

# SMARTLINK RUPIAH EQUITY FUND

## June 2021

**BLOOMBERG: AZRPEQF IJ**

### Investment Objective

The objective of this fund is to provide maximum long term investment yield.

### 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 equity instruments (either directly through stocks and / or through equity mutual funds).

### Return Performance

Last 1-year Period		23.26%
Best Month	Jul-09	14.70%
Worst Month	Oct-08	-19.00%

### Portfolio Breakdown

Equity	84.65%
Mutual Funds - Equities	3.02%
Cash/Deposit	12.33%

### Top Five Stocks Holding

Bank Central Asia	9.95%
Bank Rakyat Indonesia	7.36%
Bank Jago	5.54%
Tower Bersama Infrastruct	4.91%
Telekomunikasi Indonesia	4.89%

### Key Fund Facts

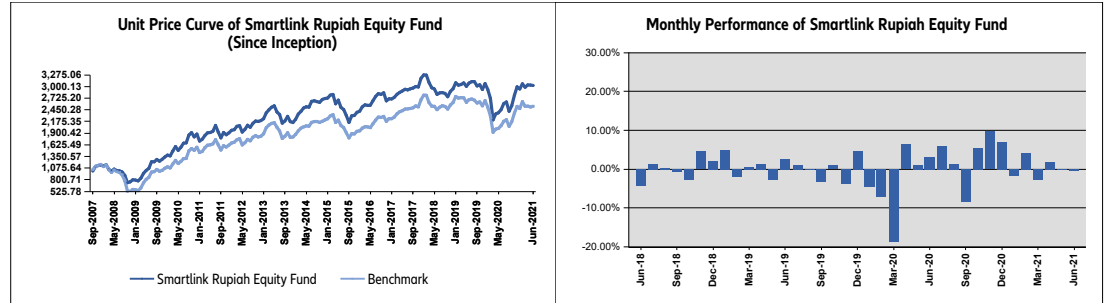
Fund Size (in bn IDR)	IDR 10,210.13
Risk Profile	Aggressive
Launch Date	01 Sep 2007
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	3,551,438,318.2144

Price per Unit	Bid	Offer
(As of Jun 30, 2021)	IDR 2,874.93	IDR 3,026.24

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Equity Fund	-0.31%	1.41%	1.07%	23.26%	7.46%	1.07%	202.62%
Benchmark*	0.64%	0.00%	0.11%	22.02%	3.21%	0.11%	153.48%

\*Jakarta Composite Index (JCI)



### Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced June 2021 deflation at -0.16% mom (vs consensus inflation -0.08%, 0.32% on May 2021). On yearly basis, inflation was +1.33% yoy (vs consensus inflation +1.45%, +1.68% on May 2021). Core inflation was printed at +1.49% yoy (vs consensus inflation +1.45%, +1.37% on May 2021). The monthly deflation on June 2021 was affected by the lower inflation on core inflation, administered price group, and volatile food group. The lower inflation in volatile food group was caused by the declining of red onion, chicken, and chili prices, while the lower inflation in administered price group was caused by the lower public transportation cost after Lebaran period. The BI Board of Governors agreed on 16-17 June 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 depreciated against USD by +1.75% from 14,292 at end of May 2021 to 14,542 at end of June 2021. Indonesia's trade balance recorded surplus amounting to USD +2,360mn in May 2021 vs previous month surplus USD +2,194mn. The better number of trade surplus was supported by the global economic recovery, especially China and US which was showed by increasing number on export number for commodity goods. Non-oil and gas trade balance in May 2021 recorded surplus USD +3,485mn, which was higher than the previous month that recorded trade surplus amounting to USD +3,261mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,125mn in May 2021, which was higher than the deficit on April 2021 amounting to USD -1,067mn. Indonesia's official foreign reserve in the end of June 2021 was at USD 137.1billion, higher than May 2021 number at USD 136.4billion due to Global Sukuk Issuance.

The JCI ended the month higher at 5,985.49 (+0.64% MoM). Market movers were DCII, TPIA, AGRO, GGRM and BINA as they rose 329.1%, 24.63%, 111.41%, 33.33%, and 208.01% MoM respectively. Regional equity markets reversed to negative territory in June as spike in Covid cases within Southeast Asian countries resulted in more countries adopting mobility restriction measures. This, together with strong recovery within the developed market will further widen the recovery gap between the emerging and developed market. Within Indonesia equity market, the number of Covid-19 cases has escalated to more than 20k cases/day (from 6k/day in early May), on the back of large gatherings during Muslim festival in mid-May and the fast spread of Delta coronavirus variant within Indonesian cities. In Jakarta, the hospital-bed occupancy rate (BOR) has escalated to 90%, while within Java areas BOR have reached above 80%. Although the new restrictions will slow down mobility and economic activity for months ahead, we believe the negative impact towards economic growth should be less than it was during 2Q20 but note that the recent restrictions are stricter than the measures being imposed in Sept-20 and early 2021. Valuation wise, current market valuation stands at 16.5x FY21 P/E, which seems fair in our view given the expectation of a stronger economic recovery post the faster vaccination roll-out and potential upcoming IPO of Indonesian tech unicorns in 2H21. Sector wise, the Technology Sector was the best performing sector during the month, gaining 182.16% MoM. Ticker wise, DCII (DCI Indonesia) and MLPT (Multipolar Technology) were the movers, appreciating 329.09% and 181.12% MoM respectively. This was followed by the Healthcare Sector which rallied 5.26% MoM. Ticker wise, SRAJ (Sejahteraya Anugrajaya) and INAF (Indofarma) posted 55.00% and 36.40% MoM gains respectively. On the other hand, the worst sector during the month was the Transportation and Logistic Sector, which recorded a decline of 6.72% MoM. Ticker wise, PURA (Putra Rajawali Kencana) and TMAS (Temas Tbk) were the laggards which fell 63.83% and 30.18% MoM respectively.

Portfolio strategy wise, we have started to progressively shift to increase non defensives cyclical exposures on economic recovery expectation in 2021 and 2022. Generally speaking, our preference on equities that have pricing power, efficient balance sheet and good corporate governance has not changed regardless of condition. We are putting a larger emphasis on managing earnings expectations to a more conservative approach rather than growth seeking and assess value on that front also bearing in mind forex, leverage exposures and cash flow generation ability.

### About Allianz Indonesia

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### Disclaimer:

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