

SMARTWEALTH LIQUIFLEX LQ45 FUND

May 2019

BLOOMBERG: AZRPLQF: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 0 – 100% in short-term instruments (such as deposits, SBI, SPN, and / or money market mutual funds) and 0 – 100% in equity instruments through direct participation in stocks of Indonesia's LQ45 index members.

Return Performance

Last 1-year Period		0.49%
Best Month	Dec-17	8.48%
Worst Month	Mar-18	-8.55%

Portfolio Breakdown

Equity	76.98%
Cash/Deposit	23.02%

Top Five Stocks Holding

Bank Central Asia	13.67%
Bank Rakyat Indonesia	8.61%
Telekomunikasi Indonesia	8.11%
Bank Mandiri Persero	6.45%
Astra International	5.57%

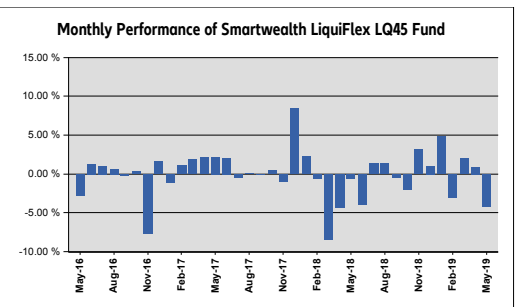
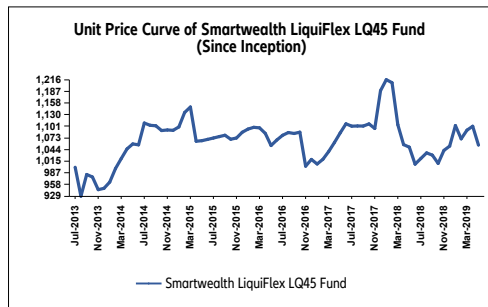
Key Fund Facts

Fund Size (in bn IDR)	IDR 40.95
Risk Profile	Aggressive
Launch Date	03 Jul 2013
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

Price per Unit	Bid	Offer
(As of May 31, 2019)	IDR 1,002.23	IDR 1,054.98

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartwealth LiquiFlex LQ45 Fund	-4.20%	-1.44%	1.26%	0.49%	0.10%	0.24%	5.50%



Manager Commentary

The market correction during the first half of the month was triggered by various domestic and external factors, such as the global risk-off sentiment, US/China trade war, MSCI rebalancing, record trade deficit, political uncertainty over presidential election, etc. With the announcement of the victory of Jokowi, political uncertainty is expected to be reduced. However, the trade war, slowing Chinese economy and persistently weak local export trend will remain a concern for the local equity market in the near term. Monetary policy is expected to remain accommodative before the risks are settled.

In May, LQ45 Index declined by 3.6% from price return perspective. Indonesia equities saw a net outflow of \$513mn in May. In terms of sectors, all sectors delivered negative return, except for the Communication Services sector. Information Technology was the worst performing sector during the month. Bank Indonesia maintained the 7-day reverse repo rate at 6% but sounded more dovish by asserting that the policy rate is "near its peak". Indonesian equity market lost its momentum since the beginning of May and experienced a roller coaster ride through the month. LQ45 Index plunged over 10% month-to-date till 17th May. Market rebounded sharply during the second half of the month, and recorded a monthly return of -3.6%. We reduced equity exposure in view of the negative trend, and maintained around 77% equity allocation till the end of month. On a year-on-year basis, Indonesia's real GDP expanded by 5.07% over Q1 2019, amid a slide in exports from the country. April trade balance plunged to a deficit of US\$2.5 billion after recording trade surpluses in the previous two months. On the positive side, PMI expanded to 51.6 in May from 50.4 in April which indicated some stabilisation in the manufacturing sector. S&P raised Indonesia's rating to BBB which helped the market sentiment to some extent.

The portfolio underperformed LQ45 in the month of May. Stock selection in Materials sector and overweighting Information Technology were the main performance detractors. On the other hand, stock selection in Industrials and Consumer Staples sectors contributed positively and offset some of the losses. Underweighting Energy sector also helped the relative performance. In near term, there might still be uncertainties given Prabowo continued to refuse his defeat and has filed a complaint to the constitutional court. The prospect of rate cuts in the second half remains. Bank Indonesia's (BI) decision will, however, depend on the currency. BI would likely postpone the decision to cut if the currency weakens faster than expected given the deteriorating trade war between US and China. Our Market Cycle outlook has turned negative since the second week of May. We expect to remain cautious and take a relatively defensive position for the portfolio over the near term, until positive momentum is observed in the market.

Disclaimer:

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