# Smartlink Rupiah Balanced Class B Fund

July 2024

**BLOOMBERG: AZRPBLB IJ**

## Investment Objective

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

## Investment Strategy: Balanced

To achieve the investment objectives, this fund shall be invested with a target of 50%- 75% in money market and fixed income instruments, and 25%-50% in equity instruments.

## Return Performance

| | | |
|---|---|---|
| Last 1-year Period | | -0.95% |
| Best Month | Nov-23 | 2.77% |
| Worst Month | Apr-24 | -2.84% |

## Portfolio Breakdown

| | |
|---|---|
| Bonds | 72.64% |
| Equity | 25.46% |
| Money Market | 1.90% |

## Top 10 Holding

(in Alphabetical Order)

Bank Central Asia
FR0068 8.375% 15/03/2034
FR0089 6.875% 15/08/2051
FR0091 6.375% 15/04/2032
FR0092 7.125% 15/06/2042
FR0096 7% 15/02/2033
FR0097 7.125% 15/06/2043
FR0098 7.125% 15/06/2038
FR0100 6.625% 15/02/2034
FR0102 6.875% 15/07/2054

*there is no investment on related parties

## Industry Sector

| | |
|---|---|
| Government | 69.42% |
| Finance | 10.71% |
| Infrastructure | 4.68% |
| Basic Materials | 3.79% |
| Technology | 2.39% |
| Consumer Non-Cyclical | 2.38% |
| Industrials | 2.14% |
| Consumer Cyclical | 1.79% |
| Energy | 1.27% |
| Health | 1.27% |
| Property | 0.16% |

## Key Fund Facts

| | |
|---|---|
| Fund Size (in bn IDR) | IDR 21.89 |
| Risk Level | Moderate |
| Launch Date | 23 Aug 2021 |
| Fund Currency | Indonesian Rupiah |
| Launch Date NAV Price | IDR 1,000.00 |
| Pricing Frequency | Daily |
| Investment Management Fee | 2.00% p.a. |
| Custodian Bank Name | Bank HSBC Indonesia |
| Total Unit | 20,829,622.3626 |

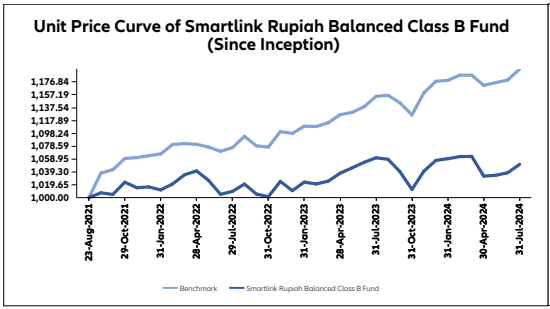
| Price per Unit | |
|---|---|
| (As of Jul 31, 2024) | IDR 1,050.80 |

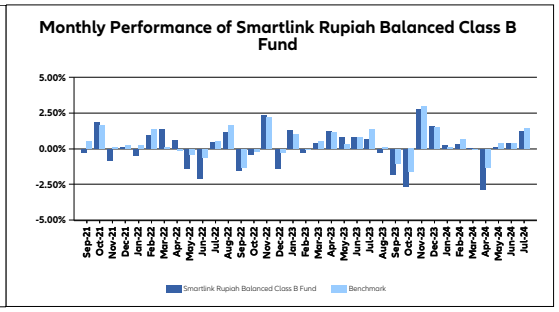
Managed by: PT. Asuransi Allianz Life Indonesia

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years | YTD | Since Inception |
|---|---|---|---|---|---|---|---|---|
| Smartlink Rupiah Balanced Class B Fund | 1.24% | 1.74% | -0.82% | -0.95% | N/A | N/A | -0.58% | 5.08% |
| Benchmark* | 1.41% | 2.12% | 1.46% | 3.60% | N/A | N/A | 1.58% | 19.65% |

*25% Jakarta Composite Index (JCI) & 75% IBPA Indonesia IDR Government Bond Index (IBPRXGTR Index)

*(Benchmark assessment; before Feb 2022: 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)*




## Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced July 2024 deflation at -0.18% MoM (vs consensus inflation +0.02%, -0.08% in June 2024). On yearly basis, inflation was at +2.13% YoY (vs consensus inflation +2.37%, +2.51% in June 2024). Core inflation was printed at +1.95% YoY (vs consensus inflation +1.90%, +1.90% in June 2024). The monthly deflation was contributed by the lower price of food group. The BI Board of Governors agreed in their meeting on 16-17 July 2024 to hold the BI-Rate at 6.25%, while also maintaining the Deposit Facility (DF) rate and Lending Facility (LF) at 5.50% and 7.00% respectively. This decision is consistent with the pro-stability focus of monetary policy, namely as a pre-emptive and forward-looking measure to maintain inflation within the 2.5%±1% target corridor in 2024 and 2025, which includes effectively sustaining foreign capital inflows and safeguarding Rupiah stability. Rupiah was strengthening against USD by +0.61% from 16,394 at the end of June 2024 to 16,294 at the end of July 2024. The strengthening of the Rupiah was impacted by the Fed's dovish stance in the last FOMC Meeting, in which the Fed saw good progression in the disinflation process. It increased the probability that the Fed might start cutting its rate in the September 2024 meeting. Indonesia's trade balance recorded a surplus amounting to USD +2,390mn in June 2024 vs the previous month's surplus of USD +2,925mn in May 2024. The lower trade surplus was impacted by the positive growth in import, while exports showed slower growth in June 2024. Non-oil and gas trade balance in June 2024 recorded a surplus of USD +4,429mn, which was higher than the previous month recorded a trade surplus amounting to USD +4,256mn in May 2024. Meanwhile, the oil and gas trade balance still recorded a deficit of USD -2,039mn in June 2024, which was higher than the deficit in May 2024, amounting to USD -1,329mn. Indonesia's economy grew by +5.05% yoy in 2Q 2024 (vs. previous 5.11%, consensus +5.00%) and +3.79% QoQ (vs previous -0.83%, consensus +3.72%). In terms of expenditure, the main contributor to the growth was the growth of Investment, which grew by +4.40% yoy, with the highest growth coming from the rebound of Machinery and Equipment investment. The consumption grew moderately, +5.10% yoy, supported by a celebration of religious holidays. On the other hand, government expenditure and non-profit consumption show normalized growth, which grew by +1.42% yoy and +9.98% yoy after the Indonesia General Election in February 2024. Indonesia's official reserve assets position amassed USD 145.4 billion as of the end of July 2024, increased from USD 140.2 billion as of June 2024. The increase was impacted by several factors, including government's global sukuk issuance coupled with tax and service receipts.

IDR Government bond yields were lower across all the curves in line with IDR Appreciation and offshore inflow. The bullish sentiments came from the global impact of the July FOMC Meeting, in which Jerome Powell stated that the progress of disinflation in the US improved from the previous year, mainly because of the cooling down of the labor market. He even said that the Fed could cut FFR in the September 24 meeting if the data continues to be in line with Fed expectations. Lastly, he indicated that the Fed considered maintaining FFR or cutting it more than once this year, depending on future developments of the US's price level and labor market. Indonesia's fiscal balance still show stability and resilience. 6M24 state budget realization recorded good performance with manageable government spending, while government revenue still remains high. Indonesia's fiscal balance recorded a deficit of IDR -77.32tn (6M23: IDR +152.25tn) or -0.34% (prev: +0.71% 6M23) of GDP in 6M24. Offshore accounts increased their holding by IDR +4.97tn in July 2024 (+0.62% MoM), from IDR 808.10tn as of 28 June 2024 to IDR 813.07tn which brought their holding increased to 14.00% of total outstanding tradable government bond (from 13.93% in the previous month). The 5Y yield July 2024 ended -24bps lower to +6.73%(vs +6.97% in June 2024), 10Y tenor ended -17bps lower at +6.90%(vs +7.07% in June 2024), 15Y tenor ended -3bps lower to +7.04% (vs +7.07% in June 2024) and 20Y tenor ended -7bps lower to +7.04% (vs +7.11% in June 2024).

The JCI ended the month higher at 7,255.76 (+2.72% MoM). Market movers were AMMN, BBCA, BYAN, BMRI, and DSSA as they rose +7.50%, +3.53%, +8.93%, +4.07%, and +18.40% MoM respectively. Global equities performance was mixed in July due to a combination of 1) Weakness in the US dollar post favorable US inflation print which prompted market optimism that the Fed might begin to cut interest rates as soon as September and 2) China's weak economic data that indicate growth momentum is waning. Domestically in Indonesia, the JCI posted a strong rebound in July (+2.72% MoM) as a combination of dovish Fed and better-than-expected 2Q24 earnings reporting from major big banks led the market to rally in July. Sector wise, the Industrial Sector was the best-performing sector during the month, gaining +12.05% MoM. Ticker-wise, IKAI (Intikeramik Alamasri) and KIAS (Keramika Indonesia) were the movers, appreciating +71.43% and +45.45% MoM respectively. This was followed by the Transportation and Logistic Sector which rallied +11.40% MoM. Ticker-wise, PURA (Putra Rajawali) and HELI (Jaya Trishindo) posted +120.00% and +59.29% MoM gains respectively. On the other hand, the worst among the best sectors during the month was the Healthcare Sector, which recorded an increase of +0.85% MoM. Ticker-wise, LABS (UBC Medical Indonesia) and TSPC (Tempo Scan Pacific) were the movers which rose +35.29% and +14.86% MoM respectively.

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