

Market Update

Highlight of the Month

- Fitch has upgraded Indonesia's investment grade from BBB- to BBB citing improving fundamentals and positive outlook.
- The Indonesian Central Bank announces a rate cut of 25 bps for two consecutive months in a bid to stimulate loan growth and also low inflation and another cut is expected in the 4Q17.
- US Government raises its Fed Fund rate by 25bps as per market estimates citing improving macro-economic indicators while President Trump's corporate tax plan passes another

Market Overview

Closer Look: Global Market

As per market consensus, the Fed Fund rate was raised by 25bps to 1.25%-1.5% on its December FOMC meeting. The US Central Bank expects its GDP to improve at 2.5% in 2018 citing continued improving unemployment and improving CPI. The raise in Fed Fund Rate may be a cause of concern for Indonesia as Rupiah and INDO 10Y Bond yield continues to weaken. Meanwhile President Trump's tax reform passes the US Senate as part of the GOP major tax plan. The Tax reform proposed earlier this year aims to create a more competitive tax systems for business taxpayers and improved economic opportunities for individuals and families. Concerns were raised due to the fact that a US tax overhaul may impact trade and investment flows and may be incompatible with World Trade Organisation rules that discriminate against foreign businesses in the United States.

The global capital market close mixed with the Nikkei leading growth at 3.24% against the previous month and 2.81% v LM while the EUR50 closes below at -2.83% v LM and SHCOMP at -2.24% v LM. The global commodities market also had shown sign of correction with the CPO closes at -10.61% versus Last Month, followed by Nickel at -9.83% v LM and Coal -3.10%. While WTI Crude Oil price index increases by 3.58% and Gold at 0.28%.

Fitch's Investment Grade Upgrade, Moderate Macro Indicators and positive outlook for 2018

Fitch raises Indonesia's investment grade from BBB- to BBB with a stable outlook citing resilience to external stocks and stability. Following Indonesia's return the country to investment grade in May, this is the second re-rating Indonesia experienced in the year 2017. The investment upgrade further demonstrates Indonesia's robust economic growth and positive outlook ahead.

Indonesia's Statistic Office (BPS) released its 3Q GDP at 5.06% YoY which is slightly above 5.04% but still below consensus forecasts of 5.19%. The slow growth can be attributed to lower than expected government expenditure, persistent easing of the private consumption (4.3% at 3Q17 v. 5.07% at 2Q17), and lower agriculture production. Meanwhile November's inflation was recorded at 3.30% (y/y), compared to last month number at 3.58%, is well within the Central Bank's target of 3-4%(y/y). In the meantime, Consumer Confidence improves in the month of November reaching 122.10 (+1.16% v LM). Other macroeconomic indicators fell against the month of October. Indonesia's trade balance fell at US\$ 0.13bn which is below market estimates of USD\$ 0.92 Bn surplus as exports rose less than imports. Imports jumped by 19.26% from a year earlier. Foreign exchange reserves in Indonesia decreased to 125.97 or by -0.54% against the month of October.

The JCI closes on a negative note at 5952.14 or -0.89% versus the month of October after months of appreciation while the LQ45 remains unchanged closing at 992.16 or -0.01% versus last month. The sectoral performance remains mixed with Finance (+1.37%) and Consumer Goods Industry (+0.55%) remains positive. While other sectors contributed to the dip in the JCI performance. Basic Industry & Chemicals (-7.15% v Last Month) were leading the correction, followed by Agriculture (-3.90% v LM), Property, Real Estate and Building Construction (-3.85% v LM), Trade Services & Investment (-3.04% v LM), Mining (-1.53% v LM), Infrastructure Utilities and Transportation (-0.70% v LM), and Miscellaneous Industry (-0.57 v LM). Meanwhile the Indonesian 10 Y Bond Yield has strengthened, lowering by 27 bps to 6.50 against the month of October.

Macro Indicators

	Actual	Previous	Changes
GDP 3Q17	5.06%	5.01%	0.05
Inflation	3.30%	3.58%	-0.28
CCI	122.10	120.70	1.16%
Trade Balance (in US\$ Bio)	0.13	1.00	-87.31%
Foreign Reserve	125.97	126.65	-0.54%
PMI	50.40	50.10	0.30

Equity Index

	Actual	Previous	Changes
JCI Index	5,952.14	6,005.78	-0.89%
LQ45	992.16	992.22	-0.01%

Government Bonds

	Actual	Previous	Changes
10Y Bond	6.50	6.77	-27.00

Exchange Rates

	Actual	Previous	Changes
USD/IDR	13,526.0	13,563.0	-0.27%
JPY/IDR	120.3	119.8	0.46%
SGD/IDR	10,025.0	9,957.6	0.68%

Global Market Index

	Actual	Previous	Changes
S&P 500	2,647.58	2,575.26	2.81%
NIKKEI	22,724.96	22,011.61	3.24%
EUR50	3,569.93	3,673.95	-2.83%
SHCOMP	3,317.19	3,393.34	-2.24%

Commodity Price Index

	Actual	Previous	Changes
COAL	96.80	99.90	-3.10%
CPO	2,495.00	2,791.00	-10.61%
GOLD	1,275.01	1,271.45	0.28%
NICKEL	11,050.00	12,256.50	-9.84%
WTI CRUDE OIL	63.57	61.37	3.58%

Market Update

Data as of 30th November 2017

Total Assets	30-Nov-17	31-Dec-16	(%) Change
Total AUM*	2,583,357,451,828	2,310,339,997,546	11.82%

* Total AUM including Discretionary Fund

Fund Performances

Reksa Dana	Prospera Obligasi	Prospera Obligasi Plus	Prospera Value Fund	Prospera Balance	Prospera Bijak	Prospera BUMN Growth Fund	Prospera Saham SMC
AUM(in Mio)							
30-Nov-17	34,786.74	56,858.93	66,774.54	139,852.06	96,590.34	65,210.53	66,774.54
NAV/Unit (Rp)							
30-Nov-17	3,397.70	3,655.30	1,252.77	3,932.34	874.06	1,193.10	1,258.01
31-Dec-16	3,080.47	3,126.24	1,104.41	3,581.17	791.10	1,081.46	1,000.00
Return							
MTD	1.29%	1.82%	-1.15%	-1.15%	0.23%	-1.06%	4.19%
MTD Benchmark	1.93%	1.80%	0.20%	-0.44%	-0.89%	-0.89%	-2.91%
MTD Bareksa Index*	1.33%	1.33%	-0.15%	-0.15%	-0.29%	-0.29%	-0.29%
YTD	10.30%	16.92%	13.43%	9.81%	10.49%	10.32%	25.80%
YTD Benchmark	13.09%	13.86%	12.54%	11.96%	12.37%	12.37%	-2.88%
YTD Bareksa Index	9.31%	9.31%	4.65%	4.65%	3.76%	3.76%	3.76%
Risk Profile							
Volatility**	2.98%	5.04%	5.79%	10.42%	12.75%	12.99%	
Info Sharpe***	1.72	0.96	1.58	0.34	0.28	0.43	
Beta***	-	-	0.53	0.85	1.04	1.04	

*source: www.bareksa.com, peer comparison between different products (Bareksa Fixed Income Index, Bareksa Mixed Fund Index, Bareksa Equity Index)

**Annualized

*** derived from last three years of daily return series; since inception for Prospera Value Fund and from 365 days for Prospera BUMN Growth Fund

Info sharpe is the mean portfolio return divided by standard deviation of portfolio return as to reflect reward to risk ratio; Beta is the regression analysis derived from daily return series between portfolio and the benchmark, over the last 12 months

DISCLAIMER

In the preparation of the material contained in this presentation, PT. Prospera Asset Management (PAM) has used information that is publicly available, including information produced internally. The information shown and material used in this document is believed to be from reliable sources. PAM however does not warrant the accuracy, reasonableness and / or completeness of any information. The data/statistics are given to explain general market trends in the securities market, it should not be construed as any research report/research recommendation. We may (have included) statements / opinions / recommendations in this document, which contain words, or phrases such as "will", "expect", "should", "believe" and similar expressions or variations of such expressions that are "forward looking statements". Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in Indonesia and other countries globally.

All figures and other data shown in this presentation (unless otherwise specified) are as on 23rd December 2017, and the same may or may not be relevant in future. The data or figures mentioned in this presentation shall not be construed as indicative yields/returns of any of the PAM Mutual Fund.

Investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of PAM Mutual Fund.

Past performance may or may not reflect the future performance.