

SMARTLINK RUPIAH BALANCED FUND

October 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).

Portfolio Breakdown

Equity	31.16%
Treasury Bonds	54.55%
Corporate Bonds	1.64%
Govt. Related Bond	0.62%
Mutual Funds - Bonds	0.00%
Mutual Funds - Alternatives	3.49%
Cash/Deposit	8.54%

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
Bukalapak.Com,
Telekomunikasi Indonesia

Key Fund Facts

Fund Size (in bn IDR)	IDR 2,035.84
Risk Profile	Moderate
Launch Date	08 Mar 2004
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	504,353,356.4510

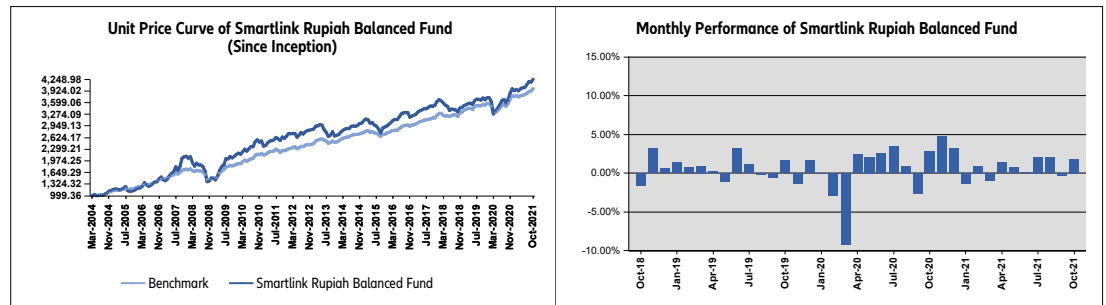
Price per Unit	Bid	Offer
(As of Oct 29, 2021)	IDR 4,036.53	IDR 4,248.98

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	1.84%	3.59%	6.59%	15.18%	27.09%	27.89%	6.60%	324.90%
Benchmark*	1.64%	3.19%	5.13%	11.63%	23.90%	33.86%	5.14%	298.80%

*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 Oct 2021 inflation +0.12% mom (vs consensus inflation +0.10%, -0.04% in Sep 2021). On yearly basis, inflation was +1.66% yoy (vs consensus inflation +1.65%, +1.60% in Sep 2021). Core inflation was printed at +1.33% yoy (vs consensus inflation +1.40%, +1.33% in Sep 2021). The higher inflation on Oct 2021 was supported by the inflation increment on volatile food group and administered price group. The higher inflation on volatile food group was affected by the increment of chili and cooking oil prices (in line with higher global CPO price), while on the administered price group side was affected by the higher air fare cost. The BI Board of Governors agreed on 18-19 Oct 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 appreciated against USD by +1.05% from 14,321 at end of Sep 2021 to 14,171 at end of Oct 2021. Indonesia's trade balance recorded surplus amounting to USD 4,371mn in Sep 2021 vs previous month surplus USD 4,746mn. Despite of the amount of trade surplus slightly lowered compared last month, the export number still showed strong growth on the back of increment demand of coal export from EU and US. Non-oil and gas trade balance in Sep 2021 recorded surplus USD +5,305mn, which was slightly lower than the previous month that recorded trade surplus amounting to USD +5,728mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -934mn in Sep 2021, which was slightly lower than the deficit in Aug 2021 amounting to USD -982mn. Indonesia's economy grew by +3.51% YoY in Q3 2021 (vs previous +7.07%, consensus +3.88%), and also recorded positive growth by +1.55% QoQ (vs previous +3.31%, consensus +1.90%). The slowing down was affected by the mobility restriction in Q3 2021 which was impacted by the Covid-19 second wave, and also lower domestic demand. The YoY growth was contributed by the deceleration on household consumption growth by 1.03% YoY, while government spending only grew by +0.60% YoY. Indonesia's official foreign reserve in the end of Oct 2021 was at USD 145.5bn, slightly lower than Sep 2021 number at USD 146.90bn due to the government's external debt payment.

IDR Government bond yields were closed lower across all curves due to buying action from onshore players. The market was opened with bearish tone which mostly caused by the negative global sentiments, such as: higher US Treasury Yield which reached 1.50%, the announcement of below expectation number of US' Non-Farm Payroll Employment Change, and concern over higher inflation around the world. Those reason resulted offshore outflows this month. While onshore banks still showed their supports as the bigger buyer on the expectation of easing bond supply from the government and ample liquidity. Offshore accounts decreased their holding by IDR -12.51tn in Oct 2021 (-1.30% MoM), to IDR 949.27tn as of 29 Oct 2021 from IDR 961.78tn as of 30 Sep 2021, which brought their holding to 21.24% of total outstanding tradable government bond (from 21.56% in the previous month). The 5Y yield Oct 2021 ended -21bps lower to +4.93%(vs +5.14% in Sep 2021), 10Y tenor ended -20bps lower to +6.06% (vs +6.26% in Sep 2021), 15Y tenor ended -12bps lower to +6.29% (vs +6.41% in Sep 2021) and 20Y tenor ended -8bps lower to +6.86% (vs +6.94% in Sep 2021).

The JCI ended the month higher at 6,591.35 (+4.84% MoM). Market movers were BBCA, BBRI, BMRI, BBNi, and ASII as they rose 6.79%, 10.39%, 16.67%, 30.23%, and 10.42% MoM respectively. Global stock markets continued to strengthen in October, driven by robust US economic data and upbeat corporate 3Q21 earnings results despite concerns on higher inflation, supply chain disruptions and rising energy cost. On taper updates, the Fed stated it will begin tapering monthly bond purchases by USD15bn/month until December 2021 and will adjust the pace of purchases depending on the economic outlook. This boosted price of risky assets ie equities as market perceive the stance as more dovish. Moving to Indonesia, Indonesia government began further relaxing its mobility restrictions as new covid cases remain low. This has reflected in several leading indicators such as mall occupancy rate in malls in Jakarta, which has now reached 80% of pre-covid level and weekly toll road traffic volume that has reached 11% above the pre-covid level. On Indonesia equities, the Indonesia stock benchmark currently trades at 2022 earnings multiple of 15.7x, 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 Financial Sector was the best performing sector during the month, gaining 8.70% MoM. Ticker wise, BBHI (Allo Bank Indonesia) and BBNI (Bank Negara Indonesia) were the movers, appreciating 60.00% and 30.23% MoM respectively. This was followed by the Basic Materials Sector which rallied 6.20% MoM. Ticker wise, GGRP (Gunung Raja Paksi) and MDKA (Merdeka Copper Gold) posted 58.07% and 25.40% MoM gains respectively. On the other hand, the worst sector during the month was the Technology Sector, which recorded a decline of 0.4% MoM. Ticker wise, KIOS (Kioson Komersial Indonesia) and BUKA (Bukalapak) were the laggards, which fell 25.12% and 19.19% MoM respectively.

About Allianz Indonesia

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