

SmartWealth US Dollar Equity IndoAsia Fund

December 2013


BLOOMBERG: AZUSIAS:IJ
INVESTMENT OBJECTIVE

The objective of this fund is to provide maximum long term investment yield.

INVESTMENT STRATEGY

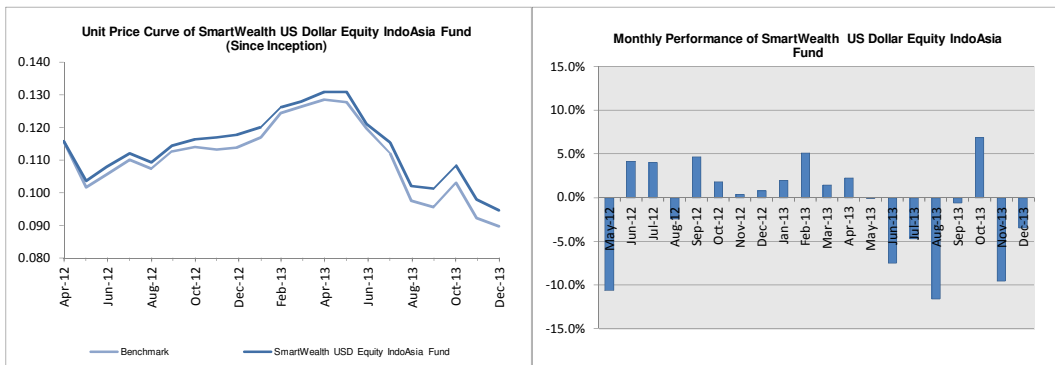
To achieve the investment objective, this fund shall be invested 80 - 100% in equity instruments (directly through stocks and / or through equity mutual funds) and 0 - 20% in short-term instruments (such as deposits). Furthermore, the fund shall be invested in equity instruments in the Asia Pacific region, excluding Japan, not exceeding 20% of the fund. This fund is a conversion of the Smartwealth IndoAsia Equity Fund (IDR). The unit price for the USD is calculated using the Bank Indonesia's middle rate.

PERFORMANCE INDICATOR

Return Performance	Portfolio Breakdown	Top Five Stocks Holding	Country Breakdown (Stock)
Last 1-year period	-19.78%	Equity 92.24%	Indonesia 74.01%
Best Month	6.86% Oct-13	Cash/Deposit 7.76%	Philippines 1.24%
Worst Month	-11.59% Aug-13		Hongkong 7.10%
		BANK MANDIRI 5.32%	South Korea 4.95%
		ASTRA INTERNATIONAL 5.18%	Malaysia 1.17%
		BANK RAKYAT INDONESIA 4.29%	Singapore 2.36%
			Taiwan 1.42%
			Thailand 0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	-3.51%	-6.72%	-21.93%	-19.78%	NA	-19.78%	-18.41%
Benchmark*	-2.72%	-6.20%	-25.07%	-21.31%	NA	-21.31%	-22.61%

*80% Jakarta Composite Index (JCI) and 20% MSCI AC Far East Ex-Japan Index (MXFEJ)


KEY FUND FACTS

Fund Size (in mn USD)	: USD 17.27	Pricing Frequency	: Daily
Risk Profile	: Aggressive Investor	Price per Unit	Bid Offer
Launch Date	: 01 May 2012	(As of Dec 30, 2013)	: USD 0.0898 USD 0.0945
Fund Currency	: US Dollar	Bid-Offer Spread	: 5.00%
Managed by	: PT. Asuransi Allianz Life Indonesia	Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

The Asia Pacific stock markets delivered mixed performances in December 2013. Malaysia and Taiwan were among the best performers, while Thailand and the Philippines lagged behind. In China, the stock markets gave back some of earlier gains achieved in the November 2013 rally amid the growing concerns over domestic economic growth. China's HSBC Purchasing Managers' Index continued to soften and slid to 50.5 from 50.8 in November 2013. The Industrial Production growth in November 2013 also came in weaker than expected. Investors' concerns were further fuelled by the heightened funding cost and recurrence of the liquidity crunch towards the end of the month. In Malaysia, the benchmark index has hit several record highs during the year and the momentum continued in December 2013. With the advance in several blue chips and heavyweights, Malaysia outperformed its ASEAN peers in December 2013. Among the ASEAN equity markets, Thailand and the Philippines slid the most during the month, both burdened by heavy foreign funds outflow from the domestic market. Major ASEAN currencies depreciated against USD over the month with IDR weakening the most. The ongoing political unrest in Thailand plunged the benchmark index to 4-month low, the halt to 3-year low and clouded the economic outlook. Amid the domestic turmoil, the Finance Ministry further cut the 2013 economic growth forecast, following a cut in late November 2013. Japan's Nikkei 225 stock index extended its upward momentum (in local terms) into December 2013 on the back of continued weakness of the JPY and the improving earnings prospect of the exporters. The JPY touched its lowest level against USD since 2008 amid the recovery of US job market, the US economy and the US Federal Reserve's tapering announcement. Bank of Japan's decision to maintain its ultra-easy monetary stance signifies that liquidity is expected to stay abundant in near term.

Central Bureau Statistics of Indonesia (BPS) announced inflation in Dec at +0.55% mom (vs consensus +0.5%, higher than +0.12% in Nov). The rising inflation in December was mostly on the back of higher foodstuff prices during Christmas and year-end celebration. On yearly basis, inflation printed at 8.38% yoy (vs consensus +8.33%, slightly higher than 8.37% in Nov). Core inflation rose to +4.98% yoy (vs consensus +4.82%, higher than +4.80% in Nov) on the back of weakening IDR against USD. In the Board of Governors' Meeting on Dec 12th, 2013, BI maintained its reference rate at 7.5%. Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah depreciated against USD by -2.45% to 12,270 at end of December compared to previous month 11,977. Trade balance was surplus US\$0.777bn in Nov (vs consensus surplus US\$0.075bn, surplus US\$ 0.024bn in Oct - revised number 2013) on the back of positive growth in exports and slowing imports. Export increased by 1.45% MoM while imports decreased by 3.35% MoM.

The JCI (Jakarta Composite Index) closed higher in December, appreciating by +0.42% MoM. Large cap stocks such as ASII, GGRM, SMGR, BMRI, and AALI contributed to the MoM gain appreciating by +8.80%, +13.51%, +10.55%, +2.61% and +12.81% MoM respectively. On the contrary, the laggards were PGAS, BBRI, UNVR, PTBA, and SCMA which fell by -7.73%, -2.68%, -2.26%, -15.00%, and -7.89% MoM respectively. Window dressing, be it volume being thin in December, supported the JCI, causing it to move into positive green on a monthly basis. However, the performance was slightly lower on a full year basis, where the index lost -0.98% YoY. Lower than expected inflation and pleasant surprise on the trade surplus in Dec-13 did little to lift / improve foreign investor sentiment. Foreign investors booked a net sell transaction amounting US\$435.97mn. Investors, growth investors in particular, were still concerned on government's plan to curb current account deficit. The Central Bank (monetary) and Finance Ministry (fiscal) is deliberately slowing the growth of the economy and letting the currency to depreciate in order to overcome the country's CAD and trade balance issue. In a nutshell, the overall impact is that purchasing power would slow and hence growth rate would moderate as well. Sector wise, the Agriculture Sector was the best performing sector this month where it saw a gain of +9.90% MoM. AALI (Astra Agro Lestari) and SGR0 (Sampoerna Agro) rose by +12.81% and +8.11% MoM respectively. This was followed by the Miscellaneous Industry Sector that appreciated by +6.31% MoM, driven by MASA (Multistrada) and ASII (Astra International) that rose +11.43% and +8.80% MoM respectively. On the flip side, the Property Sector was the worst performing this month which fell by -2.03% MoM driven by CTRS (Ciptura Surya) and SSIA (Surya Semesta) falling by -27.62% and -23.29% MoM respectively. New LTV regulation that implemented in Oct-13 coupled with interest rate hike and IDR weakening has increased mortgage rates and diminish home buyers affordability.

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