

SMARTLINK RUPIAH BALANCED FUND

January 2022

BLOOMBERG: AZRPBLF IJ

Investment Objective

The objective of this fund is to achieve conservative long term capital growth while earning more relatively stable income.

Investment Strategy

To achieve the investment objectives, this fund shall be invested with a target of 50%-75% in money market and fixed income instruments (such as deposits, SBI, SPN, and / or money market mutual funds, government bonds, corporate bonds, and / or fixed-income mutual funds), and 25%-50% in equity instruments (either directly through stocks and / or through equity mutual funds).

Return Performance

Last 1-year Period		6.78%
Best Month	Oct-07	12.71%
Worst Month	Oct-08	-17.27%

Portfolio Breakdown

Equity	30.29%
Treasury Bonds	53.23%
Corporate Bonds	1.71%
Govt. Related Bond	0.63%
Mutual Funds - Bonds	0.00%
Mutual Funds - Alternatives	3.60%
Cash/Deposit	10.53%

Top Five Bonds Holding

(in Alphabetical Order)

FR0070	15/03/2024
FR0078	15/05/2029
FR0080	15/06/2035
FR0087	15/02/2031
FR0091	15/04/2032

Top Five Stocks Holding

(in Alphabetical Order)

Bank Central Asia
Bank Jago
Bank Rakyat Indonesia
Merdeka Copper Gold
Telekomunikasi Indonesia

Key Fund Facts

Fund Size (in bn IDR)	IDR 1,972.66
Risk Profile	Moderate
Launch Date	08 Mar 2004
Fund Currency	Indonesian Rupiah
Launch Date NAV Price	IDR 1,000.00
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	494,438,884.4137

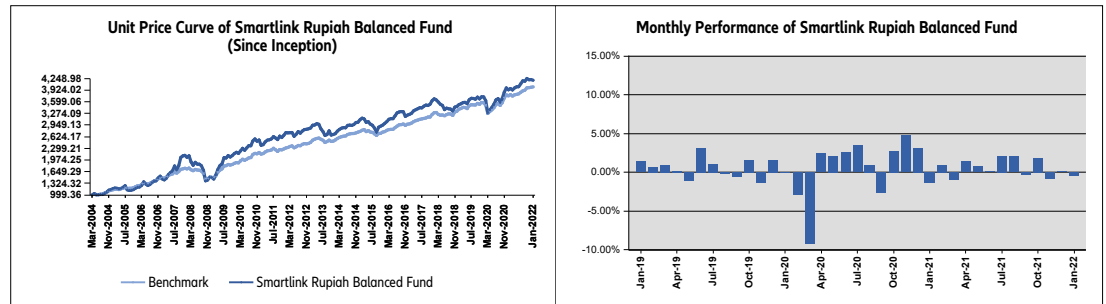
Price per Unit	Bid	Offer
(As of Jan 31, 2022)	IDR 3,989.70	IDR 4,199.68

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	-0.46%	-1.16%	2.38%	6.78%	19.31%	29.29%	-0.46%	319.97%
Benchmark*	0.26%	0.66%	3.88%	6.63%	18.36%	34.60%	0.26%	301.44%

*25% Jakarta Composite Index (JCI), 50% IBPA Indonesia Government Bond Total Return Index (IBPRTRI) & 25% average time deposit (3 months) from Mandiri, BNI, BTN, Danamon, and CIMB Niaga

(Benchmark assessment; before Sep 2018: 30% Jakarta Composite Index (JCI) & 70% average time deposit (3 months) from Mandiri, BNI, BTN, Danamon, and CIMB Niaga)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced January 2022 inflation +0.56% mom (vs consensus inflation +0.56%, +0.57% in Dec 2021). On yearly basis, inflation was +2.18% yoy (vs consensus inflation +2.17%, +1.87% in Dec 2021). Core inflation was printed at +1.84% yoy (vs consensus inflation +1.70%, +1.56% in Dec 2021). The slightly lower monthly inflation was impacted by the lower inflation on volatile food and administered prices group. While, the increment on core inflation was caused by the higher inflation on car commodity and also house rent in line with the reduction of mobility restriction. The BI Board of Governors agreed on 29-20 January 2022 to hold the BI 7-Day Reverse Repo Rate at 3.50%, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates at 2.75% and 4.25%, respectively. This policy is in line with stable inflation, exchange rate and financial system amid higher external pressure. However, Bank Indonesia plan to increase rupiah reserve requirements gradually by up to 300bps for conventional banks and by up to 150bps for sharia banks and sharia business units. Rupiah depreciated against USD by -0.79% from 14,278 at end of Dec 2021 to 14,392 at end of Jan 2022. Indonesia's trade balance recorded surplus amounting to USD 1,019mn in Dec 2021 vs previous month surplus USD 3,513mn in Nov 2021. The lower trade surplus was caused by higher import on oil import which was in line with better mobility index, while for the non-oil and gas sector, the increasing of imports was impacted by the machineries, vaccine goods related, and also healthcare related. Non-oil and gas trade balance in Dec 2021 recorded surplus USD +3,304mn, which was lower than the previous month that recorded trade surplus amounting to USD +5,206mn in Nov 2021. Meanwhile, oil and gas trade balance still recorded deficit to USD -2,285mn in Dec 2021, which was higher than the deficit in Nov 2021 amounting to USD -1,693mn. The Indonesia' actual GDP growth 4Q21 recorded +5.02% YoY (vs previous +3.51%, consensus +4.81%), and also recorded growth by +1.06% QoQ (vs previous +1.55%, consensus +1.01%). The consumption which accounts more than 50% of Indonesia's GDP, was grew by +3.55% YoY in line with Indonesia's economic recovery, while government spending also grew with positive growth by +5.25% which was supported by additional stimulus budget to overcome the impact of Covid-19. The better growth was also supported by the export number which grew by +29.83% YoY which was impacted by the better global commodity prices and global recovery. Indonesia's official foreign reserve in the end of Jan 2022 was at USD 141.3bn, slightly lower than Dec 2021 number at USD 144.9bn due to external debt payment and reduction of banks' foreign currency placement in Bank Indonesia.

IDR Government bond yields were mostly closed higher across all curves in line with offshore outflows except 20yr tenor. Market was opened with bearish tone on the back of negative global sentiments, especially coming from US, such as: hawkish tone from FED (the expectation of raising benchmark rate by 4 times this year), higher US Treasury yield (breach 1.8% level), higher inflation data, and also raising of Omicron new cases. While, market cheered up by the plan of Bank Indonesia to increase the GWM up to 300bps for conventional banks and 150bps for sharia banks with the purpose to normalized liquidity. But the significant raising of Omicron new cases in Indonesia added negative sentiment to the market. Offshore accounts decreased their holding by IDR -4.06tn in January 2022 (-0.46% MoM), from IDR 891.34tn as of 31 Dec 2021 to IDR 887.28tn as of 31 Jan 2022, which brought their holding to 18.97% of total outstanding tradable government bond (from 19.05% in the previous month). The 5Y yield Jan 2022 ended +13bps higher to +5.23% (vs +5.10% in Dec 2021), 10Y tenor ended +6bps higher to +6.44% (vs +6.38% in Dec 2021), 15Y tenor ended +16bps higher to +6.43% (vs +6.27% in Dec 2021) and 20Y tenor ended -14bps lower to +6.94% (vs +7.08% in Dec 2021).

The JCI ended the month higher at 6,631.15 (+0.75% MoM). Market movers were BBCA, ADMR, BYAN, TPIA, and BBHI as they rose 4.45%, 1.70%, 36.30%, 20.48%, and 41.49% MoM respectively. Global stock markets suffered heavy correction in the month of January as the market begins pricing in the possibility of an even faster monetary tightening by the Fed given the persistent inflation rate in the country. The U.S. consumer price index rose another 0.5% MoM to end the year at 7% YoY, indicating that the global supply shortage situation still persists and there is no indication when this will begin to subside. During its monthly meeting, the Fed said that it is likely to hike interest rates in March and reaffirmed plans to end its bond purchases that month to battle the high inflation. Following the Fed hawkish comment, Consensus is now baking in 3-4 rate hike this year with the first-rate hike to begin in March. Moving to Indonesia, Indonesia stock market was more resilient compared to other regions as investors remain optimistic on the growth development within the country, which was seen through Indonesia's improving current account deficit on the back of rising commodity prices as well as government more focus on down streaming investments. On the valuation, the Indonesia stock benchmark currently trades at 2022 earnings multiple of 15.2x, which is slightly above its mean but considering the already low foreign investors positioning combined with improving economic activity, strong commodity prices, upcoming tax amnesty and more technology company IPOs, we believe this will improve investors' appetite in Indonesian stock market going forward. Sector wise, the Energy Sector was the best performing sector during the month, gaining 13.64% MoM. Ticker wise, ADMR (Adaro Minerals Indonesia) and BSMML (Bintang Samudera Mandiri) were the movers, appreciating 1,170% and 154.64% MoM respectively. This was followed by the Transportation and Logistic Sector which rallied 6.60% MoM. Ticker wise, CMPP (Airosia Indonesia) and SDMU (Sidomulyo Selaras) posted 163.95% and 42.65% MoM gains respectively. On the other hand, the worst sector during the month was the Technology Sector, which recorded a decline of 12.26% MoM. Ticker wise, TECH (Indoestering Technomedia) and HDIT (Hensel Davest Indonesia) were the laggards, which fell 36.76% and 31.76% MoM respectively.

About Allianz Indonesia

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