

# SmartWealth US Dollar Equity IndoAsia Fund

## December 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.

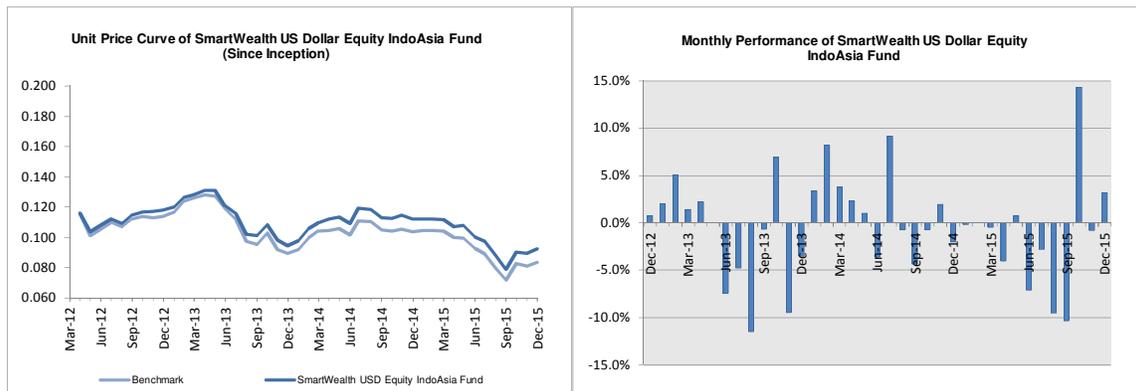
**PERFORMANCE INDICATOR**

Return Performance		Portfolio Breakdown	Top Five Stocks Holding	Country Breakdown (Stock)	
Last 1-year period	-17.74%	Equity	90.09%	Telekomunikasi Indonesia	7.30%
Best Month	14.32% Oct-15	Cash/Deposit	9.91%	Bank Central Asia	6.60%
Worst Month	-11.54% Aug-13			Unilever Indonesia	5.29%
				Astra International	4.63%
				Indonesia	74.26%
				Philippines	0.00%
				Hongkong	6.89%
				South Korea	3.25%
				Malaysia	0.96%
				Singapore	1.99%
				Taiwan	2.74%
				Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	3.13%	16.98%	-7.79%	-17.74%	-21.65%	-17.74%	-20.29%
Benchmark*	3.05%	16.22%	-10.32%	-19.75%	-26.69%	-19.75%	-28.09%

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



**KEY FUND FACTS**

<b>Fund Size (in mn USD)</b>	: USD 34.77	<b>Pricing Frequency</b>	: Daily
<b>Risk Profile</b>	: Aggressive Investor	<b>Price per Unit</b>	<b>Bid Offer</b>
<b>Launch Date</b>	: 01 May 2012	<b>(As of Dec 30, 2015)</b>	: USD 0.0877 USD 0.0923
<b>Fund Currency</b>	: US Dollar	<b>Bid-Offer Spread</b>	: 5.00%
<b>Managed by</b>	: PT. Asuransi Allianz Life Indonesia	<b>Management Fee</b>	: 2.00% p.a.

**MANAGER COMMENTARY**

The Asian market ended the last month of 2015 slightly softer, with MXFEJ down 1% outperforming the global MXWO index by 0.9%. The best performing markets were JCI (+3.3%), SHCOMP (+2.7%), ASX200 (+2.5%), KLCI (+1.2) and STI (+0.9%) while SET (-5.3%) led the underperforming markets. Indonesia had a strong month after the government announced economic stimulus number seven and eight focusing on tax incentives for labour intensive industries, a "One Map" policy and acceleration of refineries construction. In China, headline industrial profits improved in November, mainly supported by better profit growth in automobile and utilities sector. Property prices also continued to increase in November based on NBS 70-city housing price data. The price increases in top tier cities continue to outpace lower tier cities. On 11 December 2015, the publication of new CNY trade weighted index hints at increased focus on broader trade weighted CNY moves rather than simply bilateral moves versus the USD. This reinforces the likelihood of moderate depreciation versus USD, though the broad USD continue to strengthen per forecast. On 17 December 2015, Federal Reserve (Fed) hike rates by 25 basis points in line with market expectation. The move was accompanied by a dovish statement hinting that a very patient Fed that intends to raise rates gradually and only as the economic outlook support the moves. The year 2015 delivered the worst equity performance since 2011. MSCI Asia Ex-Japan market was down 11.3% while MSCI World was down 2.7%.

Central Bureau Statistics of Indonesia (BPS) announced December's inflation at 0.96% mom (vs consensus +0.61%, +0.21% in Nov 2015) mostly were caused by higher food ingredients, processed food, beverages, cigarette and tobacco. On yearly basis, inflation printed at 3.35% YoY (vs consensus 3.00%, 4.89% in Nov 2015). Core inflation printed at +3.95% YoY, lower compared to previous month (+4.77% in Nov 2015). In the Board of Governors' Meeting on Dec 17th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%, however cut reserve requirement by 50bps effective per December 2015. Rupiah appreciated against USD by +0.33% to 13,795 at end of December compared to previous month 13,840. Trade balance was deficit -0.35bn USD (non-oil and gas deficit 0.29bn, oil and gas deficit 0.06bn USD) in Nov 2015. Export decreased by -17.58% YoY mostly driven from export in natural oil, while imports decreased by -18.03% YoY. FX Reserves increased +5.69bn USD from 100.24bn USD in Nov 2015 to 105.93bn USD in Dec 2015 mostly from Global MTN issuance USD3.5bn in early December 2015.

The JCI (Jakarta Index) ended higher in December, gaining +3.30% MoM to close at 4,593.01 for the month. Movers were BBCA, BMRI, TLKM, BBRI, and INTP which rose +7.47%, +8.82%, +5.97%, +6.03% and +19.39% MoM respectively. Meanwhile the laggards were HMSP, CPIN, LPKR, PTBA, and AALI which fell -7.75%, -17.85%, -19.46%, -19.20%, and -6.49% MoM respectively. Equity market closed weaker in 2015 as corporates earnings momentum slows, the index fell 12.13% YoY in December. Weaker macroeconomic conditions including slower pace of government spending, increased government intervention in several industries and weakening IDR due to external factors all resulted in relatively weaker economic growth. Foreign outflows have been the dominant trend in the market in 2015 and consequently resulting in higher than usual volatility in the IDR. That said however, we see that 2015 marked the start of a reform process in Indonesia in determining government policies and priorities for the longer term horizon. Execution on the ability for the government to implement new policies is crucial which saw challenges in 2015 remains the key risk factor. Nonetheless, government execution is expected to be somewhat smoother in 2016. In summary, Indonesia's long-term prospects remain constructive, be it gradual. Sector wise, the Agriculture Sector was the best performing sector this month, rising by +8.18% MoM. SSMS (Sawi Sumbermas Sarana) and SGRO (Sampoerna Agro) were the movers, gaining by +23.42% and +21.86% MoM respectively. This was followed by the Trading and Distribution Sector that posted +5.84% MoM gains, driven by BMTR (Global Mediacom) and MPMX (Mitra Pinasthika) which rose +31.74% and +29.37% MoM respectively. On the flip side, Mining Sector was the worst performing sector this month, which fell by -5.40% MoM. MEDC (Medco Energy) and PTBA (Tambang Batubara Bukit Asam) were the laggards, depreciating -24.64% and -19.20% MoM respectively.

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