

SmartWealth US Dollar Equity IndoAsia Fund

July 2014



BLOOMBERG: AZUSIAS:IJ

INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

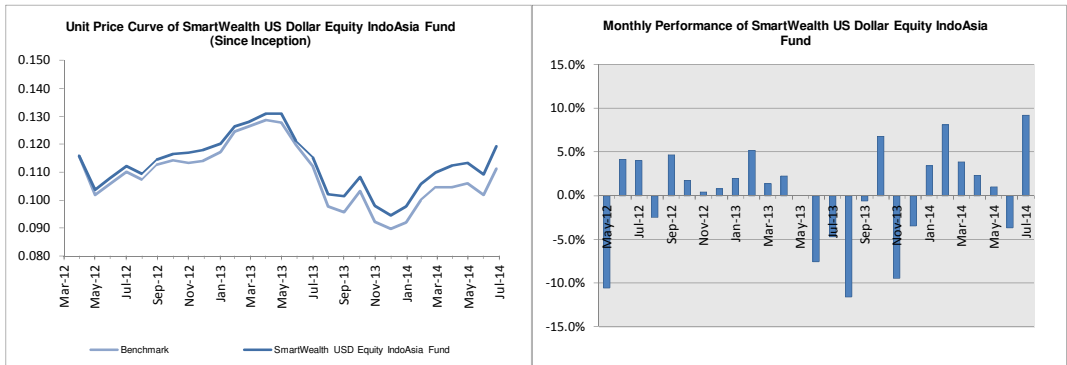
To achieve the investment objective, this fund shall be invested 80 - 100% in equity instruments (directly through stocks and / or through equity mutual funds) and 0 - 20% in short-term instruments (such as deposits). Furthermore, the fund shall be invested in equity instruments in the Asia Pacific region, 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	Portfolio Breakdown	Top Five Stocks Holding	Country Breakdown (Stock)
Last 1-year period	Equity 90.67%	TELEKOMUNIKASI 5.85%	Indonesia 73.97%
Best Month	Cash/Deposit 9.33%	BANK CENTRAL ASIA 5.70%	Philippines 1.37%
Worst Month		ASTRA INTERNATIONAL 5.56%	Hongkong 7.81%
		BANK MANDIRI 5.31%	South Korea 3.73%
		BANK RAKYAT INDONESIA 4.72%	Malaysia 1.27%
			Singapore 1.33%
			Taiwan 1.19%
			Thailand 0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	9.16%	6.14%	21.88%	3.29%	NA	26.00%	2.85%
Benchmark*	9.18%	6.23%	20.86%	-0.85%	NA	24.01%	-4.03%

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



KEY FUND FACTS

Fund Size (in mn USD)	: USD 34.41	Pricing Frequency	: Daily
Risk Profile	: Aggressive Investor	Price per Unit	Bid Offer
Launch Date	: 01 May 2012	(As of July 25, 2014)	: USD 0.1132 USD 0.1192
Fund Currency	: US Dollar	Bid-Offer Spread	: 5.00%
Managed by	: PT. Asuransi Allianz Life Indonesia	Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

For the month of July, Asian markets continue to outperform the global index. MSCI Asia Ex-Japan was up 3.5% versus MSCI World which is down 1.7%. The best performing market in the region was Shanghai Composite which delivered 7.5% performance. This is followed by Hang Seng (+6.8%), Indonesia JCI (+4.3%), Korea KOSPI (+3.7%) and Singapore FSSTI (+3.6%). The laggards during the month was Taiwan TWSE (-0.8%) and Malaysia KLCI (-0.6%). In China, the market rallied on the back of stronger economic data. Both National Bureau of Statistic and HSBC PMI reported higher reading, suggesting that the Chinese economy is on a gradual recovery trajectory. State-owned Enterprise (SOE) reform and Shanghai-Hong Kong Stock Connect continue to be key themes for the market. Reform progress seems to be on track, with news reports on potential announcement on the first batch of SOE reform candidates. In ASEAN, Indonesia elections came into focus in the month of July, finally delivering a verdict for one of the most closely contested elections in the country's democratic history. Jokowi victory was celebrated by market as he is seen to be a pragmatic reformist. However, there remain some uncertainties as his opponent, Prabowo, is challenging the election results. Nonetheless, Indonesia equities have had a good run. In Korea, the KOSPI reached an all-time high in almost three years, as the government announced stimulus measures to support the economy and success in the by-elections provided momentum for the reform agenda to be pushed through. Market was hopeful that the government's initiative to encourage corporates to pay high dividend and or increase domestic capital expenditure will help to boost yield and returns.

Central Bureau Statistics of Indonesia (BPS) announced inflation in Jul at 0.93% mom (vs consensus 0.82%, 0.43% in Jun) caused by higher food ingredients, processed food, beverages, and tobacco prices, as well as increasing impact of the July's electricity tariff hike for mid-size households – averaging 9% every two months. On yearly basis, inflation printed at 4.53% YoY (vs consensus 4.40%, 6.70% in Jun) as the base effect on the back of last year's June fuel price increase has diminished. Core inflation fell to 4.64% YoY (vs consensus 4.80%, 4.81% in Jun). In the Board of Governors' Meeting on Jul 10th, 2014, BI maintained its reference rate at 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASB) at 5.75%. Rupiah appreciated against USD by +3.16% to 11,591 at end of Jul compared to previous month 11,969. Trade balance was deficit -0.31bn USD (non-oil and gas surplus +0.30bn, oil and gas deficit -0.60bn USD) in Jun (vs consensus deficit -0.39bn USD, surplus +0.07bn USD in May). Export increased by +4.45% YoY mostly driven from jewelry, while imports increased by +0.54% YoY.

The JCI (Jakarta Composite Index) appreciated in July, advancing by +4.31% MoM to close at 5,088.81 for the month. Large cap stocks including BBRI, TLKM, ASII, BBCA, and BMRI posted respectable gains, all of which rose by +8.47%, +7.51%, +6.19%, +5.45%, and +5.40% MoM respectively. On the flip side, there were tickers that dragged the index, which includes BMTR, BDMN, AALI, MNCN, and SIMP falling by -9.65%, -7.00%, -5.24%, -5.25%, and -11.39% MoM respectively. Political condition in the country remains to be under control despite the Prabowo-Hatta band camp announcing that they will appeal to constitutional court after the Election Committee declaring Jokowi-Jusuf Kalla as the winner of the president and vice president election on 22nd Jul 2014. Jokowi led with 53.12% of total votes while Prabowo-Hatta grabbed 46.88% of total votes. The Jokowi-JK band camp won by 6.24% or the equivalent of 8mn people. Foreign Investors reacted positively on the election result which resulted in booking a net inflow of US\$ 1.1bn. The additional net inflow brought the YTD 2014 foreign inflows to US\$4.4bn which was a historical high over the last decade. Sentiments continue to be favorable however broad market valuations on most tickers have become more expensive since earnings expectations are not expected to change significantly in the near term. Sector wise, the Property Sector was the best performing sector this month where it appreciated +12.53% MoM. BEST (Bekasi Fajar) and CTRA (Cipta Development) rose +39.81% and +24.86% MoM respectively. This was followed by the Basic Industry Sector that posted +7.09% MoM gain, driven by INTF (Indocement) and SMGR (Semer Gresik) which appreciated by +10.64% and +9.95% MoM respectively. On the other hand, the Agriculture Sector was the worst performing this month which lost -5.84% MoM, laggards includes SIMP (Salim Ivomas) and LSIP (London Sumatera) which fell by -11.39% and -9.29% MoM respectively. Lower CPO price to MYR 2,345.51ton (-5.58% YoY) on the back of higher CPO production seasonality and higher probability of el-nino that being delayed.

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