

# Smartlink Dollar Managed Fund

October 2022

## BLOOMBERG: AZUSMGD IJ

### Investment Objective

The objective of the fund is to provide relatively stable income with capital preservation for the long term in U.S. Dollars.

### Investment Strategy

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, in U.S. Dollars.

### Return Performance

Last 1-year Period	-10.79%
Best Month	Dec-08 9.61%
Worst Month	Oct-08 -10.66%

### Portfolio Breakdown

Bonds	89.38%
Money Market	10.62%

### Top 10 Holding

(in Alphabetical Order)

Bank Maybank Indonesia	1% 18/11/2022
Ind Eurobonds	2.8% 06/23/30
RI-2019	4.75% 02/11/29
RI-2024	5.875% 01/15/24
RI-2025	4.125% 15/1/25
RI-2025	4.325% 28/05/25
RI-2026	4.75% 01/08/2026
RI-2027	3.85% 07/18/27
RI-2027	4.15% 03/29/27
RI-2027	4.35% 01/08/27

### Industry Sector

Government	92.48%
Finance	7.52%

### Key Fund Facts

Fund Size (in mio USD)	USD 44.05
Risk Level	Moderate
Launch Date	07 Apr 2003
Fund Currency	United States Dollar
Launch Date NAV Price	USD 1.00
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Investment Management Fee	1.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	21,321,332.9281

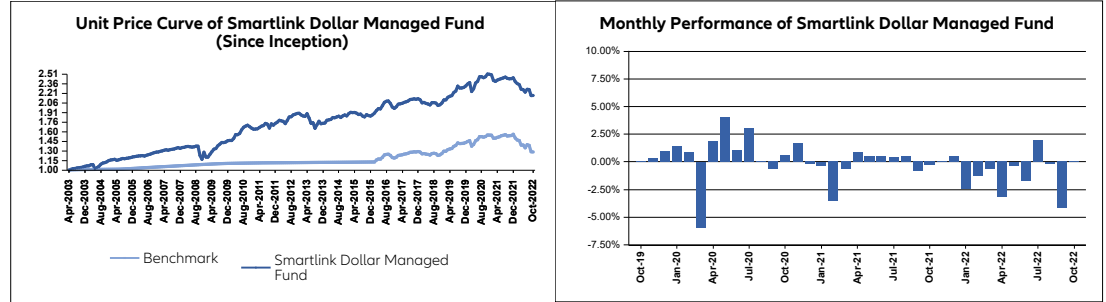
Price per Unit	Bid	Offer
(As of Oct 31, 2022)	USD 2.0660	USD 2.1747

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 Dollar Managed Fund	0.07%	-4.26%	-4.32%	-10.79%	-5.15%	2.52%	-11.34%	117.47%
Benchmark*	-0.26%	-8.19%	-7.78%	-16.62%	-9.44%	-0.16%	-17.86%	28.37%

\*IBPA - Indonesia Government Global Bond Index

(Benchmark assessment; before Oct 2021: 80% IBPA - Indonesia Government Global Bond Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank); before Jul 2018: 80% Bloomberg USD Emerging Market Indonesia Sovereign (BEMSID) Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank; before Mar 2016: Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)



### Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced Oct 2022 deflation at -0.11% mom (vs consensus inflation +1.10%, +0.17% in Sep 2022). On yearly basis, inflation was at +5.71% yoy (vs consensus inflation +5.98%, +5.95% in Sep 2022). Core inflation was printed at +3.31% yoy (vs consensus inflation +3.40%, +3.21% in Sep 2022). The monthly deflation was contributed by the deflation in volatile food group by -1.62% MoM due to higher supply in line with horticultural harvest season. The other reason of lower yearly inflation was, the normalization from the first round impact of fuel price adjustment in Sep 2022. The BI Board of Governors agreed on 19-20 Oct 2022 to increase the BI 7-Day Reverse Repo Rate by 50bps to be 4.75% and also increase the Deposit Facility (DF) and Lending Facility (LF) rates by 50bps to be 4.00% and 5.50%, respectively. In total, Bank Indonesia had increased their benchmark rate by 125bps until September 2022. This decision for this policy is as front loaded, pre-emptive and forward-looking movement to lower the expectation inflation, to ensure the core inflation back to their target level at 3% on 2Q 2023, and also to strengthen the Rupiah currency amid the uncertainty of global financial market. Rupiah depreciated against USD by -2.54% from 15,293 at end of September 2022 to 15,681 at end of October 2022. The depreciation of Rupiah was impacted by the strengthening of Dollar which was caused by the Fed Fund Rate hike by FED. Indonesia's trade balance recorded surplus amounting to USD +4,994 mn in Sep 2022 vs previous month surplus USD +5,758 mn in Aug 2022. The lower trade surplus was impacted by the lower export number due to sluggish global demand (the biggest laggard from iron & steel export). Non-oil and gas trade balance in Sep 2022 recorded surplus USD +7,094mn, which was higher than the previous month that recorded trade surplus amounting to USD +7,741mn in Aug 2022. Meanwhile, oil and gas trade balance still recorded deficit to USD -2,100mn in Sep 2022, which was higher than the deficit in Aug 2022 amounting to USD -1,983mn. Indonesia's economy grew by +5.72% YoY in Q3 2022 (vs previous +5.44%, consensus +5.60%), and also recorded positive growth by +1.81% QoQ (vs previous +3.72%, consensus +1.71%). In terms of expenditure side, the main contributor of the yearly growth was from Components of Exports of Goods and Services grew by +21.64% yoy. Unfortunately, the government consumption contracted by -2.28% yoy. Indonesian economy was still dominated by the household consumption by 50.38%. Indonesia's official foreign reserve in the end of October 2022 was at USD 130.20bn, similar with September 2022 number at USD 130.8bn. The lower foreign reserve was impacted government debt payment and the need for Rupiah currency stabilization.

USD government bond yields were closed mixed which was lower on 5yr and 20yr tenor, while higher on 10yr and 25yr tenor. The weakening in Indonesia's bond market was still affected by the global sentiments, as follows: higher inflation in two largest economies (EU breached 10% level and US stayed on 8% level) and followed by rate hike, especially the hawkish stance by FED continues to bring back the inflation level back 2% level. The domestic sentiments, such as: 50bps rate hike by Bank Indonesia and also increment revenue in State Budget Sep 2022, couldn't help to strengthen the Indonesia's bond market. Indonesia's CDS 5yr level was better in October 2022 compared with previous month from 156/159 to 135/139. The 5Y yield Oct 2022 ended -10bps lower to +5.36%(vs +5.46% in Sep 2022), 10yr tenor ended +8bps higher at +5.48%(vs +5.40% in Sep 2022), 20yr tenor ended -12bps lower to +6.11%(vs +6.24% in Sep 2022), and 25yr ended +14bps lower to +5.92%(vs +5.78% in Sep 2022).

In regards to our recent portfolio, we maintain underweight the bond allocation and duration against benchmark.

### About Allianz Indonesia

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