PT. Asuransi Allianz Life Indonesia

SmartWealth US Dollar Equity IndoAsia Fund
December 2014

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		
Last 1-year period	18.73%	
Best Month	9.16%	Jul-14
Worst Month	-11.54%	Aug-13

Portfolio Breakdown	
Equity	93.30%
Cash/Deposit	6.70%

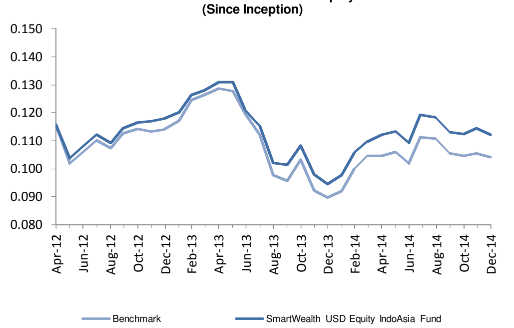
Top Five Stocks Holding	
BANK CENTRAL ASIA	6.31%
TELEKOMUNIKASI	5.89%
BANK MANDIRI	5.85%
ASTRA INTERNATIONAL	5.40%
BANK RAKYAT INDONESIA	5.04%

Country Breakdown (Stock)	
Indonesia	75.65%
Philippines	0.00%
Hongkong	8.31%
South Korea	3.51%
Malaysia	1.09%
Singapore	1.18%
Taiwan	3.56%
Thailand	0.00%

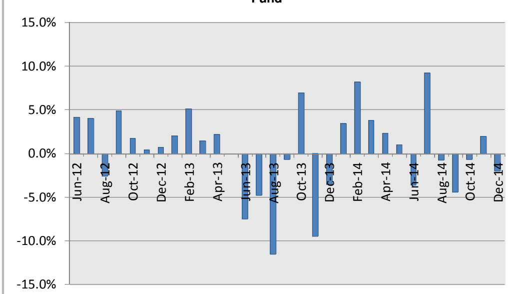
	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	-2.01%	-0.80%	2.75%	18.73%	NA	18.73%	-3.19%
Benchmark*	-1.33%	-1.26%	2.19%	16.08%	NA	16.08%	-10.17%

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

Unit Price Curve of SmartWealth US Dollar Equity IndoAsia Fund (Since Inception)



Monthly Performance of SmartWealth US Dollar Equity IndoAsia Fund



KEY FUND FACTS

Fund Size (in mn USD)	: USD 38.63	**Pricing Frequency**	: Daily	
Risk Profile	: Aggresive Investor	**Price per Unit**	***Bid***	***Offer***
Launch Date	: 01 May 2012	**(As of Dec 30, 2014)**	: USD 0.1066	USD 0.1122
Fund Currency	: US Dollar	**Bid-Offer Spread**	: 5.00%	
Managed by	: PT. Asuransi Allianz Life Indonesia	**Management Fee**	: 2.00% p.a.	

MANAGER COMMENTARY

The last month of 2014 was marked by a sharp selloff in Emerging Market currencies. The Russian ruble (hitting an all-time low of USD 67.9) collapsed in response to falling oil prices, forcing the central bank to hike its key rate to 17%. The Mexican Peso (MXN), Turkish Lira (TRY), Brazilian Real (BRL) and South African Rand (ZAR) declined sharply; Indian Rupee (INR) and Indonesian Rupiah (IDR) on the other hand were relatively stable. Emerging market bond and equity funds both suffered large redemptions. Market was also concerned about China's growth that was reinforced by weak Purchasing Managers Index and import data. The poor economic data however also raised hope for further easing by the People's Bank of China (PBOC) and some stimulus measures to support the faltering economy. The MSCI Far East ex-Japan index declined by 1.9%, generally in line with global equities. In Asia, China A-share market bulked the trend and the Shanghai Composite Index rallied 20.6% as domestic liquidity continued to chase the equity market to new high. The Indonesia JCI, Taiwan TWE and Singapore STI also managed to deliver positive return during the month. The worst performing markets were Thailand (-6%), India (-4.2%), Korea (-3.3%) and Malaysia (-3.3%). 2014 has been a volatile year that saw significant performance divergence in equity performance. Within Asia, the best performing market, MSCI Indonesia outperformed the worst performing market, MSCI Malaysia by more than 37% in USD terms. One common theme that drove some of the best performing market in the region was reform or at least the hope of it. In India and Indonesia, we saw market rallied on the back of popular and reform-minded leaders being elected. Both Prime Minister Modi, India and President Jokowi, Indonesia both pledged to bring sweeping reforms to revitalize the two large economies in Asia. In China, the Shanghai stock market had a bull in the last quarter of 2014 as the government made progress in opening up its capital market. PBOC's decision to cut its lending rate in November also led the market to believe that the central bank will continue to dovish in 2015. On the other hand, Malaysia suffered from both poor equity performance and weakening MYR during the year due to deteriorating macroeconomic fundamentals. The looming risk of a credit downgrade put pressure on the government to rein in lavish public spending. Korea market was a victim of Bank of Japan's expansion in its quantitative and qualitative easing causing the market to recalibrate downward its expectation for Korea's interest rates and currency.

Central Bureau Statistics of Indonesia (BPS) announced inflation in Dec at 2.46% mom (vs consensus 2.06%, inflation 1.5% in Nov). Fuel hike still became the main reason of the Dec CPI increments, which resulted a rise in transportation costs and food prices. On yearly basis, inflation printed at 8.36% YoY (vs consensus 7.93%, 6.23% in Nov). Core inflation printed at 4.93% YoY (vs consensus 4.43%, 4.21% in Nov). In the Board of Governors' Meeting on Dec 11th, 2014, Bank Indonesia maintained its reference rate at 7.75%, Lending Facility at 8.0%, and the deposit facility rate (FASBI) at 5.75%. Rupiah depreciated against USD by -3.22% to 12,589 at end of Dec compared to previous month 12,196. Trade balance was deficit -0.425bn USD (non-oil and gas surplus 0.94bn, oil and gas deficit -1.36bn USD) in Nov (vs consensus surplus +0.13bn USD, surplus +0.02bn USD in Oct). Export decreased by -14.57% YoY mostly driven from export in crude oil, while imports decreased -7.31% YoY. FX Reserves increased +0.718bn USD from 111.144bn USD in Nov to 111.862bn USD in Dec.

The JCI (Jakarta Composite Index) closed higher in December, rising +1.50% MoM to close at 5,226.95 for the month. Movers were ASII, ICBP, EMTK, BMRI, and SMMA which rose +4.21%, +16.44%, +30.00%, +2.38% and +31.00% MoM. While the laggards were CPIN, ITMG, MYOR, UNTR, and INCO which fell -8.03%, -19.19%, -17.06%, -5.32%, and -9.03% MoM respectively. Broad market was relatively more volatile during the month of December 2014, fueled by the expectation of US interest rates hike will be faster than expected which saw foreign outflow of US$634.32mn. This was also exacerbated by USD illiquidity in the onshore market which caused the rupiah to weaken againts the USD by 4% YTD, reaching a 16-year low, forcing the central bank to stabilize the currency by intervention. On a more positive note however, the government has rolled out and started to implement plans to resolve fuel subsidy issues for 2015 which expected to curb fuel consumption and subsequently reduce imports overall. A more positive impact is that such a policy move would materially reduce long-term fiscal risk which in turn be a positive structural turnaround for the Indonesian economy as a whole would. Sector wise, the Construction and Property Sector was the best performing sector this month, rising by +4.74% MoM. WSKT (Waskita Karya) and ADHI (Adhi Karya) were the movers; rising by +40.67% and +25.18% MoM respectively. This was followed by the Miscellaneous Industry Sector that registered +4.39% MoM gains, driven by IMAS (Indomobil) and GJTL (Gajah Tunggal) which saw +16.96% and +9.20% MoM gains respectively. On the other hand, the Mining Sector was the worst performing this month which fell -5.23% MoM, the laggards were BRAU (Berau Coal) and ITMG (Indo Tambang Megah) which fell by -21.25% and -19.19% MoM respectively.