

Allisya Rupiah Equity Fund

September 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	31.84%
Best Month	14.81% Jul-09
Worst Month	-12.99% Oct-08

Portfolio Breakdown

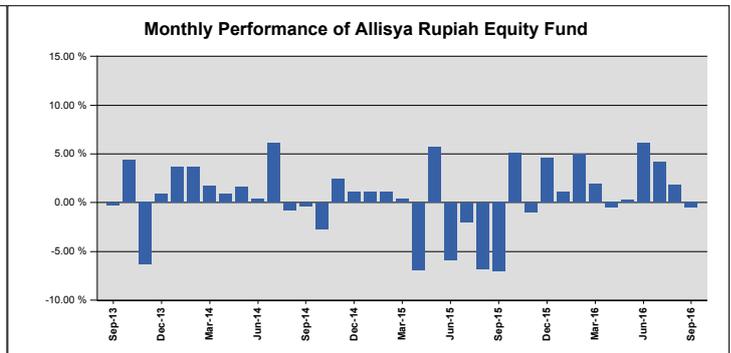
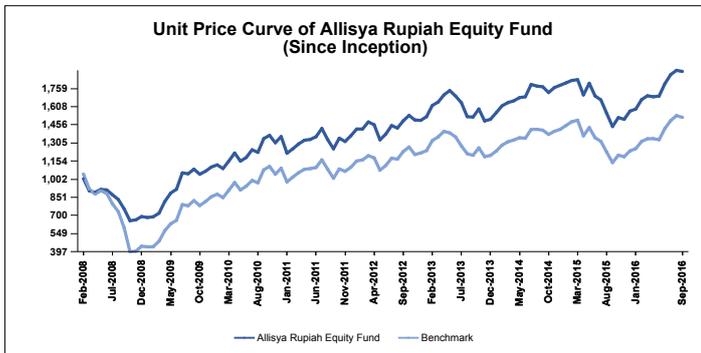
Equity	97.60%
Sharia Cash/Deposit	2.40%

Top Five Stocks Holding

Telekomunikasi Indonesia	19.79%
Astra International	15.07%
Unilever Indonesia	14.69%
Indofood CBP Sukses Makmur	4.59%
Indofood Sukses Makmur	3.91%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	-0.49%	5.69%	11.95%	31.84%	25.04%	21.05%	90.08%
Benchmark*	-0.96%	6.53%	13.33%	33.02%	26.31%	22.60%	51.79%

*Jakarta Islamic Index (JII)



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 768.08
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 Sep 30, 2016)	Bid : IDR 1,805.71 Offer : IDR 1,900.75
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Sep's inflation at 0.22% mom (vs consensus inflation +0.2%, deflation -0.02% in Aug 2016) mostly was caused by higher process food, beverages, cigarette and tobacco. On yearly basis, inflation higher to 3.07% YoY (vs consensus 3.05%, 2.79% in Aug 2016). Core inflation printed at 3.21% YoY, lower than previous month (vs consensus 3.21%, 3.32% in Aug 2016). In the Board of Governors' Meeting on 22 Sept 2016, Bank Indonesia cut its 7-day Reverse Repo Rate by 25bps from 5.25% to 5.00%, also Deposit Facility (DF) from 4.50% to 4.25% and Lending Facility (LF) from 6.00% to 5.75%. Rupiah appreciated by +2.32% to 12,998/USD at end of Sept as opposed to 13,300/USD previous month. Trade balance booked a surplus of +US\$0.29bn (non-oil and gas surplus +US\$0.92bn, oil and gas deficit US\$-0.63bn) in Aug 2016. Export fell by -0.74% YoY mostly driven by a reduction in steel and iron, while imports fell by -0.49% YoY. FX Reserves rose by US\$2.13bn from US\$113.54bn in Aug 2016 to US\$115.67bn in Sept 2016 on the back of revenue from tax, and oil-gas, as well as proceeds from Bank Indonesia's FX bills, known as SBBI. Reserves are sufficient for government external debt payments.

The JII (Jakarta Islamic Index) closed lower in September at 739.69, losing -0.96% MoM. Large cap stocks such as UNVR, ICBP, LPPF, UNTR, and KLBF contributed to the MoM loss, all of which fell by -2.41%, -5.01%, -7.63%, -5.60%, and -4.46% MoM respectively. Tax amnesty achievement was better than market expected. Despite a slow start in the first 2 months, asset declaration improved significantly in the 4th week of Sep-16 with increasing numbers of high net worths participating in the program. During the first phase, tax revenue reached IDR 97.2tn and has outpaced BI's conservative target of IDR 20tn. To give perspective, the IDR 97.2tn revenue translates to 0.8% of GDP, which is the one of the most successful TA's ever implemented globally. In summary, there was IDR 3.612tn worth of asset declaration with 70%, 27%, and 3% being onshore, offshore and repatriation, respectively. Going forward, tax amnesty declaration (both domestic and overseas assets) and tax fees (magnification of tax base) will both play a vital role for the economy over the longer term as repatriated fund will push both portfolio and real investment, increase tax ratio. More importantly, boost business confidence as many businessman having experienced "tax terrorism" over the past 2 years, which took a toll on business confidence. Sector wise, the Agriculture Industry Sector was the worst performing sector this month, depreciating by -4.06% MoM. LSIP (London Sumatera) and AALI (Astra Agro Lestari) were the laggards; losing by -6.56% and -9.60% MoM respectively. This was followed by the Trading and Distribution Sector that posted -2.03% MoM losses, driven by SCMA (Surya Citra Media) and UNTR (United Tractor) which fell -7.59% and -5.60% MoM respectively. On the other side, Basic Industry Sector was the best performing sector this month, gaining by +1.21% MoM. SMGR (Semen Gresik) and SMBR (Semen Baturaja) were the movers, rising +2.02% and +3.54% MoM respectively.

We are more upbeat on Indonesian equities on the back of more favorable government initiatives that we think will have positive spillover effect towards the private sector. That being said however, we think that market has partially price in the positive news which as a result has inflated current valuation. Expectations are high. We believe stock selection will be key and our focus remains on companies with solid and feasible earnings.

Disclaimer:

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