

SmartWealth US Dollar Equity IndoAsia Fund

October 2015


BLOOMBERG: AZUSIAS:IJ
INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

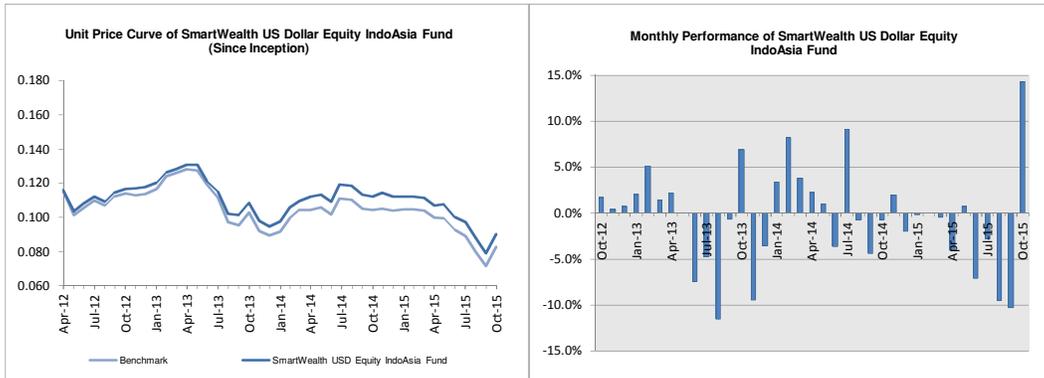
To achieve the investment objective, this fund shall be invested 80 - 100% in equity instruments (directly through stocks and / or through equity mutual funds) and 0 - 20% in short-term instruments (such as deposits). Furthermore, the fund shall be invested in equity instruments in the Asia Pacific region, 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	-19.68%	Equity 94.16%	Indonesia 77.56%
Best Month	14.32% Oct-15	Cash/Deposit 5.84%	Philippines 0.00%
Worst Month	-11.54% Aug-13		Hongkong 8.25%
		HM Sampoerna 6.96%	South Korea 3.27%
		Telekomunikasi Indonesia 6.58%	Malaysia 0.99%
		Bank Central Asia 6.52%	Singapore 1.03%
		Unilever Indonesia 5.53%	Taiwan 3.05%
		Astra International 4.76%	Thailand 0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	14.32%	-7.30%	-15.70%	-19.68%	-22.58%	-19.61%	-22.11%
Benchmark*	15.26%	-7.30%	-17.41%	-20.80%	-27.50%	-20.42%	-28.69%

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


KEY FUND FACTS

Fund Size (in mn USD)	: USD 33.53	Pricing Frequency	: Daily
Risk Profile	: Aggressive Investor	Price per Unit	Bid Offer
Launch Date	: 01 May 2012	(As of Oct 30, 2015)	: USD 0.0857 USD 0.0902
Fund Currency	: US Dollar	Bid-Offer Spread	: 5.00%
Managed by	: PT. Asuransi Allianz Life Indonesia	Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

The month of October started with China celebrating the Golden Week; the PBoC cut down payment requirement for 1st home buyers in cities without home-purchase restrictions from 30% to 25% and said it is planning for measures to support Macau. In the auto space, the government announced a 5% tax cut on cars with engines less than 1.6L and measures to promote new energy vehicles, sending the sector higher across the region. China's official manufacturing saw some modest improvement from August while services PMI remained robust. Foreign exchange reserve data also saw a stabilization of capital outflows. Even the Q3 2015 GDP came in slightly better than market expectation. The PBoC announced cuts in the benchmark 1-year lending and deposit rates of 25 basis points (bps) and RRR by 50 bps. The month ended with China concluding the 5th Party Plenum and abolished the single-child policy which has been in place for 35 years. Under this backdrop, the Hang Seng index led the regional market rebound with 8.6% performance. In ASEAN, the World Bank downgraded its 2015, 2016 and 2017 growth projections. However, the improved sentiment in China economic outlook also triggered a strong rebound in FSSTI (+7.43%), JCI (+5.48%) and PCOMP (+3.49%). During the month, Asian currencies generally strengthen against USD.

Central Bureau Statistics of Indonesia (BPS) announced October's deflation at -0.08% mom (vs consensus -0.02%, deflation -0.05% in Sept 2015) mostly were caused by lower food ingredients. On yearly basis, inflation printed at 6.25% YoY (vs consensus 6.38%, 6.83% in Sept 2015). Core inflation printed at 5.02% YoY, slightly lower compared to previous month (vs consensus 5.05%, 5.07% in Sept 2015). In the Board of Governors' Meeting on Oct 15th, 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 6.95% to 13,639 at end of October compared to previous month 14,657. Indonesia economic growth in third quarter 2015 grew 4.73% YoY compared to previous quarter grew at 4.67% YoY. The major driven of the increase was from communication and information sector. Trade balance was surplus +1.02bn USD (non-oil and gas surplus 1.48bn, oil and gas deficit 0.46bn USD) in Sept 2015. Export decreased by -17.98% YoY mostly driven from export in machinery, while imports decreased by -25.95% YoY. FX Reserves decreased -1.01bn USD from 101.72bn USD in Sept 2015 to 100.71bn USD in Oct 2015.

The JCI (Jakarta Index) ended higher in October, gaining +5.48% MoM to close at 4,455.18 for the month. Movers were BBRI, ASII, BMRI, BBKA, and BBNi which appreciated +21.68%, +12.92%, +9.78%, +5.09%, and +14.99% MoM respectively. Meanwhile the laggards were UNVR, MIKA, BIRD, SILO, and ITMG which posted -2.63%, -5.51%, -12.50%, -11.92%, and -14.18% MoM losses respectively. The delayed of Fed rate hike in September has brought positive sentiment towards emerging markets, including Indonesia, putting a stop towards foreign investors selling off equities aggressively. On the currency front, the IDR strengthened to IDR 14k/USD. Domestic fundamentals expectation also turned better. Cement sales grew +3% YoY in 3Q15 and retailers showed some sales growth where Ace Hardware, Ramayana, and Alfamart showed positive sales growth of +1.6%, +7.6%, and +12% YoY respectively. The sales growth improvement suggests that the broad slowdown in economic activity is nearing/or at bottom. Lower than expected inflation rate also gave room for central bank to ease reference rate. In regards to the government, several stimulus packages, asset revaluation and lower corporate tax rate will be expected to gain investment confidence. The rupiah stability could restore not only purchasing power but also investors' and the public's confidence. Sector wise, the Miscellaneous Industry Sector was the best performing sector this month, rising by +10.14% MoM. ASII (Astra International) and GJTL (Gajah Tunggal) were the movers; gaining by +12.92% and +9.73% MoM respectively. This was followed by the Agriculture Sector that posted +8.72% MoM gains, driven by BWPT (Eagle High Plantation) and LSIP (London Sumatera) which gained +16.34% and +11.91% MoM respectively. On the other side, Trading and Distribution Sector was the worst amongst the best performing sector this month, which only gained by +0.87% MoM. ACES (Ace Hardware) and RALS (Ramayana) were the movers, appreciated +32.67% and +22.33% MoM respectively.

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