

Smartwealth US Dollar Equity IndoAsia Fund

September 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		-1.27%
Best Month	Oct-11	8.45%
Worst Month	Mar-20	-16.90%

Portfolio Breakdown

Equity	92.93%
Money Market	7.07%

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
- Telekomunikasi Indonesia
- Tower Bersama Infrastruct

Industry Sector

Finance	31.39%
Infrastructure	21.03%
Technology	13.42%
Basic Industry	9.01%
Industry	8.12%
Consumer Non-Cyclical	6.00%
Energy	4.70%
Consumer Cyclical	2.86%
Health	2.85%
Property	0.62%

Key Fund Facts

Fund Size (in mio USD)	USD 22.30
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

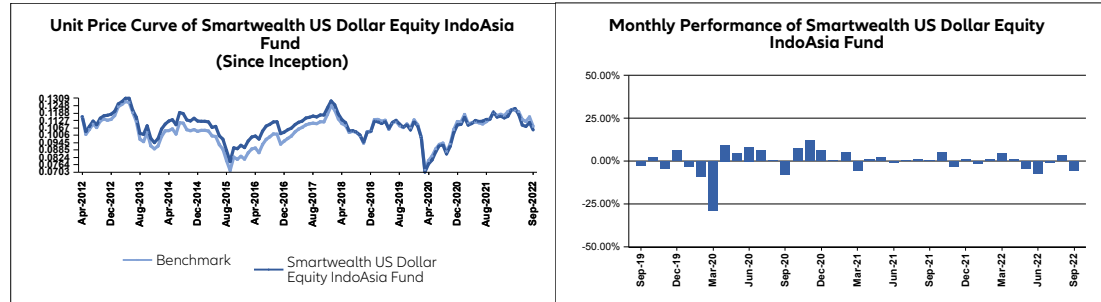
Price per Unit	Bid	Offer
(As of Sep 30, 2022)	USD 0.0998	USD 0.1050

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	-5.41%	-3.58%	-13.51%	-7.57%	-1.96%	-9.17%	-9.72%	-9.33%
Benchmark*	-6.72%	-4.99%	-11.33%	-5.24%	0.92%	-2.04%	-8.44%	-6.89%

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

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



Manager Commentary

The MSCI Asia Pacific ex Japan Index tumbled over September, weighed down by concerns over persistent inflation, fears over the outlook for the global economy and aggressive tightening from the US Federal Reserve. While, in general, the inflation is lower in the Asia Pacific region compared to most G7 economies, several central banks in the region also raised rates. Chinese equities fell sharply over September as a sell-off in developed market stocks added to ongoing concerns over the health of China's economy. Chinese industrial profits fell 2.1% year-on-year during the first eight months of the year amid COVID curbs in several big cities, a weakening currency and power shortages due to a severe heatwave. The Chinese renminbi continued to weaken against the US dollar, nearing its lowest level in 14 years, raising speculation that the People's Bank of China would step up its defence of the currency. Equity markets in South Korea and Taiwan also lost ground as tech companies were hit by fears of weaker demand given the slowdown in global growth. Hong Kong shares also weakened as rates were increased to 3.5% to maintain Hong Kong's currency peg with the US dollar. While mainland China stuck with its strict zero-COVID policy, Hong Kong announced it was to ease mandatory hotel quarantine for international travellers, boosting hopes that China may eventually also ease its severe restrictions. ASEAN markets continued to outperform the broader region, helped by growing speculation that the region may see faster growth than China. China's zero-COVID policy and sporadic lockdowns are causing manufacturers to shift into ASEAN markets as they look to diversify their supply chains. Indonesia was the strongest market, posting slight gains, but elsewhere returns were negative. Central banks in several ASEAN countries raised rates during September.

Central Bureau Statistics of Indonesia (BPS) announced Sep 2022 inflation at +1.17% mom (vs consensus inflation +1.17%, -0.21% in Aug 2022). On yearly basis, inflation was at +5.95% yoy (vs consensus inflation +6.00%, +4.69% in Aug 2022). Core inflation was printed at +3.21% yoy (vs consensus inflation +3.50%, +3.04% in Aug 2022). The main reason of this monthly inflation was from price hike on administered prices group which was impacted by the first round of the fuel price adjustment by government and Pertamina. While, the better than expectation of core inflation was contributed by the decrement of global gold price. The BI Board of Governors agreed on 21-22 Sep 2022 to increase the BI 7-Day Reverse Repo Rate by 50bps to be 4.25% and also increase the Deposit Facility (DF) and Lending Facility (LF) rates by 50bps to be 3.50% and 5.00%, respectively. In total, Bank Indonesia had increased their benchmark rate by 75bps 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 -2.96% from 14,853 at end of August 2022 to 15,293 at end of September 2022. Indonesia's trade balance recorded surplus amounting to USD +5,758 mn in Aug 2022 vs previous month surplus USD +4,226mn in July 2022. The higher trade surplus in Aug 2022, was impacted by the increment of export number of nickel and iron & steel. Non-oil and gas trade balance in Aug 2022 recorded surplus USD +7,741mn, which was higher than the previous month that recorded trade surplus amounting to USD +7,306mn in July 2022. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,983mn in Aug 2022, which was lower than the deficit in July 2022 amounting to USD -3,080mn. Indonesia's official foreign reserve in the end of Sep 2022 was at USD 130.8bn, similar with Aug 2022 number at USD 132.2bn. The lower foreign reserve was impacted government debt payment and the need for Rupiah currency stabilization.

The JCI ended the month lower at 7,040.80 (-1.92% MoM). Market laggards were GOTO, BRMS, ARTO, ASII and EMTK as they fell -18.54%, -43.55%, -21.66%, -5.02%, and -20.19% MoM respectively. Global equities ended the month with more pain as the Fed's recent hawkish comment, inflation pressure, uncertainty of Russia-Ukraine war and recession worries continued to push global equity market to end the month in deep negative territory. Investor confidence also running at near historic lows as the government yields keep trending up post the persistent CPI print and the Fed's staying hawkish on its latest meeting. Moving on to Indonesia, JCI was one of the most resilient market across APAC region in both local currency and USD denominated performance as well. The index only recorded -1.9% MoM drop (in Rupiah terms) and -4.4% MoM drop in USD terms compared to most APAC (Asia Pacific) peers that were down >5.0% MoM in USD terms. The continued momentum in domestic economic recovery and ability to benefit from high commodity prices played a big part in Indonesia's resiliency as these provide a solid fundamental block for the continuance of the Country's macroeconomic improvement. In addition to this, Bank Indonesia's decision to do a surprise 50bps hike during the month also manage to keep Rupiah currency strength during these volatile times. Sector wise, the Technology Sector was the worst performing sector during the month, declining 10.96% MoM. Ticker wise, EMTK (Elang Mahkota Teknologi) and GOTO (Goto Gojek Tokopedia) were the laggards, depreciating 20.42% and 18.54% MoM respectively. This was followed by the Transportation and Logistic Sector which dropped 10.70% MoM. Ticker wise, TMAS (Temas Tbk) and TNCA (Trimuda Nuansa Citra) posted 34.77% and 30.09% MoM losses respectively. On the other hand, the best sector during the month was the Healthcare Sector, which recorded a gain of 4.26% MoM. Ticker wise, HEAL (Medikaloka Hermina) and MIKA (Mitra Keluarga) were the movers, which rose 9.06% and 9.02% MoM respectively.

About Allianz Indonesia

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