

# SmartWealth Rupiah Equity IndoAsia Fund

## June 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 **2.50%**  
 Best Month **8.45% Oct-11**  
 Worst Month **-9.47% Aug-11**
**Portfolio Breakdown**

 Equity **92.09%**  
 Cash/Deposit **7.91%**
**Top Five Stocks Holding**

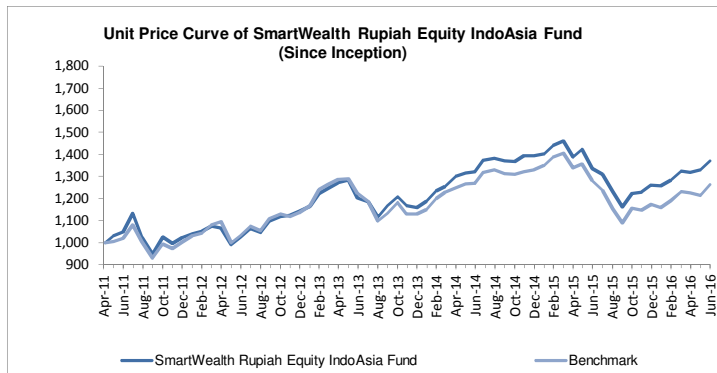
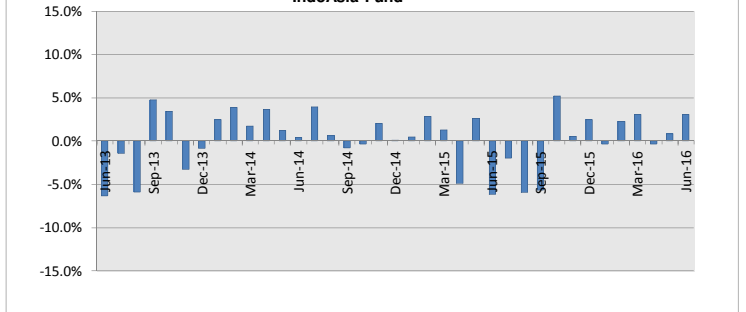
 Telekomunikasi Indonesia **8.16%**  
 Hanjaya Mandala Sampoerna **6.38%**  
 Bank Central Asia **6.29%**  
 Unilever Indonesia **5.60%**  
 Bank Rakyat Indonesia **4.91%**
**Country Breakdown (Stock)**

 Indonesia **77.60%**  
 Philippines **0.00%**  
 Hongkong **6.03%**  
 South Korea **2.84%**  
 Malaysia **0.97%**  
 Singapore **2.10%**  
 Taiwan **2.54%**  
 Thailand **0.00%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth Rupiah Equity IndoAsia Fund	3.05%	3.50%	8.70%	2.50%	13.85%	8.70%	36.98%
Benchmark*	4.07%	2.60%	7.63%	-1.30%	3.26%	7.63%	26.27%

\*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))


**Monthly Performance of SmartWealth Rupiah Equity IndoAsia Fund**

**KEY FUND FACTS**
**Fund Size (in bn IDR)** : IDR 544.52  
**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** : *Bid* IDR 1,301.30, *Offer* IDR 1,369.79  
**(As of June 30, 2016)**  
**Bid-Offer Spread** : 5.00%  
**Management Fee** : 2.00% p.a.

**MANAGER COMMENTARY**

Markets reacted positively in early June as poor May job numbers pushed out expectations of a delay in a US Fed rate hike. Subsequently, Brexit concerns dominated market sentiment in the latter half of June which eventually materialized and spooked global markets. However, in hindsight, Brexit concerns turned out to be short-lived as markets recovered swiftly on the back of more easing by the BOE and ECB and the further pushing out of US rate hikes. ASEAN markets generally outperformed North Asian markets in June as Brexit was perceived as having limited impact on the former. The likes of Indonesia and Philippines outperformed on the back of strong domestic demand and reforms as well. Japanese stocks bore the brunt of Brexit as the Japanese Yen strengthened sharply following the referendum.

 Central Bureau Statistics of Indonesia (BPS) announced Jun's inflation at 0.66% mom (vs consensus 0.54%, inflation 0.24% in May 2016) mostly were caused by higher food ingredients, process food and beverages prices. On yearly basis, inflation stood at 3.45% YoY (vs consensus 3.40%, 3.33% in May 2016). Core inflation printed at 3.49% YoY, slightly higher from previous month (vs 3.41% in Apr 2016). In the Board of Governors' Meeting on Jun 16<sup>th</sup>, 2016, Bank Indonesia cut its reference rate by 25bps to 6.50%, Lending Facility to 7.00% along with its facility rate (FASBI) to 4.50%. Rupiah appreciated by +3.12% to 13,180/USD at end of Jun as opposed to 13,615/USD previous month. Trade balance booked a surplus of +US\$0.38bn (non-oil and gas surplus +US\$1.09bn, oil and gas deficit US\$-0.71bn) in May 2016. Export fell by -9.75% YoY mostly driven by a reduction in exports of machineries/mechanic, while imports fell by -4.12% YoY. FX Reserves rose by US\$6.198bn from US\$103.591bn in May 2016 to US\$109.789bn in Jun 2016 on the back of offshore inflow to the bond market.

The JCI (Jakarta Index) closed higher in June, gaining +4.58% MoM to close at 5,016.65 for the month. movers were ASII, TLKM, UNVR, BMRI, and BBRI which rose +12.12%, +7.57%, +4.58%, +5.54%, and +4.35% MoM respectively. Meanwhile the laggards were PGAS, ISAT, MLBI, VIVA, and JSMR which fell -5.65%, -3.04%, -3.91%, -15.22%, and -2.31% MoM respectively. Index reached its highest level this year after the parliament passed the tax amnesty law on 28th June. Initially, investors were pessimistic as the tax amnesty progress was very slow initially, suggesting that the probability of delay on tax amnesty approval became relatively higher. Externally, Brexit and EU disintegration fears also increases the risk of weakening currency and capital outflow in emerging market, despite Indonesia's direct exposure to the UK is not significant, it could adversely impact financial/currency markets. However, on the positive side, the passing of the tax amnesty bill has offset the external fear factor, for now. Improvements in growth outlook are key to keeping the positive sentiment intact. Additionally, the implementation of tax amnesty law and lower BI rate by 25bps will potentially improve purchasing power, especially in the middle and middle-upper income segments. Bottom line, the growth outlook will improve and 3Q16 could mark an upward revision in earnings growth. Sector wise, the Mining Sector was the best performing sector this month, rising by +9.57% MoM. DODI (Delta Dunia) and PSAB (J Resources) were the movers; gaining by +65.54% and +50.00% MoM respectively. This was followed by the Miscellaneous Industry Sector that posted +9.50% MoM gains, driven by GJTL (Gajah Tunggal) and ASII (Astra International) which rose +37.32% and +12.12% MoM respectively. On the other side, Agriculture Sector was the worst amongst the best performing sector this month, gaining by +1.61% MoM. AALI (Astra Agro Lestari) and SSMS (Sawit Sumbermas) were the movers, rising +9.03% and +6.82% MoM respectively.