PT. Asuransi Allianz Life Indonesia

SmartWealth Rupiah Equity IndoAsia Fund
August 2013

BLOOMBERG: AZRPIAS: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.

PERFORMANCE INDICATOR

Return Performance		
Last 1-year period	6.64%	
Best Month	8.45%	Oct-11
Worst Month	-9.47%	Aug-11

Portfolio Breakdown	
Equity	91.37%
Cash/Deposit	8.63%

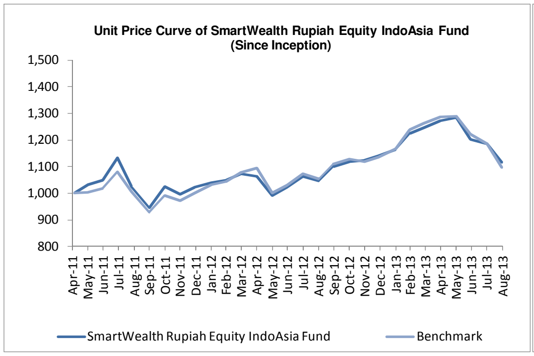
Top Five Stocks Holding	
TELEKOMUNIKASI TBK PT	6.07%
BANK CENTRAL ASIA PT	5.70%
BANK MANDIRI	5.47%
UNILEVER INDONESIA TBK F	5.34%
BANK RAKYAT INDONESIA	4.64%

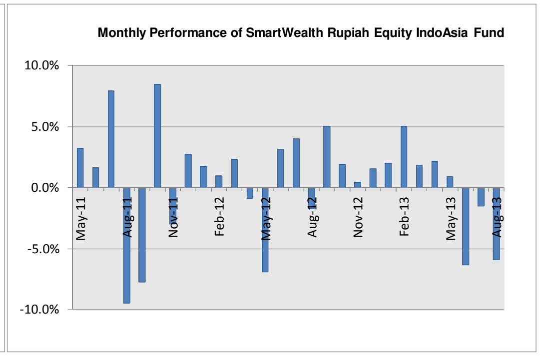
Country Breakdown (Stock)	
Indonesia	73.31%
Philippines	0.96%
Hongkong	8.47%
South Korea	3.74%
Malaysia	1.32%
Singapore	2.27%
Taiwan	1.30%
Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth Rupiah Equity IndoAsia Fund	-5.92%	-13.17%	-8.82%	6.64%	NA	-2.28%	11.52%
Benchmark*	-7.40%	-14.89%	-11.45%	4.01%	NA	-3.28%	9.72%

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

(New benchmark assessment as of May 2012; previously: Jakarta Composite Index (JCI))





KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 165.16	**Pricing Frequency**	: Daily	
Risk Profile	: Aggresive Investor	**Price per Unit**	***Bid***	***Offer***
Launch Date	: 05 May 2011	**(As of Aug 30, 2013)**	: IDR 1,059.43	IDR 1,115.19
Fund Currency	: Indonesian IDR	**Bid-Offer Spread**	: 5.00%	
Managed by	: PT. Asuransi Allianz Life Indonesia	**Management Fee**	: 2.00% p.a.	

MANAGER COMMENTARY

In the month of August, MSCI Asia Ex-Japan Index fell by -1.8%, outperforming the MSCI World Index which fell by -2.3%. The best performing market in the region was Shanghai SHCOMP (+5.2%) and Korea KOSPI (+0.6%) which still posted positive monthly returns. On the other hand, Hong Kong Hang Seng Index (-0.7%) and Taiwan TWI Index (-1.1%) posted marginal monthly decline. Malaysia FBMKLCI Index fell -2.5% while India SENSEX Index and Singapore FSSTI Index fell -3.8% and -6.0% respectively, alongside the Philippines PCOMP (-8.0%), Indonesia JCI (-9.0%) and Thailand SET (-9.1%) indices which bore the brunt of the sell-off. The sell-off in Asia equities, which started with the speculations on Fed tapering, continued into August with severe headwinds due to rising US treasury yields, weak Asian currencies, weak 2Q 2013 earnings amid feeble economic growth and probable US military action on Syria. Specifically, Indonesia, Philippines and Thailand - the darling markets of investors at the start of 2013 - took the brunt of the sell-off. With fund flows going back to the US, countries with current account deficits could be major damage takers. Specifically, India Rupee fell -8.1% while Indonesia Rupiah fell -8.3% in August alone. Other emerging Asian economies like Thailand (Thai Baht -2.8%) and the Philippines (Philippine Peso -2.5%) also saw weaknesses in their currencies. On the other hand, investors' sentiment on China having reached extreme bearishness at the end of the second quarter as investors focused on unsettling combination of rising credit growth and decelerating GDP growth culminating the spike in SHIBOR in June, sentiment has turned more positive among investors of late as economic activity stabilized with talk of "stealth stimulus" and the like. The National Bureau of Statistics also reiterated that China would meet the target GDP growth rate of +7.5% at the end of this year due to strong demand and policy support.

Inflation in August was lower than market expectation, printed at 1.12% mom (vs consensus 1.20%, 3.29% in July). However in yearly basis, it was higher compared to previous month at 8.79% yoy (vs consensus 8.95%, 8.61% in July) which was driven by staple food price due to the Eid Mubarak holiday, and educational cost caused by start of new school term. Core inflation rose 4.48% yoy (vs consensus 4.43%, 4.44% in July). In the Board of Governors' Meeting on Aug 29th, 2013, Bank Indonesia increased its reference rate by 50 bps to 7.00%, Lending Facility by 25 bps to 7% and the deposit facility rate (FASBI) by 50bps to 5.25%. Rupiah depreciated against USD by -6.29% to 10,924 at end of August compared to previous month 10,278. Indonesia's July trade balance posted higher deficit at USD -2.31bn (vs consensus USD -0.4bn) compared to deficit at USD -0.847bn in June 2013. Export increased by 2.37% MoM while imports sharply increased by 11.4% MoM. Government announced policy package to address widening current account deficit, rising inflation and slowing growth. There are 4 packages: 1. to address current account deficit, 2. to maintaining economic growth, 3. to maintain consumer's purchasing power and lower inflation 4. to speed up investment. Bank Indonesia also announced some action plan: 1. Extend the allowed maturity of forex term deposits from max 30 days to maximum of 1 year, 2. Allow exporters to purchase foreign currency onshore in the amounts that they have previously converted into IDR, 3. Allow banks to "pass on" derivative positions held with third parties to BI, 4. Fund from the sale of assets by non-residents may now be kept in Indonesia and these deposits will be exempted from bank's foreign liability limit, 5. BI to issued deposit certificate of Bank Indonesia (SDBI).

The JCI (Jakarta Composite Index) ended lower in August by -9.01% MoM. Most of the large cap stocks, mainly on Banking names, led the decline such as BMRI, BBRI, BBCA, ASII and TLKM that decreased by -20.22%, -20.00%, -12.98%, -6.92%, and -7.56% MoM respectively. On the other hand, there were several stocks moved positively, i.e. from Commodity name such as ITMG, ADRO, AALI, INCO, and PTBA which appreciated by +32.44%, +32.86%, +27.01%, +29.94%, and 21.61% MoM respectively. Investors booked an overall net sell in transaction in the mid of August after Indonesia's Current Account Deficit (CAD) numbers was at its worst at –US$9.8bn (-4.4% of total GDP), higher non-oil and gas import and a relatively much lower export was the main culprit. Volatility in equity instrument increased in August. In order to reduce volatility in financial market, government announced several policy response, which includes changing trade procedure for cow meat and horticulture import goods from quota system to price mechanism. In regards to the sector, Property Sector was the lowest performing sector this month where it depreciated by -16.27% MoM. The largest contribution came from ADHI (Adhi Karya) and WSKT (Waskita Karya) which fell by -35.61% and -30.38% MoM respectively. Lower government infrastructure budget in 2014 that only grew by 2.5% YoY and worries over USD appreciation could potentially increase the housing and building material costs. Second lowest contribution came from Financial Sector that also depreciated by -15.26% MoM, driven by BDMN (Bank Danamon), and BMRI (Bank Mandiri) posted -22.12% and -20.22% MoM losses respectively. Bank's liquidity tightened where Loan to Deposit (LDR) ratio already reached 80-85%. Fear that the higher lending yield and cost of funds as a result of the interest rate hike would potentially slower bank loans and earnings growth. We remain selective in our stock picks.