respectively. Rupiah appreciated by +2.82% to 14,072/USD at end of January 2019 from 14,481/USD in previous month. Indonesia's trade balance recorded deficit amounting to USD -1.102 billion in December 2018 vs previous month deficit USD -2.050 billion. Non-oil and gas trade balance in December 2018 recorded deficit USD -0.88bn, worse than the previous month which was deficit amounting to USD -0.50bn. Meanwhile, oil and gas trade balance recorded deficit to USD -0.22bn in Dec 2018, better than deficit on Nov 2018 amounting to USD -1.50bn. This month trade balance was better than previous month which was caused by increase of revenue on gas export, even though there was a decline in revenue of non-oil and gas export on the back of decreasing of global commodities prices. The Indonesia' actual GDP growth 4Q18 recorded 5.18%yoy, higher than the previous quarter of 5.17%yoy. Throughout 2018, economic growth recorded 5.17%, higher compared to 5.07% in FY2017. Growth was mainly caused by private consumption (grew 5.05% from 4.94% in FY2017). While net export growth declined becoming 6.48% from 8.91% in FY2017 which were caused by decreasing of global commodities price, especially for non-oil and gas products (such as CPO). Global economic slowdown trend in developed countries whom are Indonesian trading partner, also affected to Indonesia's growth in 2018. Indonesia's official foreign reserve as of January 2019 was at USD 120.1 billion, slightly lower than the December 2018 which stood at USD 120.7 billion. The decrement in the reserve assets in January 2019 was caused by government external debt repayment.

USD government bond yields closed lower across all curves in the end of January 2019 on the back of offshore inflows. There was a good news from FED side which they will try to more "patient" in 2019, this dovish statement was cheered up by market players. However, negative global sentiment still haunted the global market players. Brexit issue, government shutdown in US, global economic slowdown including China, the uncertainty of trade wars between US and China, were the main reason why the EM bond market seems attractive enough. From the domestic side itself, the deficit trade balance still haunted the market. Indonesia's CDS 5yr level was better from 136/140 to 112/114. The 5Y yield January 2019 ended -55bps lower to +3.65% (+4.21% in Dec 2018), 10yr tenor ended -43bps lower to +4.08% (+4.51% in Dec 2018), 20yr tenor ended -39bps lower to +4.94% (+5.33% in Dec 2018), and 30yr ended -31bps lower to +4.60% (+4.92% in Dec 2018).

In regards to our recent portfolio we maintain the strategy and tactically do portfolio rebalancing to capture market momentum.

#### Disclaimer:

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