

# SMARTLINK RUPIAH FIXED INCOME FUND

## October 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		14.68%
Best Month	Dec-08	9.19%
Worst Month	Oct-08	-9.36%

### Portfolio Breakdown

Mutual Funds - Bonds	91.77%
Mutual Funds - Alternatives	1.91%
Cash/Deposit	6.32%

### Top Five Bonds Holding

FR0078	7.56%
FR0068	7.15%
FR0080	7.06%
FR0079	5.66%
FR0056	5.07%

### Key Fund Facts

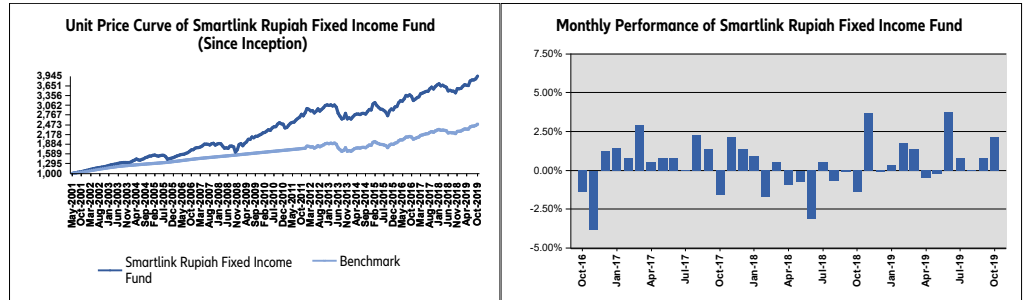
Fund Size (in bn IDR)	IDR 1,334.33
Risk Profile	Moderate
Launch Date	25 May 2001
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

<b>Price per Unit</b>	<b>Bid</b>	<b>Offer</b>
(As of Oct 31, 2019)	IDR 3,748.10	IDR 3,945.37

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	2.14%	3.00%	7.55%	14.68%	18.36%	10.70%	294.54%
Benchmark*	1.57%	2.52%	6.35%	12.93%	18.43%	9.43%	149.14%

\*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 October 2019 inflation at +0.02% mom (vs consensus inflation +0.17%, -0.27% in September 2019). On yearly basis, inflation was +3.13% yoy (vs consensus inflation +3.29%, +3.39% in September 2019). Core inflation was printed at +3.20% yoy (vs consensus inflation +3.32%, +3.32% in September 2019). The inflation was mostly affected by increasing in food stuffs group, from increasing in chicken meat & onion prices to cigarettes prices. In the Board of Governors' Meeting on 23rd and 24th October 2019, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 5.00%, while also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 4.25% and 5.75%, respectively. The reason for this policy is manageable inflation and within target range. Rupiah appreciated by +1.19% to 14,008/USD at end of October 2019 from 14,174/USD in previous month. Indonesia's trade balance recorded deficit amounting to USD -160mn in September 2019 vs previous month surplus USD +85mn. The deficit was affected by increasing of import number in non-oil and gas products which was caused by rising on consumption goods and capital goods. Non-oil and gas trade balance in September 2019 recorded surplus USD +601mn, lower than the previous month which was resulting surplus amounting to USD +840mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -762mn in September 2019, slightly higher than the deficit on August 2019 amounting to USD -756mn. Indonesia's economy grew as 5.02% yoy in Q3 2019 (vs previous 5.05%, consensus 5.00%), and 3.06% qoq (vs previous 4.20%, consensus 3.05%). This quarter growth was slower than Q2 2019 as well as Q3 2018. This slowing down was affected by global slowing down which was triggered by the uncertainty of trade war between US and their trading partners, especially China, which were also Indonesia's trading partners. Private consumption, which accounts for more than half of Indonesia's gross domestic product, grew 5.01% yoy in Q3 2019 (vs previous 5.17%). Indonesia's official foreign reserve as of October 2019 was at USD 126.70billion, higher than September 2019's number at USD 124.3billion. The increasing in the reserve assets per October 2019 was caused by issuance global bonds and oil & gas foreign exchange.

IDR Government bond yields were closed lower on the back of offshore inflows in line with IDR appreciation to USD. Market was quiet volatile last month which was mostly affected by trade war issue where the uncertainty was still appeared, even though the 'phase 1' trade talks between US and China was already occurred and turning out, it was going well. The negative sentiment also came from domestic side where Sri Mulyani (after she reappointed as Minister of Finance again) stated that budget deficit will be widen in 2019 from 1.93% to 2.20%. However, the offshore inflows managed to push prices higher. Offshore accounts increased their holding by IDR +29.08tn in Oct 2019 (+2.82% MoM), to IDR 1,058.47tn as of 31 Oct 2019 from IDR 1,029.39tn as of 30 Sep 2019, which brought their holding to 38.99% of total outstanding tradable government bond (from 38.64% in the previous month). The 5Y yield Oct 2019 ended -27bps lower to +6.44% (+6.71% in Sept 2019), 10Y tenor ended -28bps lower to +7.01% (+7.29% in Sept 2019), 15Y tenor ended -25bps lower to +7.47% (+7.72% in Sept 2019) and 20Y tenor ended -17bps lower to +7.68% (+7.85% in Sept 2019).

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

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