

# Smartwealth Equity IndoGlobal Fund

## September 2017



BLOOMBERG: AZRPGLB: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 Global region (directly through stocks or equity mutual funds), not exceeding 20% of the portfolio at any given time.

### PERFORMANCE INDICATOR

#### Return Performance

Last 1-year Period	<b>7.25%</b>
Best Month	<b>6.36%</b> Oct-15
Worst Month	<b>-6.27%</b> Apr-15

#### Portfolio Breakdown

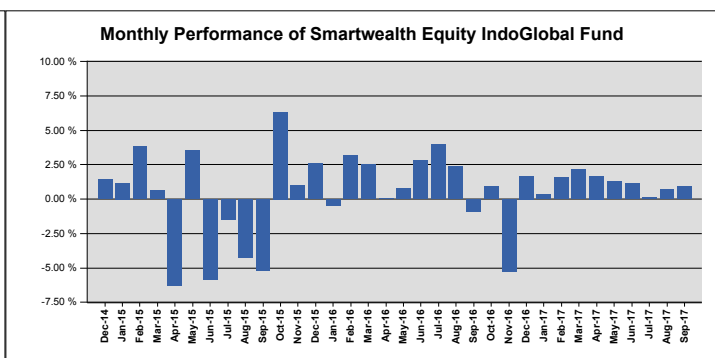
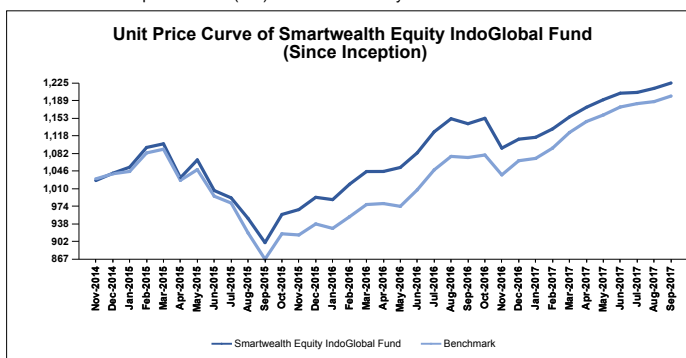
Equity	<b>74.12%</b>
Mutual Funds - Equities	<b>12.81%</b>
Cash/Deposit	<b>13.07%</b>

#### Top Five Stocks Holding

Telekomunikasi Indonesia	<b>6.91%</b>
Bank Central Asia	<b>6.51%</b>
Unilever Indonesia	<b>4.78%</b>
Bank Rakyat Indonesia	<b>4.76%</b>
Hanjaya Mandala Sampoerna	<b>4.51%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartwealth Equity IndoGlobal Fund	<b>0.90%</b>	<b>1.72%</b>	<b>5.97%</b>	<b>7.25%</b>	<b>N/A</b>	<b>10.29%</b>	<b>22.52%</b>
Benchmark*	<b>0.95%</b>	<b>1.89%</b>	<b>6.59%</b>	<b>11.65%</b>	<b>N/A</b>	<b>12.33%</b>	<b>19.86%</b>

\*80% Jakarta Composite Index (JCI) & 20% MSCI Daily TR Net World USD Index



### KEY FUND FACTS

<b>Fund Size (in bn IDR)</b>	: IDR 15.77
<b>Risk Profile</b>	: Aggressive
<b>Launch Date</b>	: 07 Nov 2014
<b>Fund Currency</b>	: Indonesian Rupiah
<b>Managed by</b>	: PT Asuransi Allianz Life Indonesia

<b>Pricing Frequency</b>	: Daily
<b>Price per Unit (As of Sep 29, 2017)</b>	<b>Bid</b> : IDR 1,163.90 <b>Offer</b> : IDR 1,225.16
<b>Bid-Offer Spread</b>	: 5.00%
<b>Management Fee</b>	: 2.00% p.a.

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Sep 2017 inflation at +0.13% mom (vs consensus inflation +0.08%, deflation -0.07% in Aug 2017). On yearly basis, inflation was slightly lower to +3.72%yoy (vs consensus inflation 3.70%, +3.82% in Aug 2017). Core inflation was printed at +3.00% yoy (vs +2.98% in Aug 2017). Inflation was mainly caused by higher processed food, beverage, cigarette and tobacco prices. In the Board of Governors' Meeting on 22 Sep 2017, Bank Indonesia cut its 7-day Reverse Repo Rate by 25bps from 4.50% to 4.25%, also Deposit Facility (DF) from 3.75% to 3.50% and Lending Facility (LF) from 5.25% to 5.00%. Rupiah depreciated by -1.06% to 13,492/USD at end of Sep 2017 from 13,351/USD in previous month. Trade balance booked surplus of USD 1.72bn (non-oil and gas surplus USD 2.4bn, oil and gas deficit USD 0.68bn) in Aug 2017. Export rose by +19.24% YoY mostly driven by jewelry, while imports rose by +8.89% YoY.

The JCI (Jakarta Composite Index) ended the month higher at 5,900.85 (+0.63% MoM). Market movers were BBKA, HMSP, TPIA, INKP, and BMRI as they rose 7.12%, 6.04%, 12.65%, 36.04% and 2.67% MoM respectively. The index moved relatively mixed this month as lack of positive catalysts in domestic while the foreign continued to book net outflows of US\$844mn in Sep-17. Investors were concerned on the slower private consumption in the medium term. Nonetheless, economic growth at 5% is arguably one of the best in the region, partly due to the recent surge in commodity prices in which the Indonesian economy still have a heavy reliance upon. That being said however, we have yet to see a significant trickledown effect towards consumption and capex cycle. Average wage growth in the country has also been benign as we saw farmers and construction workers wage growth of only a mere 2-3% YoY. In fact a slight negative real wage growth when inflation is accounted for. Consistently, Aug loan growth was only 8% YoY along with conventional retail sales only growing 2.5% YoY. In response to the relatively weaker consumer and business sentiments, BI had decided to cut its 7-days reverse repo rate by 25bps to 4.5%. Indeed, the immediate fundamental impact might be limited in an underleveraged economy such as Indonesia, it could however help spur private consumption growth and business sentiment in the short run. On the external front, the risks of more hawkish central banks in Developed Countries were rising as the US and UE inflation rates already bottomed. Additionally, the FED's balance sheet reduction in the near term could attract global money flow into US. In summary we are of the view that risk/reward in broad market sense looks less favorable given the modest growth going trajectory in the nearer term. Sector wise, the Agriculture Sector was the best performing sector during the week, gaining 4.24% MoM. Ticker wise, JAWA (JA Wattie) and BWPT (Eagle High Plantations) were the movers, appreciating 22% and 20.56% MoM respectively. This was followed by the Basic Industry Sector which rallied 3.25% WoW. Ticker wise, TKIM (Pabrik Kertas Tjiwi Kimia) and INKP (Indah Kiat Pulp & Paper Corp) posted 53.46% and 36.04% MoM gains respectively. On the other hand, the worst sector during the week was the Mining Sector, which recorded a decline of 4.71% MoM. Ticker wise, ESSA (Surya Esa Perkasa) and ENRG (Energi Mega Persada) were the laggards which fell 23.4% and 21.78% MoM respectively.