

# Eastspring Investments – Indonesia Equity Fund



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

## FUND DETAILS

Fund size (mil)	133.8
Fund base currency	USD
Fund dealing frequency	Daily
Net asset value (Class A)	USD 15.892
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	32
*3 year tracking error(%) (Class A)	1.9
*3 year sharpe ratio (Class A)	0.2
*3 year volatility(%) (Class A)	18.0

\*Source: Morningstar

## SECTOR WEIGHTS (%)

Financials	28.8
Consumer staples	18.8
Materials	13.5
Communication services	10.2
Consumer discretionary	8.1
Energy	5.9
Real estate	5.5
Health care	3.3
Others	4.2
Cash and cash equivalents	1.7

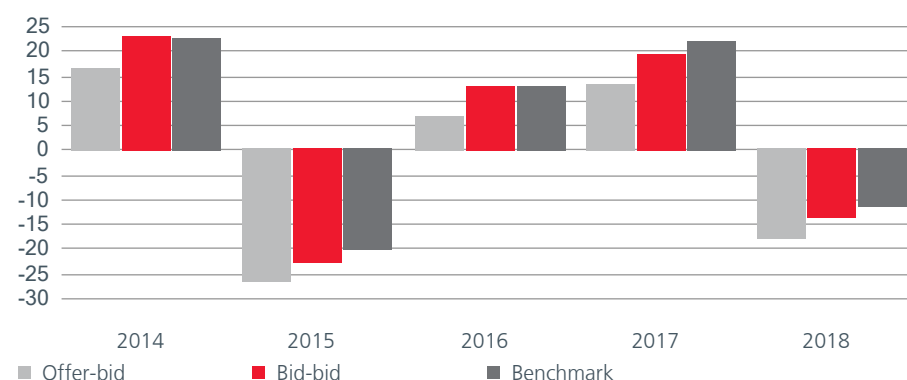
Due to rounding, the allocation table may not add up to 100% or may be negative.

## 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 depositary 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	-8.1	-8.5	-3.8	-4.5	2.2	-3.1	6.6	3.5
Bid-bid	-3.3	-3.7	1.3	0.5	3.9	-2.1	7.1	4.0
Benchmark	-4.7	-5.1	0.3	1.8	5.2	0.0	9.8	6.2

(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)	8.9
2.	TELEKOMUNIKASI INDONESIA (PERSERO)	8.9
3.	BANK CENTRAL ASIA	8.6
4.	ASTRA INTERNATIONAL	7.1
5.	BANK NEGARA INDONESIA	5.3
6.	BANK MANDIRI (PERSERO)	4.6
7.	GUDANG GARAM	4.2
8.	SEMEN INDONESIA (PERSERO)	4.2
9.	INDOCEMENT TUNGGAL PRAKARSA	4.0
10.	CHAROEN POKPHAND INDONESIA	3.8

**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	15.892	IOFINEA LX	LU0307460823	02-Jul-07	Cash	5.000	1.500
<b>A<sub>S</sub></b>	SGD	10.147	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	1 m	3 m	YTD	1 y	3 y (p.a.)	5 y (p.a.)	10 y (p.a.)	Since inception (p.a.)
<b>A</b>									
Offer-bid	USD	-8.1	-8.5	-3.8	-4.5	2.2	-3.1	6.6	3.5
Bid-bid	USD	-3.3	-3.7	1.3	0.5	3.9	-2.1	7.1	4.0
Benchmark	USD	-4.7	-5.1	0.3	1.8	5.2	0.0	9.8	6.2
<b>A<sub>S</sub></b>									
Offer-bid	SGD	-6.9	-6.6	-2.9	-1.7	2.2	-1.2	–	-0.4
Bid-bid	SGD	-2.0	-1.6	2.2	3.4	4.0	-0.2	–	0.2
Benchmark	SGD	-3.7	-3.3	1.1	4.8	5.1	1.9	–	2.7

**Calendar year returns (%)**

2018	2017	2016	2015	2014
-17.6	12.9	6.9	-26.3	16.5
-13.3	18.9	12.5	-22.4	22.6
-10.9	21.5	12.8	-19.6	22.5
-15.8	4.5	9.1	-21.1	21.5
-11.4	10.0	14.8	-16.9	27.9
-8.9	12.4	14.9	-13.9	28.6

**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 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. 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 declined sharply in the first half of May before staging a swift rebound in the second half. The MSCI Indonesia 10/40 index lost more than 4% in US dollar term in May, but outperformed the broader Asian market, which came under pressure due to rising trade tensions. Defensive telecommunication stocks were the best performers in the month.

Indonesia reported a record trade deficit of US\$2.5 billion in April on the back of declining exports, weighing on investors' sentiment. On a more positive note, manufacturing PMI improved to 51.6 in May from 50.4 in April. The central bank kept its 7-day policy rate steady at 6.0%.

The elections commission announced that President Joko Widodo has been re-elected for a second term, triggering protests from opposition supporters. Standard & Poor's raised the country's sovereign rating to 'BBB' from 'BBB-', citing strong economic growth prospects and prudent fiscal policy following the re-election.

### Key Contributors

The underweight in Bank Danamon, Barito Pacific and Kalbe Farma contributed to relative performance in May.

Bank Danamon's share price plummeted 48% in the month as it was removed from the MSCI index due to low free-float post acquisition by MUFG. The Fund accepted the cash offer by the Japanese lender and exited the bank prior to the decline.

Barito Pacific's share price fell 18% in May amid weak first quarter results, benefiting the Fund's relative performance. The petrochemical producer was recently added to the MSCI Index.

The underweight position in Kalbe Farma also helped relative performance as the company's share price fell on the back of weak first quarter earnings.

### Key Detractors

The overweight in Bank Negara Indonesia and Ciputra Development, as well as the underweight position in HM Sampoerna, detracted from relative performance in May.

Bank Negara Indonesia's share price was weighed by higher provision expense, which spiked in the first 4 months of the year.

The overweight in Ciputra Development also negatively impacted relative performance as the property developer's share price eased 13% in May.

The underweight position in HM Sampoerna, which was relatively resilient in May, hurt relative performance.

### Fund Activity

In May, the Fund bought Barito Pacific and exited Tower Bersama Infrastructure amid changes in the MSCI benchmark.

### 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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### **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.