

SMARTLINK RUPIAH FIXED INCOME FUND

February 2021

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		6.51%
Best Month	Dec-08	9.19%
Worst Month	Oct-08	-9.36%

Portfolio Breakdown

Mutual Funds - Bonds	94.50%
Mutual Funds - Alternatives	1.46%
Cash/Deposit	4.04%

Top Five Bonds Holding

FR0080	7.54%
FR0078	7.20%
FR0082	6.98%
FR0087	6.49%
FR0083	5.83%

Key Fund Facts

Fund Size (in bn IDR)	IDR 1,719.94
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.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	423,372,810.4955

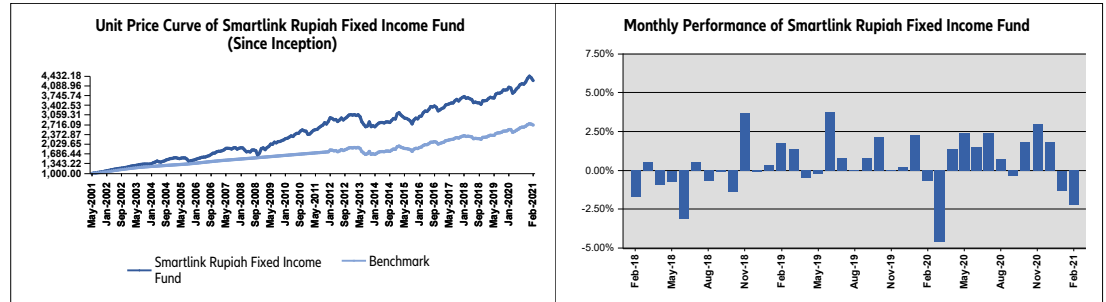
Price per Unit	Bid	Offer
(As of Feb 26, 2021)	IDR 4,062.46	IDR 4,276.27

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	-2.25%	-1.73%	2.67%	6.51%	17.12%	-3.52%	327.63%
Benchmark*	-1.17%	-0.41%	2.84%	6.25%	17.58%	-1.63%	170.87%

*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 (BINDO) 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 Cit; before Jan 2012: Average 1 Month Deposit of BNI, BCA and Cit)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced February 2021 inflation at +0.10% mom (vs consensus inflation +0.10%, +0.26% on Jan 2021). On yearly basis, inflation was +1.38% yoy (vs consensus inflation +1.40%, +1.55% on Jan 2021). Core inflation was printed at +1.53% yoy (vs consensus inflation +1.53%, +1.56% on Jan 2021). The deceleration on monthly inflation was caused by the deflation on volatile foods group (lower prices of chicken and meat) and the decelerated of core inflation, while the inflation administered prices group still accelerated which caused by higher transportation and toll road cost. The BI Board of Governors agreed on 17-18 Feb 2021 to cut by 25bps the BI 7-Day Reverse Repo Rate to be 3.50%, and also cut by 25bps the Deposit Facility (DF) and Lending Facility (LF) rates to be 2.75% and 4.25%, respectively. This policy is in line with lower inflation expectation, stable Rupiah currency, and also to push the economic recovery. Rupiah depreciated against USD by -1.03% from 14,084 at end of January to 14,229 at end of Feb 2021. Indonesia's trade balance recorded surplus amounting to USD +1,959mn in Jan 2021 vs previous month surplus USD +2,102mn. The surplus was still supported by the export of non-oil and gas which are commodity source, such as coal, CPO, and iron & steel. Non-oil and gas trade balance in Jan 2021 recorded surplus USD +2,627mn, which was higher than the previous month that recorded trade surplus amounting to USD +2,565mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -668mn in Jan 2021, which was higher than the deficit on Dec 2020 amounting to USD -463mn. Indonesia's official foreign reserve as of February 2021 was at USD 138.79 billion, higher than January 2021 number at USD138.00 billion. The higher of foreign reserve was caused by the withdrawal of government loans and government's tax revenue.

IDR Government bond yields were higher across all curves in line with offshore outflows and Rupiah depreciation. In the beginning of the month, market was opened with bullish tone which offshore were seen buying bonds due to positive sentiment from the approval of US stimulus budget. Market weakened in the next week which was caused by the expectation of oversupply risk in Indonesia's bond market, and also the rising geopolitics tension between US and China. Market players then remained on sideways position which was affected by the revised growth projection for 2021 by Bank Indonesia from 4.8%-5.8% to 4.3% - 5.3%, and also concern over the rising of the 10yr US Treasury yield which breached the 1.61%, even after FED announced their dovish statement. Offshore accounts decreased their holding by IDR -15.92tn in Feb 2021 (-1.64% MoM), from IDR 987.32tn as of 29 Jan 2021 to IDR 971.40tn as of 26 Feb 2021, which brought their holding to 23.81% of total outstanding tradable government bond (from 24.86% in the previous month). The 5Y yield February 2021 ended +54bps higher to +5.71% (vs +5.17% on Jan 2021), 10Y tenor ended +40bps higher to +6.61% (vs +6.21% on Jan 2021), 15Y tenor ended +14bps higher to +6.42% (vs +6.26% on Jan 2021) and 20Y tenor ended +42bps higher to +7.27% (vs +6.85% on Jan 2021).

In regards to our recent portfolio we maintain an overweight position in the weighting with slightly overweight duration.

About Allianz Indonesia

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