

SMARTLINK RUPIAH FIXED INCOME FUND

November 2019

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		10.50%
Best Month	Dec-08	9.19%
Worst Month	Oct-08	-9.36%

Portfolio Breakdown

Mutual Funds - Bonds	92.18%
Mutual Funds - Alternatives	1.85%
Cash/Deposit	5.97%

Top Five Bonds Holding

FR0078	7.18%
FR0068	7.03%
FR0080	6.97%
FR0079	5.58%
FR0056	4.96%

Key Fund Facts

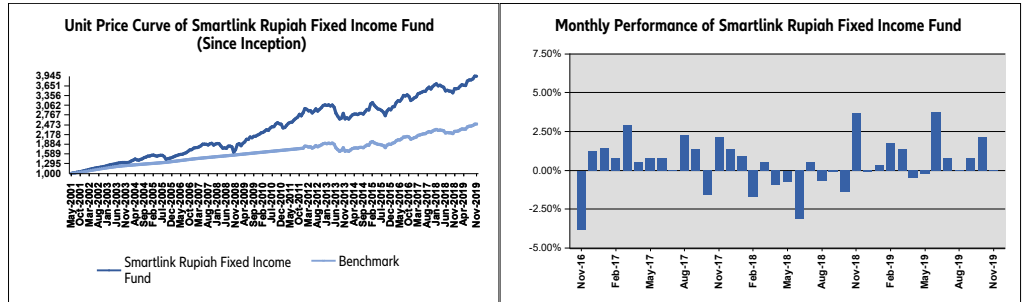
Fund Size (in bn IDR)	IDR 1,356.52
Risk Profile	Moderate
Launch Date	25 May 2001
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

Price per Unit	Bid	Offer
(As of Nov 29, 2019)	IDR 3,745.41	IDR 3,942.54

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	-0.07%	2.91%	7.69%	10.50%	22.94%	10.62%	294.25%
Benchmark*	0.17%	2.54%	6.52%	9.73%	22.48%	9.62%	149.56%

*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 November 2019 inflation at +0.14% mom (vs consensus inflation +0.20%, +0.02% in October 2019). On yearly basis, inflation was +3.00% yoy (vs consensus inflation +3.06%, +3.13% in October 2019). Core inflation was printed at +3.08% yoy (vs consensus inflation +3.14%, +3.20% in October 2019). The inflation was still affected by increasing prices in food stuffs group, such as: meat, chicken & tomato. In the Board of Governors' Meeting on 20th and 21st November 2019 Bank Indonesia kept the BI 7-day Reverse Repo Rate unchanged on 5.00%, also maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 4.25% and 5.75%, respectively. This policy is still supported by manageable inflation that within target range as well. In contrast with that, BI lowered the bank's reserve requirements for second times in this year by 50bps to 5.50% for commercial banks and to 4.00% for shariah banks. This policy which will be implemented in January 2020, is expected to give liquidity in banks sector amounting to IDR 26trillion. Rupiah depreciated by -0.67% to 14,102/USD at end of November 2019 from 14,008/USD in previous month. Indonesia's trade balance recorded surplus amounting to USD +161mn in October 2019 vs previous month deficit USD -160mn. The surplus was caused by the declining of import growth deeper than export growth. The slowing down on import and export was affected by global trade slowing down, including Indonesia's biggest trading partner, China. Non-oil and gas trade balance in October 2019 recorded surplus USD +990mn, higher than the previous month which was also resulting surplus amounting to USD +601mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -829mn in October 2019, higher than the deficit on September 2019 amounting to USD -762mn. Indonesia's official foreign reserve as of November 2019 was at USD 126.63billion, slightly lower than October 2019's number at USD 126.7billion.

IDR Government bond yields were mostly posted higher, except 20yr tenor. The higher yield was caused by global risk-off mode, while the lower yield in 20yr tenor was supported by offshore inflows. Market was continued to be volatile which was mainly triggered by the uncertainty of trade wars. The expected agreement after 'phase 1' trade talks was not done yet because both of China and US did not agree on each offer where China want US rolling back their implemented tariff imposing and US want China buying their farm goods. Despite of that uncertainty, Indonesia's bond market was still supported by positive catalyst coming from domestic side. The surplus trade balance in October was the reason behind the offshore names still recorded net inflows in November. Offshore accounts increased their holding by IDR +9.33tn in November 2019 (+0.88% MoM), to IDR 1,067.80tn as of 29 Nov 2019 from IDR 1,058.47tn as of 31 Oct 2019, which brought their holding to 38.55% of total outstanding tradable government bond (from 38.99% in the previous month). The 5Y yield Nov 2019 ended +5bps higher to +6.49% (+6.44% in Oct 2019), 10Y tenor ended +10bps higher to +7.11% (+7.01% in Oct 2019), 15Y tenor ended +8bps higher to +7.55% (+7.47% in Oct 2019) and 20Y tenor ended -12bps lower to +7.56% (+7.68% in Oct 2019).

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

Disclaimer:
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