

# SMARTLINK USD MAXWEALTH 1

## February 2020

### Investment Objective

The objective of the fund is to provide a global investment opportunity with capital preservation for the long term.

### Investment Strategy

The Fund seeks to achieve the investment objective, by investing 0 - 20% in offshore mutual fund and 80 - 100% in quasi bond.

### Return Performance

Last 1-year Period		5.92%
Best Month	Jan-19	2.58%
Worst Month	Oct-18	-0.67%

### Portfolio Breakdown

Govt. Related Bond	97.63%
Cash/Deposit	2.37%

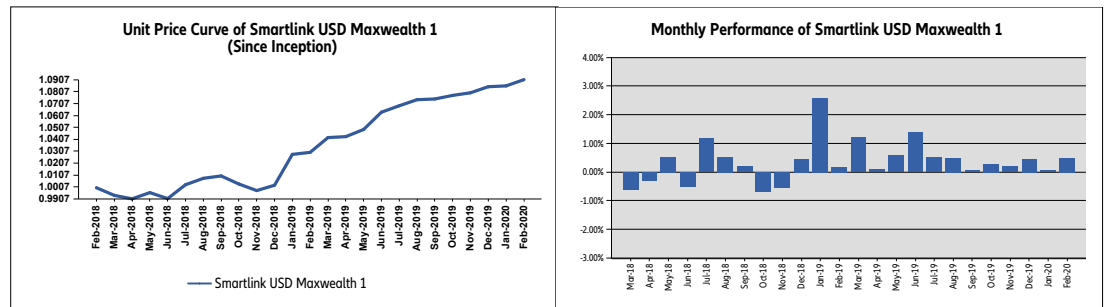
### Key Fund Facts

Fund Size (in mio USD)	USD 2.96
Risk Profile	Moderate
Launch Date	27 Feb 2018
Fund Currency	United States Dollar
Pricing Frequency	Daily
Management Fee	1.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	2,716,214.9655

<b>Price per Unit</b>	
(As of Feb 28, 2020)	USD 1.0907

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink USD Maxwealth 1	0.48%	1.02%	1.56%	5.92%	N/A	0.54%	9.07%



### Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced February 2020 inflation at +0.28% mom (vs consensus inflation +0.16%, +0.39% in January 2020). On yearly basis, inflation was +2.98% yoy (vs consensus inflation +2.90%, +2.68% in January 2020). Core inflation was printed at +2.76% yoy (vs consensus inflation +2.85%, +2.88% in January 2020). The higher inflation data above consensus was contributed by increasing prices of raw food, such as: garlic and chilli. The increasing garlic prices was affected by disruption in garlics import from China. While, the deceleration of core inflation was caused by lower of air fare. In the Board of Governors' Meeting on 19-20 Feb 2020, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 4.75%, and also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 4.00% and 5.50%, respectively. This cutting is preventive act from Bank Indonesia for the external pressure that was caused by the spreading Covid-19. Rupiah depreciated by -4.18% to 14,234.00/USD at end of February 2020 from 13,662/USD previous month. Indonesia's trade balance recorded deficit amounting to USD -864mn in January 2020 vs previous month deficit USD -62mn. The increment deficit was caused by contraction in gas export gas to China and coal export to South Korea. While, import number was also contracted by the declining of import volume for non-oil & gas sector (capital goods and raw materials) by -12.6% yoy. Non-oil and gas trade balance in January 2020 recorded deficit USD -361mn, while the previous month resulted surplus amounting to USD +942mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,181mn in January 2020, higher than the deficit on December 2019 amounting to USD -971mn. Indonesia's official foreign reserve as of February 2020 was at USD 130.40billion, lower than January 2020's number at USD 131.70billion. The declining of foreign reserve was caused by paying external government debt.

USD government bond yields closed lower across all curves in line with declining of 10yr US Treasury yield (from 1.632% to 1.150%), even though the yield was higher on government bonds denominated IDR which was caused by offshore outflows. The level of confidence of offshore names for Indonesia's bond were still seen in the beginning of Feb 2020 where they were still recorded buying bond in market. However, market then became gloomier because of fearing of the widening coronavirus (now known as Covid 19) outbreak around the world where the spread already reached 49 countries. IMF also stated that the impact of Covid-19 global economics might be bigger than the impact of SARS. Bank Indonesia did several intervention to market from falling deeper with doing several auction to buy bonds. Thankfully, locals were also seen absorbing liquidity in the market. Indonesia's CDS 5yr level was worsen in February 2020 compared with previous month, from 65/66 to 88/92. The 5Y yield Jan 2020 ended -8bps lower to +2.29%(+2.36% in Jan 2020), 10yr tenor ended -2bps lower at +2.69%(+2.71% on Jan 2020), 25yr tenor ended -14bps lower to +3.60%(+3.74% on Jan 2020), and 30yr ended -8bps lower to +3.45%(+3.37% on Jan 2020).

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

### About Allianz Indonesia

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