

Smartlink Rupiah Equity Fund

May 2023

BLOOMBERG: AZRPEQF JI

Investment Objective

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

Investment Strategy: Equity

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

Return Performance

Last 1-year Period	-10.07%
Best Month	Jul-09 14.70%
Worst Month	Oct-08 -19.00%

Portfolio Breakdown

Equity	89.20%
Money Market	10.80%

Top 10 Holding

(in Alphabetical Order)

- Astra International
- Bank Central Asia
- Bank Mandiri Persero
- Bank Rakyat Indonesia
- Bukalapak.Com
- GoTo Gojek Tokopedia Tbk
- Impack Pratama Industri Tbk
- Merdeka Battery Materials Tbk
- Telekomunikasi Indonesia
- Tower Bersama Infrastruct

*there is no investment on related parties

Industry Sector

Finance	40.93%
Infrastructure	13.32%
Consumer Non-Cyclical	10.21%
Technology	9.52%
Industry	8.91%
Consumer Cyclical	5.76%
Basic Industry	5.04%
Health	4.37%
Energy	1.02%
Property	0.92%

Key Fund Facts

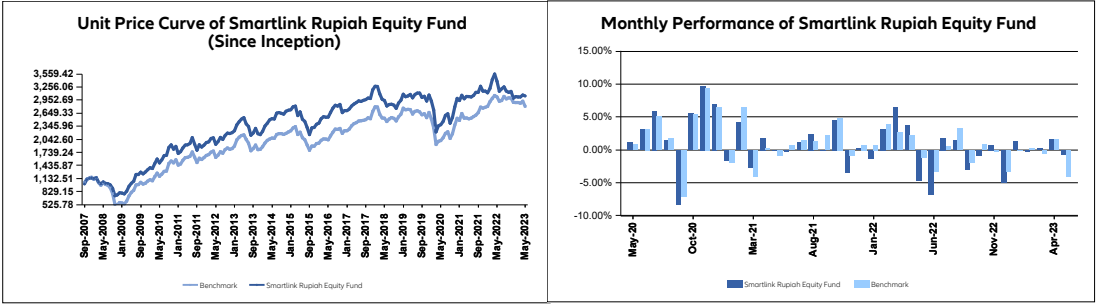
Fund Size (in bn IDR)	IDR 9,090.18
Risk Level	Aggressive
Launch Date	01 Sep 2007
Fund Currency	Indonesian Rupiah
Launch Date NAV Price	IDR 1,000.00
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Investment Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	3,136,544,937.5326

Price per Unit	Bid	Offer
(As of May 31, 2023)	IDR 2,898.15	IDR 3,050.68

Managed by	PT. Asuransi Allianz Life Indonesia
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	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	YTD	Since Inception
Smartlink Rupiah Equity Fund	-0.68%	0.80%	-3.34%	-10.07%	28.08%	3.60%	1.73%	205.07%
Benchmark*	-4.08%	-3.07%	-6.33%	-7.21%	39.54%	10.86%	-3.17%	180.91%

*Jakarta Composite Index (JCI)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced May 2023 inflation at +0.09% mom (vs consensus inflation +0.30%, +0.33% in Apr 2023). On yearly basis, inflation was at +4.00% yoy (vs consensus inflation +4.21%, +4.33% in Apr 2023). Core inflation was printed at +2.66% yoy (vs consensus inflation +2.81%, +2.83% in Apr 2023). The lower inflation mom was contributed by the lower price of transportation group and lower inflation from clothing. The BI Board of Governors agreed on 24-25 May 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 slight change into enhancing IDR value stabilization in order avoid imported inflation and reduce the spread of uncertainty on global financial markets Rupiah depreciated against USD by -2.33% from 14,661 at end of April 2023 to 15,003 at end of May 2023. The depreciation of Rupiah was impacted by uncertainty from debt ceiling talk in US and concern from China's Economic. Indonesia's trade balance recorded surplus amounting to USD +3.940mn in Apr 2023 vs previous month surplus USD +2.830mn in Mar 2023. The higher trade surplus was impacted by the export fell deeper than import. Non-oil and gas trade balance in Apr 2023 recorded surplus USD +5.640mn, which was higher than the previous month that recorded trade surplus amounting to USD +4.510mn in Mar 2023. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,700mn in Apr 2023, which was higher than the deficit in Mar 2023 amounting to USD -1,670mn.

The JCI ended the month lower at 6,633.26 (-4.08% MoM). Market laggards were BYAN, ADRO, MDKA, TLKM and UNTR as they fell -29.02%, -27.84%, -23.86%, -4.94%, and -23.10% MoM respectively. Global equities performance was mixed in May as Powell's latest dovish stance and expectation of US Debt ceiling deal to be reached before 1 June failed to be propped up equity rally in China and Europe region on the back of weak manufacturing data in both regions. Domestically in Indonesia, the JCI closed the month with negative return driven by correction among commodity names ie. coal and nickel proxies. Concerns are also arising on Indonesia's capability to maintain fiscal stability at times when its key exporting commodity prices are facing huge correction. Sector wise, the Energy Sector was the worst performing sector during the month, declining -18.39% MoM. Ticker wise, COAL (Black Diamond Resources) and ETWA (Eterindo Wahanatama) were the laggards, depreciating -25.62% and -24.00% MoM respectively. This was followed by the Basic Materials Sector which dropped -16.02% MoM. Ticker wise, BEBS (Berkah Beton Sadaya) and NCKL (Trimegah Bangun Persada) posted -53.61% and -42.35% MoM losses respectively. On the other hand, the best sector during the month was the Consumer Cyclical Sector, which recorded a gain of 5.55% MoM. Ticker wise, RAAM (Tripar Multivision) and ESTA (Esta Mutli Usaha) were the movers which rose +154.27% and +45.24% MoM respectively.

Portfolio positioning strategy wise, we are slightly underweight and selective. We are beginning to factor in that 2023 would be a year of normalization where strong commodity prices are set to normalize with aggregate corporate earnings growth is expected to grow at high single digit compared to double digit growth in 2022. Structurally, we are also adjusting to a new era of higher cost of capital and hence equity. Despite a challenging and volatile short-term outlook, we still believe that the direction of digital and down streaming theme is structural and playing an important role for Indonesia over the mid-long term. Our preference on equities that have pricing power, efficient balance sheet and good corporate governance has not changed regardless of conditions. However, we have increased our cash portion over rising recession risk, complex geopolitical factors and lingering uncertainty over abrupt type adjustment period(s).

About Allianz Indonesia

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