

# SmartWealth Rupiah Equity IndoAsia Fund

## April 2016


**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 **-4.98%**  
 Best Month **8.45% Oct-11**  
 Worst Month **-9.47% Aug-11**
**Portfolio Breakdown**

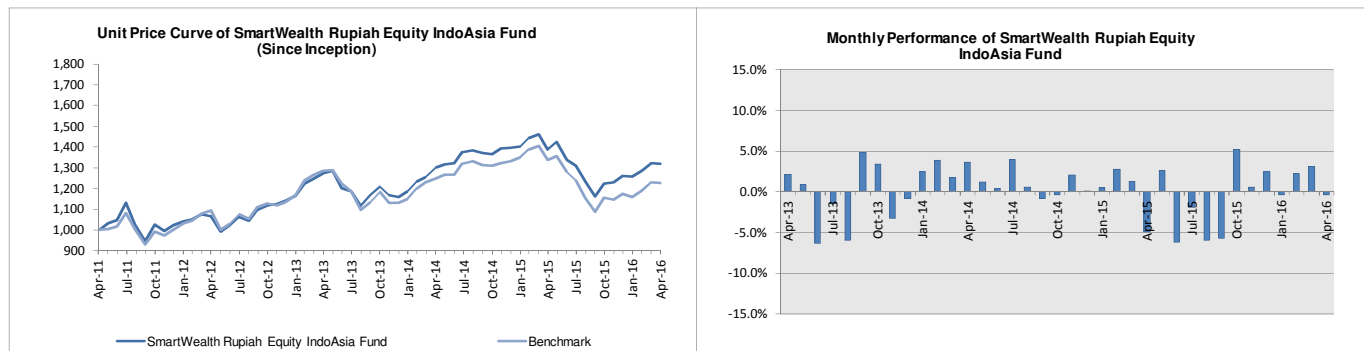
 Equity  
 Cash/Deposit

**Top Five Stocks Holding**

 Telekomunikasi Indonesia **7.77%**  
 Hanjaya Mandala Sampoerna **7.25%**  
 Bank Central Asia **6.22%**  
 Unilever Indonesia **5.67%**  
 Astra International **4.63%**
**Country Breakdown (Stock)**

 Indonesia **73.28%**  
 Philippines **0.00%**  
 Hongkong **6.67%**  
 South Korea **2.87%**  
 Malaysia **1.12%**  
 Singapore **2.23%**  
 Taiwan **2.58%**  
 Thailand **0.00%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth Rupiah Equity IndoAsia Fund	-0.38%	4.98%	7.81%	-4.98%	3.60%	4.63%	31.85%
Benchmark*	-0.33%	5.77%	6.17%	-8.28%	-4.63%	4.55%	22.65%

 \*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 510.14  
 Risk Profile : Aggressive  
 Launch Date : 05 May 2011  
 Fund Currency : Indonesian IDR  
 Managed by : PT. Asuransi Allianz Life Indonesia

 Pricing Frequency : Daily  
 Price per Unit (As of Apr 29, 2016) : Bid IDR 1,252.58 Offer IDR 1,318.51  
 Bid-Offer Spread : 5.00%  
 Management Fee : 2.00% p.a.

**MANAGER COMMENTARY**

Whilst global equities edged higher in April as China stimulus measures appear to be gaining traction, still recovering oil prices as well as more benign Fed rate hike outlook, Asia ex-Japan equities lost 1.0% as all markets in the region fell in April except Australia, India and Hong Kong. Southeast Asian markets fell 1.4% on profit-taking and on the back of concerns on the sustainability of the recovery. Australia outperformed on the back of surge in commodity prices, particularly iron ore prices. However, the surge in iron ore prices in April was largely attributed to speculative activity (and hence unsustainable) in China, which is currently being unraveled. A surprisingly weak Australian CPI inflation (-0.2% quarter-on-quarter) also buoyed the local market as expectations rose for a rate cut in May (which materialized). Taiwan market was the biggest underperformer in April as tech names in the supply chain sold off following Apple's disappointing Q1 2016 results.

 Central Bureau Statistics of Indonesia (BPS) announced April's deflation at -0.45% mom (vs consensus -0.28%, +0.19% in Mar 2016) mostly were caused by lower food ingredients prices. On yearly basis, inflation printed at 3.60% YoY (vs consensus 3.81%, 4.45% in Mar 2016). Core inflation printed at +3.41% YoY, slightly lower from previous month (vs +3.50% in Mar 2016). In the Board of Governors' Meeting on Apr 21<sup>st</sup>, 2016, Bank Indonesia maintained its reference rate at 6.75%, Lending Facility at 7.25% as well as facility rate (FASBI) at 4.75%. Rupiah appreciated against USD by +0.54% to 13,204 at end of April compared to previous month 13,276. Indonesia economic growth in first quarter 2016 was decreased -0.34% QoQ (4.92% YoY compared to previous quarter at 5.04% YoY) which largely led by contraction in several industries such as mining, manufacturing, construction, trade, automotive repair. Trade balance was surplus +0.49bn USD (non-oil and gas surplus +0.79bn USD, oil and gas deficit -0.30bn USD) in Mar 2016. Export decreased by -13.51% YoY mostly driven from export in mineral gas, while imports decreased by -10.41% YoY. BI confirmed to use the 7 day reverse repo rate as a new policy rate and will be effective on 19 August 2016. At the implementation, Bank Indonesia will establish a symmetrical and narrower interest rate corridor where the Deposit Facility rate and Lending Facility rate will be 75bps below and above the 7 day reverse repo rate. FX Reserves increased +0.17bn USD from revised number 107.54bn USD in Mar 2016 to 107.71bn USD in Apr 2016 on the back of offshore inflow to the bond market.

The JCI (Jakarta Index) closed lower in April, losing -0.14% MoM to close at 4,838.58 for the month. Laggards were BBRI, ASII, BMRI, BNNI, and BBKA which fell -9.41%, -7.24%, -6.31%, -11.83%, and -1.88% MoM respectively. Meanwhile the movers were TLKM, GGRM, ANTM, HMSP, and MLBI which gained +6.77%, +6.05%, +6.79%, +1.50%, and +36.94% MoM respectively. Several corporates has published 1Q16 earnings number with mixed result. Certain sectors, such as Construction, Telco, Consumer and Retailers posted a positive growth, helped by stable IDR currency and lower production cost. Meanwhile, Property related sectors continued to be weak on the back of lower 1Q16 marketing sales numbers. Foreign investors, however, were concerned on the government intervention within the banking sector had morally forced banks (SOE in particular adhering to the persuasion) to lower lending rates, potentially triggering Net Interest Margin (NIM) compression structurally. In other sectors the decline in cigarettes sales volume of 5.9% YoY in 1Q16 also suggested that purchasing power / disposable income remains unconstructive to a point where demand inelastic products such as cigarettes became price sensitive. In addition, the government initiatives on lowering BI rate by 75bps have yet to spur economic activity by way of credit. Credit growth merely reached 9% in Mar-16. Overall, so far the anticipated economic growth recovery (real GDP growth in excess of 5%) looks to fall short of expectation. Valuations on the other hand are on the high side especially on a more subdued earnings growth outlook. Sector wise, the Miscellaneous Industry Sector was the worst performing sector this month, falling by -6.17% MoM. SRIL (Sri Rejeki Isman) and ASII (Astra International) were the laggards; depreciating by -10.84% and -7.24% MoM respectively. This was followed by the Agriculture Sector that posted -5.73% MoM losses, driven by LSIP (London Sumatera) and AALI (Astra Agro Lestari) which fell -15.66% and -11.54% MoM respectively. On the other side, Mining Sector was the best performing sector this month, gaining by +11.15% MoM. ANTM (Antam) and ELSA (Elnusa) were the movers, rising +63.79% and +48.05% MoM respectively.

**Disclaimer:**

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