

Allisia Rupiah Equity Fund

December 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	12.58%
Best Month	14.81% Jul-09
Worst Month	-12.99% Oct-08

Portfolio Breakdown

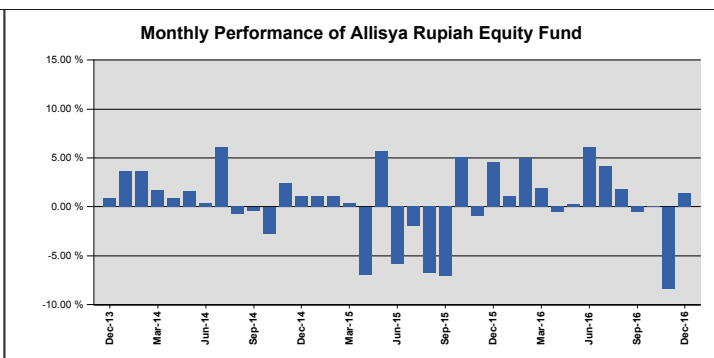
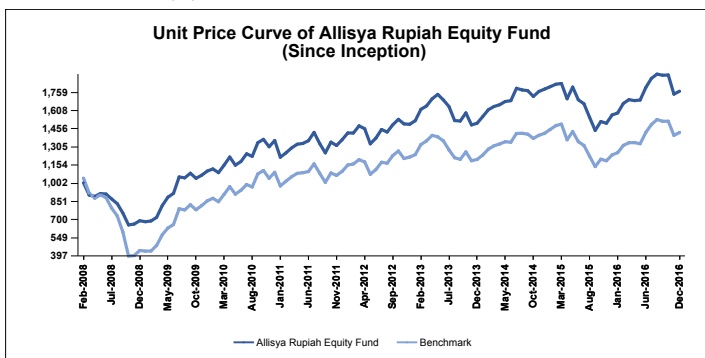
Equity	95.77%
Sharia Cash/Deposit	4.23%

Top Five Stocks Holding

Telekomunikasi Indonesia	19.51%
Astra International	15.81%
Unilever Indonesia	13.35%
Indofood CBP Sukses Makmur	4.38%
Indofood Sukses Makmur	3.91%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisia Rupiah Equity Fund	1.38%	-6.99%	-1.70%	12.58%	17.71%	12.58%	76.78%
Benchmark*	1.67%	-6.16%	-0.03%	15.05%	18.63%	15.05%	42.44%

*Jakarta Islamic Index (JII)



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 757.22
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 Dec 30, 2016)	: Bid IDR 1,679.45 Offer IDR 1,767.84
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Dec's inflation at 0.42% mom (vs consensus inflation +0.45%, +0.47% in Nov 2016), mostly was caused by higher food ingredients, process food, beverages, cigarette and tobacco, as well as also higher housing, water, electricity, gas and fuel. On yearly basis, inflation was lower to 3.02% YoY (vs consensus 3.04%, 3.58% in Nov 2016). Core inflation printed at 3.07% YoY, similar with previous month (vs consensus 3.11%, 3.07% in Nov 2016). In the Board of Governors' Meeting on 15 Dec 2016, Bank Indonesia maintained the 7-day reverse repo rate at 4.75%, also Deposit Facility (DF) at 4.00% and Lending Facility (LF) at 5.50%. Rupiah appreciated by +0.94% to 13,436/USD at end of Dec as opposed to 13,563/USD previous month. Trade balance booked a surplus of +US\$0.838bn (non-oil and gas surplus +US\$1.495bn, oil and gas deficit US\$-0.657bn) in Nov 2016. Export rose by +21.34% YoY mostly driven by natural oil exports, while imports rose by +9.88% YoY.

The JII (Jakarta Islamic Index) closed higher in December at 694.13, gaining +1.67% MoM. Large cap stocks such as ASII, TLKM, ADRO, INDF, and LPPF contributed to the MoM gain, all of which rose by +9.60%, +5.29%, +10.78%, +4.62%, and +5.03% MoM respectively. The index rebounded strongly in the 4th week of December after 3 weeks consecutive decline following the announcement of Donald Trump's presidency. The well anticipated 25bps FED rate hikes to 0.75% and indication of a more hawkish tone from the FED in 2017 has brought additional pressure to emerging market currencies and subsequently index, translating to US\$273mn foreign outflow worth in Dec-16. On the domestic front, Indonesia's financial resilience is being tested by the spike in yields following Trump's win. While we see fundamentals supporting the resilience, IDR bond yield risk has risen. The Jakarta governor elections in Feb-17 will be one indicator for investors as it will test the capital's and nation's political maturity. Overall, the recent spike in volatility in the currency and equity markets clearly show that Indonesia is not entirely immune to external risks and the heightened political tension has also added pressure domestically. Sector wise, the Miscellaneous Industry Sector was the best performing sector this month, appreciating by +8.01% MoM. GJTL (Gajah Tunggal) and ASII (Astra International) were the movers; gaining by +6.47% and +9.60% MoM respectively. This was followed by the Trading and Distribution Sector that posted +4.50% MoM gains, driven by MIKA (Mitra Keluarga) and UNTR (United Tractor) which rose +2.80% and +1.19% MoM respectively. On the other side, Property Sector was the worst performing sector this month, losing by -2.79% MoM. PWON (Pakuwon Jati) and SMRA (Summarecon Agung) were the laggards, falling -17.52% and -6.36% MoM respectively.

Our portfolio strategy leans towards a more defensive approach where risk/reward is still the bottom up main focus. Generally speaking, we have increased our cash levels and bottom up select equities that has pricing power, 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.