

SmartWealth Rupiah Equity IndoAsia Fund

June 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 90 - 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.

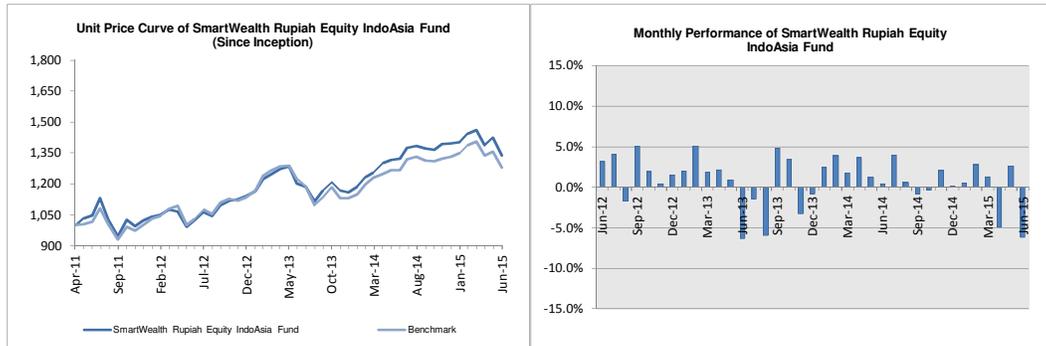
PERFORMANCE INDICATOR

Return Performance	1.14%	Portfolio Breakdown	Top Five Stocks Holding	Country Breakdown (Stock)		
Last 1-year period	1.14%	Equity	91.98%	TELEKOMUNIKASI	Indonesia	73.81%
Best Month	8.45% Oct-11	Cash/Deposit	8.02%	BANK CENTRAL ASIA	Philippines	0.00%
Worst Month	-9.47% Aug-11			UNILEVER INDONESIA	Hongkong	8.69%
				BANK RAKYAT INDONESIA	South Korea	3.51%
				ASTRA INTERNATIONAL	Malaysia	1.16%
					Singapore	1.19%
					Taiwan	3.62%
					Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth Rupiah Equity IndoAsia Fund	-6.15%	-8.44%	-4.18%	1.14%	30.68%	-4.18%	33.64%
Benchmark*	-5.63%	-8.89%	-3.89%	0.91%	24.17%	-3.89%	27.93%

*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 484.99	Pricing Frequency	: Daily
Risk Profile	: Aggressive Investor	Price per Unit	Bid Offer
Launch Date	: 05 May 2011	(As of June 30, 2015)	: IDR 1,269.58 IDR 1,336.40
Fund Currency	: Indonesian IDR	Bid-Offer Spread	: 5.00%
Managed by	: PT. Asuransi Allianz Life Indonesia	Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

The Greek debt drama continues to hog the lime light during the month with deadlock in negotiation between Greece Prime Minister Tsipras and the European Central Bank (ECB). Just before the deadline to make their payment to IMF towards the end of the month, Tsipras surprised the market by calling for 5 July Referendum on Bailout demand. Greece had to close its banks and to impose capital controls as the ECB froze the funding lifeline for the Greek banks. Athens stock exchange was going to be closed for a week. S&P downgraded its rating for Greece further to CCC-. And finally at the very end of June, Greece became the first advanced economy to default on an IMF loan. This led to a correction in global equities market. MSCI World was down 2.5% for the month of June. In Asia, market was also volatile especially in China A-share market where a series of disappointments and concerns resulted in a significant sell off. Exports in China disappointed with a 3% year-on-year decline, whereas imports sank by 18%. MSCI China-A inclusion did not materialize as the review suggests that there were still some outstanding issues to be resolved before it can be considered. A few brokers also highlighted concern on the A-share market bubble and the risk of margin curbs. China's stock market suffered the steepest 2-week plunge since December 1996 in the second half of June. In Hong Kong, lawmakers also rejected the election reform bill while South Korea, both numbers of infections and death toll for Middle East Respiratory Syndrome (MERS) continue to climb during the month. The worst performing market in the region was Shanghai Composite (-7.3%) while Indonesia also corrected almost 5.9%. Hong Kong Hang Seng index was also down 4.3% while Taiwan closed 3.9% lower. Thailand was the only market that close positive in the region, up 0.6%.

Central Bureau Statistics of Indonesia (BPS) announced June's inflation at 0.54% mom (vs consensus 0.65%, inflation 0.50% in May 2015) which mostly were caused by higher food ingredients, processed food, beverages and tobacco prices during the fasting month. On yearly basis, inflation printed at 7.28% YoY (vs consensus 7.4%, 7.15% in May 2015). Core inflation printed at 5.04% YoY, unchanged from previous month (vs consensus 5.07%, 5.04% in May 2015). In the Board of Governors' Meeting on Jun 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 -0.92% to 13,332 at the end of Jun compared to previous month 13,211. Trade balance was surplus +0.95bn USD (non-oil and gas surplus 1.66bn USD, oil and gas deficit 0.71mn USD) in May 2015. Export decreased by -15.24% YoY mostly driven from export in natural oil, while imports decreased -21.40% YoY. FX Reserves decreased -2.74bn USD from 110.77bn USD in May 2015 to 108.03bn USD in June 2015 on the back of Government foreign debt payments and the use of foreign exchange to stabilize the IDR exchange rate. May's FX reserves level is sufficient to cover 7.0x imports or 6.8x imports and debt.

The JCI (Jakarta Composite Index) closed lower in June, falling -5.86% MoM to close at 4,910.66 for the month. Laggards were BBRI, BBNi, UNVR, BMRI, and BBCA which depreciated -12.10%, -22.91%, -8.78%, -6.73%, and -4.42% MoM respectively. Meanwhile the movers were TLKM, SMMA, BHIT, AKRA, and ISAT appreciated +2.99%, +22.50%, +27.40%, +8.22%, and +6.95% MoM respectively. Broad market declined due to broad market sell-off. Investors were concerned on further currency depreciation and some populist government interventions such as toll tariff discounts and capping the micro loan rates from 22% to 12%, brought negative sentiments. Expectations of the Ramadan month supporting retail sales were evident, however it is expected to come short as purchasing power is relatively weaker this year. Shopkeepers in Tanah Abang market, the largest wholesales clothing market in Southeast Asia, said that sales during fasting month this year is the worst in the past 5 years. To dampen the effects of the lower purchasing power the government had taken easing measures such as lowering 5-10% LTV ratio for housing and automotive industry, push lower dwelling time in ports and accelerate infrastructure spending in 2H15 to reduce logistic costs. Such measures are expected to have an impact in the medium term and could see some improvement on Indonesia's economic activity in 2H15. Sector wise, the Agriculture Sector was the worst performing sector this month, falling by -12.32% MoM. SSMS (Sawit Sumbermas) and AALI (Astra Agro Lestari) were the laggards; falling by -21.49% and -7.46% MoM respectively. This was followed by the Basic Industry Sector that posted -9.29% MoM losses, contributed by ARNA (Arwana Citra Mulia) and WTON (Wika Beton) which fell -21.48% and -12.66% MoM respectively. On the other hand, Infrastructure sectors was the best amongst the worst performing sector this month, which only fell -0.71%. WINS (Wintermar) and JSMR (Jasa Marga) were the laggards which fell -18.00% and -15.44% MoM respectively. Meanwhile, the movers were ISAT (Indosat) and TLKM (Telekomunikasi Indonesia), rising +6.95% and +2.99% MoM respectively.

Disclaimer:

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