

# Smartwealth US Dollar Equity IndoAsia Fund

October 2022

**BLOOMBERG: AZRPIAS IJ**

## Investment Objective

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

## Investment Strategy

To achieve the investment objective, this fund shall be invested 80 - 100% in equity instruments (directly through stocks and / or through equity mutual funds) and 0 - 20% in short-term instruments (such as deposits). Furthermore, the fund shall be invested in equity instruments in the Asia Pacific region, excluding Japan, not exceeding 20% of the fund.

## Return Performance

Last 1-year Period		-6.28%
Best Month	Oct-11	8.45%
Worst Month	Mar-20	-16.90%

## Portfolio Breakdown

Equity	94.42%
Money Market	5.58%

## Top 10 Holding

(in Alphabetical Order)

- Astra International
- Bank Central Asia
- Bank Mandiri Persero
- Bank Negara Indonesia
- Bank Rakyat Indonesia
- Bukalapak.Com
- Indofood CBP Sukses Makmur
- Merdeka Copper Gold Tbk
- Sumber Alfaria Trijaya
- Telekomunikasi Indonesia

## Industry Sector

Finance	35.57%
Infrastructure	18.73%
Technology	11.99%
Industry	9.89%
Consumer Non-Cyclical	7.61%
Basic Industry	6.30%
Energy	3.68%
Health	2.96%
Consumer Cyclical	2.63%
Property	0.63%

## Key Fund Facts

Fund Size (in mio USD)	USD 20.94
Risk Level	Aggressive
Launch Date	01 May 2012
Fund Currency	United States Dollar
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Investment Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia

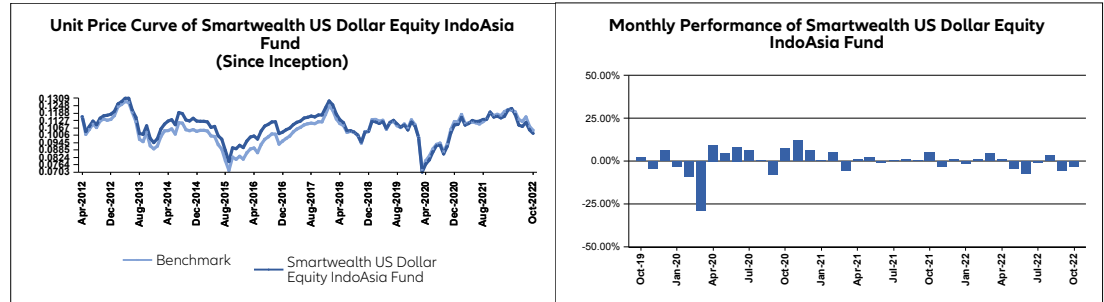
Price per Unit	Bid	Offer
(As of Oct 31, 2022)	USD 0.0970	USD 0.1021

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	YTD	Since Inception
Smartwealth US Dollar Equity IndoAsia Fund	-2.76%	-5.29%	-16.65%	-14.63%	-6.50%	-12.88%	-12.21%	-11.83%
Benchmark*	-3.04%	-6.54%	-13.71%	-12.38%	-4.80%	-6.36%	-11.23%	-9.73%

\*80% Jakarta Composite Index (JCI) and 20% MSCI AC Far East Ex-Japan Index (MXFEI)

(New benchmark assessment as of May 2012; previously: Jakarta Composite Index (JCI))



## Manager Commentary

The MSCI Asia Pacific ex Japan Index declined over October. Regional returns were hindered by weak performance in both China and Hong Kong where shares fell sharply on news of new COVID-19 lockdowns in key Chinese cities, as well as disappointment that President Xi Jinping had used the Communist Party's 20th National Congress to double down on his zero-COVID policy rather than focusing on economic growth. Chinese equities slumped, with the CSI 300 Index of shares in Shanghai and Shenzhen falling to levels last seen in February 2019. Hong Kong equities also lost ground, with the Hang Seng Index hitting its lowest level since early-2009. Chinese chipmakers fared particularly badly after the US imposed new export controls aimed at restricting China's access to semiconductors. The controls will limit the sale of semiconductors made with US technology unless vendors obtain an export license. Australian stocks rallied, closing the month at a six-week high. At its October meeting, the Reserve Bank of Australia raised rates by a smaller amount than had been expected. The 25 basis-points (bps) hike took rates to 2.6% and marked a slowdown from earlier 50-bps increases. Australian inflation rose to a 32-year high of 7.3% in the third quarter. Elsewhere, South Korean stocks advanced but Taiwanese shares sold off, dragged lower by a disappointing performance from index heavyweight Taiwan Semiconductor Manufacturing. ASEAN markets outperformed the broader region. The Philippines was the strongest market with Malaysia, Indonesia and Thailand also delivering positive returns. In contrast, Singapore slid. The Monetary Authority of Singapore tightened policy for the fourth time this year in October as inflation held steady at a 14-year peak of 7.5% in September.

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.

The JCI ended the month higher at 7,098.89 (+0.83% MoM). Market movers were BMRI, BBRI, AMRT, BBKA, and BUMI as they rose 11.94%, 3.56%, 17.99%, 2.92%, and 37.96% MoM respectively. Global equities rebounded in October, as most of the investors shifted their focus to the latest round of corporate earnings. According to FactSet, more than half of the companies within the S&P 500 Index have reported results with overall earnings growth of +2.3% YoY. 3Q22 US GDP also rebounded after 2 consecutive quarters of contraction as slowdown in consumption and a sharp decline in residential investment were more than offset by gains in equipment investment, government spending, and a large boost from trade. Real final domestic demand (GDP ex trade and inventories) grew less strongly by just 0.5%. This week market is expecting another 75bps hike by the Fed but is also hoping for it to be the last 75bps increase as inflation is expected to cool down ahead. Moving on to Indonesia, JCI also rebounded in October with 0.8% MoM gain, but it relatively underperformed compared to its Asian peers (ex. Hong Kong and China) that printed more than +3.0% MoM gain. Indonesia seemed to regain more positive sentiment after the big-bank names (BBKA, BBNi and BMRI) delivered better-than-expectation 3Q22 results. On the other hand, during its October's meeting, Bank Indonesia revised down its end-2022 headline and core CPI forecasts to 6.3% YoY (from 6.6% YoY) and 4.3% YoY (from 4.6% YoY), helped by the recent slowing food inflation that helps to offset the impact from fuel price hike. BI now sees core inflation returning to 2-4% target by H123, from H223. Sector wise, the Energy Sector was the best performing sector during the month, gaining 7.77% MoM. Ticker wise, BUMI (Bumi Resources) and ENRG (Energi Mega Persada) were the movers, appreciating 37.96% and 31.25% MoM respectively. This was followed by the Consumer Non-Cyclicals Sector which rallied 5.58% MoM. Ticker wise, MRAT (Mustika Ratu) and CLEO (Sariguna Primatirta) posted 46.91% and 44.00% MoM gains respectively. On the other hand, the worst sector during the month was the Technology Sector, which recorded a decline of 7.31% MoM. Ticker wise, TFAS (Telefast Indonesia) and WIRG (Wir Asia Tbk) were the laggards which fell 38.54% and 37.79% MoM respectively.

## About Allianz Indonesia

PT Asuransi Allianz Life Indonesia is a financial service institution licensed and supervised by the Otoritas Jasa Keuangan (OJK) according to POJK 6/2022 which was founded in 1996 and is part of Allianz Asia Pacific which has been present in the region since 1910. Allianz Group is a leading insurance company and asset manager in the world with over 129 years of experience and provides a variety of personal and corporate insurance services, ranging from property, life and health insurance to credit insurance and business insurance services globally.

## Disclaimer:

Smartwealth US Dollar Equity IndoAsia Fund is unit linked fund offered by PT Asuransi Allianz Life Indonesia (Allianz). This fact sheet is prepared by Allianz. The information presented is for informational use only. The performance of the fund is not guaranteed and the value of the units and the income from them may increase or decrease. PAST RETURNS AND ANY FORECAST ARE NOT NECESSARILY A GUIDE TO FUTURE PERFORMANCE. Allianz does not warrant or make any representations regarding the use or the results of the use of the figures generated in terms of their correctness, accuracy, reliability, or otherwise. You are advised to seek your financial consultant before making any investment.