

SmartWealth US Dollar Equity IndoAsia Fund

November 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

Last 1-year period	16.84%
Best Month	9.16% Jul-14
Worst Month	-11.54% Aug-13

Portfolio Breakdown

Equity	91.68%
Cash/Deposit	8.32%

Top Five Stocks Holding

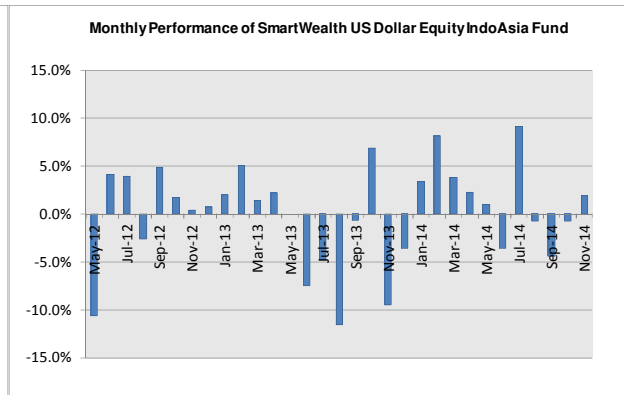
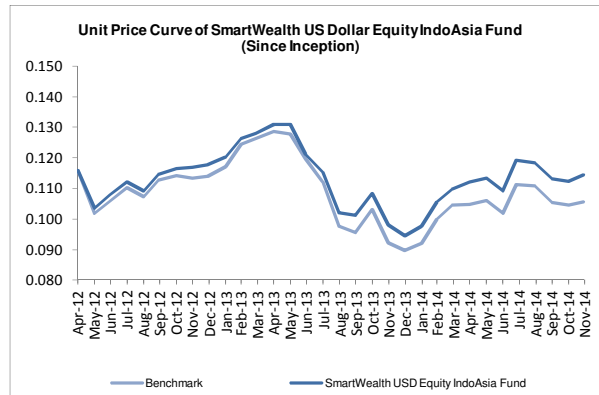
BANK CENTRAL ASIA	6.24%
TELEKOMUNIKASI	5.75%
BANK MANDIRI	5.43%
ASTRA INTERNATIONAL	5.17%
BANK RAKYAT INDONESIA	4.93%

Country Breakdown (Stock)

Indonesia	73.69%
Philippines	0.00%
Hongkong	8.81%
South Korea	3.42%
Malaysia	1.13%
Singapore	1.12%
Taiwan	3.51%
Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	1.96%	-3.21%	1.06%	16.84%	NA	21.16%	-1.21%
Benchmark*	0.86%	-4.78%	-0.53%	14.44%	NA	17.64%	-8.96%

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


KEY FUND FACTS

Fund Size (in mn USD)	: USD 39.86
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 Nov 28, 2014)	: USD 0.1088 USD 0.1145
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

Asian markets were generally up during the month of November with the exception of Malaysia KLCI that was down 1.8%. The best performing markets were Shanghai Composite (+10.9%), Nikkei (+6.4%) and SENSEX (+3.0%). In China, Shanghai-Hong Kong Connect was officially launched on 17 November after being postponed last month. Shanghai stock purchases through China's exchange link exceeded buying in Hong Kong shares but the overall flow was below market's expectation. Nevertheless, the long term story of Stock Connect remains intact as it represents a key first step in the opening of the Chinese capital markets. The market took off a week later when PBOC surprised the market with a 40 basis point cut on lending rate. At the end of the month, OPEC's decision to keep its collective crude production ceiling unchanged at 30 million barrels per day suggest that the cartel has given up on its traditional role of keeping supply and demand in check. Without OPEC's production cut, the market is expected to see potential oversupply of up to 1 million barrels per day and oil price immediately reacted, falling to all time low of USD66.15.

Central Bureau Statistics of Indonesia (BPS) announced inflation in Nov at 1.5% mom (vs consensus 1.4%, inflation 0.47% in Oct). Fuel hike became the main reason of the Nov CPI increments, which also affects to some prices such as food ingredients and processed food. On yearly basis, inflation printed at 6.23% YoY (vs consensus 6.1%, 4.83% in Oct). Core inflation printed at 4.21% YoY (vs consensus 4.43%, 4.02% in Oct). In the Board of Governors' Meeting on Nov 18th, 2014, BI increased its reference rate at 7.75%, Lending Facility at 8.0%, and kept the deposit facility rate (FASBI) at 5.75% in an attempt to tame expected inflation following the fuel-price hike. Rupiah depreciated against USD by -0.94% to 12,196 at end of Nov compared to previous month 12,082. Trade balance was surplus +0.02bn USD (non-oil and gas surplus +1.13bn, oil and gas deficit -1.11bn USD) in Oct (vs consensus surplus +0.1bn USD, deficit -0.27bn USD in Sept). Export decreased by -2.21% YoY mostly driven from export in cruod oil, while imports decreased by -2.21% YoY. FX Reserves decreased -0.83bn USD from 111.97bn USD in Oct to 111.14bn USD in Nov.

The JCI (Jakarta Composite Index) closed higher in November, rising +1.19% MoM to close at 6,056.56 for the month. Movers were ASII, BBRI, UNVR, TLKM, and GGRM which appreciated +5.17%, +4.16%, +4.61%, +2.73%, and +5.93% MoM respectively. While the laggards were MNCN, BMTR, EXCL, ADMF, and MYOR which fell -14.11%, -18.11%, -7.69%, -30.56% and -10.88% MoM respectively. The recent fuel price hike (reduction in fuel subsidy) on the 18th Nov 2014 was welcomed by investors; offshore investors in particular recorded a net buy worth US\$343.1Mn. It was an indication that the current government has started first steps of reform plans almost immediately after taking office. Further structural reforms are anticipated where basic infrastructures (roads, ports, dams, irrigation) needs are being addressed from fiscal budget re-allocations. The fuel budget savings would also indicate a more sustainable fiscal policy which in turn could potentially improve Indonesia's credit rating as well. In the short run however, the reduction in fuel subsidy causing the fuel price hike will temporarily lower purchasing power. A cost for a longer term growth sustainability for the country. Sector wise, the Construction and Property Sector was the best performing sector this month, rising by +6.80% MoM. BEST (Bekasi Fajar) and BKSL (Bukit Sentul) were the movers; rising by +29.91 and +29.21% MoM respectively. This was followed by the Agriculture Sector that rose +6.28% MoM, driven by GZCO (Gozco Plantation) and SSMS (Sawit Sumbermas Sarana) which appreciated +34.02% and +17.27% MoM respectively. On the other hand, the Trading and Distribution Sector was the worst performing this month which fell -3.00% MoM, the laggards were BMTR (Global Mediacom) and MNCN (Media Nusantara) which fell by -18.11%, and -14.11% MoM respectively.

Disclaimer:

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