

# SmartWealth US Dollar Equity IndoAsia Fund

## March 2014


**BLOOMBERG: AZUSIAS:J**
**INVESTMENT OBJECTIVE**

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

**INVESTMENT STRATEGY**

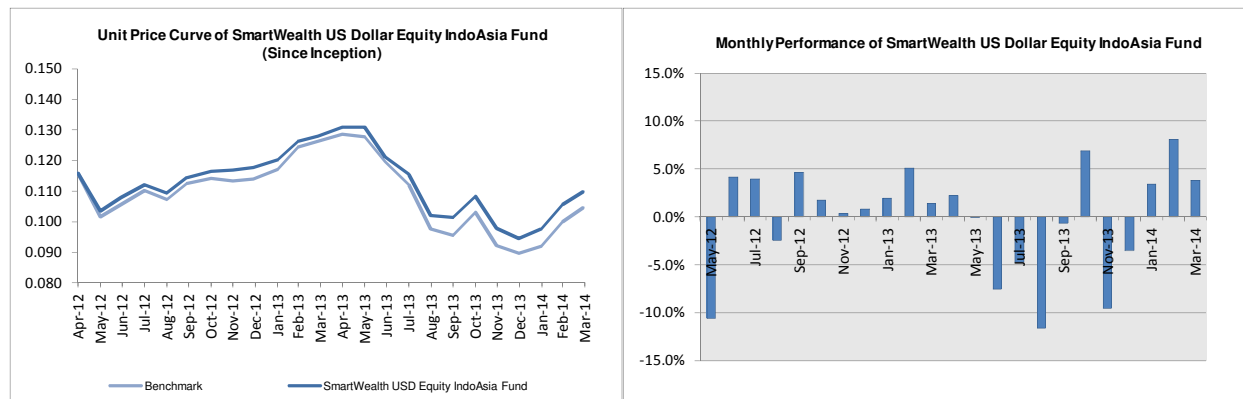
To achieve the investment objective, this fund shall be invested 80 - 100% in equity instruments (directly through stocks and / or through equity mutual funds) and 0 - 20% in short-term instruments (such as deposits). Furthermore, the fund shall be invested in equity instruments in the Asia Pacific region, 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 | <b>-14.35%</b>        | Equity              | <b>79.50%</b> BANK CENTRAL ASIA | Indonesia                 | <b>66.36%</b> |
| Best Month         | <b>8.12% Feb-14</b>   | Cash/Deposit        | <b>20.50%</b> TELEKOMUNIKASI    | Philippines               | <b>0.76%</b>  |
| Worst Month        | <b>-11.59% Aug-13</b> |                     | ASTRA INTERNATIONAL             | Hongkong                  | <b>5.11%</b>  |
|                    |                       |                     | BANK MANDIRI                    | South Korea               | <b>3.50%</b>  |
|                    |                       |                     | BANK RAKYAT INDONESIA           | Malaysia                  | <b>0.98%</b>  |
|                    |                       |                     |                                 | Singapore                 | <b>1.69%</b>  |
|                    |                       |                     |                                 | Taiwan                    | <b>1.09%</b>  |
|                    |                       |                     |                                 | Thailand                  | <b>0.00%</b>  |

|                                      | 1 Month      | 3 Months      | 6 Months     | 1 Year         | 3 Years   | YTD           | Since Inception |
|--------------------------------------|--------------|---------------|--------------|----------------|-----------|---------------|-----------------|
| SmartWealth USD Equity IndoAsia Fund | <b>3.83%</b> | <b>16.08%</b> | <b>8.28%</b> | <b>-14.35%</b> | <b>NA</b> | <b>16.08%</b> | <b>-5.29%</b>   |
| Benchmark*                           | <b>4.59%</b> | <b>16.54%</b> | <b>9.32%</b> | <b>-17.32%</b> | <b>NA</b> | <b>16.54%</b> | <b>-9.81%</b>   |

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


**KEY FUND FACTS**

|                              |                                       |  |   |
|------------------------------|---------------------------------------|--|---|
| <b>Fund Size (in mn USD)</b> | : USD 25.48                           | <b>Pricing Frequency</b>                   | : Daily   |
| <b>Risk Profile</b>          | : Aggressive Investor                 | <b>Price per Unit (As of Mar 28, 2014)</b> | : <b>Bid</b> USD 0.1042 <b>Offer</b> USD 0.1097 |
| <b>Launch Date</b>           | : 01 May 2012                         | <b>Bid-Offer Spread</b>                    | : 5.00%   |
| <b>Fund Currency</b>         | : US Dollar                           | <b>Management Fee</b>                      | : 2.00% p.a.                                    |
| <b>Managed by</b>            | : PT. Asuransi Allianz Life Indonesia |  |   |

**MANAGER COMMENTARY**

For the month of March, the MSCI AC Asia ex-Japan Index (MXASJ) was up 0.9%. In Asia, the largest outperforming indices were India Sensex (+6.0%), Thailand SET (+3.8%) and Indonesia JCI (+3.2%). The largest underperforming indices were Hong Kong HSI (-3.0%) and Shanghai SHCOMP (-1.1%). In the first half of March, equities were down due to weak China economic data and geopolitical risk around Crimea. Economic activity in China decelerated in January to February 2014. Retail sales, industrial production, fixed investment and loan growth were weaker than forecast. NBS Manufacturing Purchase Managers Index at 50.2 is the lowest in last eight months. Hope of "mini stimulus" to stabilize growth led to recovery in Chinese equities in the second half of March. During the month of March, Asian currencies continue to recover. The INR and IDR were the best performing currencies. Improving current account and FX reserves data translated into foreign portfolio inflows and a stronger currency in India and Indonesia. The CNY depreciated -1.1%, making it the worst-performing currency in Asia ex-Japan markets followed by PHP and TWD. China progressed on financial reforms by announcing the widening of USD/CNY trading band from 1% to 2% on 15 March 2014.

Central Bureau Statistics of Indonesia (BPS) announced inflation in March at +0.08% mom (vs consensus +0.11%, +0.26% in Feb). Better mom inflation was due to lower food prices. On yearly basis, inflation printed at 7.32% yoy (vs consensus 7.35%, 7.75% in Feb). Core inflation rose to 4.61% yoy (vs consensus 4.50%, 4.57% in Feb). In the Board of Governors' Meeting on April 8<sup>th</sup>, 2014, BI maintained its reference rate at 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah appreciated against USD by +1.98% to 11,404 at end of March compared to previous month 11,634. Trade balance was surplus US\$0.789bn in Feb (vs consensus surplus +US\$0.3bn, deficit -US\$ 0.431bn in Jan), on the back of increasing of non-oil trade balance surplus (from US\$ 0.60 bn in January 2014 to US\$ 1.58 bn in February 2014) and the narrowing of oil and gas trade balance deficit (from -US\$1.05 bn in January 2014 to -US\$0.80 bn in February 2014). Export decreased by -2.96% YoY, while imports decreased by -10% YoY. Foreign reserves in March decreased by USD -0.1bn (-0.1% MoM) from USD102.7bn in Feb to USD102.6bn in Mar.

The JCI further its gains during the month of March gaining 3.2% MoM as macro data releases looked supportive, as depicted above. The monthly gain further fuel the YTD market gain to 11.56%. Large caps noticeably appreciated as cost pressures in FY13 put pressure on earnings as a result of the weakening IDR are now behind post results releases and investors look ahead for margin improvement taking into account the macro data mentioned above. In regards to ticker, ASII, UNVR and BMRI rose a noticeable 14.9%, 5% and 5.67% respectively. Indonesia macro play stocks continue to attract foreign flows and flows in general. There seems to also be no growth unfriendly measures taken by policy makers.

**Disclaimer:**

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