

# Eastspring Investments – Indonesia Equity Fund



A member of Prudential plc (UK) 

RATINGS<sup>AA</sup> Class A Morningstar Overall Rating<sup>\*</sup> ★★★

## FUND DETAILS

Fund size (mil)	152.6
Fund base currency	USD
Fund dealing frequency	Daily
Net asset value (Class A)	USD 15.714
ISIN (Class A)	LU0307460823
Inception date (Class A)	02-Jul-07
Benchmark (BM)	MSCI Indonesia 10/40 Index <sup>^</sup>

<sup>^</sup>The MSCI Index is calculated with dividends reinvested.

## FUND MEASURES

Number of Securities	31
*3 year tracking error(%) (Class A)	1.9
*3 year sharpe ratio (Class A)	0.4
*3 year volatility(%) (Class A)	17.4

\*Source: Morningstar

## SECTOR WEIGHTS (%)

Financials	33.2
Consumer staples	18.9
Materials	11.0
Communication Services	9.9
Consumer discretionary	8.7
Real estate	5.7
Energy	5.2
Health care	3.4
Other sectors	3.1
Cash and cash equivalents	0.9

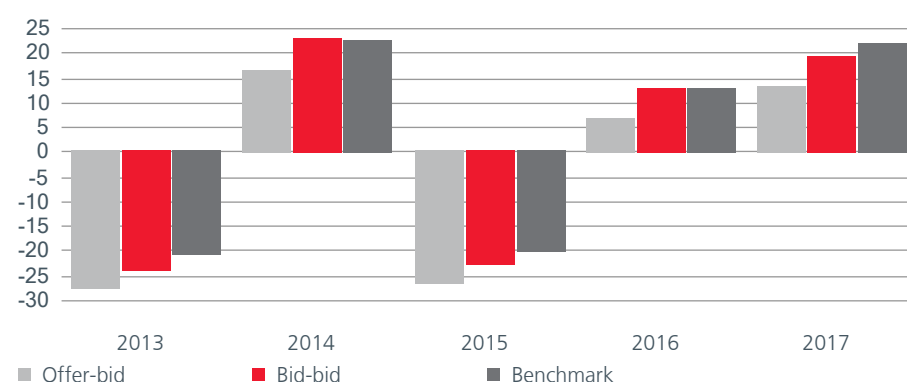
Due to rounding, the allocation table may not add up to 100% or may be negative.

## INVESTMENT OBJECTIVE

This Sub-Fund aims to maximise long-term total return by investing primarily in equity and equity-related securities of companies, which are incorporated, listed in or have their area of primary activity, in Indonesia. The Sub-Fund may also invest in depository receipts including ADRs and GDRs, debt securities convertible into common shares, preference shares, and warrants.

## PERFORMANCE

Calendar year returns (%) (Class A)



Returns (%)

Class A	1 m	3 m	YTD	1 y	3 y (p.a.)	5 y (p.a.)	10 y (p.a.)	Since inception (p.a.)
Offer-bid	7.0	-0.3	-17.5	-10.7	4.6	0.4	13.8	3.6
Bid-bid	12.7	4.9	-13.2	-6.0	6.4	1.5	14.4	4.0
Benchmark	12.4	5.5	-11.1	-3.2	8.2	3.5	16.4	6.5

(p.a.): per annum. Source: Eastspring Investments (Singapore) Limited. Calendar year returns are based on the share class performance for the year, and if the share class was inceptioned during a particular year, the returns shown relate to the performance of the share class since its inception to the end of that calendar year. For full details, please refer to the performance disclosure.

## TOP 10 HOLDINGS (%)

1.	BANK RAKYAT INDONESIA (PERSERO)	9.7
2.	BANK CENTRAL ASIA	8.8
3.	TELEKOMUNIKASI INDONESIA (PERSERO)	8.2
4.	ASTRA INTERNATIONAL	7.1
5.	BANK NEGARA INDONESIA	5.8
6.	BANK MANDIRI (PERSERO)	4.7
7.	GUDANG GARAM	4.6
8.	SEMEN INDONESIA (PERSERO)	4.2
9.	CHAROEN POKPHAND INDONESIA	3.9
10.	KALBE FARMA	3.4

**SHARE CLASS DETAILS**

Share class	Currency	Net asset value	Bloomberg ticker	ISIN	Inception date	Subscription method	Initial sales charges% (max)	Annual management fee % (Current)
<b>A</b>	USD	15.714	IOFINEA LX	LU0307460823	02-Jul-07	Cash	5.000	1.500
<b>A<sub>S</sub></b>	SGD	9.983	IOIEASS LX	LU0588546548	07-Feb-11	Cash	5.000	1.500

Share class	Currency	Annual admin fee% (max)	Minimum initial investment	Minimum subsequent investment	Distribution frequency	Ex-date	Dividend per share	Annual dividend yield %
<b>A</b>	USD	0.500	USD1,000	USD100	N.A.	N.A.	N.A.	N.A.
<b>A<sub>S</sub></b>	SGD	0.500	SGD1,000	SGD100	N.A.	N.A.	N.A.	N.A.

**Distributions are not guaranteed. Distributions may be paid out of distributable income, capital or both. Important Notes: (i) Payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment; and (ii) Any distributions involving payment out of the Fund's capital may result in an immediate reduction of the net asset value per share.** Funds with Monthly and Quarterly Distribution Frequency: Annualised Dividend yield = (Dividend per share / Reference NAV at start of distribution period) x (No. of calendar days in a year / No. of calendar days in distribution period) x 100%. Funds with Yearly Distribution Frequency: Annualised Dividend Yield = (Dividend amount / Total Net Assets) x (No. of calendar days in a year / No. of calendar days in distribution period) x 100%. "N.A." means that this share class does not distribute dividends.

**Returns (%)**

Share class	Currency	Returns (%)								Calendar year returns (%)				
		1 m	3 m	YTD	1 y	3 y (p.a.)	5 y (p.a.)	10 y (p.a.)	Since inception (p.a.)	2017	2016	2015	2014	2013
<b>A</b>														
Offer-bid	USD	7.0	-0.3	-17.5	-10.7	4.6	0.4	13.8	3.6	12.9	6.9	-26.3	16.5	-27.1
Bid-bid	USD	12.7	4.9	-13.2	-6.0	6.4	1.5	14.4	4.0	18.9	12.5	-22.4	22.6	-23.3
Benchmark	USD	12.4	5.5	-11.1	-3.2	8.2	3.5	16.4	6.5	21.5	12.8	-19.6	22.5	-20.1
<b>A<sub>S</sub></b>														
Offer-bid	SGD	5.9	-0.3	-15.3	-9.1	3.6	2.2	-	-0.7	4.5	9.1	-21.1	21.5	-24.5
Bid-bid	SGD	11.5	4.9	-10.9	-4.3	5.4	3.3	-	0.0	10.0	14.8	-16.9	27.9	-20.5
Benchmark	SGD	11.3	5.7	-8.8	-1.4	7.2	5.4	-	2.8	12.4	14.9	-13.9	28.6	-17.4

**Performance Disclosure:**

(p.a.): per annum. Source: Eastspring Investments (Singapore) Limited. Returns are based in share class currency and computed on bid-bid basis with net income reinvested, if any. Offer-bid is inclusive of sales charge which is subject to changes. Since inception returns for periods less than a year are not annualised. The benchmark for the hedged share classes, if any, is also calculated on a hedged basis. From inception to 31-Dec-15, the benchmark was the Jakarta Composite Index. Calendar year returns are based on the share class performance for the year, and if the share class was incepted during a particular year, the returns shown relate to the performance of the share class since its inception to the end of that calendar year. Wef July 2018, the monthly fund and benchmark returns calculated are aligned to the last NAV date of the fund for the month. Past performance information presented is not indicative of future performance.

### Commentary sources

1. Eastspring Investments (Singapore) Limited

## COMMENTARY

### Performance Review

Indonesian equities rose in November, with the MSCI Indonesia 10/40 Index gaining 12.4% in US dollar terms. The Indonesia market outperformed most of its Asian peers, buoyed by Rupiah strength and foreign inflows.

Among sectors, Financials and Materials outperformed, while Energy and Utilities were notable laggards.

In a surprise move, Bank Indonesia raised its policy rate to 6.00%, as deteriorating trade balance and a slumping currency prompted the central bank to boost borrowing costs. The country posted a worse-than-expected US\$1.8 billion trade deficit, adding pressure on the country's current account. Meanwhile, inflation came in at 3.23% year-on-year in November.

### Key Contributors

The overweight positions in Ciputra Development, Bumi Serpong Damai and Alam Sutera Realty contributed to relative performance in November. Real estate companies topped the list of contributors as the sector re-rated following year-to-date underperformance. The government's move to lower luxury tax to stimulate demand for high-end property also supported sentiment.

Ciputra Development and Bumi Serpong Damai recorded double-digit gains in their share prices over the month, while both companies also posted revenue and margin improvements in their third-quarter results compared to the previous quarter.

Alam Sutera Realty's share price also rose sharply over the month, despite reporting weaker earnings that were weighed by the Rupiah weakness.

### Key Detractors

The underweight in Surya Citra Media and Semen Indonesia, as well as the overweight in Matahari Department Store, detracted from relative performance in November.

Surya Citra Media's stock price rebounded over the month. The company's 9M18 results marked growth in revenue and net profit. It also retained top spots for audience share over January-October period.

Semen Indonesia's share price soared by third in November, hurting relative performance. The company signed a conditional sales and purchase agreement to acquire a majority stake in Holcim Indonesia, which will expand the company's production capacity.

Matahari Department Store remained under pressure from the upcoming exclusion from the MSCI Indonesia index starting December.

### Fund Activity

In November, the Fund initiated PT Bukit Asam and Pabrik Kertas Tjiwi Kimia, exited Waskita Karya and trimmed Matahari Department Store in view of the MSCI index changes effective December.

### Outlook

We remain constructive on the long-term outlook for Indonesia in view of the country's favourable demographics and healthy macro fundamentals.

We are mindful of the risk of currency volatility during periods of risk aversion due to Indonesia's current account deficit and reliance on external funding. We view any sharp market correction as an opportunity to accumulate fundamentally strong companies at more attractive valuations.

Among sectors, the valuations of real estate companies remain attractive while consumer staples are expensive.

### IMPORTANT INFORMATION

Investment manager -  
**Eastspring Investments (Singapore) Limited**

^^ Rating should not be taken as a recommendation.

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Morningstar Category: Indonesia Equity



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All transactions into the Fund should be based on the Singapore Prospectus and Product Highlights Sheet ("PHS"). Such documents, together with the articles of incorporation of the SICAV and the most recent financial reports, may be obtained free of charge from Eastspring Investments (Luxembourg) S.A., or at relevant Eastspring Investments business units/website and their distribution partners.

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**The Fund may use derivative instruments for efficient portfolio management and hedging purposes.**

**Distributions are not guaranteed and may fluctuate. Past distributions are not necessarily indicative of future trends, which may be lower.** Distribution payouts and its frequency are determined by the Board of Directors, and can be made out of (a) income; or (b) net capital gains; or (c) capital of the Fund or a combination of any of (a) and/or (b) and/or (c). The payment of distributions should not be confused with the Fund's performance, rate of return or yield. Any payment of distributions by the Fund may result in an immediate decrease in the net asset value per share.

**The preceding paragraph is only applicable if the Fund intends to pay dividends / distributions.**

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In case of discrepancy between the English and Chinese versions, the English version shall prevail.

#### Notes:

Investors should note that the net asset value of this Fund is likely to have a higher volatility due to its concentration of investment in a single/and or limited number of countries.