

# Allisia Rupiah Equity Fund

## August 2017



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 | <b>1.79%</b>          |
| Best Month         | <b>14.81%</b> Jul-09  |
| Worst Month        | <b>-12.99%</b> Oct-08 |

#### Portfolio Breakdown

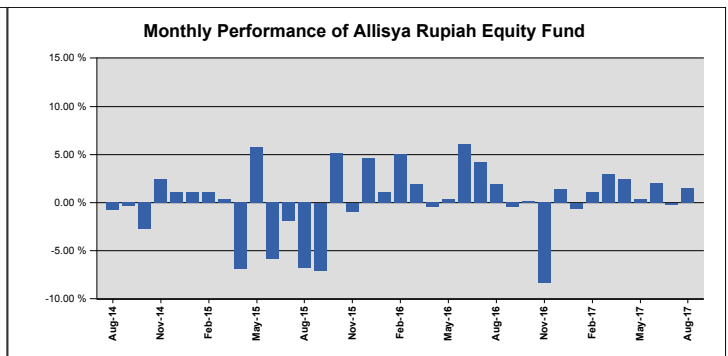
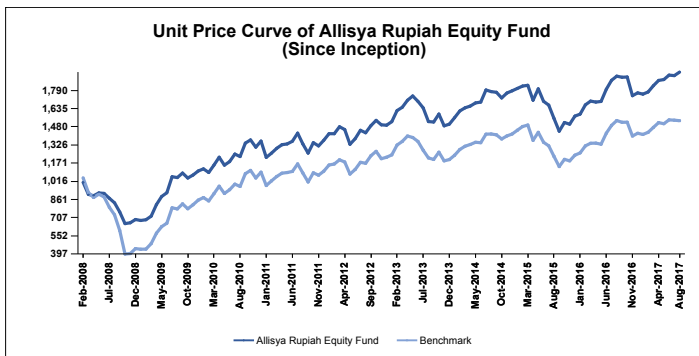
|                     |               |
|---------------------|---------------|
| Equity              | <b>95.01%</b> |
| Sharia Cash/Deposit | <b>4.99%</b>  |

#### Top Five Stocks Holding

|                            |               |
|----------------------------|---------------|
| Telekomunikasi Indonesia   | <b>19.47%</b> |
| Unilever Indonesia         | <b>15.73%</b> |
| Astra International        | <b>13.63%</b> |
| Chandra Asri Petrochemical | <b>6.29%</b>  |
| United Tractors            | <b>4.88%</b>  |

|                            | 1 Month       | 3 Months     | 6 Months     | 1 Year        | 3 Years      | YTD          | Since Inception |
|----------------------------|---------------|--------------|--------------|---------------|--------------|--------------|-----------------|
| Allisia Rupiah Equity Fund | <b>1.55%</b>  | <b>3.35%</b> | <b>9.48%</b> | <b>1.79%</b>  | <b>9.31%</b> | <b>9.98%</b> | <b>94.42%</b>   |
| Benchmark*                 | <b>-0.28%</b> | <b>1.71%</b> | <b>6.90%</b> | <b>-0.08%</b> | <b>7.98%</b> | <b>7.51%</b> | <b>53.14%</b>   |

\*Jakarta Islamic Index (JII)



### KEY FUND FACTS

|                              |                                      |
|------------------------------|--------------------------------------|
| <b>Fund Size (in bn IDR)</b> | : IDR 903.45                         |
| <b>Risk Profile</b>          | : Aggressive                         |
| <b>Launch Date</b>           | : 01 Feb 2008                        |
| <b>Fund Currency</b>         | : Indonesian Rupiah                  |
| <b>Managed by</b>            | : PT Asuransi Allianz Life Indonesia |

|  |   |
|--|---|
| <b>Pricing Frequency</b>                   | : Daily   |
| <b>Price per Unit (As of Aug 31, 2017)</b> | : <b>Bid</b> IDR 1,847.02 <b>Offer</b> IDR 1,944.23 |
| <b>Bid-Offer Spread</b>                    | : 5.00%   |
| <b>Management Fee</b>                      | : 2.00% p.a.  |

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Aug 2017 deflation at -0.07% mom (vs consensus inflation +0.06%, inflation +0.22% in Jul 2017). On yearly basis, inflation was slightly lower to +3.82%yoy (vs consensus inflation 3.99%, +3.88% in Jul 2017). Core inflation was printed at +2.98% yoy (vs +3.05% in Jul 2017). Deflation was mainly caused by lower food ingredients prices, also transportation and communication. In the Board of Governors' Meeting on 22 Aug 2017, Bank Indonesia cut its 7-day Reverse Repo Rate by 25bps from 4.75% to 4.50%, also Deposit Facility (DF) from 4.00% to 3.75% and Lending Facility (LF) from 5.50% to 5.25%. Rupiah depreciated by -0.21% to 13,351/USD at end of Aug 2017 from 13,323/USD in previous month. Trade balance booked a deficit of USD 0.27bn (non-oil and gas surplus USD 0.33bn, oil and gas deficit USD 0.60bn) in Jul 2017. Export rose by +41.12% YoY mostly driven by mineral fuel, while imports rose by +54.02% YoY. Indonesia's foreign reserves increased USD 4.67bn to USD 127.76bn in Jul 2017 from USD 123.09bn in Jun 2017. The increase was primarily attributable to foreign exchange receipts, among other from global bond issuance, tax revenues, government oil and gas export proceeds, as well as auction of Bank Indonesia foreign exchange bills.

The JAKISL Index (Jakarta Islamic Index) ended the month lower at 746.26 (-0.28% MoM). Market laggards were TPIA, LPPF, ASII, PGAS, and WSKT as they fell -20.5%, -21.1%, -1.25%, -5.78% and -7.11% MoM respectively. Market continued to depreciate further during the month of August despite foreign booked net outflow of US\$468mn, lack of positive catalysts in domestic and rising geopolitical risks from North Korea. Dissatisfaction over a flat 2Q17 GDP of +5.01% YoY (below consensus +5.08% YoY) became a concern as the private consumption growth, which contributes 57% of Indo's GDP, clocked in flat at +4.95% YoY (vs 1Q17: 4.94%), historically 2Q data was always stronger than 1Q. The combination between slower wallet size growth, electricity tariff hike, slower government spending realization and rising political tension in 1Q17 eroded purchasing power and deteriorate consumer confidence. As banking data suggests, Indonesians with accounts which had IDR 5bn or more (48% of total banking deposits) had a 15% growth on a YTD basis. Meanwhile those with accounts less than IDR 100mn had a 12% decline. The recent 25 bps rate cut is clearly a signal that monetary policy makers recognize these issues. In summary we are of the view that risk/reward in broad market sense looks less favorable given the modest growth going trajectory in the nearer term and recognize rising geopolitical risk as an external headwind. Sector wise, the Trade, Service and Investment Sector was the worst performing sector during the week, declining 2.86% WoW. Ticker wise, LPPF (Matahari Department Store) and AKRA (AKR Corporindo) were the laggards, depreciating 21.1% and 1.81% MoM respectively. This was followed by the Miscellaneous Industries Sector which dropped 2.3% MoM. Ticker wise, ASII (Astra International) was the laggards, which posted 1.25% loss. On the other hand, the best sector during the week was the Construction, Property and Real Estate Sector, which recorded a gain of 3.24% MoM. Ticker wise, CTRA (Ciputra Development) and LPKR (Lippo Karawaci) were the movers which rose 13.04% and 9.79% MoM respectively.

Our portfolio strategy remains unchanged and adopts a more defensive approach where risk/reward is still the main focus. Generally speaking, we have been selective on equities that have competitive advantage, relatively low gearing and well-disciplined corporate governance. We are putting a larger emphasis on managing earnings expectations to a more conservative approach rather than growth seeking and assess value on that front also bearing in mind forex, leverage exposures and cash flow generation ability.