

SmartWealth US Dollar Equity IndoAsia Fund

April 2015



BLOOMBERG: AZUSIAS:IJ

INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

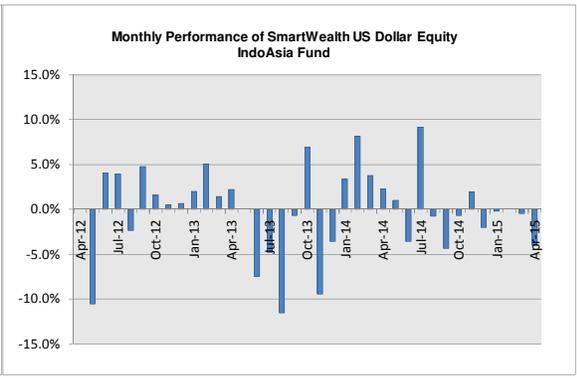
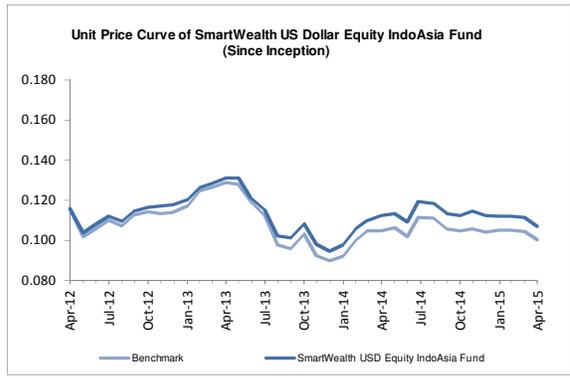
To achieve the investment objective, this fund shall be invested 80 - 100% in equity instruments (directly through stocks and / or through equity mutual funds) and 0 - 20% in short-term instruments (such as deposits). Furthermore, the fund shall be invested in equity instruments in the Asia Pacific region, 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	-4.63%	Equity	94.44% BANK CENTRAL ASIA	Indonesia	74.15%
Best Month	9.16% Jul-14	Cash/Deposit	5.56% TELEKOMUNIKASI	Philippines	0.00%
Worst Month	-11.54% Aug-13		UNILEVER INDONESIA	Hongkong	9.69%
			BANK RAKYAT INDONESIA	South Korea	3.84%
			BANK MANDIRI	Malaysia	1.32%
				Singapore	1.34%
				Taiwan	4.10%
				Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	-4.04%	-4.46%	-4.72%	-4.63%	-7.68%	-4.63%	-7.68%
Benchmark*	-3.86%	-4.38%	-4.10%	-4.18%	-13.39%	-3.64%	-13.39%

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



KEY FUND FACTS

Fund Size (in mn USD)	: USD 38.53	Pricing Frequency	: Daily
Risk Profile	: Aggressive Investor	Price per Unit (As of Apr 30, 2015)	: Bid USD 0.1017 Offer USD 0.1070
Launch Date	: 01 May 2012	Bid-Offer Spread	: 5.00%
Fund Currency	: US Dollar	Management Fee	: 2.00% p.a.
Managed by	: PT. Asuransi Allianz Life Indonesia		

MANAGER COMMENTARY

April saw an acceleration of the momentum in March, where Chinese markets continued to outperform and SHCOMP rallied 18.5% and HSI rallied 13% in the month. The 25% rally in China equities since mid-March has led to a concentrated contribution to regional index performance, while almost all other markets have underperformed the aggregate MXFEJ (+8.4%) and MXASJ (+7.1%) indices. Domestic liquidity/sentiment remained buoyant: A-share margin financing reached another new high (Rmb1.8 trillion), 4million new accounts were opened just in the last week of April after the one-account-per-person restriction was lifted on 13 April, and China A traded USD243billion per day in the last week of April, more than 4 times the regional exchanges combined. On the policy front, investors welcomed another Reserve Replacement Ratio (RRR) cut, which came through on 19 April when the PBoC announced to cut RRR by 100 basis points for major banks (from 19.5%). This is the second RRR cut in two months (last one on 4 Feb). However, we also saw efforts by the CSRC to reign in the unprecedented pace of the rally and cool down the markets, as the regulators announced policies to regulate and tighten the leverage products/practice on 17 April. As funds rushed into China, India and ASEAN became the pain trade. These markets were well held by investors and had been stellar performance in the recent years. Indonesia JCI was the worst performing market (-7.8%), followed by India SENSEX (-3.4%) and Philippines PCOM (-2.8%). Disappointments in corporate earnings and soft economic data provided further reasons for the sell down. Despite the weak performance in India and ASEAN, MXFEJ index rocketed 8.4% led by China and North Asia markets outperforming global MXWO index almost 6.3%.

Central Bureau Statistics of Indonesia (BPS) announced inflation in Apr 2015 at 0.36% mom (vs consensus 0.38%, inflation 0.17% in Mar 2015) which mostly were caused by higher transportation cost and processed food, beverages, cigarettes and tobacco prices. On yearly basis, inflation printed at 6.79% YoY (vs consensus 6.8%, 6.38% in Mar 2015). Core inflation printed at 5.04% YoY, unchanged from previous month (vs consensus 5.04%, 5.04% in Mar 2015). In the Board of Governors' Meeting on Apr 14th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%. Rupiah appreciated against USD by 1.12% to 12,937 at end of Apr compared to previous month 13,084. Indonesia economic growth in first quarter 2015 was decreased -0.18% QoQ (4.71% YoY compared to previous quarter at 5.01% YoY) which largely led by slower government spending and non-profit institutions' consumption. Trade balance was surplus +1.13bn USD (non-oil and gas surplus 1.41bn, oil and gas deficit 0.28bn USD) in Mar 2015. Export decreased by -9.75% YoY mostly driven from export in mineral fuel, while imports decreased -13.39% YoY.

The JCI (Jakarta Composite Index) closed lower in April, falling -7.83% MoM to close at 5,086.42 for the month. Laggards were ASII, BBRI, BMRI, BBKA and TLKM which fell -20.12%, -12.43%, -13.83%, 9.11%, and -9.04% MoM. Meanwhile the movers were UNVR, PLIN, MIKA, GIAA, and SUPR which gained +7.44%, +38.46%, +9.66%, +20.93% and +24.65% MoM respectively. 1Q15 earnings results were below market expectations and all in all weak. Coupled with high valuations and expectations, the market corrected quite sharply wiping out all the YTD gains. Reflective of that, foreign net outflow was US\$ 550mn during the last week of Apr-15. Several leading economic indicators such as car sales, cement, and retail sales were negative during in the last 3 months, indicating much softer domestic purchasing power. Government infrastructure budget/spending which was expected to be the main driver of economic growth this year has yet to be seen, partly due to the revision in budget as the new government takes place which resulted in delays of disbursements. Meanwhile, Apr-15 non-oil tax collection only grew 3% YoY, much lower than the government's target of 30% YoY reflecting softer domestic demand. In summary, the government's GDP growth target of 5.7% looks challenging and has toned down GDP growth expectation to 5.3%-5.7% for FY15. Sector wise, the Miscellaneous Industry Sector was the worst performing sector this month, falling by -16.85% MoM. ASII (Astra International) and GJTL (Gajah Tunggal) were the laggards; falling by -20.12% and -16.98% MoM respectively. This was followed by the Agriculture Sector that fell -12.83% MoM, contributed by BWPT (Eagle High Plantation) and LSIP (London Sumatera) which fell -25.44% and -17.63% MoM respectively.

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