

SMARTLINK RUPIAH FIXED INCOME FUND

January 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		8.24%
Best Month	Dec-08	9.19%
Worst Month	Oct-08	-9.36%

Portfolio Breakdown

Mutual Funds - Bonds	96.02%
Mutual Funds - Alternatives	1.49%
Cash/Deposit	2.49%

Top Five Bonds Holding

FR0080	7.81%
FR0078	7.25%
FR0082	7.09%
FR0083	5.96%
FR0068	5.86%

Key Fund Facts

Fund Size (in bn IDR)	IDR 1,710.20
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	411,523,292.6870

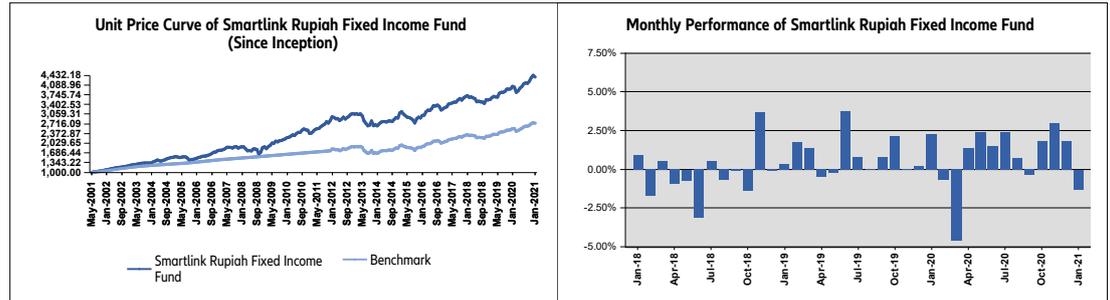
Price per Unit	Bid	Offer
(As of Jan 29, 2021)	IDR 4,155.77	IDR 4,374.49

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	-1.30%	3.56%	5.81%	8.24%	17.76%	-1.30%	337.45%
Benchmark*	-0.47%	2.74%	5.10%	7.53%	17.45%	-0.47%	174.07%

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



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced January 2021 inflation at +0.26% mom (vs consensus inflation +0.35%, +0.45% on Dec 2020). On yearly basis, inflation was +1.55% yoy (vs consensus inflation +1.68%, +1.68% on Dec 2020). Core inflation was printed at +1.56% yoy (vs consensus inflation +1.55%, +1.60% on Dec 2020). The deceleration on monthly inflation was caused by the inflation deceleration of volatile foods group (lower chicken and red onion prices) and the deflation of administered prices group. The deflation of administered price was caused by the lower of air transportation cost after holiday season in December 2020. The core inflation recorded higher data which was supported by higher commodity prices. The BI Board of Governors agreed on 20-21 January 2021 to hold the BI 7-Day Reverse Repo Rate at 3.75%, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates at 3.00% and 4.50%, respectively. This policy was in line with the inflation expectation remain low, maintain external stability, and to accelerate the economic recovery. Rupiah appreciated against USD by 0.15% from 14,105 at end of December 2020 to 14,084 at end of January 2021. Indonesia's trade balance recorded surplus amounting to USD +2,102mn in Dec 2020 vs previous month surplus USD +2,612mn. The increment of export volume of iron & steel to China is still be the main contributor to the higher export number. Total import showed improvement with better growth number by 14% MoM which was supported by imports of machineries. On the annual figure, the total trade surplus for 2020 was amounting to USD 21.7bn (versus -USD 3.6bn in 2019). Non-oil and gas trade balance in Dec 2020 recorded surplus amounting to USD +2,565mn, which was lower than the previous month that recorded trade surplus amounting to USD +2,935mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -463mn in Dec 2020, which was higher than the deficit on Nov 2020 amounting to USD -323mn. The Indonesia's actual GDP growth 4Q20 recorded -2.19% YoY (vs previous -3.49%, consensus -2.3%), and also recorded contraction by -0.42% QoQ (vs previous +5.05%, consensus -0.22%). Throughout 2020, economic growth contracted by -2.07% which is still in line government's expectation, but lower compared to 5.02% in FY2019. This is the first annual contraction since the 1998 Asian Financial Crisis. The consumption which accounts almost 60% of Indonesia's GDP, is contracted by -2.63% YoY, while only government spending still recorded positive growth by +1.94% which was supported by additional stimulus budget to overcome the impact of Covid-19. Indonesia's official foreign reserve as of January 2021 was at USD 138.00 billion, higher than December 2020's number at USD 135.90 billion. The higher of foreign reserve was caused by the issuance of global bonds and government's tax revenue.

IDR Government bond yields were closed with mixed result. Market was opened with selling action with purpose for reducing inventories ahead of first bond auction with two new bonds series in 2021. Then, players tended to have a sideways pattern which was caused by two main factors from domestic side, such as: the rising of new cases of Covid-19 and also higher bond supply in first quarter this year. However, there were several supports coming from global which resulted offshore inflows, such as: the weakening of dollar, the inauguration of President Biden, and the better result of China's GDP FY2020. Offshore accounts increased their holding by IDR 13.41tn in January 2021 (+1.38% MoM), from IDR 973.91tn as of 30 December 2020 to IDR 987.32tn as of 29 January 2021, which brought their holding to 24.86% of total outstanding tradable government bond (from 25.16% in the previous month). The 5Y yield January 2021 ended -4bps lower to +5.17% (vs +5.21% on Dec 2020), 10Y tenor ended +32bps higher to +6.21% (vs +5.89% on Dec 2020), 15Y tenor ended -11bps lower to +6.26% (vs +6.37% on Dec 2020) and 20Y tenor ended +31bps higher to +6.85% (vs +6.54% on Dec 2020).

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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