

# SmartWealth Rupiah Equity IndoAsia Fund

## December 2016


**BLOOMBERG: AZRPIAS: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 / 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.

**PERFORMANCE INDICATOR**
**Return Performance**

Last 1-year period	<b>10.21%</b>
Best Month	<b>8.45% Oct-11</b>
Worst Month	<b>-9.47% Aug-11</b>

**Portfolio Breakdown**

Equity	<b>87.97%</b>
Cash/Deposit	<b>12.03%</b>

**Top Five Stocks Holding**

Telekomunikasi Indonesia	<b>7.12%</b>
Hanjaya Mandala Sampoerna	<b>6.55%</b>
Bank Central Asia	<b>6.49%</b>
Astra International	<b>4.49%</b>
Unilever Indonesia	<b>4.40%</b>

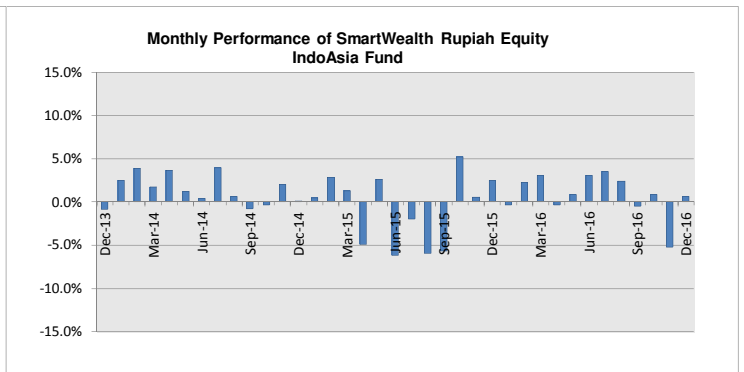
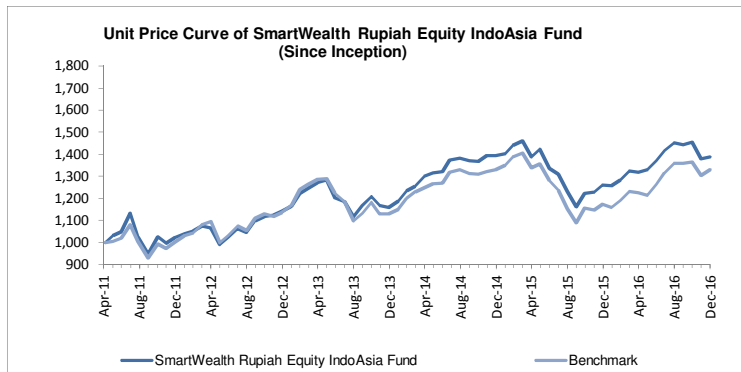
**Country Breakdown (Stock)**

Indonesia	<b>74.91%</b>
Philippines	<b>0.00%</b>
Hongkong	<b>4.33%</b>
South Korea	<b>3.00%</b>
Malaysia	<b>1.06%</b>
Singapore	<b>0.03%</b>
Taiwan	<b>4.65%</b>
Thailand	<b>0.00%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
SmartWealth Rupiah Equity IndoAsia Fund	<b>0.63%</b>	<b>-3.83%</b>	<b>1.39%</b>	<b>10.21%</b>	<b>19.84%</b>	<b>10.21%</b>	<b>38.88%</b>
Benchmark*	<b>2.12%</b>	<b>-1.97%</b>	<b>5.42%</b>	<b>13.46%</b>	<b>17.76%</b>	<b>13.46%</b>	<b>33.12%</b>

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

(New benchmark assessment as of May 2012; previously: Jakarta Composite Index (JCI))


**KEY FUND FACTS**

<b>Fund Size (in bn IDR)</b>	: IDR 576.40
<b>Risk Profile</b>	: Aggressive
<b>Launch Date</b>	: 05 May 2011
<b>Fund Currency</b>	: Indonesian IDR
<b>Managed by</b>	: PT. Asuransi Allianz Life Indonesia

<b>Pricing Frequency</b>	: Daily
<b>Price per Unit (As of Dec 30, 2016)</b>	<b>Bid</b> : IDR 1,319.36 <b>Offer</b> : IDR 1,388.80
<b>Bid-Offer Spread</b>	: 5.00%
<b>Management Fee</b>	: 2.00% p.a.

**MANAGER COMMENTARY**

In December, the hawkish view of Federal Reserve and the uncertainty of President-Elect Donald Trump protectionism policies impacted the Asian markets. RMB depreciation and liquidity crunch pulled down the Chinese market and had a spill over impact on Hong Kong market as well. In India, Reserve Bank of India (RBI) kept rates unchanged to buy time to gauge the impact of demonetization. Political turmoil continued to be an overhang for Korean market. Energy price continued to strengthen further in December which was a positive factor for commodity rich countries like Indonesia. In addition, Indonesia has a low dependency on foreign trade which puts Indonesia in a good position against President Elect Donald Trump expected protectionist measures on trade.

Central Bureau Statistics of Indonesia (BPS) announced Dec's inflation at 0.42% mom (vs consensus inflation +0.45%, +0.47% in Nov 2016), mostly was caused by higher food ingredients, process food, beverages, cigarette and tobacco, as well as also higher housing, water, electricity, gas and fuel. On yearly basis, inflation was lower to 3.02% YoY (vs consensus 3.04%, 3.58% in Nov 2016). Core inflation printed at 3.07% YoY, similar with previous month (vs consensus 3.11%, 3.07% in Nov 2016). In the Board of Governors' Meeting on 15 Dec 2016, Bank Indonesia maintained the 7-day reverse repo rate at 4.75%, also Deposit Facility (DF) at 4.00% and Lending Facility (LF) at 5.50%. Rupiah appreciated by +0.94% to 13,436/USD at end of Dec as opposed to 13,563/USD previous month. Trade balance booked a surplus of +US\$0.838bn (non-oil and gas surplus +US\$1.495bn, oil and gas deficit US\$-0.657bn) in Nov 2016. Export rose by +21.34% YoY mostly driven by natural oil exports, while imports rose by +9.88% YoY.

The JCI (Jakarta Composite Index) closed higher in December, gaining +2.87% MoM to close at 5,296.71 for the month. Movers were ASII, BBCA, BMRI, TLKM, and BBRI which posted respectable gains of +9.60%, +8.39%, +10.24%, +5.29%, and +7.11% MoM respectively. Meanwhile the laggards were UNVR, PWON, INCO, TOWR, and POWER which decreased -4.26%, -17.52%, -16.57%, -10.28%, and -14.33% MoM respectively. The index rebounded strongly in the 4th week of December after 3 weeks consecutive decline following the announcement of Donald Trump's presidency. The well anticipated 25bps FED rate hikes to 0.75% and indication of a more hawkish tone from the FED in 2017 has brought additional pressure to emerging market currencies and subsequently index, translating to US\$273mn foreign outflow worth in Dec-16. On the domestic front, Indonesia's financial resilience is being tested by the spike in yields following Trump's win. While we see fundamentals supporting the resilience, IDR bond yield risk has risen. The Jakarta governor elections in Feb-17 will be one indicator for investors as it will test the capital's and nation's political maturity. Overall, the recent spike in volatility in the currency and equity markets clearly show that Indonesia is not entirely immune to external risks and the heightened political tension has also added pressure domestically. Sector wise, the Miscellaneous Industry Sector was the best performing sector this month, appreciating by +8.01% MoM. GJTL (Gajah Tunggal) and ASII (Astra International) were the movers; gaining by +6.47% and +9.60% MoM respectively. This was followed by the Financial Sector that posted +7.67% MoM gains, driven by BJBR (Bank Jabar) and BMRI (Bank Mandiri) which rose +118.71% and +10.24% MoM respectively. On the other side, Property Sector was the worst performing sector this month, losing by -2.79% MoM. PWON (Pakuwon Jati) and SSIA (Surya Semesta) were the laggards, falling -17.52% and -15.73% MoM respectively.

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