

SMARTLINK RUPIAH BALANCED FUND

November 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		9.04%
Best Month	Oct-07	12.71%
Worst Month	Oct-08	-17.27%

Portfolio Breakdown

Equity	30.45%
Treasury Bonds	55.10%
Corporate Bonds	1.65%
Govt. Related Bond	0.64%
Mutual Funds - Bonds	0.00%
Mutual Funds - Alternatives	3.54%
Cash/Deposit	8.62%

Top Five Bonds Holding

(in Alphabetical Order)

FR0070	15/03/2024
FR0078	15/05/2029
FR0080	15/06/2035
FR0087	15/02/2031
FR0091	15/04/2032

Top Five Stocks Holding

(in Alphabetical Order)

Bank Central Asia
Bank Jago
Bank Rakyat Indonesia
Merdeka Copper Gold
Telekomunikasi Indonesia

Key Fund Facts

Fund Size (in bn IDR)	IDR 2,003.11
Risk Profile	Moderate
Launch Date	08 Mar 2004
Fund Currency	Indonesian Rupiah
Launch Date NAV Price	IDR 1,000.00
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	500,381,869.6700

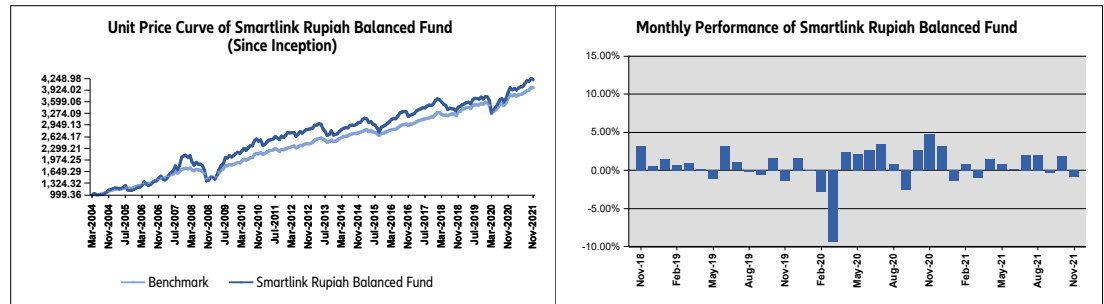
Price per Unit	Bid	Offer
(As of Nov 30, 2021)	IDR 4,003.16	IDR 4,213.85

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 Fund	-0.83%	0.69%	4.91%	9.04%	22.16%	32.06%	5.72%	321.39%
Benchmark*	0.13%	2.29%	4.92%	7.85%	20.52%	35.73%	5.28%	299.31%

*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

(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 Nov 2021 inflation +0.37% mom (vs consensus inflation +0.31%, +0.12% in Oct 2021). On yearly basis, inflation was +1.75% yoy (vs consensus inflation +1.70%, +1.66% in Oct 2021). Core inflation was printed at +1.44% yoy (vs consensus inflation +1.44%, +1.33% in Oct 2021). The higher monthly inflation was impacted by the increment in core inflation, volatile food, and administered price group. The increment in core inflation was caused by higher global gold price. For the increment of inflation in volatile food group was affected by the higher global CPO price (impacted to higher cooking oil price), while for the increment of inflation in administered price group was impacted by the air fare in line with the mobility relaxation. The BI Board of Governors agreed on 17-18 Nov 2021 to hold the BI 7-Day Reverse Repo Rate at 3.50%, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates at 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 -1.05% from 14,171 at end of Oct 2021 to 14,320 at end of Nov 2021. Indonesia's trade balance recorded surplus amounting to USD 5,733mn in Oct 2021 vs previous month surplus USD 4,371mn. October 2021 recorded the highest trade surplus which was caused by the higher global commodity prices, especially CPO and coal. Non-oil and gas trade balance in Oct 2021 recorded surplus USD +6,606mn, which was higher than the previous month that recorded trade surplus amounting to USD +5,305mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -873mn in Oct 2021, which was better than the deficit in Sep 2021 amounting to USD -934mn. Indonesia's official foreign reserve in the end of Nov 2021 was at USD 145.9bn, slightly higher than Oct 2021 number at USD 145.5bn due to tax revenue and external debt.

IDR Government bond yields were mostly closed lower, except the 10yr tenor. The offshore names continued to record outflows on November, while onshore banks also continue absorbing the bonds in the market. The negative sentiments mostly came from the global side, especially, the re-elected of Jerome Powell as FED Chairman which showed FED their hawkish tone with the probability for rate hike in 2022 to address the higher inflation (the November inflation was 6.2% YoY) by accelerating the tapering timeline. That news brought the US Treasury Yield to 1.6% level. The increment of new cases in Europe Zone and the announcement of the new Covid-19 variant, Omicron, which already spread around the world, also haunted the bearish market. Offshore accounts decreased their holding by IDR -30.82tn in Nov 2021 (-3.25% MoM), from IDR 949.27tn as of 29 Oct 2021 to IDR 918.45tn as of 30 Nov 2021, which brought their holding to 20.55% of total outstanding tradable government bond (from 21.24% in the previous month). The 5Y yield Nov 2021 ended -6bps lower to +4.87% (vs +4.93% in Oct 2021), 10Y tenor ended +4bps higher to +6.10% (vs +6.06% in Oct 2021), 15Y tenor ended -2bps lower to +6.27% (vs +6.29% in Oct 2021) and 20Y tenor ended -2bps lower to +6.86% (vs +6.84% in Oct 2021).

The JCI ended the month lower at 6,533.93 (-0.87% MoM). Market laggards were BBRI, BBCA, BUKA, TPIA, and ASII as they fell 3.76%, 2.35%, 21.58%, 6.91%, and 4.15% MoM respectively. Global stock markets faced slight correction in the month of November, amid growing fears of a new coronavirus variant identified in South Africa (Omicron Virus), which could spark fresh outbreaks and scuttle a fragile economic recovery. While on the monetary policy front, Fed officials at their November meeting mentioned that they were opened to removing policy support at a faster pace to keep inflation in check. This caused jitters in the global equity market as market participants begins pricing in faster than previously expected rate-hike in 2022. Moving to Indonesia, Indonesia coronavirus cases has remained low in November with no signs of another round of Covid-19 wave picking up. To prevent Omicron virus from spreading in the country, Indonesia government has extended the quarantine days for foreigners travelling aboard to Indonesia to 7 days, from previously 3 days. On Indonesia equities, the Indonesia stock benchmark currently trades at 2022 earnings multiple of 15.3x, which is slightly above its mean but considering the already low foreign investors positioning combined with improving economic activity, strong commodity prices, upcoming tax amnesty and more technology company IPOs, we believe this will improve investors' appetite in Indonesian stock market going forward. Sector wise, the Properties and Real Estate Sector was the worst performing sector during the month, declining 5.73% MoM. Ticker wise, POLL (Pollux Properties) and TRUE (Trinity Dinamik) were the laggards, depreciating 39.39% and 33.33% MoM respectively. This was followed by the Technology Sector which dropped 5.66% MoM. Ticker wise, HDIT (Hensel Davest Indonesia) and BUKA (Bukalapak) posted 29.91% and 21.58% MoM losses respectively. On the other hand, the best sector during the month was the Transportation and Logistic Sector, which recorded a gain of 23.34% MoM. Ticker wise, TMAS (Temas Tbk) and BPTR (Batavia Prosperindo Trans) were the movers which rose 203.80% and 87.43% MoM respectively.

About Allianz Indonesia

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