

SmartWealth US Dollar Equity IndoAsia Fund

Oktober 2016


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 **23.73%**
 Best Month **14.32% Oct-15**
 Worst Month **-11.54% Aug-13**

Portfolio Breakdown

Equity **87.32%**
 Cash/Deposit **12.68%**

Top Five Stocks Holding

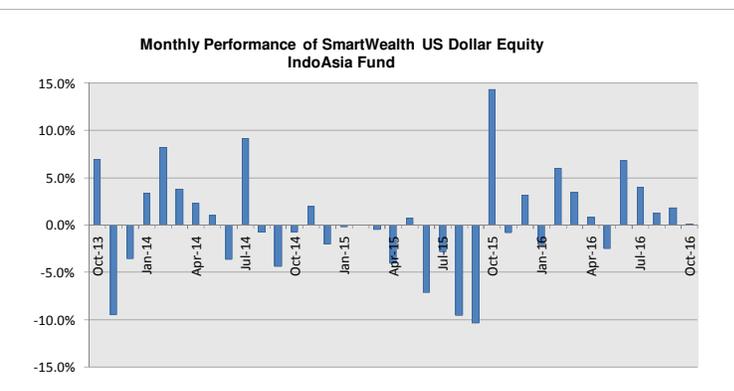
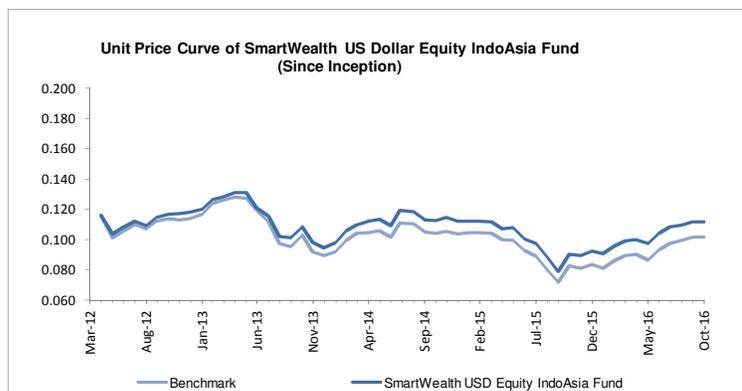
Telekomunikasi Indonesia **7.06%**
 Bank Central Asia **6.37%**
 Hanjaya Mandala Sampoerna **6.23%**
 Unilever Indonesia **4.66%**
 Astra International **4.60%**

Country Breakdown (Stock)

Indonesia **73.40%**
 Philippines **0.00%**
 Hongkong **6.48%**
 South Korea **2.89%**
 Malaysia **1.12%**
 Singapore **0.96%**
 Taiwan **2.46%**
 Thailand **0.00%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	0.09%	3.24%	11.71%	23.73%	3.05%	20.91%	-3.63%
Benchmark*	-0.20%	4.39%	12.64%	22.82%	-1.31%	21.81%	-12.41%

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


KEY FUND FACTS

Fund Size (in mn USD) : USD 44.72
Risk Profile : Aggressive
Launch Date : 01 May 2012
Fund Currency : US Dollar
Managed by : PT. Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit : **Bid** USD 0.1060 **Offer** USD 0.1116
(As of Oct 31, 2016)
Bid-Offer Spread : 5.00%
Management Fee : 2.00% p.a.

MANAGER COMMENTARY

Heightened political risk has had a negative impact on the market. Political risk and uncertainty has been on the rise in Asian countries. Many investors fear the uncertainty will continue to have an unfavourable impact on the market. Amongst Asian countries, the market top performer Taiwan (1.44%) helped the market, while Singapore (-4.04%) and Korea (-3.65%) weakened the market. Taiwan's economy has remained resilient, being the only Asia country that did not register a loss for the month of October, up 1.44%. Benefits from the cancellation of the Samsung Note 7 and robust third quarter results helped Taiwan's October market performance. The cancelling of the Samsung Note 7 had a negative impact on the Korean market (-3.65%), while having a positive impact on the Taiwan market. Another negative factor in the Korean market was the decline of their currency which was partially due to the possible involvement of President Park Guen-hye leaking of official state documents. The Singapore dollar made a negative impact on the market being at an eight month low. The real estate sector also played a role in Singapore's negative performance (-3.65%), due to a large stock of unsold homes and the price of houses continues to fall. Many sectors of the Singapore economy played a factor in their October performance including the manufacturing sector that fell 17.4%.

Central Bureau Statistics of Indonesia (BPS) announced Oct's inflation at 0.14% mom (vs consensus inflation +0.12%, +0.22% in Sep 2016) mostly was caused by higher process food, beverages, cigarette and tobacco. On yearly basis, inflation higher to 3.31% YoY (vs consensus 3.30%, 3.07% in Sep 2016). Core inflation printed at 3.08% YoY, lower than previous month (vs 3.21% in Sep 2016). In the Board of Governors' Meeting on 20 Oct 2016, Bank Indonesia cut its 7-day Reverse Repo Rate by 25bps from 5.00% to 4.75%, also Deposit Facility (DF) from 4.25% to 4.00% and Lending Facility (LF) from 5.75% to 5.50%. Rupiah depreciated by -0.41% to 13,051/USD at end of Oct as opposed to 12,998/USD previous month. Indonesia economic growth in third quarter 2016 was increased 3.20% QoQ (5.02% YoY compared to previous quarter at 5.19% YoY) which largely led by growth in transportation and warehousing business sector. By expenditure, Non-Profit Institutions for Serving Households (LNPRIT) and household consumption were the main drivers while investment continued to ease and net export ebbed. Trade balance booked a surplus of +US\$1.2169bn (non-oil and gas surplus +US\$1.898bn, oil and gas deficit US\$-0.6811bn) in Sept 2016. Export fell by -0.59% YoY mostly driven by a reduction in jewelry, while imports fell by -2.26% YoY. FX Reserves down by USD 0.63bn from US\$115.67bn in Sept 2016 to US\$115.04bn in Oct 2016 on the back of revenue from tax and proceeds from Bank Indonesia's FX bills, known as SBBI. Reserves are sufficient for government external debt payments.

The JCI (Jakarta Index) closed slightly higher in October, gaining +1.08% MoM to close at 5,422.54 for the month. Movers were UNTR, TPIA, ADRO, GGRM, and BMRI which recorded gain of +22.18%, +29.35%, +31.54%, +9.52%, and +2.46% MoM respectively. Meanwhile the laggards were TLKM, PGAS, EXCL, EMTK, and BBKA which lost -2.09%, -10.80%, -18.52%, -8.81%, and -1.11% MoM respectively. Indonesian equities traded sideways as the investors have largely priced in 3Q16 earning result. 25bps rate cut by the central bank wasn't bringing much positive sentiment to the market. Albeit positive. Foreign booked US\$174.4mn outflows in October. Most investors were waiting for the 3Q16 GDP number which is expected to moderate as well. On the global front, investors are currently facing two major uncertainties, the US presidential election and potential Fed Fund Rate hike in Dec-16. Should Donald Trump win the election, we would expect global market to react negatively as policy uncertainty looms, especially on fiscal and trade policies which essentially have global ramifications. On that front, potential for market to correct is on the high side as locally the JCI valuation and expectation looks topish as well. In addition, a potential external risk faced by the market heights as well. Sector wise, the Mining Sector was the best performing sector this month, appreciating by +13.66% MoM. BUMI (Bumi Resources) and DOLD (Delta Dunia) were the movers; gaining by +214.71% and +111.50% MoM respectively. This was followed by the Basic Industry Sector that posted +5.70% MoM gains, driven by BRPT (Barito Pacific) and TPIA (Chandra Petrochemical) which rose +45.64% and +29.35% MoM respectively. On the other side, Infrastructure Sector was the worst performing sector this month, falling by -2.70% MoM. EXCL (XL Axiata) and GIAA (Garuda Indonesia) were the laggards, losing -18.52% and -12.15% MoM respectively.