

SmartWealth US Dollar Equity IndoAsia Fund

July 2016


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	11.10%
Best Month	14.32% Oct-15
Worst Month	-11.54% Aug-13

Portfolio Breakdown

Equity	90.69%
Cash/Deposit	9.31%

Top Five Stocks Holding

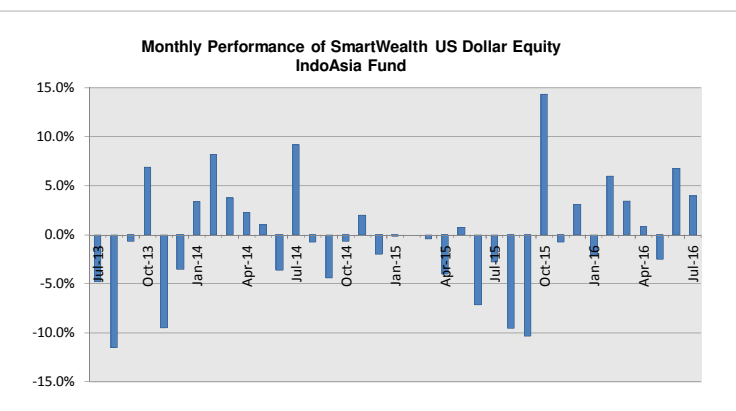
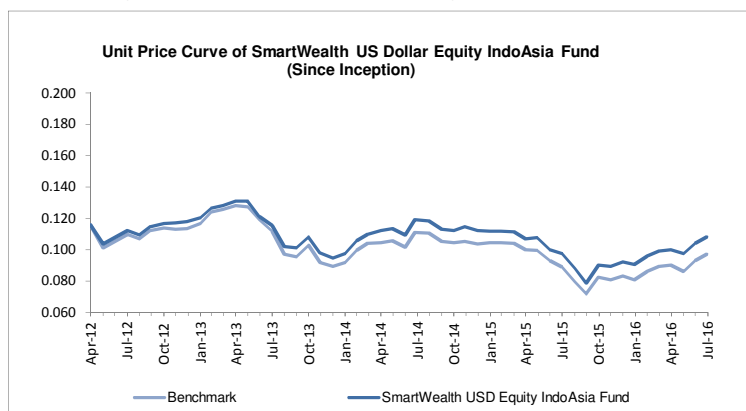
Telekomunikasi Indonesia	7.17%
Bank Central Asia	6.06%
Hanjaya Mandala Sampoerna	5.99%
Unilever Indonesia	4.82%
Bank Rakyat Indonesia	4.43%

Country Breakdown (Stock)

Indonesia	75.73%
Philippines	0.00%
Hongkong	6.47%
South Korea	2.87%
Malaysia	0.94%
Singapore	2.11%
Taiwan	2.57%
Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	3.94%	8.21%	19.58%	11.10%	-6.24%	17.12%	-6.65%
Benchmark*	4.51%	7.90%	20.05%	9.07%	-13.07%	16.69%	-16.09%

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


KEY FUND FACTS

Fund Size (in mn USD)	: USD 41.38
Risk Profile	: Aggressive
Launch Date	: 01 May 2012
Fund Currency	: US Dollar
Managed by	: PT. Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily
Price per Unit (As of Jul 29, 2016)	Bid USD 0.1027
	Offer USD 0.1081
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

Markets continued on its risk on mode in July as investors looked forward to more monetary easing from global central banks. Weaker than expected US economic data reaffirmed any rate hike will be delayed. The recovery in commodity and oil prices also fuelled optimism in the global economy. Asian markets generally performed well on the back of risk on sentiment in July. The underperformers were Singapore and Malaysia.

Central Bureau Statistics of Indonesia (BPS) announced Jul's inflation at 0.69% mom (vs consensus 0.83%, 0.66% in Jun 2016) mostly were caused by higher food ingredients, process food and beverages prices. On yearly basis, inflation stood at 3.21% YoY (vs consensus 3.37%, 3.45% in Jun 2016). Core inflation printed at 3.49% YoY, unchanged previous month (vs consensus 3.59%). In the Board of Governors' Meeting on Jul 21st, 2016, Bank Indonesia maintained its reference rate at 6.50%, Lending Facility at 7.00% along with its facility rate (FASBI) at 4.50%. Rupiah appreciated by +0.65% to 13,094/USD at end of July as opposed to 13,180/USD previous month. Indonesia economic growth in second quarter 2016 was increased 4.02% QoQ (5.18% YoY compared to previous quarter at 4.91% YoY) which largely led by growth in agriculture, forestry and fisheries business sector. By expenditure, government spending and private consumption were the main drivers while investment continued to ease and net export ebbed. Trade balance booked a surplus of +US\$0.9bn (non-oil and gas surplus +US\$1.399bn, oil and gas deficit US\$-0.498bn) in Jun 2016. Export fell by -4.42% YoY mostly driven by a reduction in exports of iron and steel goods, while imports fell by -7.41% YoY. FX Reserves rose by US\$1.62bn from US\$109.79bn in Jun 2016 to US\$111.41bn in Jul 2016 on the back of revenue from tax, and oil-gas, as well as proceeds from Bank Indonesia's FX bills, known as SBBI. Reserves are sufficient for 8.5months imports or 8.2months imports and government external debt payments.

The JCI (Jakarta Index) closed higher in July, gaining +3.97% MoM to close at 5,219.99 for the month. movers were BBKA, TLKM, PGAS, BBRI, and BMRI which rose +8.44%, +6.28%, +40.60%, +6.71%, and +6.04% MoM respectively. Meanwhile the laggards were HMSP, TBIG, MIKA, GGRM, and SILO which fell -4.47%, -13.64%, -7.64%, -2.14%, and -15.73% MoM respectively. The equity market continued to react strongly as a result of the passing of the tax amnesty bill that is expected to increase the government's future tax collection, to the point that it will be able to fund most of its infra projects and populist policies without relying heavily on external funding. This positive sentiment has reflected in strong foreign inflow which is posted US\$900mn in Jul-16. Investors were also surprised by the second cabinet reshuffle announcement, especially on the appointment of former finance minister and current managing director at the World Bank, Sri Mulyani as the new finance minister. Having a sound track record as a true reformist, she would be able to manage fiscal risk more properly going forward. On a broader framework, she will likely deliver a more consistent fiscal policy and be able to continue tax amnesty and tax reform programs. Keep in mind that she was the engineer for the so-called soft tax amnesty, Sunset Policy 2008. Bottom line, the two catalysts have and will send positive sentiment to wards investors and will have real benefits towards the economy as a whole, especially private investment. Sector wise, the Mining Sector was the best performing sector this month, appreciating by +12.30% MoM. INCO (Vale Indonesia) and HRUM (Harum Energy) were the movers; gaining by +40.66% and +39.63% MoM respectively. This was followed by the Financial Sector that posted +7.07% MoM gains, driven by BNI (Bank Maybank Indonesia) and BJBR (Bank Jabar) which rose +54.14% and +26.67% MoM respectively. On the other side, Consumer Sector was the worst performing sector this month, losing by -0.08% MoM. HMSP (HM Sampoerna) and GGRM (Gudang Garam) were the laggards, decreasing -4.47% and -2.14% MoM respectively.

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