

# SMARTLINK DOLLAR MANAGED FUND

April 2020

**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 (such as deposits), and 80-100% in the medium- or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income funds), in U.S. Dollars.

**Return Performance**

Last 1-year Period		5.46%
Best Month	Dec-08	9.61%
Worst Month	Oct-08	-10.66%

**Portfolio Breakdown**

Treasury Bonds	81.87%
Corporate Bonds	6.35%
Govt. Related Bond	0.56%
Cash/Deposit	11.21%

**Top Five Bonds Holding**

MTN Sritex II	6.21%
RI-2023	5.18%
RI-2038	4.50%
RI-2022	4.04%
RI-2025	4.01%

**Key Fund Facts**

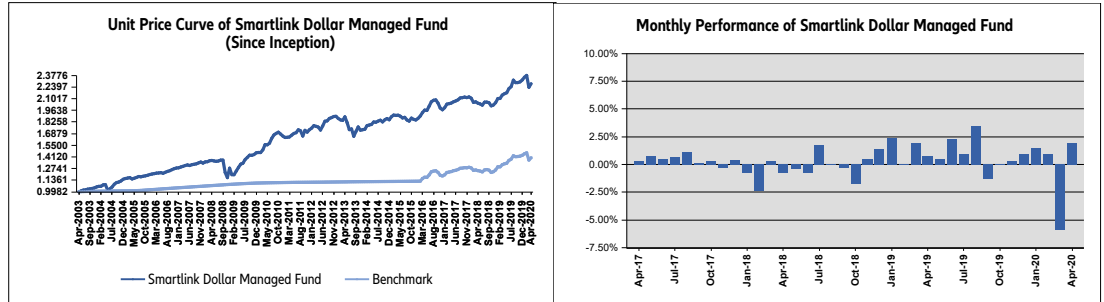
Fund Size (in mio USD)	USD 78.35
Risk Profile	Moderate
Launch Date	07 Apr 2003
Fund Currency	United States Dollar
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	1.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	36,185,926.5698

<b>Price per Unit</b>	<b>Bid</b>	<b>Offer</b>
(As of Apr 30, 2020)	USD 2.1652	USD 2.2792

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Dollar Managed Fund	1.89%	-3.27%	-0.59%	5.46%	11.16%	-1.90%	127.92%
Benchmark*	1.97%	-3.24%	-1.06%	5.35%	13.20%	-2.04%	40.26%

\*80% Indonesia Bond Pricing Agency (IBPA) USD Bond Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)  
(Benchmark assessment: 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 April 2020 inflation at +0.08% mom (vs consensus inflation +0.20%, +0.10% in March 2020). On yearly basis, inflation was +2.67% yoy (vs consensus inflation +2.76%, +2.96% in March 2020). Core inflation was printed at +2.85% yoy (vs consensus inflation +2.88%, +2.87% in March 2020). The lower monthly inflation is contributed by the deflation that are occurred on volatile food (the declining of garlic and chicken price) and administered price (the declining of airfare) group. While, the decelerated on core inflation is caused by the deflation of onion price. In the Board of Governors' Meeting on 13-14 April 2020, Bank Indonesia hold the BI 7-day Reverse Repo Rate at 4.50% level, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates at 3.25% and 5.25% level, respectively. Bank Indonesia lowered the RRR for conventional banks by 200bps and for Syariah banks by 50bps. This policy is expected to increase the liquidity on banks amounting to IDR 102tn. Rupiah appreciated by +7.39% to 15,157/USD at end of April 2020 from 16,367/USD previous month. The appreciation of Rupiah is helped by the deal between Bank Indonesia and FED for giving Indonesia repo line amounting to USD 60bn to increase dollar liquidity. Indonesia's trade balance recorded surplus amounting to USD +743.4mn in March 2020 vs previous month surplus USD +2,336mn. The trade surplus was contributed by better export number for non-oil and gas sector which is showed by the increasing of export on iron & steel, precious metal, and also electrical machineries. Non-oil and gas trade balance in March 2020 recorded surplus USD +1,676mn, which was lower than the previous month surplus amounting to USD +3,268mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -932.6mn in March 2020, relatively similar with the deficit on February 2020 amounting to USD -932mn. Standard & Poor's (S&P) affirm Indonesia's sovereign credit rating on BBB, but revised the outlook from a stable outlook to negative outlook. Ratings is supported by strong economic growth prospects in future and prudent fiscal policy. The negative outlook reflected the heavy financing for addressing the impact Covid-19 which it could give risk to fiscal. Indonesia's economy grew as 2.97% yoy in 1Q 2020 (vs previous 4.97%, consensus 4.00%), and -2.41% qoq (vs previous -1.47%, consensus -1.27%). The growth surprisingly lower than most people expected. This was caused by the impact of Covid-19, hit Indonesia's faster than economist's prediction. This is the weakest Indonesia's growth since 2001. The contributor of the increment of yearly growth is still from the household consumption. While the negative quarterly growth is caused by the declining of government consumption growth by -44.02%. Indonesia's official foreign reserve as of February 2020 was at USD 130.40billion, lower than January 2020's number at USD 131.70billion. The declining of foreign reserve was caused by paying external government debt.

USD government bond yields closed lower across all curves on the back of offshore inflows with buying global bonds amounting to USD 4.3bn. The uncertainty is still haunted the market with pressured coming from global and domestic side. Market reacted positively with the government plan to allow Bank Indonesia buying bonds in primary market as a last resort, as well as the plan for widening the ceiling of budget deficit to be 5.07% for the next three years. The success story of MOF for issuing global bonds amounting to USD 4.3bn with the longest tenor ever, also added positive sentiment to market. The negative sentiment which was caused by the significant declining of global oil price and the news that US surpassed China for the cases number, have affected the market as well. On 6 April 2020, Government issued global bonds through three series RI030 - 10.5 years, RI050 - 30.5 years, and RI0470 - 50 years with total amounting to USD 4.3tn. The 50 years tenor is the longest tenor ever that Indonesia have ever issued. Indonesia's CDS 5yr level was slightly better in April 2020 compared with previous month, from 206/216 to 202/214. The 5Y yield April 2020 ended -36bps lower to +3.14% (+3.50% in March 2020), 10yr tenor ended -1bps lower at +3.22% (+3.23% on March 2020), 15yr tenor ended -10bps lower to +4.50% (+4.60% on March 2020), and 25yr tenor ended -8bps lower to +4.32% (+4.40% on March 2020).

In regards to our recent portfolio we maintain the strategy, and tactically do portfolio rebalancing to capture market momentum.

**About Allianz Indonesia**

PT Asuransi Allianz Life Indonesia 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 insurance services, companies, ranging from property, life and health insurance to credit insurance and business insurance services globally.

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