

SmartWealth US Dollar Equity IndoAsia Fund

November 2013



BLOOMBERG: AZUSIAS:IJ

INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

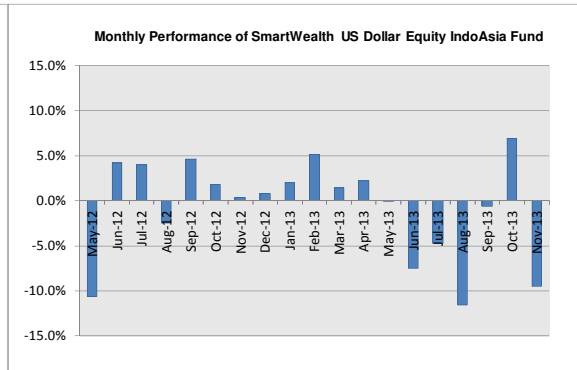
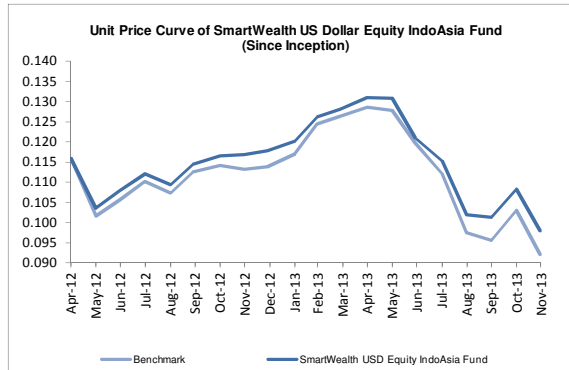
To achieve the investment objective, this fund shall be invested 80 - 100% in equity instruments (directly through stocks and / or through equity mutual funds) and 0 - 20% in short-term instruments (such as deposits). Furthermore, the fund shall be invested in equity instruments in the Asia Pacific region, excluding Japan, not exceeding 20% of the fund. This fund is a conversion of the Smartwealth IndoAsia Equity Fund (IDR). The unit price for the USD is calculated using the Bank Indonesia's middle rate.

PERFORMANCE INDICATOR

Return Performance		Portfolio Breakdown	Top Five Stocks Holding		Country Breakdown (Stock)		
Last 1-year period	-16.21%	Equity	91.28%	TELEKOMUNIKASI	6.22%	Indonesia	72.39%
Best Month	6.86% Oct-13	Cash/Deposit	8.72%	BANK CENTRAL ASIA	6.06%	Philippines	1.29%
Worst Month	-11.59% Aug-13			BANK MANDIRI	5.28%	Hongkong	7.55%
				ASTRA INTERNATIONAL	4.83%	South Korea	5.11%
				UNILEVER INDONESIA	4.53%	Malaysia	1.21%
						Singapore	2.47%
						Taiwan	1.25%
						Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	-9.53%	-3.94%	-25.17%	-16.21%	NA	-16.87%	-15.44%
Benchmark*	-10.59%	-5.56%	-27.89%	-18.63%	NA	-19.11%	-20.45%

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



KEY FUND FACTS

Fund Size (in mn USD) : USD 17.08
Risk Profile : Aggressive Investor
Launch Date : 01 May 2012
Fund Currency : US Dollar
Managed by : PT. Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit : *Bid* *Offer*
(As of Nov 29, 2013) : USD 0.0931 USD 0.0980
Bid-Offer Spread : 5.00%
Management Fee : 2.00% p.a.

MANAGER COMMENTARY

The MSCI Asia Ex-Japan Index was almost flat for the month of November 2013 (+0.1%), underperforming the MSCI AC World Index by almost 1.5%. China, Korea and Hong Kong were key performers, whereas Indonesia, Philippines and Thailand finished in negative territories. Anti government protests weighed on Thai equity performance. Protest leader, Suthep vowed to overtake government agencies and replace Yingluck's government with an unelected council. In Philippines, Typhoon "Haiyan" hit the coast of Philippines on 7 November 2013 with winds of over 170 mph killing over 5000 people and leaving many more without food and shelter. Rebuilding is expected to cost around USD6 to USD7 billion according to government figures. Chinese equity markets reacted positively to the reform plan outlined by government. The Third Plenary Session of the 18th Communist Party of China (CPC) Central Committee approved a number of reforms including loosening the one child policy and market based pricing for some utility services. The new leaders laid out 60 reform tasks that cover extensively economic, legal, cultural, ecological, social governance and national security issues.

Central Bureau Statistics of Indonesia (BPS) announced inflation in Nov at +0.12% mom (vs consensus +0.17%, inflation +0.09% in Oct). On yearly basis, inflation printed at 8.37% yoy (vs consensus +8.45%, lower than 8.32% in Oct). Core inflation rose to +4.80% yoy (vs consensus +4.75%, +4.73% in Oct), on the back of weakening IDR and electricity tariff hike. Suryamin, head of National Statistic Agency inform that the Agency will use 2012 base year for calculating consumer price index (CPI) starting in January. Number of cities covered by CPI will be expanded to 82 from 66 and number of items included in consumer price basket will also be expanded. In the Board of Governors' Meeting on Nov 12th, 2013, BI increased its reference rate 25bps to 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah depreciated against USD by -6.61% to 11,977 at end of November compared to previous month 11,234. Trade balance was surplus US\$0.042bn in Oct (vs consensus deficit -US\$0.775bn, deficit -US\$ 0.657bn in Sept) on the back of positive growth in exports. Export increased by 6.87% MoM while imports increased by 1.06% MoM. Foreign reserves in November slightly decreased by -USD0.036bn (-0.04% mom) from USD96.996bn in Oct to USD96.96bn in Nov.

The JCI (Jakarta Composite Index) closed lower in November, falling lower by -5.64% MoM. Broad market sold off seeing UNVR, BMRI, BBCA, TLKM, and ASII falling by -11.33%, -11.05%, -7.66%, -7.45%, and -6.02% MoM respectively. On the contrary, there were several stocks that supported the index such as SCMA, AALI, EXCL, ADRO, and UNTR which posted +21.28%, +19.62%, +11.73%, +10.78%, and +4.29% MoM gains respectively. The adjustment for moderating economic growth for Indonesia along with policy uncertainty in the lead up for elections and recovering developed western nation made offshore investors shift investments away from Indonesia. Foreign flows booked a net sell amounting US\$336.5mn in Nov-13 despite on the back of the expectation that the CAD (Current Account Deficit) is expected to be lower in 4Q13. Investors are more concerned on the higher interest rate environment and depreciating Rupiah in the near-medium term. The government seems deliberate in slowing the pace of economic growth and letting the IDR depreciate as an effort to reduce purchasing power and consequently reduce import which in turn improve balance of payments. In light of all the above, money had flowed towards export oriented economies such as North Asia to ride on the US economic recovery. Sector wise, the Property Sector was the worst performing sector this month where it fell by -14.38% MoM, LPCK (Lippo Cikarang) and CTRA (Ciptura Development) dropped by -30.74% and -29.13% MoM respectively. This is in reflection of higher interest rate environment and weakening IDR that would lead up to a reduction in buyers' affordability and higher material cost. In light of the falling broad market, the Agriculture Sector outperformed this month which appreciated by +10.28% MoM driven by BWPT (BW Plantation) and AALI (Astra Agro Lestari) appreciating by +37.63% and +19.62% MoM respectively. This is in reflection of lower CPO replanting in Indonesia, declining CPO inventory in Malaysia as well as potential increase in CPO consumption from the B10 (Biodiesel 10%) program. CPO prices have risen to MYR2,600 level from the MYR2,300 level in September 2013.

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