

SmartWealth US Dollar Equity IndoAsia Fund

September 2014



BLOOMBERG: AZUSIAS:IJ

INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

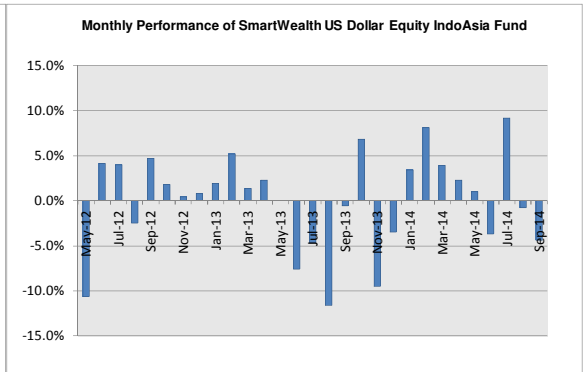
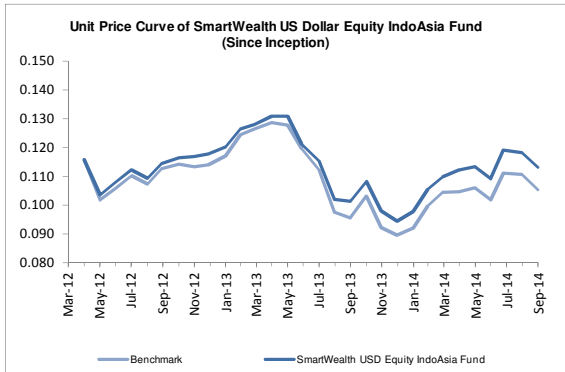
To achieve the investment objective, this fund shall be invested 80 - 100% in equity instruments (directly through stocks and / or through equity mutual funds) and 0 - 20% in short-term instruments (such as deposits). Furthermore, the fund shall be invested in equity instruments in the Asia Pacific region, 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 11.54%	Equity 88.69%	BANK CENTRAL ASIA 6.70%	Indonesia 73.11%
Best Month 9.16% Jul-14	Cash/Deposit 11.31%	TELEKOMUNIKASI 6.30%	Philippines 0.00%
Worst Month -11.61% Aug-13		BANK MANDIRI 5.14%	Hongkong 7.74%
		ASTRA INTERNATIONAL 4.78%	South Korea 2.92%
		UNILEVER INDONESIA 4.46%	Malaysia 1.09%
			Singapore 1.10%
			Taiwan 2.74%
			Thailand 0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	-4.40%	3.57%	3.01%	11.54%	NA	19.56%	-2.42%
Benchmark*	-4.85%	3.50%	0.87%	10.27%	NA	17.56%	-9.02%

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



KEY FUND FACTS

Fund Size (in mn USD)	: USD 37.64	Pricing Frequency	: Daily
Risk Profile	: Aggressive Investor	Price per Unit	Bid Offer
Launch Date	: 01 May 2012	(As of Sep 30, 2014)	: USD 0.1075 USD 0.1131
Fund Currency	: US Dollar	Bid-Offer Spread	: 5.00%
Managed by	: PT. Asuransi Allianz Life Indonesia	Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

For the month of September, Asian equities suffer one of the biggest one month corrections since May 2012. MSCI Far East Asia Ex-Japan index was down 6.5% versus MSCI World which was down 2.9%. The market enters a period of increased uncertainty and volatility as Fed tapering looks set to end in October and the markets begin to price for the first rate hike. During the month, market attention was also on the Scottish independence referendum and the strengthening of USD. The weak Chinese macro-economic data did not help to boost confidence as both credit data and economic indicators were disappointing despite government's stimulus. Market's excitement on Shanghai-Hong Kong Connect drove Shanghai Composite to year high (up 6.6%) but failed to inspire Hang Seng Index (down 7.3%). Occupy Central, the pro-democracy demonstrations that started on September 28 created traffic and business disruptions in Admiralty, Wanchai, Causeway Bay and Mongkok; however Central where the major financial district and the rest of Hong Kong have remained largely unaffected. These events have led to some financial volatility but not excessively so. The retail sector is at the epicenter of the disruptions, as the occupations of some of the main shopping districts by protesters disrupt road transports thus limiting visitors and residents of the district to foot traffic. The risk is that if the protests drag on for a prolonged period of time, rising political and social uncertainties could dampen both consumers' and investors' confidence. Hong Kong market was the worst performing market for the month followed by ASX (-5.9%), TWSE (-5%) and Korea (-2.3%). In ASEAN, the newly elected Indonesian president Jokowi and democracy in the country suffered a setback when Indonesia's parliament that is controlled by opposition coalition led by Prabowo passed the regional election bill that will scrap direct elections for regional heads and replace them with appointments by regional councils instead.

Central Bureau Statistics of Indonesia (BPS) announced inflation in Sept at 0.27% mom (vs consensus 0.33%, inflation 0.47% in Aug) caused by higher food ingredients, processed food, beverages, tobacco, houses, water, fuel, gas and electricity prices. On yearly basis, inflation printed at 4.53% YoY (vs consensus 4.57%, 3.99% in Aug). Core inflation fell to 4.04% YoY (vs consensus 4.33%, 4.47% in Aug). In the Board of Governors' Meeting on Oct 7th, 2014, BI maintained its reference rate at 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. OJK did a supervisory action for capping the IDR Time Deposit interest rates. The maximum interest rates are 200-225bps from BI rate - in which 9.50%-9.75% for banks with category Book 3 and 4. This is applicable for the amount above IDR 2bn, and is effective as of October 1st, 2014. Rupiah depreciated against USD by -4.22% to 12,212 at end of Sept compared to previous month 11,717. Trade balance was deficit -0.31bn USD (non-oil and gas surplus +0.49bn, oil and gas deficit -0.80bn USD) in Aug (vs consensus surplus +0.13bn USD, surplus +0.042bn USD in Jul - revised amount). Export increased by +2.48% YoY mostly driven from vehicle and its parts, while imports increased by +5.05% YoY. FX Reserves decreased -0.06bn USD from 111.22bn USD in Aug to 111.16bn USD in Sept.

The JCI (Jakarta Composite Index) remained relatively flat during the month of September, appreciating a mere +0.01% MoM to close at 5,137.58 for the month. Advancers include BBCA, TLKM, CPIN, UNVR, and MNCN which rose +16.74%, +9.38%, +10.27%, +2.50%, and +13.90% MoM respectively. While the laggards were ASII, BBRI, INTP, UNTR, and BMRI which fell by -6.93%, -5.66%, -11.13%, -10.16% and -2.89% MoM respectively. Political developments in Indonesia remains uncertain and fluid where the opposition led by Prabowo is putting efforts to influence policymaking and hinder recently elected Jokowi's reform initiatives. Jokowi's coalition does not have a majority in Parliament, as it stands today. In short, given the political dynamics, most investors downgrade their expectation (and sentiments) as such that the expected reform would take a slower pace. Foreign investors have sold down US\$615mn worth of equity during Sep-14 on the recent political developments. Sector wise, the Infrastructure Sector was the best performing sector this month, rising by +3.97% MoM. TLKM (Telekomunikasi Indonesia) and EXCL (XL Axiata) appreciated by +9.38% and +4.20% MoM respectively. This was followed by the Consumer Sector that rose +3.28% MoM, supported by ICBP (Indofood CBP) and GGRM (Gudang Garam) which appreciated +8.10% and +4.95% MoM respectively. On the other hand, the Property and Construction Sector was the worst performing this month which fell -5.55% MoM, the laggards were CTRA (Ciputra Development) and BKSJ (Bukit Sentul) which fell by -16.46% and -15.13% MoM respectively.

Disclaimer:

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