

DPLK SYARIAH FUND

August 2019

Investment Objective

The objective of the fund is to provide relatively stable income with capital preservation for the long term.

Investment Strategy

The Fund seeks to attain its objectives by investing in short term sharia instruments (such as sharia deposits or sharia T-bills) and sharia bonds and/or sharia fixed income mutual fund for its medium or longer term instruments.

Return Performance

Last 1-year Period	11.24%
Best Month	Dec-03 3.16%
Worst Month	Sep-05 -6.17%

Portfolio Breakdown

Treasury Bonds	90.69%
Govt. Related Bond	1.29%
Sharia Cash/Deposit	8.02%

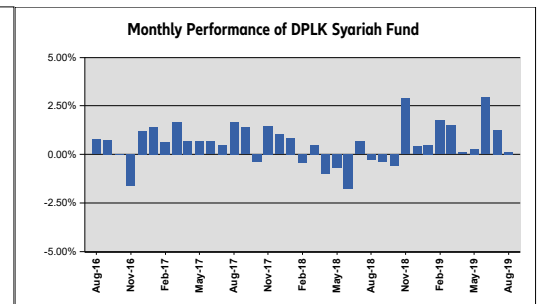
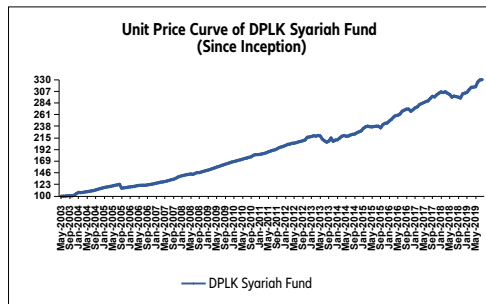
Key Fund Facts

Fund Size (in bn IDR)	IDR 79.01
Risk Profile	Moderate
Launch Date	31 May 2003
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

Price per Unit	
(As of Aug 30, 2019)	IDR 329.9361

Managed by DPLK Allianz Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
DPLK Syariah Fund	0.14%	4.38%	6.34%	11.24%	22.24%	8.78%	229.94%



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced Aug 2019 inflation at +0.12% mom (vs consensus inflation +0.17%, +0.31% in July 2019). On yearly basis, inflation was +3.49% yoy (vs consensus inflation +3.51%, +3.32% in July 2019). Core inflation was printed at +3.30% yoy (vs consensus inflation +3.17%, +3.18% in July 2019). The contributor of this inflation was the increment of school fees ahead of new school academic year and gold price which was affected by global gold price. In the Board of Governors' Meeting on 21st and 22nd Aug 2019, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 5.50%, while also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 4.75% and 6.25%, respectively. This policy expected to boost the increasing of economic growth. Rupiah depreciated by -1.50% to 14,237/USD at end of August 2019 from 14,026/USD in previous month. Indonesia's trade balance recorded deficit amounting to USD -0.63mn in July 2019 vs previous month surplus USD 0.196bn. The deficit was contributed by import for oil & gas sector, especially oil products, while the surplus from export of non-oil & gas sector declined compared previous month. Non-oil and gas trade balance in July 2019 recorded surplus USD 0.079bn, declining than the previous month which was resulting surplus amounting to USD 1.164bn. Meanwhile, oil and gas trade balance still recorded deficit to USD -0.142bn in July 2019, slightly better than deficit on June 2019 amounting to USD -0.967bn. The deficit was caused by higher oil products imports. Indonesia's official foreign reserve as of Aug 2019 was at USD 126.4billion, higher than July 2019's number at USD 125.9billion. The increment in the reserve assets per Aug 2019 was due to higher export earnings from oil and gas.

IDR Government bond yields were closed mixed where the yield were lower from short to belly tenor, while the yield were higher on the long tenor. Bond market was volatile last month on the back the uncertainty of trade war between China and US. US was threatening China that they will impose 10% tariff to another \$300bn of Chinese's good and China responded by depreciating their currency against US. The negative sentiments were also contributed by Hong Kong's protest, fearing of Argentina's government bankruptcy, and fearing of US's recession which was showed by inverted yield curve US Treasury. While, President Jokowi's speech related State Budget 2020 in parliament and also dovish statement coming from Bank Indonesia help to prevent the market prices to fall further. Bank Indonesia was also seen in the market buying the bonds where their bond ownership increased by +0.24% mom. Offshore accounts decreased their holding by IDR -3.44tn in Aug 2019 (-0.34% MoM), to IDR 1,009.60tn as of 30 Aug 2019 from IDR 1,013.04tn as of 31 July 2019, which brought their holding to 38.45% of total outstanding tradable government bond (from 39.26% in the previous month). The 5Y yield Aug 2019 ended -5bps lower to +6.79% (+6.84% in July 2019), 10Y tenor ended -5bps lower to +7.33% (+7.38% in July 2019), 15Y tenor ended +7bps higher to +7.76% (+7.69% in July 2019) and 20Y tenor ended +1bps higher to +7.89% (+7.88% in July 2019).

Disclaimer:

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