

SmartWealth Rupiah Equity IndoAsia Fund

July 2017



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 **8.37%**
Best Month **8.45% Oct-11**
Worst Month **-9.47% Aug-11**

Portfolio Breakdown

Equity **92.92%**
Cash/Deposit **7.08%**

Top Five Stocks Holding

Telekomunikasi Indonesia **7.17%**
Bank Central Asia **6.13%**
Unilever Indonesia **4.96%**
Hanjaya Mandala Sampoerna **4.90%**
Bank Rakyat Indonesia **4.78%**

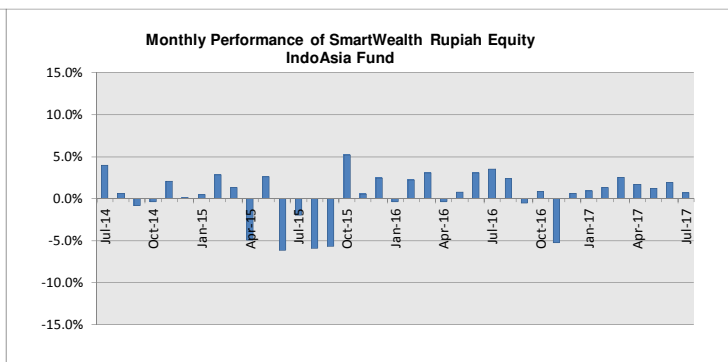
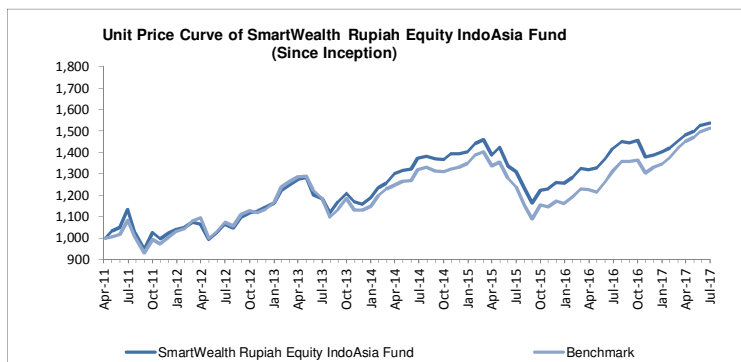
Country Breakdown (Stock)

Indonesia **73.18%**
Philippines **0.00%**
Hongkong **6.79%**
South Korea **5.71%**
Malaysia **0.00%**
Singapore **0.03%**
Taiwan **6.13%**
Thailand **1.08%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth Rupiah Equity IndoAsia Fund	0.71%	3.89%	9.63%	8.37%	11.82%	10.63%	53.64%
Benchmark*	1.06%	4.32%	12.22%	15.03%	14.64%	13.58%	51.19%

*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 628.24

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 Jul 31, 2017) : IDR 1,459.58

Bid-Offer Spread : 5.00%

Management Fee : 2.00% p.a.

MANAGER COMMENTARY

The Asian market had an overall return of 6.04% for the month of July. Amongst Asian countries, the market top performers were China (8.94%) followed by India (7.70%). Malaysia (0.12) and Indonesia (0.21) were the bottom performers for the month. China was the top performer for the month due to a variety of factors; the rise in the equity market, which aided by supporting economic data. Commodity prices rallied due to a weakening US dollar and strengthening Chinese economic data. India performance for the month was driven by optimistic news flow surrounding the implementation of the Goods & Services Tax and a modest first quarter earnings.

Central Bureau Statistics of Indonesia (BPS) announced Jul 2017 inflation at 0.22% mom (vs consensus 0.19%, 0.69% in Jun 2017). On yearly basis, inflation was higher to +3.88%yoy (vs consensus 3.92%, 4.37% in Jun 2017). Core inflation was printed at +3.05% yoy (vs 3.13% in Jun 2017). Higher inflation was due to seasonally higher food, beverages, cigarettes and tobacco. In the Board of Governors' Meeting on 20 Jul 2017, Bank Indonesia maintained the BI 7-day (Reverse) Repo Rate (BI-7 day RR Rate) at 4.75%, while maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 4.00% and 5.50% respectively. Rupiah appreciated by +0.03% to 13,323/USD at end of Jul 2017 from 13,319/USD in previous month. Trade balance booked a surplus of USD 1.63bn (non-oil and gas surplus USD 1.96bn, oil and gas deficit USD 0.33bn) in Jun 2017. Export down by -11.82% YoY mostly driven by animal fats and vegetable oil, while imports down by -17.21% YoY. Indonesia's foreign reserves increased USD 4.67bn to USD 127.76bn in Jul 2017 from USD 123.09bn in Jun 2017. The increase was primarily attributable to foreign exchange receipts, among other from global bond issuance, tax revenues, government oil and gas export proceeds, as well as auction of Bank Indonesia foreign exchange bills. Indonesia 2Q 2017 GDP unchanged 5.01% yoy, vs consensus 5.08% yoy, and from 5.01% yoy in Q1 2017. From production segment, higher growth reached by information and communication sector at 10.88%. From expense segment, higher growth reached by Consumption Expenditure of Non-Profit Institutions that Serving the Household that grew 8.49%.

Jakarta Composite Index (JCI) ended the month higher at 5,840.94 (+0.19% MoM). Market movers were BMRI, PADI, TLKM, BBNI, and BBKA as they rose 7.06%, 148.74%, 3.76%, 12.88% and 3.03% MoM respectively. Market continued to appreciate further during the month of July. Locals' investors were defending large cap names while foreign investors took profit booking net outflow of approximately US\$797mn. On the macro side, BI indicates that 1H17 GDP will be at 5%, slightly below their previous guidance at 5.1% as they see weaknesses in manufacturing and retail sectors which is driven by 1) Late disbursement on civil servants 13th month salary and delay in spending power from commodity recovery outside Java, 2) higher electricity tariff which affects the mid-to-low class and 3) middle-upper-class income earners cut their consumption as savings rate evidently was on the uptrend recently. According to Nielsen data, retail sales growth was only at 3.7% YoY during 1H17 and 2Q17 performance was lower with 3.5% YoY vs. 3.9% YoY during 1Q17. Sales in Jun (during Ramadhan) only grew by 5%, much lower than multiple previous year growth of 10% average. Given weaker consumption growth along with current valuation of 16.5x FY17 P/E, a premium compared to 15.6x and 14.8x on 5 and 10 years P/E avg respectively, risk/reward is less compelling at this stage. Sector wise, the Mining Sector was the best performing sector during the week, gaining 5.56% MoM. Ticker wise, CKRA (Cakra Mineral) and BIPI (Benakat Integra) were the movers, appreciating 37.25% and 32.1% MoM respectively. This was followed by the Finance Sector which rallied 3.39% WoW. Ticker wise, PADI (Minna Padi Investama) and TRIM (Trimegah Securities) posted 148.74% and 56.19% MoM gains respectively. On the other hand, the worst sector during the week was the Miscellaneous Industries Sector, which recorded a decline of 8.72% MoM. Ticker wise, NIPS (Nipress) and GJTL (Gajah Tenggol) were the laggards which fell 16.67% and 15.04% MoM respectively.