

# SMARTLINK DOLLAR MANAGED FUND

## July 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	8.88%
Best Month	Dec-08 9.61%
Worst Month	Oct-08 -10.66%

#### Portfolio Breakdown

Treasury Bonds	90.18%
Corporate Bonds	7.41%
Govt. Related Bond	0.66%
Cash/Deposit	1.74%

#### Top Five Bonds Holding

MTN Sritex II 5.8% 12/07/20	7.35%
RI-2049 5.35% 02/11/49	6.08%
RI0038	5.25%
RI0422	4.59%
RI0727	4.52%

#### Key Fund Facts

Fund Size (in mio USD)	USD 69.45
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.

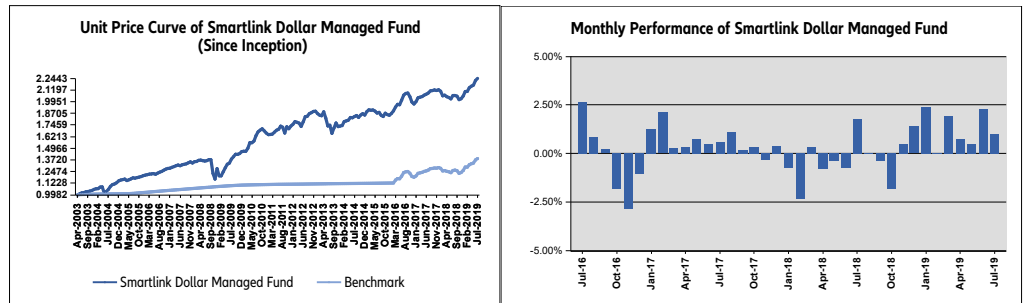
Price per Unit	Bid	Offer
(As of Jul 31, 2019)	USD 2.1321	USD 2.2443

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	1.00%	3.84%	6.66%	8.88%	8.65%	9.19%	124.43%
Benchmark*	1.08%	4.13%	6.97%	10.15%	12.11%	10.14%	38.71%

\*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 2019 inflation at +0.31% mom (vs consensus inflation +0.26%, +0.55% in June 2019). On yearly basis, inflation was +3.32% yoy (vs consensus inflation +3.30%, +3.28% in June 2019). Core inflation was printed at +3.18% yoy (vs consensus inflation +3.16%, +3.25% in June 2019). The inflation was mostly contributed by increasing volatile food group (especially, red chili pepper) and also increasing the gold price. In the Board of Governors' Meeting on 17th and 18th July 2019, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 5.75%, while also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 5.00% and 6.50%, respectively. The reason for this policy is due to Indonesia's inflation is lower enough and this policy also expected to boost the increasing of economic growth. LPS follow this move by lowered the guaranteed rate as well by 25bps to 6.75%. Rupiah appreciated by +0.81% to 14,026/USD at end of July 2019 from 14,141/USD in previous month. Indonesia's trade balance recorded surplus amounting to USD 0.196bn in June 2019 vs previous month surplus USD 0.208bn. The surplus was contributed by export for non-oil & gas sector, especially mineral fuels (ex oil & gas product). Both of export and import for non-oil & gas sector were declining in this month, however the declining of non-oil & gas import was deeper than export. Non-oil and gas trade balance in June 2019 recorded surplus USD 1.164bn, slightly declining than the previous month which was resulting surplus amounting to USD 1.186bn. Meanwhile, oil and gas trade balance still recorded deficit to USD -0.967 in June 2019, slightly better than deficit on May 2019 amounting to USD -0.978bn. The deficit was caused by higher oil products imports. Indonesia's economy grew 5.05% yoy in Q2 2019 (vs previous 5.07%, consensus 5.04%), and 4.20% qoq (vs previous -0.52%, consensus 4.20%). This growth was lower compared with previous growth both of on a quarter basis and annual basis. The lower growth was caused by declining of commodities price, such as crude oil and crude palm oil. The impact of global slowing down also hurt Indonesia's growth. Private consumption, which accounts for more than half of Indonesia's gross domestic product, grew 5.17% yoy in Q2 2019 (vs previous 5.01%) which was caused by higher consumption on election period and followed by Ramadhan and Idul Fitri. Indonesia's official foreign reserve as of July 2019 was at USD 125.9 billion, higher than June 2019's number at USD 123.8 billion. The increment in the reserve assets per July 2019 was due to higher export earnings from oil and gas and withdrawal of gov't's offshore borrowings.

USD government bond yields closed lower across all curves in the end of July 2019 on the back of offshore inflows. Market rallied on the back of positive sentiment after US and China reaching their trade deal in G20 summit as well as dovish statement from Jerome Powell in Congress where market expected cutting on benchmark rate in July. Domestic side was supported by the meeting between Jokowi and Prabowo which showed the expectation for national politic stability, Jokowi's plan for cutting corporate income tax, and dovish tone which is also showed by Bank Indonesia. Indonesia's CDS 5yr level was better from 102/103 to 81/82. The 5Y yield July 2019 ended -17bps lower to +2.80 (+2.97% in June 2019), 10yr tenor ended -20bps lower to +3.19% (+3.39% in June 2019), 25yr tenor ended -13bps lower to +4.17% (+4.30% in June 2019), and 30yr ended -6bps lower to +4.12% (+4.18% in June 2019).

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

#### Disclaimer:

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