

SmartWealth US Dollar Equity IndoAsia Fund

October 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

Last 1-year period	-7.05%
Best Month	6.86% Oct-13
Worst Month	-11.59% Aug-13

Portfolio Breakdown

Equity	88.69%
Cash/Deposit	11.31%

Top Five Stocks Holding

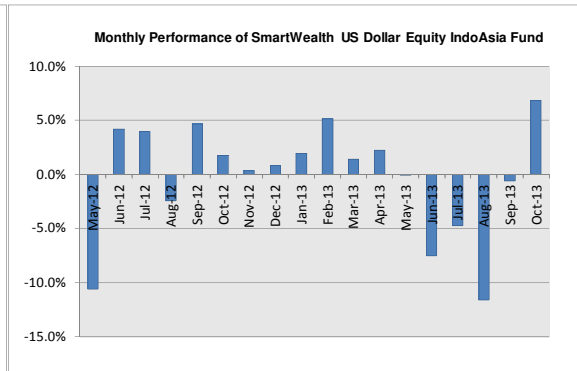
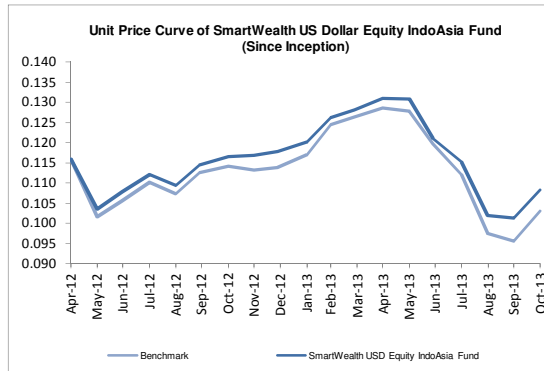
TELEKOMUNIKASI TBK PT	6.41%
BANK CENTRAL ASIA PT	5.55%
BANK MANDIRI	5.35%
ASTRA INTERNATIONAL TBK P	4.92%
BANK RAKYAT INDONESIA	4.48%

Country Breakdown (Stock)

Indonesia	72.18%
Philippines	0.73%
Hongkong	6.51%
South Korea	4.51%
Malaysia	1.17%
Singapore	2.29%
Taiwan	1.31%
Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	6.86%	-6.12%	-17.30%	-7.05%	NA	-8.11%	-6.54%
Benchmark*	7.84%	-8.08%	-19.90%	-9.69%	NA	-9.53%	-11.03%

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


KEY FUND FACTS

Fund Size (in mn USD)	: USD 17.83
Risk Profile	: Aggressive Investor
Launch Date	: 01 May 2012
Fund Currency	: US Dollar
Managed by	: PT. Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily
Price per Unit	<i>Bid</i> <i>Offer</i>
(As of Oct 31, 2013)	: USD 0.1029 USD 0.1083
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

In general, the markets in Asia posted meaningful rallies in October 2013, despite investors' concern over the US government shut down and debt ceiling discussion during early part of the month. India (+9.2%), Philippines (+6.4%) and Indonesia (+4.5%) outperformed while Japan (-0.9%), Singapore (+1.4%) and Hong Kong (+1.5%) lagged behind. In China, despite that industrial production and export growth figures softening slightly, most of the indicators suggested the economy is poised to a stable, if not an encouraging trend. The final reading of HSBC purchasing manager's index ("PMI") for October 2013 reached a seven month high of 50.9. Investors were focused on the reform agenda coming out of the Communist Party Third Plenary meeting, which is scheduled to be held on 9 to 12 November 2013. Key economic issues with strong impact on further Chinese development will be discussed during the meeting. For Korea, the net foreign capital inflow continued in October 2013, with the market sentiments improving in both US and Europe, foreign investors were buying heavily into technology, banking and petrochemical industries in Korea. The ASEAN markets outperformed North Asia in October 2013, as investors' concern eased after US government successfully avoided breaching the debt limit and delayed the Quantitative Easing ("QE") tapering discussion. Major ASEAN currencies recovered the previous lost ground.

Central Bureau Statistics of Indonesia (BPS) announced inflation in Oct at 0.09% mom (vs consensus 0.20%, deflation -0.35% in Sept). On yearly basis, inflation printed at 8.32% yoy (vs consensus 8.44%, lower than 8.40% in Sept), caused by lower food and clothes prices. Core inflation was slightly rose to 4.73% yoy (vs consensus 4.78%, 4.72% in Sept). In the Board of Governors' Meeting on Oct 8th, 2013, BI kept its reference rate at 7.25%, Lending Facility at 7.25%, and the deposit facility rate (FASBI) at 5.5%. Rupiah appreciated against USD by +3.37% to 11,234 at end of October compared to previous month 11,613. Trade balance was deficit -US\$ 0.657bn in Sept (vs consensus surplus US\$0.096bn, surplus US\$0.133bn in Aug) on the back of higher import. Export increased by 13.19% MoM while imports increased by 18.86% MoM. Deficit was caused by the decreasing surplus of non-oil and gas trade balance to USD 0.5bn and the increasing deficit of oil and gas trade balances to USD 1.2 bn. Indonesia Parliament has approved 2014 budget, with the following assumptions: GDP Growth 6.00%, Inflation 5.50%, USD/IDR average 10,500, Budget Deficit 1.69% of GDP, Target net bond issuance IDR 205.07 Tn, and Energy subsidy is IDR 282.1 Tn (Oil subsidy is IDR 210.7 Tn and Electricity subsidy is IDR 71.40 Tn).

The JCI (Jakarta Composite Index) ended higher in October, increased by +4.51% MoM. Large cap stocks in particular, where Banking Related Sector experienced the increase. The index saw TLKM, BBRI, BMRI, BBN, and BBKA posted +11.90%, +8.97%, +8.18%, +17.79%, and +4.50% MoM gains respectively. On the flip side, several stock particular in media names as the sector with premium valuation led a decline. INDF, SCMA, and MNCN depreciated by -5.67%, -7.84%, and -7.41% MoM respectively. Positive sentiment came from US fiscal agreement has been approved to raise of debt ceiling and the funding of the federal government on 17th October 13 coupled with China's growth accelerated to 7.8% yoy in 3Q13 from 7.5% in 2Q12. Domestically, several 3Q13 earnings has come out which Banking Sectors still posted a good loan growth in 9M13, around 25% YoY. In general, banks experienced margin expansion due to growing net interest margins (NIMs) on improved assets yields. Additionally, non-performing loans (NPLs) were down due to enhanced collection and assets quality improvements, which paved the way for provisioning charges to come down. From macroeconomic perspective, the government plans to publish policies oriented to attract FDI and capital inflow, boost export, slow import especially that of consumption goods, reduce dependency over capital goods import, and incentive for foreign reinvestment which hope those policies will improved investment climate in Indonesia. Sector wise, the Basic Industry Sector was the best performing sector this month where it appreciated by +9.74% MoM. Ticker wise, came from INTIP (Indocement) and CPIN (Charoen Pokphand) which increased by +16.11% and +14.71% MoM respectively. This was followed by Banking Sector that posted +6.88% MoM gains, driven by BBN (Bank Negara Indonesia), and PNL (Panin Life) which posted +17.79% and +16.96% MoM gains respectively.

Disclaimer:
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