

SmartWealth US Dollar Equity IndoAsia Fund

September 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	41.32%
Best Month	14.32% Oct-15
Worst Month	-11.54% Aug-13

Portfolio Breakdown

Equity	91.89%
Cash/Deposit	8.11%

Top Five Stocks Holding

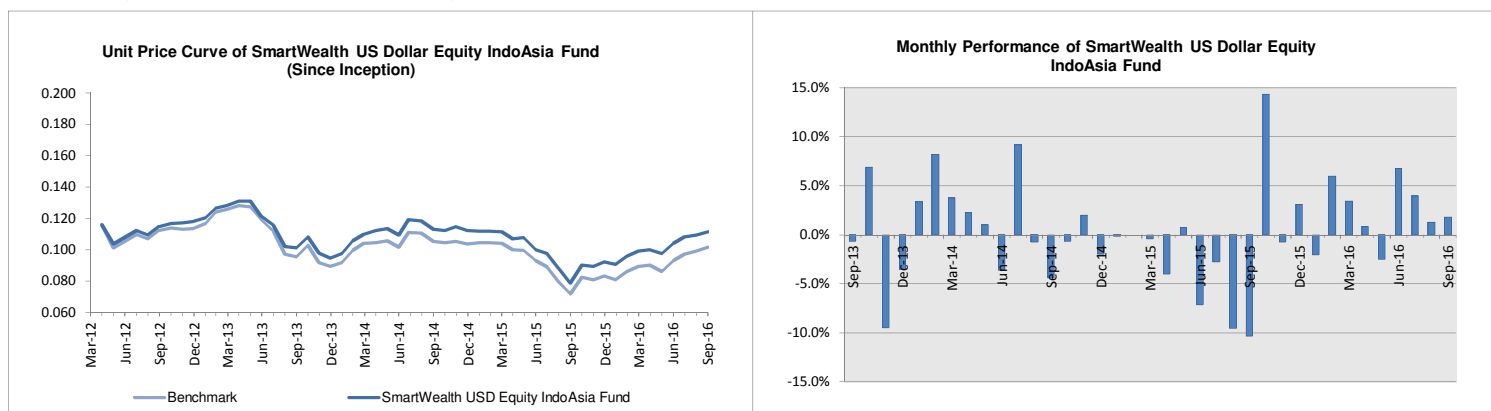
Telekomunikasi Indonesia	7.42%
Bank Central Asia	6.62%
Hanjaya Mandala Sampoerna	6.40%
Bank Rakyat Indonesia	5.00%
Unilever Indonesia	4.80%

Country Breakdown (Stock)

Indonesia	77.52%
Philippines	0.00%
Hongkong	5.56%
South Korea	3.09%
Malaysia	1.15%
Singapore	1.97%
Taiwan	2.60%
Thailand	0.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth USD Equity IndoAsia Fund	1.83%	7.21%	12.51%	41.32%	10.07%	20.80%	-3.71%
Benchmark*	2.41%	9.32%	13.81%	41.85%	6.66%	22.05%	-12.23%

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


KEY FUND FACTS

Fund Size (in mn USD)	: USD 43.82
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 (As of Sep 30, 2016)	Bid USD 0.1059 Offer USD 0.1115
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

The Federal Reserve decided to put a hold on rate hikes at their September meeting which is a benefit to emerging markets. The Federal Reserve will maintain its interest rate at 0.25-0.50% at least until the end of the year. Amongst Asian countries, strong performances from Taiwan (+3.0%) and China (+2.5%) helped the market, while smaller markets such as Philippines (-5.6%) and Thailand (-3.5%) detracted performance. Taiwan Central Bank made the decision to keep interest rates unchanged at 1.375%, after four rate cuts since 2015. The roll out of the new iPhone 7 was also an essential factor in Taiwan's performance. Taiwan was the top performer for the month, up 3.0%. Philippines' peso was a big source of the detraction for the Philippine equities. A relatively expensive market along with the political rhetoric and uncertainties made it difficult quarter for the Philippine market.

Central Bureau Statistics of Indonesia (BPS) announced Sep's inflation at 0.22% mom (vs consensus inflation +0.2%, deflation -0.02% in Aug 2016) mostly was caused by higher process food, beverages, cigarette and tobacco. On yearly basis, inflation higher to 3.07% YoY (vs consensus 3.05%, 2.79% in Aug 2016). Core inflation printed at 3.21% YoY, lower than previous month (vs consensus 3.21%, 3.32% in Aug 2016). In the Board of Governors' Meeting on 22 Sept 2016, Bank Indonesia cut its 7-day Reverse Repo Rate by 25bps from 5.25% to 5.00%, also Deposit Facility (DF) from 4.50% to 4.25% and Lending Facility (LF) from 6.00% to 5.75%. Rupiah appreciated by +2.32% to 12,998/USD at end of Sept as opposed to 13,300/USD previous month. Trade balance booked a surplus of +US\$0.29bn (non-oil and gas surplus +US\$0.92bn, oil and gas deficit US\$-0.63bn) in Aug 2016. Export fell by -0.74% YoY mostly driven by a reduction in steel and iron, while imports fell by -0.49% YoY. FX Reserves rose by US\$2.13bn from US\$113.54bn in Aug 2016 to US\$115.67bn in Sept 2016 on the back of revenue from tax, and oil-gas, as well as proceeds from Bank Indonesia's FX bills, known as SBBI. Reserves are sufficient for government external debt payments.

The JCI (Jakarta Index) closed slightly lower in September, Losing -0.40% MoM to close at 5,364.80 for the month. Laggards were UNVR, BBNI, ICBP, GGPM and LPPF which recorded loss of -2.41%, -5.53%, -5.01%, -3.73%, and -7.63% MoM respectively. Meanwhile the movers were BBKA, BBRI, TLKM, TPIA, and PPRO which gained +4.32%, +4.72%, +2.38%, +26.61%, and +72.73% MoM respectively. Tax amnesty achievement was better than market expected. Despite a slow start in the first 2 months, asset declaration improved significantly in the 4th week of Sep-16 with increasing numbers of high net worths participating in the program. During the first phase, tax revenue reached IDR 97.2tn and has outpaced BI's conservative target of IDR 20tn. To give perspective, the IDR 97.2tn revenue translates to 0.8% of GDP, which is the one of the most successful TA's ever implemented globally. In summary, there was IDR 3,612tn worth of asset declaration with 70%, 27%, and 3% being onshore, offshore and repatriation, respectively. Going forward, tax amnesty declaration (both domestic and overseas assets) and tax fees (magnification of tax base) will both play a vital role for the economy over the longer term as repatriated fund will push both portfolio and real investment, increase tax ratio. More importantly, boost business confidence as many businessmen having experienced "tax terrorism" over the past 2 years, which took a toll on business confidence. Sector wise, the Agriculture Industry Sector was the most performing sector this month, depreciating by -4.06% MoM. BWPT (Golden Eagle Plantation) and AALI (Astra Agro Lestari) were the laggards; losing by -10.00% and -9.60% MoM respectively. This was followed by the Trading and Distribution Sector that posted -2.03% MoM losses, driven by MSKY (MCN Sky Vision) and ERAA (Erajaya) which fell -27.59% and -19.76% MoM respectively. On the other side, Basic Industry Sector was the best performing sector this month, gaining by +1.21% MoM. GDST (Gunawan Djajasteel) and TPIA (Chandra Petrochemical) were the movers, rising +29.79% and +26.61% MoM respectively.

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