

SMARTWEALTH LIQUIFLEX LQ45 FUND

June 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		7.69%
Best Month	Dec-17	8.48%
Worst Month	Mar-18	-8.55%

Portfolio Breakdown

Equity	87.54%
Cash/Deposit	12.46%

Top Five Stocks Holding

Bank Central Asia	15.73%
Bank Rakyat Indonesia	10.38%
Telekomunikasi Indonesia	10.10%
Bank Mandiri Persero	8.50%
Astra International	6.08%

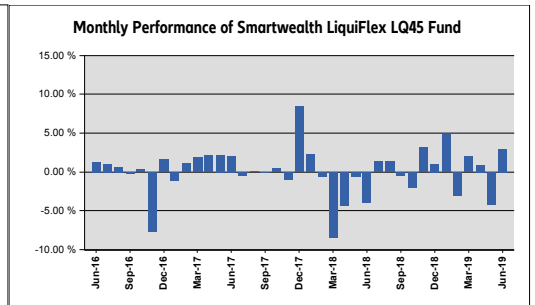
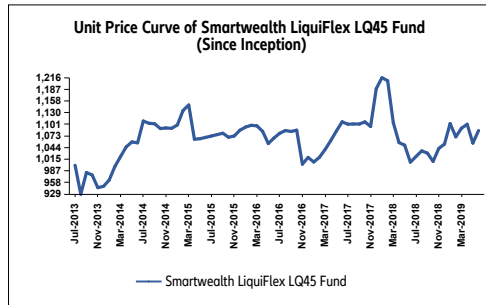
Key Fund Facts

Fund Size (in bn IDR)	IDR 42.19
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 Jun 28, 2019)	IDR 1,031.36	IDR 1,085.64

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartwealth LiquiFlex LQ45 Fund	2.91%	-0.55%	3.15%	7.69%	1.70%	3.15%	8.56%



Manager Commentary

LQ45 posted a return of +3.16% in June. Communication and energy sector performed strongly while consumer stationary lagged. After weeks of deliberation, the Indonesia Constitutional Court unanimously upheld the election win of President Jokowi, rejecting a petition by his challenger Prabowo Subianto. Bank Indonesia maintained its policy rate at 6% but eased reserve requirement by 50bps in a bid to improve liquidity in the banking system. The country's trade balance in May improved to a surplus of USD0.2billion due to narrowing in the oil and gas deficit and weak non-oil and gas imports.

The market trend of Indonesian equities improved during June. We gradually increased equity exposure, from 77% to around 88% equity allocation till the end of June, in view of the improving momentum. Trade balance bounced back to a surplus in May following a large deficit in the previous month as a drop in exports (by 9% year-on-year (YoY)) was followed by a steeper decline in imports (by over 17% YoY). However, manufacturing sector lost some momentum during June, with PMI dropping to 50.6 in June from a nine-month high of 51.6 in May.

The portfolio outperformed the benchmark in June. The outperformance from the consumer segment was offset by the underperformance of the material sector. The market's concern on political stability should ease after the Constitutional Court upheld the election results and made President Jokowi the official winner. There are high hopes that President Jokowi will initiate a second round of infrastructure investment. Additionally, the upcoming government will likely to introduce more policies to accelerate foreign direct investment (FDI). These policies could include tax incentives and labor regulation change. If successful, the country should see a healthier balance of payment which, in turn, should bring a much more stable currency. With President Jokowi not able being able to run for a third term, there is a possibility that he would feel less constrained by politics and would concentrate on reforms. The portfolio is positioned for such a case, having positions in infrastructure related names. That said, it is too early to gauge the progress as the cabinet would not be formed until closer to October. We gradually increased our equity allocation given the recent improvement in trend, but remain cautiously optimistic over the near term. We expect to further increase equity allocation should the market trend continue to strengthen, while also be mindful of headwinds from slowdown in global growth and geopolitical risks.

Disclaimer:

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