

SMARTLINK RUPIAH FIXED INCOME FUND

April 2020

BLOOMBERG: AZRPFIF:IJ

Investment Objective

The Objective of the fund is to provide relatively stable income with capital preservation for the long term.

Investment Strategy

To achieve the investment objective, this fund shall be invested 0 - 20% in short-term instruments (such as deposits, SBI, SPN, and / or money market mutual funds), and 80 - 100% in the medium or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income mutual funds).

Return Performance

| | | |
|--------------------|--------|--------|
| Last 1-year Period | | 5.82% |
| Best Month | Dec-08 | 9.19% |
| Worst Month | Oct-08 | -9.36% |

Portfolio Breakdown

| | |
|-----------------------------|--------|
| Mutual Funds - Bonds | 79.80% |
| Mutual Funds - Alternatives | 1.71% |
| Cash/Deposit | 18.50% |

Top Five Bonds Holding

| | |
|--------|-------|
| FR0078 | 6.34% |
| FR0068 | 6.02% |
| FR0079 | 4.81% |
| FR0081 | 4.34% |
| FR0056 | 4.32% |

Key Fund Facts

| | |
|-----------------------|---------------------|
| Fund Size (in bn IDR) | IDR 1,490.64 |
| Risk Profile | Moderate |
| Launch Date | 25 May 2001 |
| 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 | 404,184,281.5400 |

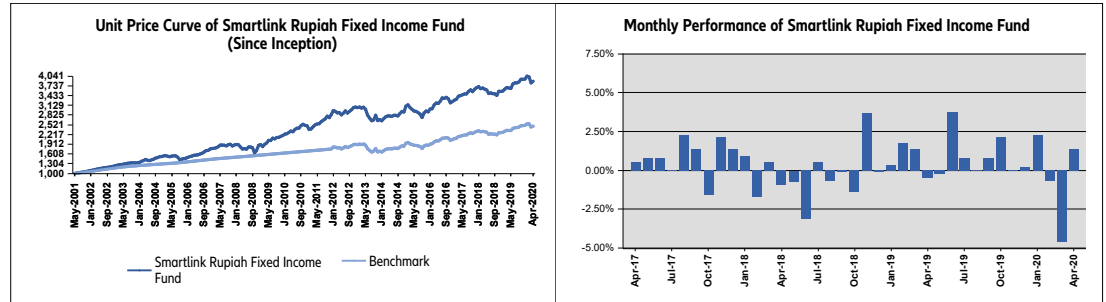
| Price per Unit | Bid | Offer |
|----------------------|--------------|--------------|
| (As of Apr 30, 2020) | IDR 3,688.02 | IDR 3,882.13 |

Managed by PT. Asuransi Allianz Life Indonesia

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | YTD | Since Inception |
|------------------------------------|---------|----------|----------|--------|---------|--------|-----------------|
| Smartlink Rupiah Fixed Income Fund | 1.34% | -3.94% | -1.60% | 5.82% | 13.09% | -1.77% | 288.21% |
| Benchmark* | 1.05% | -2.74% | -0.51% | 5.80% | 14.41% | -1.02% | 147.87% |

*80% Indonesia Bond Pricing Agency (IBPA) IDR Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank

(Benchmark assessment: before Jul 2018: 80% Bloomberg Indonesia Local Sovereign Bond (BINDO) Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; before Mar 2016: 80% HSBC Indonesia Local Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Cit; before Jan 2012: Average 1 Month Deposit of BNI, BCA and Cit)



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.

IDR Government bond yields were closed lower across all curves. 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 (50yr), 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 highest cases number of Covid-19, have affected the market as well. Other good news for Indonesia's bond market that offshore names were starting buy bonds despite in small volume. While Bank Indonesia is still the biggest name for buying bonds in the past month. Offshore accounts decreased their holding by IDR -2.15tn in April 2020 (-0.23% MoM), to IDR 924.76tn as of 30 April 2020 from IDR 926.91tn as of 31 March 2020, which brought their holding to 31.77% of total outstanding tradable government bond (from 32.71% in the previous month). The 5Y yield April 2020 ended -4bps lower to +7.27% (+7.31% in March 2020), 10Y tenor ended -4bps lower to +7.88% (+7.91% in March 2020), 15Y tenor ended -17bps lower to +8.11% (+8.28% in March 2020) and 20Y tenor ended -31bps lower to +8.07% (+8.38% in 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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