

SmartWealth US Dollar Equity IndoAsia Fund

August 2014



BLOOMBERG: AZUSIAS:IJ

INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

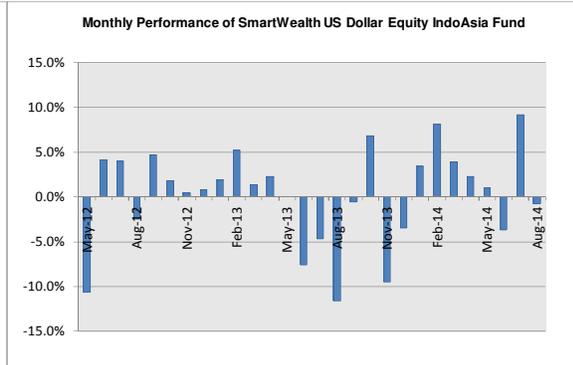
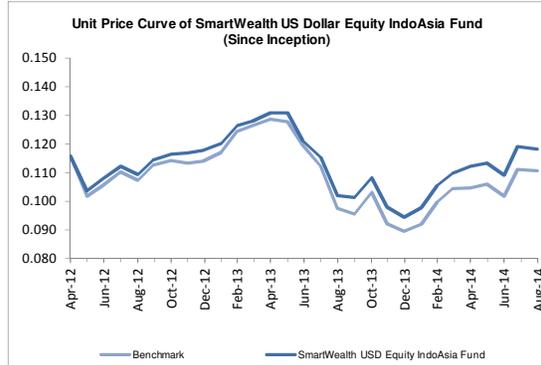
To achieve the investment objective, this fund shall be invested 80 - 100% in equity instruments (directly through stocks and / or through equity mutual funds) and 0 - 20% in short-term instruments (such as deposits). Furthermore, the fund shall be invested in equity instruments in the Asia Pacific region, 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	15.98%	Equity	90.62%
Best Month	9.16% Jul-14	Cash/Deposit	9.38%
Worst Month	-11.61% Aug-13		
		BANK CENTRAL ASIA	5.65%
		TELEKOMUNIKASI	5.53%
		BANK MANDIRI	5.51%
		ASTRA INTERNATIONAL	5.43%
		BANK RAKYAT INDONESIA	4.77%
		Indonesia	73.56%
		Philippines	0.49%
		Hongkong	7.78%
		South Korea	3.37%
		Malaysia	1.06%
		Singapore	1.17%
		Taiwan	3.19%
		Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	-0.76%	4.32%	11.92%	15.98%	NA	25.05%	2.07%
Benchmark*	-0.37%	4.47%	10.88%	13.51%	NA	23.55%	-4.38%

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



KEY FUND FACTS

Fund Size (in mn USD)	: USD 34.88	Pricing Frequency	: Daily
Risk Profile	: Aggressive Investor	Price per Unit	Bid Offer
Launch Date	: 01 May 2012	(As of Aug 29, 2014)	: USD 0.1124 USD 0.1183
Fund Currency	: US Dollar	Bid-Offer Spread	: 5.00%
Managed by	: PT. Asuransi Allianz Life Indonesia	Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

Asian equities underperformed the MSCI AC World by 1.8% driven by weaker Chinese economic data, European growth concerns, the strong dollar, and continuing geopolitical tension. China economic momentum is fading. IP, retail sales, fixed investment and monetary data in July were below market expectations. Residential construction starts and sales were down 16% and 9% YTD, respectively. During the month of August, the best performing markets were Thailand SET (up 3.9%), India SENSEX (up 2.9%) and Philippines PCOMP (up 2.7%) while the laggards were Hong Kong Hang Seng (down 1.5%) and Singapore STI (down 1.4%). In China, economists believes that following the release of June data, monetary authorities likely viewed monetary supply as excessively loose and tightened in July. Other government agencies likely took a breather as well from signs of improving activity growth data. As a result, the overall policy stance became less aggressive in August. There is demand for liquidity and the PBOC is allowing it to be extended. This should provide some support to the slowing growth momentum. In terms of market developments, investors became increasingly focused in the Shanghai-Hong Kong Stock Connect scheme that will create an enlarged China market that could see A-share being potentially included in global indices. In ASEAN, Indonesia's Constitutional Court decided to reject Prabowo's appeal for the dismissal of the election results, which finally confirmed Jokowi as the president. However, attention was immediately shifted to the challenges ahead for the new president, with the most immediate task being the fuel subsidy. If fuel subsidy issue is not addressed with urgency, the new administration will be facing serious budget strains before year end. Market's hope for incumbent president, Susilo Bambang Yudhoyono to deliver the fuel price hike before his term ends was dashed as negotiation between the two presidents failed to reach a favorable outcome.

Central Bureau Statistics of Indonesia (BPS) announced inflation in Aug at 0.47% mom (vs consensus 0.42%, inflation 0.93% in Jul) caused by higher food ingredients, processed food, beverages, tobacco, houses, fuel and electricity prices. On yearly basis, inflation printed at 3.99% YoY (vs consensus 4.08%, 4.53% in Jul). Core inflation fell to 4.47% YoY (vs consensus 4.08%, 4.64% in Jul). In the Board of Governors' Meeting on Aug 14th, 2014, 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 -1.09% to 11,717 at end of Aug compared to previous month 11,591. Trade balance was surplus +0.13bn USD (non-oil and gas surplus +1.73bn, oil and gas deficit -1.60bn USD) in Jul (vs consensus deficit -0.41 USD, deficit -0.31bn USD in Jun). Export decreased by -6.03% YoY, while imports decreased by -19.31% YoY. FX Reserves was increased +0.7bn USD from 110.5bn USD in Jul to 111.2bn USD in Aug.

The JCI (Jakarta Composite Index) appreciated in August, advancing by +0.94% MoM to close at 5,136.86 for the month. Large cap stocks such as LPPF, EXCL, BBNI, SCMA and ADRO rose +12.24%, +10.19%, +4.90%, +8.16%, and +10.97% MoM respectively. The laggards for the month were BBCA, ASII, BBRI, KLBFI, and UNTR which fell by -3.45%, -1.94%, -1.34%, -4.05%, and -3.28% MoM respectively. Despite the market friendly constitutional court final verdict implying that Jokowi will lead the next government, foreign investors booked an outflow US\$112.4Mn in during the month of August. Investors took profit in anticipation of a cautious 2015 national budget outlook and labor unions demanding a 30% min wage increase should subsidized fuel price hike happens this year. A top priority (fuel hike) in Jokowi's administration. Sector wise, the Mining Sector was the best performing sector this month, rising by +6.46% MoM. PTBA (Tambang Batubara Bukit Asam) and ADRO (Adaro Energy) appreciated by +14.59% and +10.97% MoM respectively. This was followed by the Trading and Distribution Sector that rose +4.28% MoM, supported by AKRA (AKR Corporindo) and MAP1 (Mitra Adiperkasa) which appreciated +19.32% and +15.87% MoM respectively. On the other hand, the Agriculture Sector continues to be the worst performing this month which lost -3.08% MoM, laggards includes LSIP (London Sumatera) and BWPT (BW Plantation) which fell by -10.95% and -10.82% MoM respectively. CPO price has dropped below MYR 2,000/ton for the first time in five years as forecasts for a record US harvest of soybeans used to produce alternative oil. Missed expectations on biofuel demand and scaled back El Nino forecasts brought the additional negative sentiment to CPO names as well.

Disclaimer:

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