

SmartWealth Rupiah Equity IndoAsia Fund

October 2014


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.

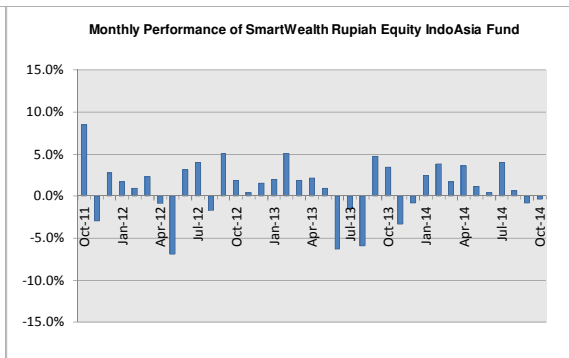
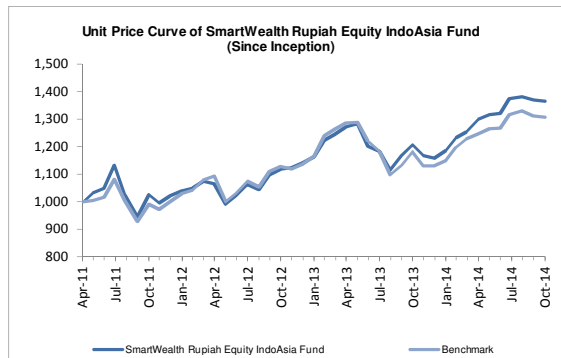
PERFORMANCE INDICATOR

Return Performance	Portfolio Breakdown	Top Five Stocks Holding	Country Breakdown (Stock)
Last 1-year period	13.08%	87.80% BANK CENTRAL ASIA	Indonesia 72.16%
Best Month	8.45% Oct-11	12.20% TELEKOMUNIKASI	Philippines 0.00%
Worst Month	-9.47% Aug-11	BANK MANDIRI	Hongkong 7.87%
		BANK RAKYAT INDONESIA	South Korea 2.87%
		ASTRA INTERNATIONAL	Malaysia 1.06%
			Singapore 1.06%
			Taiwan 2.78%
			Thailand 0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth Rupiah Equity IndoAsia Fund	-0.34%	-0.54%	5.07%	13.08%	33.22%	17.92%	36.66%
Benchmark*	-0.41%	-0.77%	4.89%	10.59%	31.78%	15.74%	30.79%

*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 467.71	Pricing Frequency	: Daily
Risk Profile	: Aggressive Investor	Price per Unit	: Bid Offer
Launch Date	: 05 May 2011	(As of Oct 31, 2014)	: IDR 1,298.22 IDR 1,366.55
Fund Currency	: Indonesian IDR	Bid-Offer Spread	: 5.00%
Managed by	: PT. Asuransi Allianz Life Indonesia	Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

After a disappointing September, Asian equities (MSCI Asia Ex-Japan) rebounded by 1.9% in October and outperforming Global equities (MSCI World) by 1.3%. In the region, the best performing markets were Hong Kong (Hang Seng +4.6%), India (SENSEX +4.6%) and China (SHCOMP +2.4%). Hong Kong's equity market rallied in October despite concerns on the ongoing pro-democracy protests. Korea was the worst performing market (KOSPI was down 2.8%) and KRW also depreciated by 5% since early September. Q3 2014 earning season also yielded more disappointments. Global financial markets saw rising volatility with Volatility Index (VIX) hitting the highest level since June 2012 on 15 October 2014 with strengthening USD, falling commodity prices and rallying government bond markets. US benchmark oil price broke psychology support level of USD80 per barrel during the month. If crude oil prices remain lower for longer, some of the Asian economies should benefit from the perspective of lower inflationary pressure and narrowing oil trade deficit or burden for some countries. In China, the Shanghai-Hong Kong Stock Connect which was previously scheduled for 27 October 2014 was indefinitely postponed subject to the evaluation of Hong Kong political and social environment. However, market remains hopeful that it will be implemented as it serves as a critical transitional step of opening up the RMB capital account.

Central Bureau Statistics of Indonesia (BPS) announced inflation in Oct at 0.47% mom (vs consensus 0.33%, inflation 0.27% in Sept) mostly caused by higher household electricity tariff, LPG price and both raw and processed food. On yearly basis, inflation printed at 4.83% YoY (vs consensus 4.70%, 4.53% in Sept). Core inflation stable at 4.02% YoY (vs consensus 3.97%, 4.04% in Sept). In the Board of Governors' Meeting on Oct 7th, 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 +1.07% to 12,082 at end of Oct compared to previous month 12,212. Trade balance was deficit -0.27bn USD (non-oil and gas surplus +0.76bn, oil and gas deficit -1.03bn USD) in Sept (vs consensus deficit -0.28bn USD, deficit -0.31bn USD in Aug). Export increased by +3.87% YoY mostly driven from export in crude oil, while imports increased by +0.23% YoY. BPS announced Q3 GDP expanded by only 5.01% YoY (vs consensus 5.1%) and 2.96% QoQ (vs consensus 3.03%), lower compared to previous quarter with consumption (private and government consumption) remain the driver. By industry level, GDP growth was driven by agriculture and mining sectors.

The JCI (Jakarta Composite Index) closed lower in October, falling -0.93% MoM to close at 5,089.55 for the month. Laggards came from TLKM, ASII, UNVR, SCMA, and EXCL which fell -5.66%, -3.90%, -4.40%, -1.63%, and -10.89% MoM respectively. While the movers were BBRI, INTIP, BBNI, BMRI, and TBIG which rose +6.24%, +11.37%, +7.69%, +2.73%, and +11.25% MoM respectively. Political environment remains sideways and uncertain to an extent, the dualism of parliament Leadership from Jokowi and Prabowo coalitions causing some policies to be delayed. On the macro side, economic activity/growth continues to trend lower. Policy implementation uncertainty is partially to blame as business decision makers await clarity to deploy further fixed capital investments. Weakening of exports value were caused by weakening commodities (coal and palm oil), where coal and CPO prices fell by -25.5% and -11.8% YTD, respectively. During October foreign portfolio flows still booked a net outflow of US\$261mm, a decelerated pace compared to September figure of US\$615.6mm net outflows, but nonetheless still outflow. Investors are keeping a close watch on whether the new government has the ability to hike fuel prices by IDR 2,000-3,000 / liter in order to re-allocate state budget for better use. Sector wise, the Trading and Distribution Sector was the worst performing sector this month, depreciating by -5.20% MoM. MNCN (Media Nusantara) and SCMA (Surya Citra Media) were the laggards; falling by -12.36% and -11.63% MoM respectively. This was followed by the Mining Sector that posted -4.87% MoM losses, driven by BUMI (Bumi Resources) and HRUM (Harum Energy) which saw -27.37% and -22.74% MoM losses respectively. On the other hand, the Property and Construction Sector was the best performing this month which appreciated +5.12% MoM, the movers were PTTP (Pembangunan Perumahan) and WKST (Waskita Karya) which rose by +22.33% and +16.17% MoM respectively.

Disclaimer:
SmartWealth Rupiah Equity IndoAsia Fund is a unit-linked fund offered by PT Asuransi Allianz Life Indonesia (Allianz). This fact sheet is prepared by Allianz. The information presented is for informational use only. The performance of the Fund is not guaranteed and the value of the units and the income from them may increase or decrease. Past returns and any forecast are not necessarily a guide to future performance. Allianz does not warrant or make any representations regarding the use or the results of the use of the figures generated in terms of their correctness, accuracy, reliability, or otherwise. You are advised to seek your financial consultant before making any investment.