

SMARTLINK RUPIAH BALANCED FUND

July 2021

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		12.26%
Best Month	Oct-07	12.71%
Worst Month	Oct-08	-17.27%

Portfolio Breakdown

Equity	28.56%
Mutual Funds - Bonds	56.37%
Mutual Funds - Equities	0.84%
Mutual Funds - Alternatives	3.54%
Cash/Deposit	10.69%

Top Five Bonds Holding

FR0087	3.71%
FR0080	3.29%
FR0070	3.22%
FR0091	3.10%
FR0078	3.02%

Top Five Stocks Holding

Bank Central Asia	3.09%
Bank Jago	2.20%
Bank Rakyat Indonesia	2.08%
Telekomunikasi Indonesia	1.58%
Tower Bersama Infrastruct	1.40%

Key Fund Facts

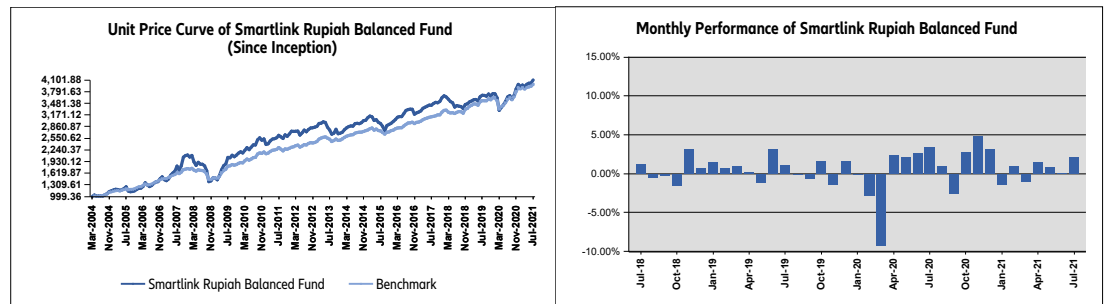
Fund Size (in bn IDR)	IDR 2,012.93
Risk Profile	Moderate
Launch Date	08 Mar 2004
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	516,560,631.2211

Price per Unit	Bid	Offer
(As of Jul 30, 2021)	IDR 3,896.79	IDR 4,101.88

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Balanced Fund	2.04%	2.90%	4.30%	12.26%	19.88%	2.91%	310.19%
Benchmark*	1.27%	2.11%	3.04%	10.86%	22.99%	2.27%	298.63%

*25% Jakarta Composite Index (JCI), 50% Indonesia Bond Pricing Agency (IBPA) IDR Bond Index & 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 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.

IDR Government bond yields were closed lower across all curves. 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 in Java. 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. Offshore accounts decreased their holding by IDR -11.53tn in July 2021 (-1.18% MoM), to IDR 965.78tn as of 30 Jul 2020 from IDR 977.31tn as of 30 Jun 2021, which brought their holding to 22.53% of total outstanding tradable government bond (from 22.82% in the previous month). The 5Y yield July 2021 ended -23bps lower to +5.17% (vs +5.40% on June 2021), 10Y tenor ended -30bps lower to +6.29% (vs +6.59% on June 2021), 15Y tenor ended -11bps lower to +6.32% (vs +6.43% on June 2021) and 20Y tenor ended -23bps lower to +7.04% (vs +7.27% on June 2021).

The JCI ended the month higher at 6,070.04 (+1.41% MoM). Market movers were ARTO, BBHI, POLL, EMTK, and BRIS as they rose 31.74%, 126.43%, 128.57%, 10.00% and 14.35% MoM respectively. Global equity markets movement during the month of July was mixed, on the back of the spread of COVID delta variants spreads sparking lockdowns and hence concerns over slower economic recovery trajectory. US equities recorded its new highs in July due to strong 2Q21 GDP growth as well as better than expected 2Q21 corporate earnings. Equities within Asia however, were pulling back as China's regulators intervened on the tech sector. As such, the return gap between DM and EM equity market since the start of 2021 has continued to widen. Locally, Indonesia's economic activity is set to improve after several encouraging leading indicators such as property pre-sales numbers, cement volumes as well as retail sales are on the rise. Daily Covid cases in Indonesia reached a new high at 56k cases/day in mid-July (from 20k/day in June) which triggered the government to impose strict mobility restrictions. Despite the new restrictions will result in a reduction in mobility and slower economic activity within the next 1-2 months, increased number of daily testing and vaccination doses should help to reduce growing new infections going forward and help fuel economic activity over the longer term. Valuation wise, despite its fair valuation of 17.2x FY21 P/E at the moment, the interest towards Indonesia equity market has improved on the back of upcoming tech IPOs. Sector wise, the Technology Sector was the best performing sector during the month, gaining 9.62% MoM. Ticker wise, TFAS (Telefast Indonesia) and DMMX (Digital Mediatama Maxima) were the movers, appreciating 99.14% and 98.73% MoM respectively. This was followed by the Consumer Cyclical Sector which rallied 8.21% MoM. Ticker wise, ABBA (Mahaka Media) and MASA (Multistrada Arah Sarana) posted 152.10% and 102.34% MoM gains respectively. On the other hand, the worst sector during the month was the Consumer Non-Cyclicals Sector, which recorded a decline of 6.31% MoM. Ticker wise, GGRR (Gudang Garam) and UNVR (Unilever Indonesia) were the laggards which fell 25.79% and 14.75% MoM respectively.

About Allianz Indonesia

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