PT. Asuransi Allianz Life Indonesia

SmartWealth US Dollar Equity IndoAsia Fund
May 2015

BLOOMBERG: AZUSIAS:IJ

INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

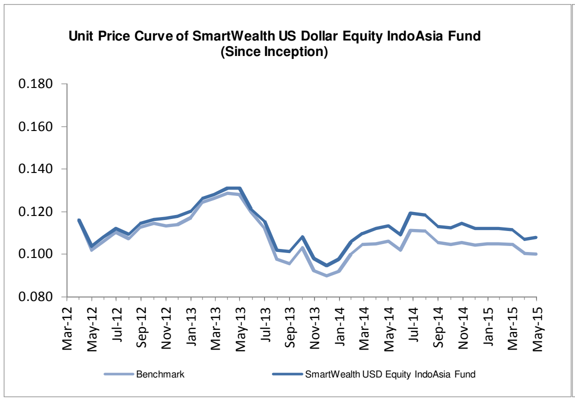
To achieve the investment objective, this fund shall be invested 80 - 100% in equity instruments (directly through stocks and / or through equity mutual funds) and 0 - 20% in short-term instruments (such as deposits). Furthermore, the fund shall be invested in equity instruments in the Asia Pacific region, 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.

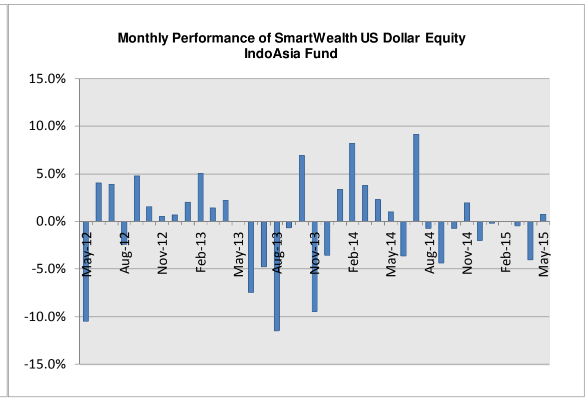
PERFORMANCE INDICATOR

Return Performance		Portfolio Breakdown		Top Five Stocks Holding		Country Breakdown (Stock)	
Last 1-year period	-4.85%	Equity	94.72%	BANK CENTRAL ASIA	6.47%	Indonesia	76.99%
Best Month	9.16% Jul-14	Cash/Deposit	5.28%	TELEKOMUNIKASI	6.16%	Philippines	0.00%
Worst Month	-11.54% Aug-13			UNILEVER INDONESIA	5.34%	Hongkong	8.65%
				BANK RAKYAT INDONESIA	5.29%	South Korea	3.52%
				ASTRA INTERNATIONAL	5.23%	Malaysia	1.10%
						Singapore	1.10%
						Taiwan	3.35%
						Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	**0.75%**	**-3.75%**	**-5.85%**	**-4.85%**	**3.95%**	**-3.92%**	**-6.99%**
Benchmark*	**-0.30%**	**-4.69%**	**-5.20%**	**-5.70%**	**-1.61%**	**-3.93%**	**-13.65%**

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





KEY FUND FACTS

Fund Size (in mn USD)	: USD 38.72	**Pricing Frequency**	: Daily	
Risk Profile	: Aggresive Investor	**Price per Unit**	***Bid***	***Offer***
Launch Date	: 01 May 2012	**(As of May 29, 2015)**	: USD 0.1024	USD 0.1078
Fund Currency	: US Dollar	**Bid-Offer Spread**	: 5.00%	
Managed by	: PT. Asuransi Allianz Life Indonesia	**Management Fee**	: 2.00% p.a.	

MANAGER COMMENTARY

Chinese equities were once again in the spotlight this month with A-shares returning 3.8% on the SHCOMP on Shenzhen-Hong Kong connect news flow and 25 basis points benchmark interest rate cut by PBOC, however the performance was not replicated on H-share market, and we saw lackluster return on Hang Seng Index (-2.5%). Financial liberalization initiatives in China continues with CSRC and SFC jointly announcing the Mainland-Hong Kong Mutual Recognition of Funds initiative which allows retail investors in Mainland and Hong Kong to buy specific mutual funds across the border subject to a quota of RMB 300bn each way and effective 1 July 2015. This scheme has been discussed for 3 years, initially as a part of CEPA (Closer Economic Partnership Agreement) between Mainland China and Hong Kong. According to the CSRC and SFC, around 850 A-share funds and 100 Hong Kong-domiciled funds are eligible to participate as of March 15 and Dec 14 respectively. Other regional markets fell to profit taking, out of which the worst performing was Malaysia that fell -3.9%. The Asian market fell -3.3% in USD terms as regional local currencies weaken against the greenback. The region underperformed the global market for the month. The Middle East Respiratory Syndrome (MERS) that first popped up in 2012 has infected more than a thousand people since then – with the vast majority of them in Saudi Arabia or bordering countries. Earlier this month, the virus was brought into the region with a South Korean man being tested positive following a trip to Saudi Arabia. Since then, more people has been discovered to be infected but largely limited to medical staff who treated the first patient and who stayed at the same hospital with him, as well as his family members. Anxiety about the MERS outbreak has also spread, with the World Health Organization warning that the outbreak is likely to grow. This is likely to hit the tourism industry in South Korea as well as in the region.

Central Bureau Statistics of Indonesia (BPS) announced inflation in May 2015 at 0.50% mom (vs consensus 0.40%, inflation 0.36% in Apr 2015) which mostly were caused by higher food ingredients, processed food and tobacco prices. On yearly basis, inflation printed at 7.15% YoY (vs consensus 7.01%, 6.79% in Apr 2015). Core inflation printed at 5.04% YoY, unchanged from previous month (vs consensus 5.06%, 5.04% in Apr 2015). In the Board of Governors' Meeting on May 19th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%. Rupiah depreciated against USD by -2.12% to 13,211 at end of May compared to previous month 12,937. Trade balance was surplus +0.45bn USD (non-oil and gas surplus 1.33bn, oil and gas deficit 0.88mn USD) in Apr 2015. Export decreased by -8.46% YoY mostly driven from export in mineral fuel, while imports decreased -22.31% YoY. FX Reserves slightly decreased -0.1bn USD from 110.87bn USD in April 2015 to 110.77bn USD in May 2015 (can cover 7.1 months import or 6.8 months import and offshore government loan payment). The government issuance of $2 billion global sukuk added to the reserves, however the gain was offset when Bank Indonesia used reserves to repay offshore government loans and to defend the rupiah in the foreign-exchange market.

The JCI (Jakarta Composite Index) closed higher in May, rising +2.55% MoM to close at 5,216.38 for the month. Movers were TLKM, ASII, BBCA, BBNI, and AALI which rose +8.80%, +6.57%, +4.82%, +7.00% and +21.87% MoM respectively. Meanwhile the laggards were GGRM, MLBI, UNTR, BMTR, and GIAA which lost -5.80%, -25.72%, -5.14%, -16.77%, and -21.18% MoM respectively. Equity market rebounded last month despite lower macro indicators. IDR currency weakened 6.23% YTD to IDR 13,211/USD level, which was 17 year low with ongoing foreign outflows. Foreign investors saw increasing downside risk of the Indonesian economy as lower purchasing power could be prolonged. Weak commodity prices have reduced people's wallet size/income in outer Java which is highly dependent on the commodity related sector. Government spending will be the only growth driver in the short run, however the progress has been slow and potentially improve post the month of Ramadan which suggests lesser working hours. In summary, FY15 Govt. spending expectation may have slight shortfalls and lower purchasing power may suggest that the FY15 GDP growth target of 5.4% might be challenging. Sector wise, the Agriculture Sector was the best performing sector this month, rising by +15.56% MoM. BWPT (BW Plantation) and AALI (Astra Agro Lestari) were the movers; gaining by +59.13% and +21.87% MoM respectively. This was followed by the Basic Industry Sector that rose +7.36% MoM, contributed by ARNA (Arwana Citra Mulia) and MAIN (Malindo Feemill) rising by +29.81% and +29.07% MoM respectively. On the other hand, Trading and Distribution sectors was the worst performing sector this month, falling -0.70%. MSKY (MNC Sky Vision) and BMTR (Global Mediacom) were the laggards which fell -19.69% and -16.77% MoM respectively.