

SmartWealth Rupiah Equity IndoAsia Fund

August 2015



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.

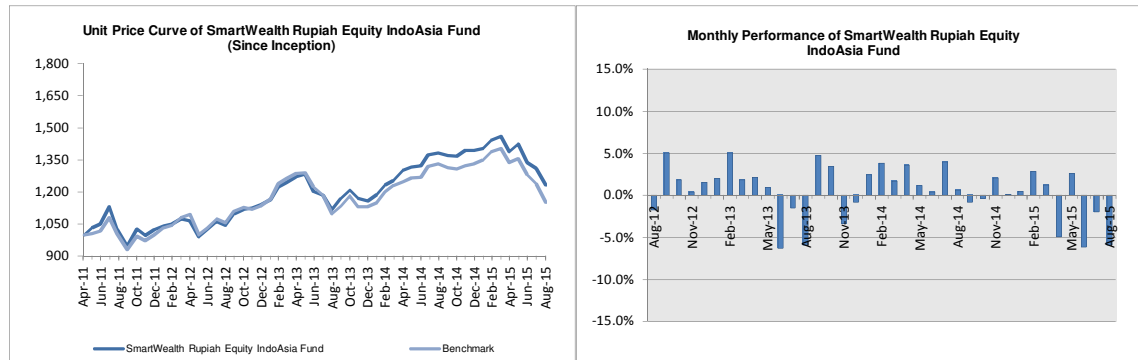
PERFORMANCE INDICATOR

Return Performance	Portfolio Breakdown	Top Five Stocks Holding	Country Breakdown (Stock)
Last 1-year period	-10.85%	Equity	93.08%
Best Month	8.45% Oct-11	Cash/Deposit	6.92%
Worst Month	-9.47% Aug-11		
		TELEKOMUNIKASI	7.31%
		BANK CENTRAL ASIA	6.81%
		UNILEVER INDONESIA	6.07%
		BANK RAKYAT INDONESIA	5.21%
		BANK MANDIRI	4.81%
		Indonesia	74.64%
		Philippines	0.00%
		Hongkong	8.67%
		South Korea	4.02%
		Malaysia	1.20%
		Singapore	1.10%
		Taiwan	3.45%
		Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth Rupiah Equity IndoAsia Fund	-5.94%	-13.46%	-14.49%	-10.85%	17.85%	-11.64%	23.24%
Benchmark*	-6.91%	-15.01%	-16.99%	-13.45%	9.17%	-13.44%	15.21%

*80% Jakarta Composite Index (JCI) and 20% MSCIAC 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 453.09
Risk Profile : Aggressive Investor
Launch Date : 05 May 2011
Fund Currency : Indonesian IDR
Managed by : PT. Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit (As of Aug 31, 2015) : Bid IDR 1,170.77 Offer IDR 1,232.39
Bid-Offer Spread : 5.00%
Management Fee : 2.00% p.a.

MANAGER COMMENTARY

Asia equities fell -11% in August 2015, its worst monthly performance since September 2011. The drivers of the sell-off were concerns on tepid global growth, fears over the impact of a Fed lift-off, RMB devaluation and its impact on its trade partners, the sharp correction in Chinese A-shares, commodity price weakness and the lack of topline growth for technology sector. On "Black Monday", the 24 August 2015, SHCOMP suffered its biggest fall since 2007 (and second worst day since 2000), down 8.5% in one day. The sell-off spilled over to other regions globally: Australia market suffered its biggest fall in 6 years, Euro Stoxx 50 was down 9.2% and Dow Jones falling 588 points – the biggest intraday loss since 2011. On the following day, the PBOC announced cuts in the RRR of 50 basis points (bps) and in the benchmark interest rate of 25bps in response to the weakening economy, falling equity market and accelerating FX outflows. The worst performing market during the month was Malaysia as MSCI Malaysia (USD) which fell 15.5%, due to confidence crisis as market fear a repeat of its 1998 capital control measures. The second worst performing market was MSCI Hong Kong (-13.2%), followed by MSCI Australia (-12.2%), MSCI Singapore (-12.2%) and MSCI China (-11.7%). The best performing market in the region was MSCI Korea and MSCI Japan that fell less than 6%.

Central Bureau Statistics of Indonesia (BPS) announced August's inflation at 0.39% mom (vs consensus 0.55%, inflation 0.93% in Jul 2015). Food prices and education tuition fees were the main sources for August 15 inflation despite the increase magnitude lowered by lower transportation tariff. On yearly basis, inflation printed at 7.18% YoY (vs consensus 7.37%, 7.26% in Jul 2015). Core inflation printed at 4.92% YoY, higher compared to previous month (vs consensus 4.86%, 4.86% in Jul 2015) on the back of exchange rate depreciation and higher processed food prices. In the Board of Governors' Meeting on Aug 18th, 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 -4.05% to 14,027 at end of August compared to previous month 13,481. Trade balance was surplus +1.33bn USD (non-oil and gas surplus 2.20bn, oil and gas deficit 0.87bn USD) in Jul 2015. Export decreased by -19.23% YoY mostly driven from export in natural oil, while imports decreased by -28.44% YoY. FX Reserves decreased -2.21bn USD from 107.55bn USD in Jul 2015 to 105.35bn USD in Aug 2015 on the back of the use for foreign exchange to stabilize the IDR exchange rate.

The JCI (Jakarta Index) ended lower in August, falling -6.10% MoM to close at 4,509.61 for the month. Laggards were PGAS, ASII, CPIN, BMRI, and GGRM which fell -30.50%, -10.90%, -26.23%, -4.46%, and -10.10% MoM respectively. Meanwhile the movers were BBRI, BBNi, ICBP, TOTO, and AKRA which posted +6.25%, +3.99%, +3.66%, +27.46%, and +5.65% MoM gains respectively. Turbulence in financial markets gathered momentum amidst intensifying concern over slowing global growth. Federal Reserve officials would like to lift short-term interest rates above zero before year-end which in turn increase volatility towards emerging markets. Therefore, Indonesia continued to fall throughout the month of August. Generally there were negative sentiments resulting from the Chinese Yuan devaluation and weak growth globally. The JCI index went below 4,200, which was the lowest in last 1.5 years and IDR had depreciated further to IDR 14k/USD. Foreign investors remained consistently net sellers amounting US\$708.6bn in Aug-15. The local Government had put in efforts to stabilize the economy through new fiscal stimulus packages and abolish/alter unfavorable policies that were previously in place. Investors however, feel that the recent government initiatives would have minimal impact. External factors affecting the IDR and fiscal budget are more of a worry. The uncertainty caused by the external issues creates volatility in the capital markets in general. In turn this had triggered capital flight to safety. Sector wise, the Agriculture Sector was the worst performing sector this month, falling by -17.15% MoM. BWPT (BW Plantation) and BISI (Bisi International) were the laggards; falling by -33.85% and -26.85% MoM respectively. This was followed by the Miscellaneous Industry Sector that posted -11.96% MoM losses, driven by AUTO (Astra Otoparts) and GJTL (Gajah Tunggul) which fell -38.33% and -33.33% MoM respectively.

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