

Allisa Rupiah Equity Fund

March 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 **7.72%**
 Best Month **14.81%** Jul-09
 Worst Month **-12.99%** Oct-08

Portfolio Breakdown

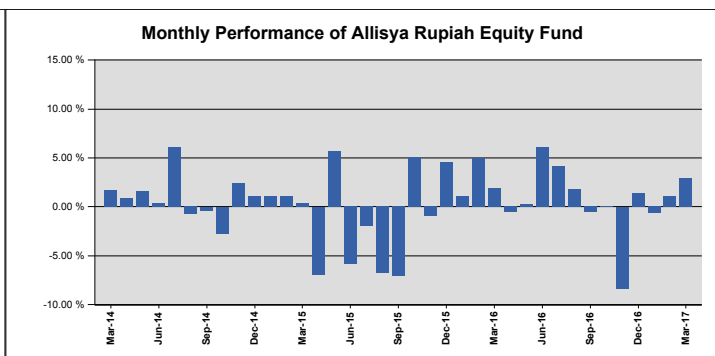
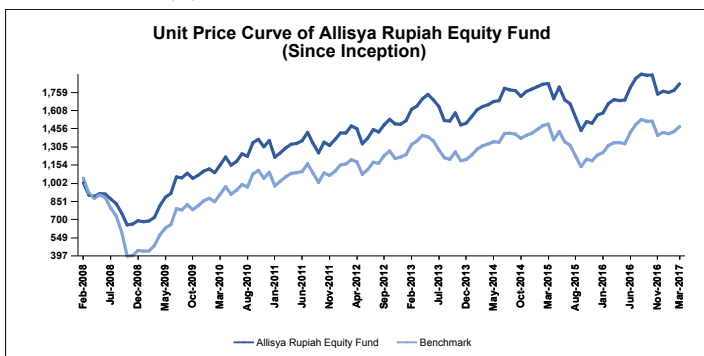
Equity **96.20%**
 Sharia Cash/Deposit **3.80%**

Top Five Stocks Holding

Telekomunikasi Indonesia **19.65%**
 Astra International **15.80%**
 Unilever Indonesia **15.57%**
 United Tractors **5.01%**
 Indofood CBP Sukses Makmur **3.98%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisa Rupiah Equity Fund	2.99%	3.45%	-3.78%	7.72%	11.46%	3.45%	82.89%
Benchmark*	2.90%	3.49%	-2.88%	10.06%	12.17%	3.49%	47.41%

*Jakarta Islamic Index (JII)



KEY FUND FACTS

Fund Size (in bn IDR) : IDR 814.78
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 Mar 31, 2017) : **Bid** IDR 1,737.43 **Offer** IDR 1,828.87
Bid-Offer Spread : 5.00%
Management Fee : 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Mar 2017 deflation at -0.02% mom (vs consensus +0.20%, +0.23% in Feb 2017), mostly was caused by lower food ingredients prices also transportation and communication tariff. On yearly basis, inflation was lower to +3.61% YoY (vs consensus +3.80%, +3.83% in Feb 2017). Core inflation printed at +3.30% YoY, lower than previous month at +3.41% YoY. In the Board of Governors' Meeting on 15-16 Mar 2017, 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 +0.19% to 13,321/USD at end of Mar 2017 as opposed to 13,347/USD previous month. Trade balance booked a surplus of +US\$1.32bn (non-oil and gas surplus USD 2.55bn, oil and gas deficit USD 1.23bn) in Feb 2017. Export rose by +11.16% YoY mostly driven by jewelry exports, while imports rose by +10.61% YoY. FX Reserves rose by USD 1.9bn from USD 119.9bn in Feb 2017 to USD 121.8bn in Mar 2017 on the back of oil and gas export, government foreign loan drawdown also income from foreign currency BI Securities (SBBI).

The JII (Jakarta Islamic Index) closed higher in March at 718.35, gaining +2.90% MoM. Large cap stocks such as TLKM, ASII, UNVR, UNTR, and INTG contributed to the MoM gain, all of which rose by +7.27%, +5.18%, +2.73%, +7.51% and +9.57% MoM respectively. Despite an improvement in Indonesia's macro economy, achieving S&P's investment grade status remains elusive despite Fitch and Moody having listed Indonesia into investment grade years ago. In recent weeks, the prospect of an S&P upgrade in May re-emerged, enticed by significant foreign inflow of US\$785mn in the equity market. The upgrade would lead to a lowering both risk free and premium, which would result in higher equity value. However, we expect market volatility will be higher in short term on the back of tax law enforcement post tax amnesty period which ends in Mar-17 and secondly the outcome of Jakarta elections on 19 Apr. Sector wise, the Mining Sector was the best performing sector this month, appreciating by +6.63% MoM. PTBA (Bukit Asam) and ADRO (Adaro Energy) were the movers; gaining by +18.12% and +3.24% MoM respectively. This was followed by the Basic Industry Sector that posted +5.35% MoM gains, driven by INTG (Indocement) which rose +9.57% MoM. On the flip side, Property and Construction Sector was the worst performing sector this month, losing by -1.29% MoM. WSKT (Waskita Karya) and PTTP (Pembangunan Perumahan) were the laggards, falling -4.44% and -4.89% 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 been selective on equities that have 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.