

# SMARTLINK RUPIAH FIXED INCOME FUND

## May 2018

**BLOOMBERG: AZRPFIF:IJ**

### Investment Objective

The Objective of the fund is to provide relatively stable income with capital preservation for the long term.

### Investment Strategy

To achieve the investment objective, this fund shall be invested 0 - 20% in short-term instruments (such as deposits, SBI, SPN, and / or money market mutual funds), and 80 - 100% in the medium or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income mutual funds).

### Return Performance

Last 1-year Period	4.36%
Best Month	Dec-08 9.19%
Worst Month	Oct-08 -9.36%

### Portfolio Breakdown

Mutual Funds - Bonds	88.27%
Mutual Funds - Alternatives	2.40%
Cash/Deposit	9.33%

### Top Five Bonds Holding

FR0056	7.47%
FR0070	7.31%
FR0068	5.61%
FR0061	5.23%
FR0053	5.15%

### Key Fund Facts

Fund Size (in bn IDR)	IDR 1,043.22
Risk Profile	Moderate
Launch Date	25 May 2001
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

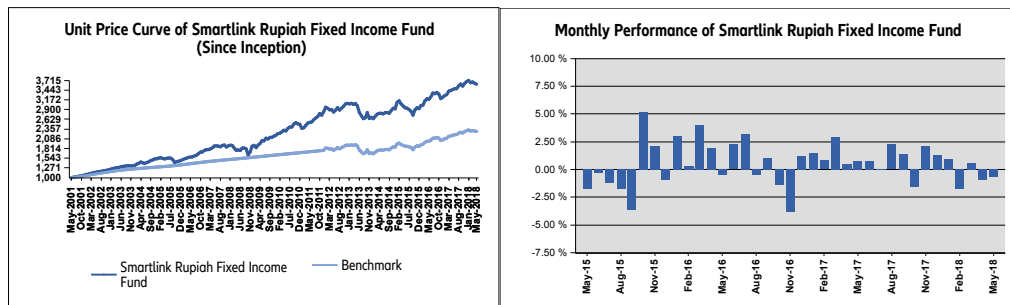
Price per Unit	Bid	Offer
(As of May 31, 2018)	IDR 3,429.14	IDR 3,609.62

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Fixed Income Fund	-0.72%	-1.13%	-0.62%	4.36%	22.32%	-1.94%	260.96%
Benchmark*	-0.66%	-0.57%	0.18%	4.88%	21.83%	-0.97%	129.07%

\*80% Bloomberg Indonesia Local Sovereign Bond (BINDO) Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank

(Benchmark assessment; before Mar 2016: 80% HSBC Indonesia Local Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Cit; before Jan 2012: Average 1 Month Deposit of BNI, BCA and Cit)



### Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced May 2018 inflation at +0.21% mom (vs consensus inflation +0.25%, +0.10% in Apr 2018). On yearly basis, inflation was +3.23% yoy (vs consensus inflation +3.30%, +3.41% in Apr 2018). Core inflation was printed at +2.75% yoy (vs consensus inflation +2.80%, +2.69% in Apr 2018). Inflation mostly caused by the slowing down of volatile food inflation. In the Board of Governors' Meeting on 30 May 2018, Bank Indonesia raised the BI 7-day Reverse Repo Rate by 25 bps to 4.75%, while also raising the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to 4.00% and 5.50% respectively. Rupiah depreciated by +0.02% to 13,896 /USD at end of May 2018 from 13,892/USD in previous month. Indonesia's trade balance in April 2018 records deficit of USD -1.269bn vs consensus USD 733mn. Non-oil and gas trade balance deficit in April 2018 is recorded USD 0.50bn, lower than the previous month which was surplus amounting to USD 2.02bn. Meanwhile, oil and gas trade balance deficit to USD 1.13bn in April 2018.

IDR Government bond yields were closed higher across all curves in May. Lower than expected trade balance, IDR depreciation (touched 14,100), as well as higher 10yr US Treasury yield (passed above 3.1%) gave negative sentiment to the market. BI raised the 7-day reverse repo rate two times in May 2017 (on 17 May 2017 by 25 bps and on 30 May 2017 by 50bps in total becoming 4.75%. Market bounced back in the end of month post inauguration of Mr. Perry Wijaya as BI Governor, increment of BI's rate followed by IDR appreciation and the Fed FOMC minutes meeting (which stated that the current inflation (2%) will not lead to increase the rate in May). Bank Indonesia and local player supported the market especially on 10yr. Standard & Poor's (S&P) maintained Indonesia's sovereign credit rating on BBB- / A-3 with a stable outlook. Ratings supported by government's relatively low debt levels and moderate fiscal performance and external indebtedness. Offshore accounts decreased their holding by IDR 11.53tn in May 2018 (-1.36% MoM), from IDR 845.34tn as of April 2018 to IDR 833.81tn as of May 2018, which brought their holding to 38.15% of total outstanding tradable government bond (from 38.44% in the previous month). The 5Y yield May 2018 ended +33bps higher to 6.83% (6.50% in Apr 2018), 10Y tenor ended +1bps higher to 6.99% (6.98% in Apr 2018), 15Y tenor ended +35bps higher to 7.56% (7.21% in Apr 2018) and 20Y tenor ended +11bps higher to 7.58% (7.47% in Apr 2018).

In regards to our recent portfolio we slightly increased the fixed income weighting, and will opportunistically add weight should there be a correction in the fixed income market.

#### Disclaimer:

Smartlink Rupiah Fixed Income Fund is unit linked fund offered by PT. Asuransi Allianz Life Indonesia (Allianz). This fact sheet is prepared by Allianz. The information presented is for informational use only. The performance of the fund is not guaranteed and the value of the units and the income from them may increase or decrease. Past returns and any forecast are not necessarily a guide to future performance. Allianz does not warrant or make any representations regarding the use or the results of the use of the figures generated in terms of their correctness, accuracy, reliability, or otherwise. You are advised to seek your financial consultant before making any investment.