

Eastspring Investments – Indonesia Equity Fund



RATINGS^{AA} Class A Morningstar Overall Rating^{*} ★★ ★

FUND DETAILS

Fund size (mil)	152.1
Fund base currency	USD
Fund dealing frequency	Daily
Net asset value (Class A)	USD 17.380
ISIN (Class A)	LU0307460823
Inception date (Class A)	02-Jul-07
Benchmark (BM)	MSCI Indonesia 10/40 Index [^]

[^]The MSCI Index is calculated with dividends reinvested.

FUND MEASURES

Number of Securities	32
*3 year tracking error(%) (Class A)	1.7
*3 year sharpe ratio (Class A)	0.5
*3 year volatility(%) (Class A)	18.3

*Source: Morningstar

SECTOR WEIGHTS (%)

Financials	32.6
Consumer staples	18.1
Materials	13.2
Communication Services	10.1
Consumer discretionary	8.2
Energy	5.3
Real estate	5.1
Health care	3.2
Other sectors	3.9
Cash and cash equivalents	0.3

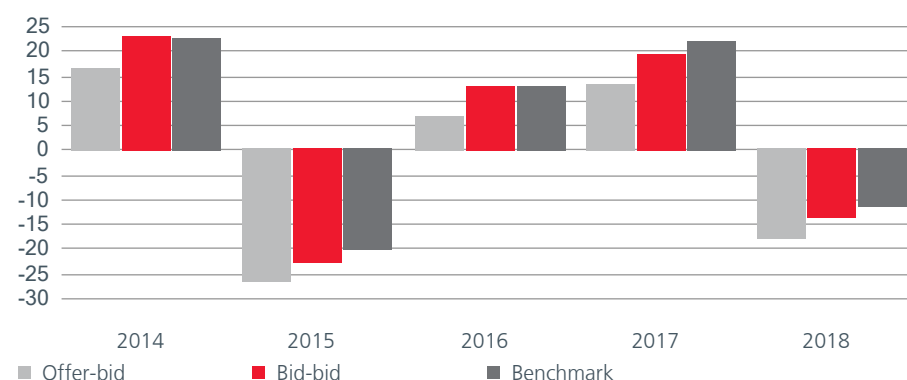
Due to rounding, the allocation table may not add up to 100% or may be negative.

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	5.2	18.4	5.2	-12.9	7.0	2.1	13.1	4.4
Bid-bid	10.8	24.6	10.8	-8.4	8.8	3.1	13.7	4.9
Benchmark	10.9	25.0	10.9	-5.4	10.3	5.3	16.2	7.3

(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)	9.6
2.	BANK CENTRAL ASIA	8.7
3.	TELEKOMUNIKASI INDONESIA (PERSERO)	8.3
4.	ASTRA INTERNATIONAL	6.7
5.	BANK NEGARA INDONESIA	5.5
6.	BANK MANDIRI (PERSERO)	4.5
7.	GUDANG GARAM	4.4
8.	INDAH KIAT PULP & PAPER	3.9
9.	SEMEN INDONESIA (PERSERO)	3.9
10.	INDOCEMENT TUNGGAL PRAKARSA	3.3

SHARE CLASS DETAILS

Share class	Currency	Net asset value	Bloomberg ticker	ISIN	Inception date	Subscription method	Initial sales charges% (max)	Annual management fee % (Current)
A	USD	17.380	IOFINEA LX	LU0307460823	02-Jul-07	Cash	5.000	1.500
A_S	SGD	10.832	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 %
A	USD	0.500	USD1,000	USD100	N.A.	N.A.	N.A.	N.A.
A_S	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.)
A									
Offer-bid	USD	5.2	18.4	5.2	-12.9	7.0	2.1	13.1	4.4
Bid-bid	USD	10.8	24.6	10.8	-8.4	8.8	3.1	13.7	4.9
Benchmark	USD	10.9	25.0	10.9	-5.4	10.3	5.3	16.2	7.3
A_S									
Offer-bid	SGD	3.7	14.9	3.7	-10.4	4.9	3.2	–	0.4
Bid-bid	SGD	9.1	21.0	9.1	-5.7	6.7	4.2	–	1.0
Benchmark	SGD	9.2	21.4	9.2	-2.9	8.2	6.4	–	3.9

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 rallied in January. The MSCI Indonesia 10/40 index returned 9.6% in US dollar terms, marking a solid start to the new year.

Indonesia benefitted from generally positive sentiment towards emerging markets, partly on hopes of receding trade tension between the US and China, and on expectations of fewer rate hikes in the US in 2019.

Bank Indonesia left the 7-day policy rate unchanged at 6.0% in January; the central bank expects two rate hikes from the US Federal Reserve in 2019.

Indonesia's trade deficit narrowed to US\$1.1 billion in January, improving from the US \$2 billion in December. The Rupiah strengthened 3% against the US dollar and was among the best performing Asian currencies.

Key Contributors

The overweight in Matahari Department Store and Alam Sutera Realty, as well as the underweight position in Charoen Pokphand Indonesia, contributed to relative performance in January.

Matahari Department Store's share price extended gains in January, rising by 25%. The retailer's plan to write-off its investment in Mataharimall.com was well received by investors as it significantly reduced the risk of further capital injection.

Alam Sutera Realty's share price re-rated in January on the back of strong pre-sales and appreciation of the Rupiah. The property developer is a beneficiary of a strong Rupiah as a substantial portion of its debt is denominated in US dollars.

Charoen Pokphand Indonesia came under selling pressure following December's sharp rise, benefiting the Fund's underweight position.

Key Detractors

The overweight position in Ciputra Development, as well as the underweight in Pabrik Kertas Tjiwi Kimia and Tower Bersama Infrastructure, detracted from relative performance in January.

Ciputra Development's share price edged lower in the month, hurting relative performance. Valuation of the property developer remains attractive as it trades at a significant discount to its appraised net asset value.

The underweight position in Pabrik Kertas Tjiwi Kimia hurt relative performance as the paper company's share price rallied 20% in January.

Tower Bersama Infrastructure's share price soared over 35% in the month. Lower bond yields and a stronger Rupiah helped turnaround the sentiment for the company with high gearing and substantial dollar-denominated debt.

Fund Activity

In January, the Fund initiated a position in Indo Tambangraya Megah and added to Indah Kiat Pulp & Paper. The fund trimmed its position in Charoen Pokphand Indonesia following strong gains in recent months.

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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Past performance and the predictions, projections, or forecasts on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of Eastspring Investments or any of the funds managed by Eastspring Investments. There are limitations to the use of indices as proxies for the past performance in the respective asset classes/sector.

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

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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.