

Smartlink Rupiah Equity Fund

June 2014


BLOOMBERG: AZRPEQF: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 - 20% in short-term instruments (such as deposits, SBI, SPN, and / or money market mutual funds) and 80 - 100% in equity instruments (either directly through stocks and / or through equity mutual funds).

PERFORMANCE INDICATOR
Return Performance

Last 1-year period **4.74%**
 Best Month **14.70% Jul-09**
 Worst Month **-19.00% Oct-08**

Portfolio Breakdown

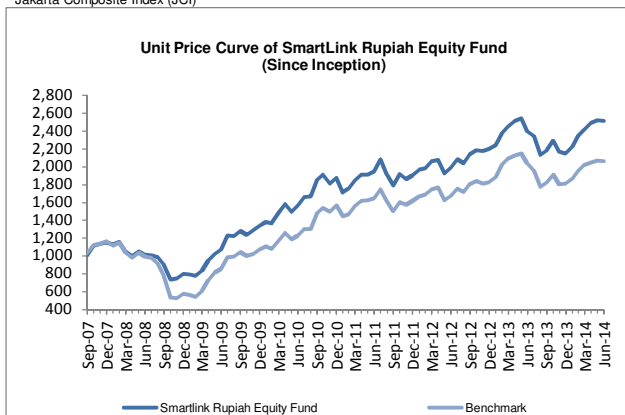
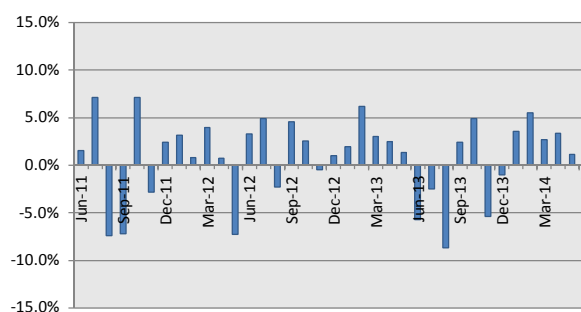
Equity **87.43%**
 Cash/Deposit **12.57%**

Top Five Stocks Holding

BANK CENTRAL ASIA **7.06%**
 TELEKOMUNIKASI **6.93%**
 BANK MANDIRI **6.14%**
 ASTRA INTERNATIONAL **5.98%**
 BANK RAKYAT INDONESIA **5.79%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink Rupiah Equity Fund	-0.34%	4.13%	16.88%	4.74%	29.28%	16.88%	151.48%
Benchmark*	-0.31%	2.31%	14.14%	1.24%	25.46%	14.14%	106.60%

*Jakarta Composite Index (JCI)


Monthly Performance of SmartLink Rupiah Equity Fund

KEY FUND FACTS

Fund Size (in bn IDR) : IDR 5,905.25
Risk Profile : Aggressive Investor
Launch Date : 01 Sep 2007
Fund Currency : Indonesian IDR
Managed by : PT. Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit **Bid**
(As of June 30, 2014) : IDR 2,389.06 **Offer**
Bid-Offer Spread : 5.00%
Management Fee : 2.00% p.a

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in June at 0.43% mom (vs consensus 0.47%, inflation 0.16% in May) caused by higher food ingredients, processed food, beverages, and tobacco prices while direct impact of May's electricity tariff hike was limited as it only involved high-end household customers. However, starting July, the impact may increase as mid-size households will also see tariff hikes averaging 9% every two months. On yearly basis, inflation printed at 6.70% yoy (vs consensus 6.79%, 7.32% in May). Core inflation rose to 4.81% yoy (vs consensus 4.80%, 4.66% in May). In the Board of Governors' Meeting on Jun 12th, 2014, BI maintained its reference rate at 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah depreciated against USD by -3.08% to 11,969 at end of June compared to previous month 11,611. Trade balance was surplus +70mn USD (non-oil and gas surplus 1.4mn, oil and gas deficit -1.33mn USD) in May (vs consensus deficit -100mn USD, deficit -1.962bn USD in Apr). Export decreased by -8.11% YoY mostly driven from vehicles and parts. While imports decreased by -11.43% YoY.

The JCI (Jakarta Composite Index) closed lower in June at 4,878.58, declining by -0.31% MoM. Large cap stocks including TLKM, BMRI, INCO, EXCL, and PWON saw notable losses, all of which fell by -4.27%, -4.42%, -9.20%, -6.85%, and -14.46% MoM respectively. There were also movers that supported the index which includes ASII, SCMA, KLBF, BBKA, and UNTR appreciated by +2.83%, +13.09%, +7.79%, +2.09%, and +6.57% MoM respectively. Investors have been largely absent from the market over the last month, where foreign flows decreased to US\$229.7mn (vs. US\$706.6mn in May-14) in view of the presidential election and its uncertainty over the outcome. The election remains a key focus for investors, foreign in particular, as investors typically view a Jokowi win as favorable and Prabowo win would be seen as a negative. Given the fact that more and more reports to suggest that the election will be a tight race between the two presidential candidates, Investors became cautious and decide to simply wait for the outcome of the post-election quick count results. Aside from politics, Indonesia's macro indicators are also of concern as inflation pressure is not expected to ease in near future as there are progressive bi-monthly electricity tariff hike and a combination of weaker rupiah and higher oil prices are also in the horizon. Hence a scenario of worsening trade balance and slower economic growth should not be ruled out. Sector wise, the Property Sector was the worst performing sector this month where it fell -6.47% MoM. BKSL (Bukit Sentul) and BEST (Bekasi Fajar) fell -27.89% and -16.44% MoM respectively. This was followed by the Mining Sector that fell by -4.55% MoM, which was driven by BUMI (Bumi Resource) and TINS (Timah) which fell by -15.00% and -11.58% MoM respectively. On the other hand, the Trading and Distribution Industry Sector was the best performing this month which advanced +3.39% MoM, driven by BRMS (Bumi Resources Mineral) and SCMA (Surya Citra Media) rose by +25.65% and +13.09% MoM respectively.

We still remain selective in our stock picks focusing names which have an attractive risk/reward profile.

Disclaimer:

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