

SMARTLINK RUPIAH FIXED INCOME FUND

July 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	0.94%
Best Month	Dec-08 9.19%
Worst Month	Oct-08 -9.36%

Portfolio Breakdown

Mutual Funds - Bonds	85.87%
Mutual Funds - Alternatives	2.44%
Cash/Deposit	11.69%

Top Five Bonds Holding

FR0056	7.24%
FR0070	7.10%
FR0068	5.28%
FR0061	4.96%
FR0053	4.92%

Key Fund Facts

Fund Size (in bn IDR)	IDR 1,044.16
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.

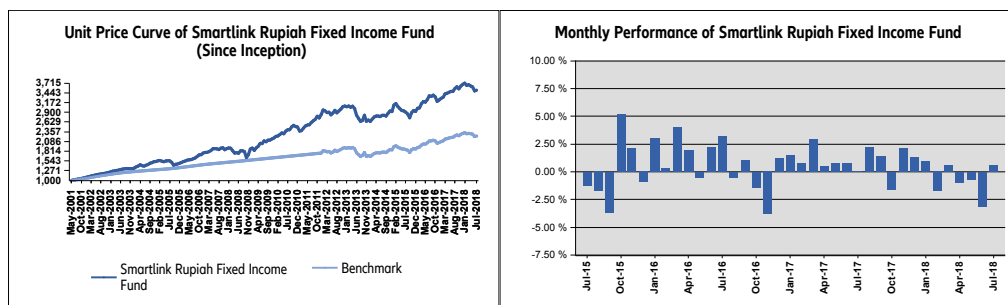
Price per Unit	Bid	Offer
(As of Jul 31, 2018)	IDR 3,342.32	IDR 3,518.23

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	0.57%	-3.23%	-5.29%	0.94%	21.14%	-4.42%	251.82%
Benchmark*	0.62%	-2.87%	-4.02%	1.60%	20.27%	-3.17%	123.97%

*80% Indonesia Bond Pricing Agency (IBPA) IDR Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank

(Benchmark assessment: before Jul 2018: 80% Bloomberg Indonesia Local Sovereign Bond (BIBD) Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; before Mar 2016: 80% HSBC Indonesia Local Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; before Jan 2012: Average 1 Month Deposit of BNI, BCA and Citibank)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced July 2018 inflation at +0.28% mom (vs consensus inflation +0.24%, +0.59% in June 2018). On yearly basis, inflation was +3.18% yoy (vs consensus inflation +3.20%, +3.12% in June 2018). Core inflation was printed at +2.87% yoy (vs consensus inflation +2.74%, +2.72 in June 2018). The slowing down of inflation was caused by deflation on 'administered price' group, such as fare decrement of air freight and intercity transport, while the biggest contributor of the inflation itself was the increase of egg and chicken price. In the Board of Governors' Meeting on 18th -19th July 2018, Bank Indonesia kept unchanged the BI 7-day Reverse Repo Rate at 5.25%, the Deposit Facility (DF) rates at 4.50% and Lending Facility (LF) rates at 6.00%. Rupiah depreciated by -0.59% to 14,414 /USD at end of June 2018 from 14,330/USD in previous month. Indonesia's trade balance in June 2018 recorded surplus of USD 1.743bn vs consensus USD 0.968bn. Non-oil and gas trade balance in June 2018 recorded surplus at USD 2.1bn, better than previous month which was deficit amounting to USD -0.28bn. Meanwhile, oil and gas trade balance recorded deficit to USD -0.4bn in June 2018, which lower from deficit on May 2018 amounting to USD -1.244bn. Indonesia's economy grew 5.27% yoy in Q2 2018 (vs previous 5.06%, consensus 5.12%), and 4.2% qoq (vs previous -0.40%, market 4.07%), helped by high consumption during the Muslim fasting month and Lebaran Holiday. Private consumption, which accounts for more than half of Indonesia's gross domestic product, grew 5.14% yoy in Q2 2018 (vs previous 4.79%). Indonesia's foreign reserve assets stood at USD 118.3 billion as of end-July 2018, lower than the end of Jun 2018 level at USD 119.8 billion. The decline in the reserve assets in July 2018 was mainly due to government external debt repayment and rupiah stabilization in the midst of remained high uncertainty of global financial market.

IDR Government bond yields were closed mixed at the end of the July 2018. The higher yields mostly was caused by IDR depreciation (that have breached 14,500) and trade wars between US and China (where US imposed tariff to \$34bn of Chinese import on July 6, 2018). However, several events also added positive sentiment to market, such as US-EU agreement (which talked about the possibility of zero tariff, especially on industrial goods) and buying activities from onshore players. Offshore accounts increased their holding by IDR 9.10tn in July 2018 (+1.10% MoM), from IDR 830.17tn as of June 2018 to IDR 839.26tn as of July 2018, which brought their holding to 37.70% of total outstanding tradable government bond (from 37.79% in the previous month). The 5Y yield July 2018 ended +9bps higher to 7.67% (7.58% in June 2018), 10Y tenor ended -4bps lower to 7.76% (7.80% in June 2018), 15Y tenor ended -8bps lower to 8.15% (8.23% in June 2018) and 20Y tenor ended +1bps higher to 8.16% (8.15% in June 2018).

In regards to our recent portfolio we maintain the strategy, and will opportunistically add weight should there be a significant 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.