

SMARTLINK DOLLAR MANAGED FUND

May 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	6.45%
Best Month	Dec-08 9.61%
Worst Month	Oct-08 -10.66%

Portfolio Breakdown

Treasury Bonds	78.45%
Corporate Bonds	8.20%
Govt. Related Bond	4.13%
Cash/Deposit	9.22%

Top Five Bonds Holding

MTN Sritex II 5.8% 12/07/20	7.98%
RI0038	5.50%
RI0422	4.96%
RI0521	4.90%
RI0727	4.78%

Key Fund Facts

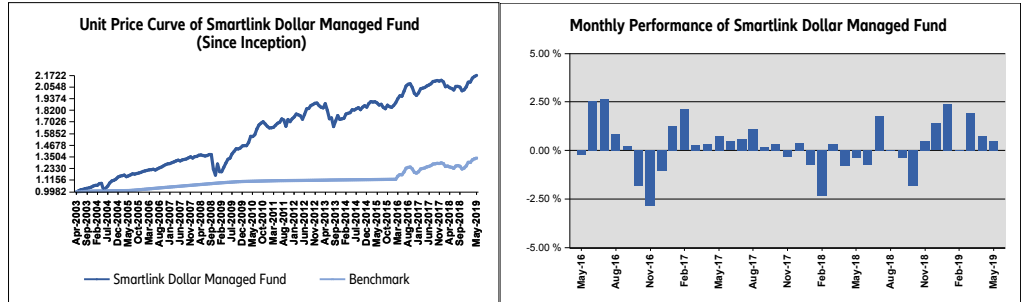
Fund Size (in mio USD)	USD 63.35
Risk Profile	Moderate
Launch Date	07 Apr 2003
Fund Currency	United States Dollar
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	1.00% p.a.

Price per Unit	Bid	Offer
(As of May 31, 2019)	USD 2.0636	USD 2.1722

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	0.50%	3.20%	7.15%	6.45%	10.68%	5.68%	117.22%
Benchmark*	0.52%	3.34%	8.13%	7.44%	14.36%	6.33%	33.90%

*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 May 2019 inflation at +0.68% mom (vs consensus inflation +0.53%, +0.44% in April 2019). On yearly basis, inflation was +3.32% yoy (vs consensus inflation +3.13%, +2.83% in April 2019). Core inflation was printed at +3.12% yoy (vs consensus inflation +3.08%, +3.05% in April 2019). The inflation in this month was mainly contributed by increasing in foodstuffs price (red chili and chicken meat) and transportation cost (airfares) ahead of Ramadhan and Eid Fitri. In the Board of Governors' Meeting on 15th and 16th May 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 depreciated by -1.20% to 14,385/USD at end of May 2019 from 14,215/USD in previous month. Indonesia's trade balance recorded deficit amounting to USD -2.502bn in April 2019 vs previous month surplus USD +0.540bn. The wider deficit was mostly caused by increasing in import for oil and gas, especially oil products, while export growth for oil and gas decreased by -32% compared previous month. Non-oil and gas trade balance in April 2019 recorded deficit USD -1.008bn, worse than the previous month which was surplus amounting to USD 0.989bn. The deficit was caused by decreasing of export for mineral fuels (coal). Meanwhile, oil and gas trade balance recorded deficit to USD -1.493bn in April 2019, worse than deficit on March 2019 amounting to USD -0.448bn. Indonesia's official foreign reserve as of May 2019 was at USD 120.35 billion, slightly lower than the April 2019 which stood at USD 124.30 billion. The decrement in the reserve assets per April 2019 was caused by overseas debt payment.

USD government bond yields closed lower, except 5yr tenor, across all curves in the end of May 2019 which was inline with the decrement of US Treasury 10yr yield (from 2.49% to 2.13%). The escalation from US-China trade wars where US increased the tariff from 10% to 25% for \$60bn of Chinese imports and then China's retaliation to US where China also increased the tariff to 25% for \$200bn US imports, hurtled the global market. While, the Jokowi's victory in Indonesia election was welcomed by market player where market rebounded becoming more bullish. The Government has just issued Samurai Bonds totaling JPY177bn on 16 May 2019 for tenor 3yr JPY75.7bn at ytm 0.54%, 5yr JPY80.2bn at ytm 0.83%, 7yr JPY4.5bn at ytm 0.96%, 10yr JPY7.6bn at ytm 1.17%, 15yr JPY4bn at ytm 1.55%, and 20yr JPY5bn at ytm 1.79%. Indonesia's CDS 5yr level was worsening from 94/95 to 113/114. The 5Y yield May 2019 ended +2bps higher to +3.38(+3.36% in April 2019), 10yr tenor ended -1bps lower to +3.84(+3.85% in April 2019), 25yr tenor ended -3bps lower to +4.67(+4.70% in April 2019), and 30yr ended -2bps lower to +4.59(+4.61% in April 2019).

In regards to our recent portfolio we maintain the strategy.

Disclaimer:
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