

ASSET MANAGEMENT

< Investment Objective

The **Indonesian Growth Fund (IGF)** is an absolute return fund is an actively managed fund, aims to achieve long term capital appreciation through an actively managed portfolio of securities quoted primarily on the Indonesian Stock Exchange.

< Manager Comments

Regional Indices in Mar'11 moved mixed with tendencies strengthened. Jakarta Composite Index (JCI) strengthened by 6.03% MoM from 3,470.34 in Feb'11 to 3,678.67 in Mar'11. JCI and KLCI outperformed indices by increased of 6.03% and 3.61% respectively. Most of the regional Indexes closed slightly higher. Dow Jones, Hangseng, Shanghai Composite Index and S&P 500 increased by 0.76%, 0.82%, 0.79% and 0.10% MoM, respectively. Whereas, Nikkei plunged nearly 8.17% after huge earthquake and tsunami creates a massive damage to the country.

Indonesian Central Bank (BI) hold their benchmark rate at 6.75%. This time, Central bank are more confidence in managing the inflation rate. In Feb'11 Inflation (MoM) fell from 0.89% in Jan'11 to 0.13 %. We expect inflation pressure will ebb until 2Q'11 as we are entering harvest period and soft-commodities price corrected from its highest level. During March'11, soft commodities such as Rice price plunged to \$13.85 in Feb'11 from \$ 15.51 in the previous month. Soybean also fell from \$ 1423.5 in Jan'11 to \$1364.75 in Feb'11.

A huge earthquake measuring 8.9 on the Richter scale followed by a tsunami demolish northeastern of Japan in the 2nd week of Mar'11. The earthquake and tsunami swept away houses, buildings, cars, ships and highways. It also hit nuclear power plant stations at Fukushima Daiichi Nuclear Power Station, causing a powerful explosions and leaks of radioactive gas which releasing the radioactive material directly into the atmosphere. This may lead to disruptions in Japan's economy, which may impact to Indonesia as Japan is Indonesia's largest trade partners accounted for 17.5% of Indonesia's total exports and 11.5% of total Imports. In addition to that, Japan is also the largest foreign direct investor in Indonesia, contributed 21% of the overall inflows for the past three years.

Oil price in the 2nd week of Mar'11 fell below \$97 as a concern of the world's third-largest economy, Japan struggles to recover from Earthquakes-Tsunami devastation. One week later, Brent crude oil future prices for May'11 delivery suddenly rose 5.13% and reached the highest settlement price at \$117.376. Similar to Brent Crude oil, WTI Crude Oil future price for May'11 delivery also climbed by 8.19% to \$106.72, which has been boosted by the conflict in Libya and the turmoil in the Middle East and its effects on supply as United Nation's authorization of military strikes against forces loyal to Libyan leader, Muammar Gaddafi could prolong the conflict and threaten oil exports. Fierce fighting in Libya has damaged oil operations and cut most of the OPEC nation's 1.6 million barrels a day of crude output.

For the short-term period, we are expecting weakened demand from Japan for Indonesia's export goods as most of the Japanese companies will inevitably halt or reduce their production activities as a consequences of the damage on their production facilities, transportation & power shortages and focus on the rebuilding properties, factories, roads, railways, ports etc. Yet in Mid-Long term view, we expect demand to bounce back once the reconstruction works kick off. Indonesia's commodities and raw material such as coal, liquefied natural gas, cement and steel will gain advantages from the situation. We are expecting the demand of coal in 2H'11 will increase as coal is one of the alternatives substitute energy for replacing nuclear power plant.

JCI's average daily volume was recorded at 7.832 million shares with average daily transaction value of IDR 5.303 trillion. There was a foreign fund inflow in equity market and bond market of IDR 4.280 trillion and IDR 10.53 trillion respectively. During Mar'11, Rupiah tends to move strengthened against US dollar. Rupiah strengthened by 1.46% to IDR 8709/US\$ in Mar'11 from IDR 8838/US\$ in the previous month.

After rose in Jan'11, US ISM Manufacturing Index continue its rapid growth for the 19th consecutive month which indicates strong performance of economic activity especially in manufacturing sector. US ISM Manufacturing Index expanded from 60.8 pts in Jan'11 to 61.4 pts, in Feb'11. The Increase of Manufacturing index was driven by increase in production, new orders, and exports.

US Non-farm payroll in Feb'11 rose by 192,000 in February from 130,323k in Jan'11 to 130,515 in Feb'11. This figure was lower compare to economist's forecast of 196k. The change in Non-Farm payroll employment for Dec'10 was revised by the U.S. Bureau of Labor Statistics from +121k to +152k, and the change for Jan'11 was also revised from +36k to +63k. Job gains occurred in most of the sector such as manufacturing, construction, services, health care, and transportation. Unemployment rate in Feb'11 was slightly lower by 0.1% compare to last month figure of 9.0%. Labor force was unchanged over the past one month, it means that the unemployment rate was down mainly because the decrease of unemployed citizen.

Next month, investor would likely to observe of Indonesia, US, European and China economic release data such as inflation, interest rate decision, manufacturing activity, unemployment rate, industrial production, movement of commodity prices and conflict at Libya and middle-east. The trading range for JCI will be at support-resistance of 3,600-3,788.

< Investment Policy

	Minimum	Maximum
Equity Instrument	80.00%	100.00%
Debt Instrument	0.00%	20.00%

< Net Asset Valuation Position (NAV)

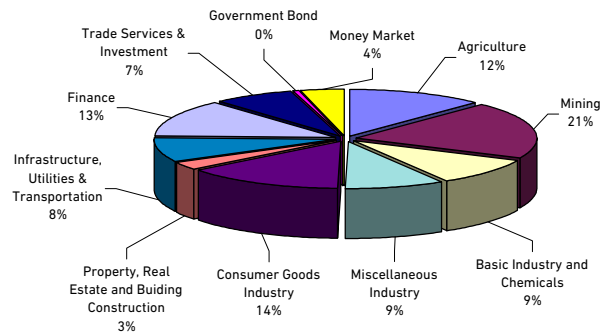
Total NAV	USD.(000)	35,522.13
NAV per unit	USD./Unit	180.76
Outstanding Amount	Unit (000)	196,513

< Information

Inception	18-Mar-92
Custodian Bank	HSBC Inst Trust Service, HK
Investment Fee	:
- Management Fee	2.00% p.a
- Custodian Fee	0.225% p.a
- Subscription Fee	3.0% - 5.0%
- Redemption Fee	0.00%

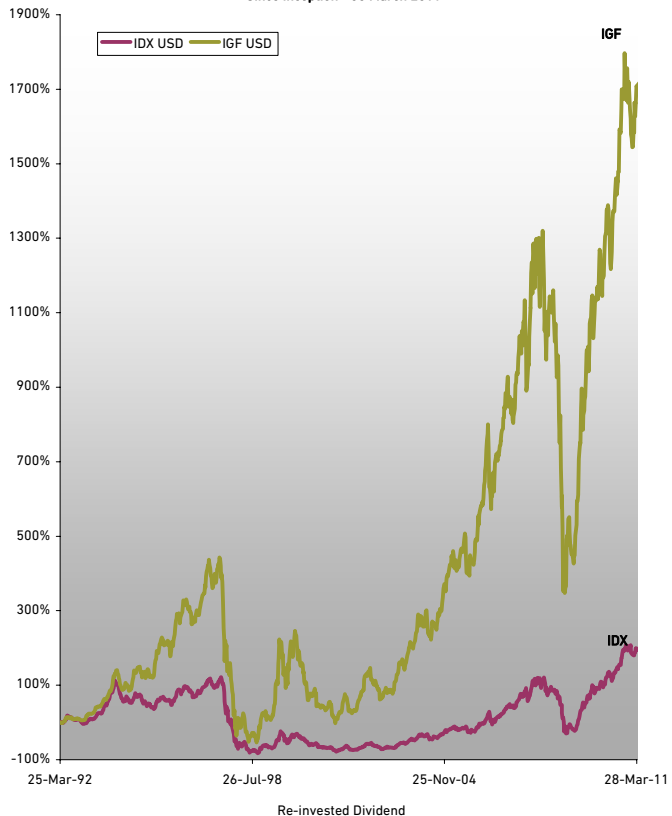
30-March-11

< Sectoral Asset Allocation



< Performance Graphic

Absolute Return Fund (in USD)
Indonesian Growth Fund vs Indonesia Stock Exchange
Since Inception - 30 March 2011



< Performance and Benchmark

as of 30-Mar-11	1Mo	3Mo	YTD	1Yr	3Yr	Since Inception
IGF	7.23%	-0.68%	-0.68%	28.41%	50.21%	1707.60%
IDX	6.51%	1.80%	1.80%	37.43%	57.41%	205.06%

< Top 5 Portfolio Holdings

1	Astra International	ASII	8.96%
2	United Tractor	UNTR	6.28%
3	Indofood Sukses Makmur	INDF	5.92%
4	Harum Energy	HRUM	5.60%
5	Semen Gresik	SMGR	5.17%

< Investment Manager

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