

## Equity Fund Commentary

### Market Environment

Jakarta Composite Index (JCI) reported its seventh positive monthly returns this year, up 0.9% month-on-month in August. The index hit an all-time high following the court's decision to announce Jokowi's as the official winner of the presidential election. Technically, Indonesia has now entered bull-market territory as the index has gone up by 20.2% since the start of the year.

After months of positive inflows into Indonesian equities, foreign investors took some chips off the table with total net outflows of USD 0.1 billion during the month. We attribute the outflows due to a combination of profit taking and some concerns on macroeconomic data. Despite this, total net inflows remain at record high with YTD incoming of USD 4.9 billion.

### Fund Performance

Panin Asset Management's equity funds reported mix performance in August with Panin Dana Maksima and Panin Dana Prima outperformed the index, booking monthly returns of 1.3% and 1.2% respectively, whereas Panin Dana Ultima and Panin Dana Syariah Saham were below their respective index with monthly return of 0.2% and 0.3% respectively.

### Outlook

After waiting for more than a year, investors are cheering as the JCI finally surpassed last year's record level to close at 5.246 during the early days of September. Although trading volume has not been as high compared to the average levels seen in July, the momentum on Indonesian equities remain positive as investors placing high hopes on the new government to push economic reforms, particularly on fuel subsidy.

Looking ahead, Jokowi/JK will start their new post under a challenging environment. With PDI-P not having control over the parliament, it will be quite tricky to push certain economic reforms. In addition, there is mounting evidence that Indonesia needs to cut current account deficit back to below 3.0% in light of the upcoming FED rate hike, which analysts now penciled in to take place in Q2/Q3 2015.

Despite these challenges, we are optimistic that the new government will make notable policy changes in addressing critical economic constraints. These include making unpopular decisions on the basis of 'short-term pain long-term gain' for Indonesia's economy. For Indonesia equities, the recent dip in oil price may be seen as a short term positive catalyst as this will put less pressure on costs, as well as reduce the gap in Indonesia's trade balance.

EQUITY FUNDS	MORNINGSTAR	INCEPTION	AuM (IDR bn)	1 month	YTD	1 Year	3 Years
Panin Dana Maksima	★★★★★	Apr-97	6.624	1.3%	22.1%	24.5%	27.9%
Panin Dana Prima	★★★★★	Dec-07	1.441	1.2%	20.3%	24.2%	35.2%
Panin Dana Ultima	NA	Jun-13	482	0.2%	-	-	-
Panin Dana Syariah Saham	NA	Jul-12	380	0.3%	22.5%	21.5%	-
BALANCED FUNDS							
Panin Dana Bersama	★★★★★	Feb-09	459	1.4%	9.3%	9.0%	19.3%
Panin Dana Bersama Plus	NA	Dec-11	961	1.3%	20.2%	21.2%	-
Panin Dana Unggulan	★★★★★	Jun-05	334	1.2%	12.7%	18.1%	24.6%
Panin Dana US Dollar	★★★	Dec-07	125	0.8%	17.3%	23.7%	4.0%
Panin Dana Syariah Berimbang	NA	Sep-12	71	0.5%	18.8%	16.3%	-
<b>Jakarta Composite Index (IHSG)</b>				0.9%	20.2%	22.4%	33.7%
<b>LQ45</b>				0.1%	22.2%	24.0%	28.5%
<b>Indonesia Syariah Equity Index (ISSI)</b>				1.0%	17.6%	17.4%	36.2%

 As of July 31<sup>st</sup>, 2014

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