

SMARTLINK DOLLAR MANAGED FUND

July 2021

BLOOMBERG: AZUSMGD IJ

Investment Objective

The objective of the fund is to provide relatively stable income with capital preservation for the long term in U.S. Dollars.

Investment Strategy

To achieve the investment objective, this fund shall be invested 0-20% in short-term instruments (such as deposits), and 80-100% in the medium- or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income funds), in U.S. Dollars.

Return Performance

Last 1-year Period		-0.71%
Best Month	Dec-08	9.61%
Worst Month	Oct-08	-10.66%

Portfolio Breakdown

Treasury Bonds	89.16%
Cash/Deposit	10.84%

Top Five Bonds Holding

RI-2019	7.77%
RI-0727	7.04%
RI-2029	6.38%
RI-2026	6.21%
RI-2030 2.85% 02/14/30	6.13%

Key Fund Facts

Fund Size (in mio USD)	USD 68.29
Risk Profile	Moderate
Launch Date	07 Apr 2003
Fund Currency	United States Dollar
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	1.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	29,315,711.3788

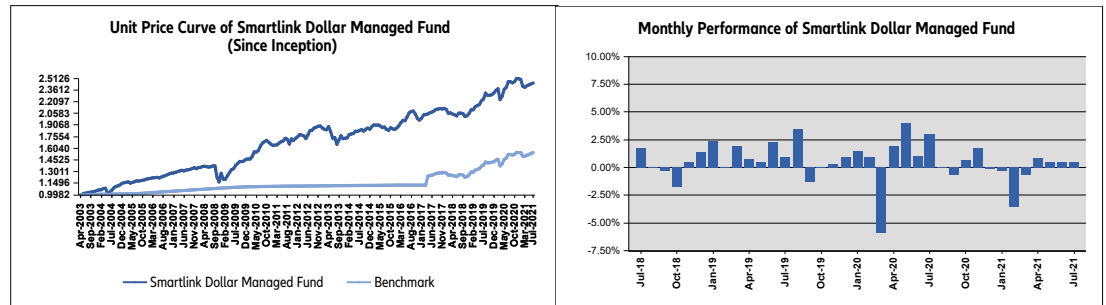
Price per Unit	Bid	Offer
(As of Jul 30, 2021)	USD 2.3294	USD 2.4520

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	0.45%	1.42%	-1.92%	-0.71%	18.95%	-2.24%	145.20%
Benchmark*	0.47%	2.12%	-0.10%	1.47%	22.89%	-0.18%	54.68%

*80% Indonesia Bond Pricing Agency (IBPA) USD Bond Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)

(Benchmark assessment: before Jul 2018: 80% Bloomberg USD Emerging Market Indonesia Sovereign (BEMSID) Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank; before Mar 2016: Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced July 2021 inflation at +0.08% mom (vs consensus inflation +0.01%, -0.16% on June 2021). On yearly basis, inflation was +1.52% yoy (vs consensus inflation +1.47%, +1.33% on June 2021). Core inflation was printed at +1.40% yoy (vs consensus inflation +1.43%, +1.49% on June 2021). The higher July inflation was contributed by the administered price group which was impacted by the higher tobacco price, and also volatile food group which was caused by the lower supply of several goods on the back of harvest time. The BI Board of Governors agreed on 21-22 July 2021 to hold the BI 7-Day Reverse Repo Rate to be 3.50%, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates to be 2.75% and 4.25%, respectively. This policy is to maintain Rupiah stability in the middle of global uncertainty and also the lower inflation. Rupiah appreciated against USD by +0.55% from 14,542 at end of June 2021 to 14,462 at end of July 2021. Indonesia's trade balance recorded surplus amounting to USD +1,316mn in June 2021 vs previous month surplus USD +2,360mn. The lower of trade surplus was affected by the better growth of import number, especially non-oil and gas sector (capital goods imports), however the growth of gas export number also showed improvement on the back of higher global oil price. Non-oil and gas trade balance in June 2021 recorded surplus USD +2,382mn, which was lower than the previous month that recorded trade surplus amounting to USD +3,485mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,066mn in June 2021, which was lower than the deficit on May 2021 amounting to USD -1,125mn. Indonesia's economy grew by +7.07% YoY in Q2 2021 (vs previous -0.74% on Q1 2021), and +3.31% QoQ (vs previous -0.96% on Q1 2021). The better YoY growth was mainly caused by the low base effect which last year GDP contracted by -5.32% YoY. In terms of business sector, the positive growth was happened on all of sectors, especially Manufacturing Sector (the highest) which grew +1.35% YoY. While, in terms of expense, the highest growth came from the household consumption by +3.17% YoY. Indonesia's official foreign reserve in the end of July 2021 was at USD 137.3billion, slightly higher than June 2021 number at USD 137.1billion due to the Government's Global Bond Issuance as well as tax and services receipts.

USD government bond yields were closed mixed, mostly posted lower, in line with the lower of 10yr tenor US Treasury Yield (from 1.440% to 1.239%). Indonesia's bond market was opened weaker on the back of the rising new cases of Covid-19 which made government re implemented restriction again in several cities, especially Pulau Jawa. However, after MoF announced that the debt financing will be lower than their target bond issuance for 2021 amounting to IDR 958tn, the strengthening in market was seen which was supported by the local players. MoF plans to use SILPA from last year to finance the 2021 Budget, they also plan to utilize the bilateral loan which is not used yet. While from the global, positive sentiment were seen after Jerome Powell signed that tapering off will not be happened in the near term and still hold their dovish tone. On 28 July, MoF issued Global Bond denominated USD and EUR with total issued USD 1.65bn and EUR 500mn which divided into four different series with different tenors, as follows: 10 years (USD 600mn), 30 years (USD 750mn), 50 years (USD 300mn) and 8 years (EUR 500mn). Indonesia's CDS 5yr level was worsen July 2021 compared with previous month, from 73/74 to 78/79. The 5Y yield July 2021 ended -14bps lower to +1.40% (vs +1.53% on June 2021), 10yr tenor ended +6bps higher at +2.17% (vs +2.11% on June 2021), 20yr tenor ended -4bps lower to +3.52% (vs +3.56% on June 2021), and 25yr ended lower -5bps to +3.62% (+3.58% on June 2021).

In regards to our recent portfolio we maintain our underweight position.

About Allianz Indonesia

PT Asuransi Allianz Life Indonesia was founded in 1996 and is part of Allianz Asia Pacific which has been present in the region since 1910. Allianz Group is a leading insurance company and asset manager in the world with over 129 years of experience and provides a variety of personal and insurance services, companies, ranging from property, life and health insurance to credit insurance and business insurance services globally.

Disclaimer:

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