

Smartlink Rupiah Fixed Income Fund

June 2023

BLOOMBERG: AZRPFIF IJ

Investment Objective

The Objective of the fund is to provide relatively stable income with capital preservation for the long term.

Investment Strategy: Fixed Income

To achieve the investment objective, this fund shall be invested 0 - 20% in short-term instruments, and 80 -100% in the medium or long-term instruments.

Return Performance

Last 1-year Period		7.47%
Best Month	Dec-08	9.19%
Worst Month	Oct-08	-9.36%

Portfolio Breakdown

Bonds	97.15%
Money Market	2.85%

Top 10 Holding

(in Alphabetical Order)

FR0056	8.375%	15/9/26
FR0068	8.375%	15/3/34
FR0080	7.5%	06/15/35
FR0082	7%	09/15/30
FR0083	7.5%	04/15/40
FR0087	6.5%	02/15/31
FR0091	6.375%	04/15/32
FR0092	7.125%	06/15/42
FR0096	7%	15/02/2033
FR0097	7.125%	15/06/2043

*there is no investment on related parties

Industry Sector

Government	93.64%
Finance	2.84%
Infrastructure	2.02%
Basic Industry	1.39%
Industry	0.12%

Key Fund Facts

Fund Size (in bn IDR)	IDR 1,779.14
Risk Level	Moderate
Launch Date	25 May 2001
Fund Currency	Indonesian Rupiah
Launch Date NAV Price	IDR 1,000.00
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Investment Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	397,139,979.0533

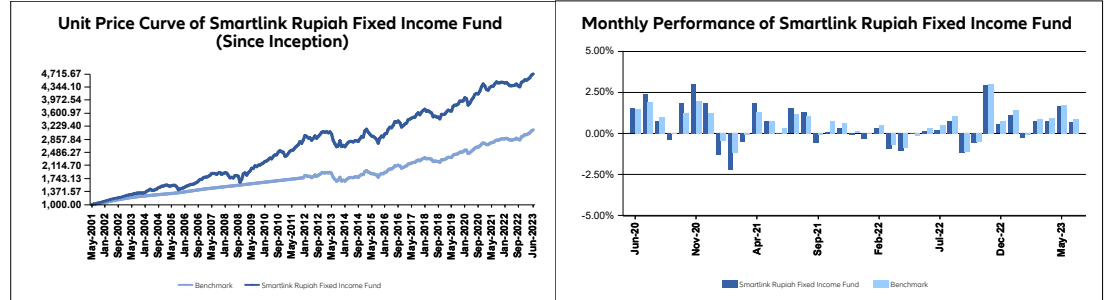
Price per Unit	Bid	Offer
(As of Jun 27, 2023)	IDR 4,479.89	IDR 4,715.67

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	YTD	Since Inception
Smartlink Rupiah Fixed Income Fund	0.70%	3.15%	4.73%	7.47%	16.82%	34.80%	4.73%	371.57%
Benchmark*	0.89%	3.64%	5.92%	9.82%	22.06%	40.34%	5.92%	212.39%

*IBPA INDOBeX Government Total Return Index (IBPRXGTR Index)

(Benchmark assessment; before Oct 2021: 80% IBPA Indonesia Government Bond Total Return Index (IBPRTRI) & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; before Jul 2018: 80% Bloomberg Indonesia Local Sovereign Bond (BINDO) Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; before Mar 2016: 80% HSBC Indonesia Local Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citi; before Jan 2012: Average 1 Month Deposit of BNI, BCA and Citi)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced June 2023 inflation at +0.14% MoM (vs consensus inflation +0.28%, +0.09% in May 2023). On yearly basis, inflation was at +3.52% YoY (vs consensus inflation +3.65%, +4.00% in May 2023). Core inflation was printed at +2.58% YoY (vs consensus inflation +2.65%, +2.66% in May 2023). The higher inflation MoM was contributed by the higher price of transportation group, food, beverage group and health group. The BI Board of Governors agreed on 21-22 June 2023 to hold the BI 7-Day Reverse Repo Rate at 5.75% and also hold the Deposit Facility (DF) and Lending Facility (LF) rates at 5.00% and 6.50%, respectively. In total, Bank Indonesia had increased their benchmark rate by 225bps up to Jan 2023. This decision for this policy is as front loaded, pre-emptive and forward-looking movement to lower the expectation inflation and to ensure the core inflation back to their target level at 3±1% on 1H 2023. Bank Indonesia mention BI focus into enhancing IDR value stabilization in order avoid imported inflation and reduce the spread of uncertainty on global financial markets. Rupiah strengthening against USD by +0.02% from 15,003 at end of May 2023 to 15,000 at end of June 2023. The strengthening of Rupiah was impacted by FOMC make decision to pause hike of Fund Fed rate in June meeting. Indonesia's trade balance recorded surplus amounting to USD +437mn in May 2023 vs previous month surplus USD +3,936mn in Apr 2023. The lower trade surplus was impacted by export growth lower than import growth. Non-oil and gas trade balance in May 2023 recorded surplus USD +2,256mn, which was lower than the previous month that recorded trade surplus amounting to USD +5,632mn in Apr 2023. Meanwhile, oil and gas trade balance still recorded deficit to USD -878mn in June 2023, which was lower than the deficit in Apr 2023 amounting to USD -1,696mn. Indonesia's official reserve assets position amassed USD 137.5 billion as of the end of June 2023, a decrease from USD 139.3 billion as of May 2023. The decline was impacted by the obligation of the government's external debt repayments.

IDR Government bond yields closed lower across all the curves in line with offshore inflow and IDR appreciation. The bullish tone also came from bargain hunting from onshore investor. Indonesia's economy continues to show improvement and resilience. 5M23 state budget realization recorded great performance driven by low government spending, while government revenue remains high. Indonesia's fiscal balance recorded a surplus of IDR204.3tn (5M22: IDR132tn) or 0.97% (prev: 1.12%) of GDP in 5M23. Offshore accounts increased their holding by IDR +17.53tn in June 2023 (+2.11% MoM), from IDR 829.36tn as of 31 May 2023 to IDR 846.89 which brought their holding increased to 15.51% of total outstanding tradable government bond (from 15.26% in the previous month). The 5Y yield June 2023 ended -12bps lower to +5.91%(vs +6.03% in May 2023), 10Y tenor ended -11bps lower to +6.26%(vs +6.37% in Apr 2023), 15Y tenor ended -11bps lower to +6.48% (vs +6.59% in May 2023) and 20Y tenor ended -8bps lower to +6.59% (vs +6.67% in May 2023).

In regards to our recent portfolio, we maintain overweight on the bond allocation and slightly overweight duration against benchmark. We opportunistically lengthen duration going forward.

About Allianz Indonesia

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