

Allisia Rupiah Equity Fund

May 2016



BLOOMBERG: AZSRPEQ:IJ

INVESTMENT OBJECTIVE

The objective of this fund is to provide long term maximum investment yield.

INVESTMENT STRATEGY

To achieve the investment objective, this fund shall be invested 0-20% in short-term sharia instruments such as deposits sharia, sharia SBI, sharia SPN, and / or money market mutual funds) and 80 - 100% the sharia based equity instruments in accordance to OJK's decision (either directly through sharia stocks or through sharia equity mutual funds).

PERFORMANCE INDICATOR

Return Performance

Last 1-year Period	-5.96%
Best Month	14.81% Jul-09
Worst Month	-12.99% Oct-08

Portfolio Breakdown

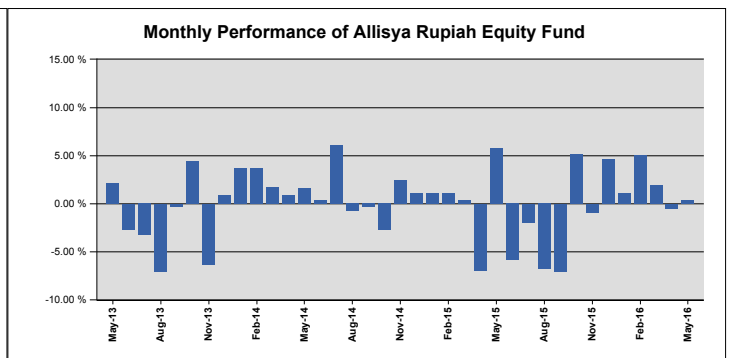
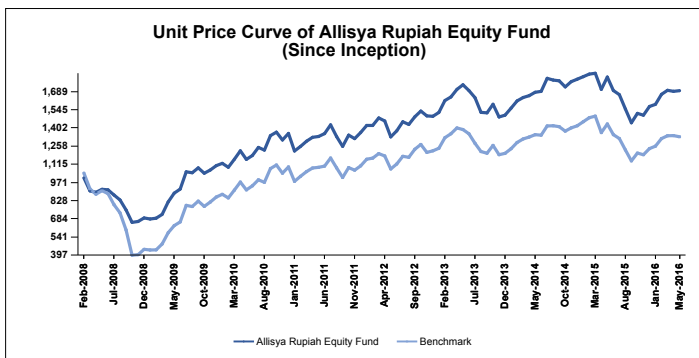
Equity	94.73%
Sharia Cash/Deposit	5.27%

Top Five Stocks Holding

Telekomunikasi Indonesia	19.58%
Unilever Indonesia	17.90%
Astra International	14.37%
Indofood CBP Sukses Makmur	4.47%
Indofood Sukses Makmur	3.75%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisia Rupiah Equity Fund	0.31%	1.74%	12.88%	-5.96%	-2.67%	7.94%	69.50%
Benchmark*	-0.67%	1.09%	11.91%	-7.05%	-4.10%	7.54%	33.15%

*Jakarta Islamic Index (JII)



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 654.34
Risk Profile	: Aggressive
Launch Date	: 01 Feb 2008
Fund Currency	: Indonesian Rupiah
Managed by	: PT Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily
Price per Unit (As of May 31, 2016)	Bid : IDR 1,610.25 Offer : IDR 1,695.00
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced May's inflation at 0.24% mom (vs consensus 0.2%, deflation 0.45% in Apr 2016) mostly were caused by higher food ingredients, process food and beverages prices. On yearly basis, inflation printed at 3.33% YoY (vs consensus 3.30%, 3.60% in Apr 2016). Core inflation printed at 3.41% YoY, unchanged from previous month (vs 3.41% in Apr 2016). In the Board of Governors' Meeting on May 19th, 2016, Bank Indonesia maintained its reference rate at 6.75%, Lending Facility at 7.25% as well as facility rate (FASBI) at 4.75%. LPS (Deposit Insurance Corporation for banks) announced to cut the insurance rate from 7.25% to 7.00% for period of 15 May 2016 to 14 September 2016. Rupiah depreciated against USD by -3.11% to 13,615 at end of May compared to previous month 13,204. Trade balance was surplus +0.67bn USD (non-oil and gas surplus +1.14bn USD, oil and gas deficit -0.47bn USD) in Apr 2016. Export decreased by -12.65% YoY mostly driven from export in jewelry, while imports decreased by -14.62% YoY. FX Reserves decreased 4.11bn USD from 107.71bn USD in April 2016 to 103.6 USD in May 2016 due to seasonally higher FX demand for payment needs, external govt debt payments and efforts to stabilize rupiah in line with fundamentals.

The JII (Jakarta Islamic Index) closed lower in May at 648.85, gaining -0.67% MoM. Large cap stocks such as INTP, SMGR, ASII, MIKA, and PGAS contributed to the MoM loss, all of which fell by -15.59%, -9.09%, -1.86%, -11.49%, and -5.34% MoM respectively. Negative sentiment still lingered as weak macro economy numbers still looms. Foreign investors booked net outflow post weaker than anticipated 1Q16 GDP announcement of 4.92% YoY, which was below market expectation of 5.04%. Loan growth, serving as a main indicator on business activities, only reached 7.7% YoY in Apr-16. The lowest growth in the past 5 years. Tax revenue was discouraging as well, contracting by -10.6% YoY, worse than the same period last year of 0% YoY. Lower tax revenue caused the government cut their expenditure budget by IDR 50.2tn, mitigating wider budget deficit risks. Consequently, investors in general sold off. On a more positive note, government noted investors' concerns on slower growth risks in 2nd quarter whereby BI reacted by stating that they will start to issue monetary easing regulation through LTV relaxation and allowed pre-construction loan for 2nd and 3rd home buyers. Lower tax rate on personal income should also improve purchasing power on grass root level. Lastly, the success of tax amnesty program will be the key market catalyst as it would boost local business confidence and increase tax compliance over the longer term. Sector wise, the Basic Industry Sector was the worst performing sector this month, falling by -7.29% MoM. INTP (Indocement) and SMGR (Semen Gresik) were the laggards; falling by -15.59% and -9.09% MoM respectively. This was followed by the Agriculture Sector that posted -4.64% MoM losses, driven by LSIP (London Sumatera) and AALI (Astra Agro Lestari) which fell -5.54% and -12.11% MoM respectively. On the other side, Infrastructure Sector was the best performing sector this month, gaining by +2.58% MoM. INDY (Indika Energy) and GIAA (Garuda Indonesia) were the movers, rising +26.56% and +12.42% MoM respectively.

We opportunistically select sound companies with quality management that offers earnings and cash flow resiliency on the back of relatively high valuation environment.