

AlliSya Rupiah Balanced Fund

February 2015

BLOOMBERG: AZSRPBL:IJ

INVESTMENT OBJECTIVE

The objective of this fund is to achieve conservative long term capital growth while earning relatively stable income.

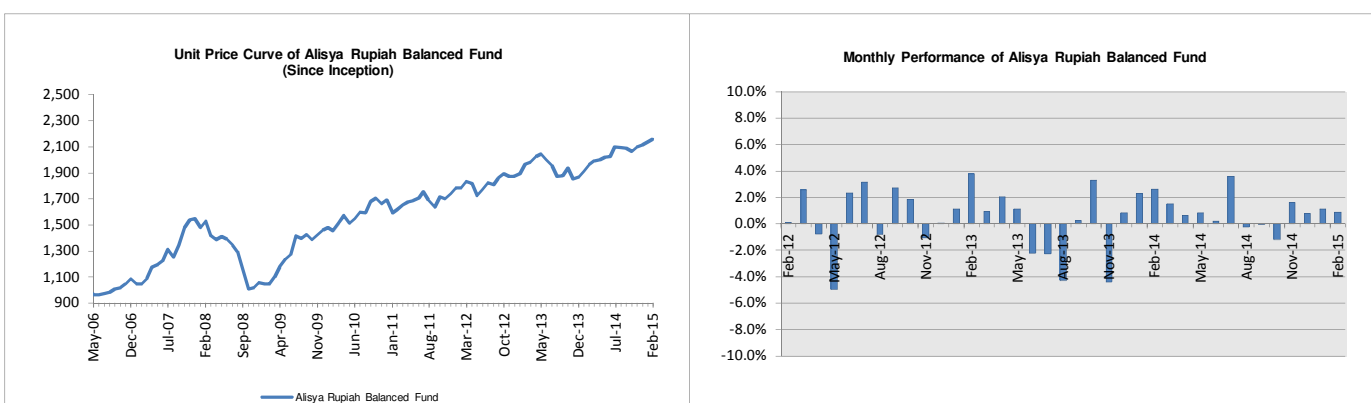
INVESTMENT STRATEGY

To achieve the investment objectives, this fund shall be invested with a target of 7.5% in short term sharia instruments (such as deposits of sharia, sharia SBI, sharia SPN, and / or money market mutual funds), 40% in medium or long term sharia instruments (such as sharia bonds, sharia corporate bonds and / or sharia fixed income mutual funds), and 52.5% in the sharia based equity instruments in accordance to OJK's decision (either directly through sharia stocks or through sharia equity mutual funds).

PERFORMANCE INDICATOR

<u>Return Performance</u>		<u>Portfolio Breakdown</u>	<u>Top Holding Bonds</u>	<u>Top Five Stocks Holding</u>	
Last 1-year period	10.01%	Equity	52.46% PROJECT BASED SUKUK SERI 1	3.50% TELEKOMUNIKASI	9.05%
Best Month	10.95% Jul-09	Treasury Bonds	14.08% IFR0001 SUKUK NEGERA IJARAH	3.06% ASTRA INTERNATIONAL	8.71%
Worst Month	-14.39% Oct-08	Govt. Related Bonds	2.41% SUKUK NEGERA RITEL SERI IV	2.97% UNILEVER INDONESIA	7.53%
		Mutual Fund Fixed Income	2.83% SUKUK IJARAH PLN V SERI A	1.82% PERUSAHAAN GAS NEGERA	4.20%
		Cash/Deposit Sharia	28.22% SUKUK NEGERA RITEL SERI V	1.68% KALBE FARMA	2.35%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
AlliSya Rupiah Balanced Fund	0.86%	2.77%	3.07%	10.01%	20.64%	1.96%	115.61%


KEY FUND FACTS

Fund Size (In bn IDR)	: IDR 504.13
Risk Profile	: Moderate Investor
Launch Date	: 25 Apr 2006
Fund Currency	: Indonesian IDR
Managed by	: PT. Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily
Price per Unit	: Bid Offer
(As of Feb 27, 2015)	: IDR 2,048.27 IDR 2,156.07
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in Feb 2015 at -0.36% mom (vs consensus 0.18%, inflation -0.24% in Jan 2015). Lower CPI was driven by price reduction in raw foods, tobacco and transportation costs. On yearly basis, inflation printed at 6.29% YoY (vs consensus 6.70%, 6.96% in Jan 2015). Core inflation printed at 4.96% YoY (vs consensus 5.00%, 4.99% in Jan 2015). In the Board of Governors' Meeting on Feb 17th, 2015, Bank Indonesia cut 25bps its reference rate to 7.50%, maintained Lending Facility at 8.0%, and cut the deposit facility rate (FASBI) to 5.50%. Rupiah depreciated against USD by -1.52% to 12,863 at end of Feb compared to previous month 12,670. Trade balance was surplus +0.71bn USD (non-oil and gas surplus 0.74bn, oil and gas deficit -0.03bn USD) in Jan 2015 (vs consensus surplus 0.06bn USD, surplus 0.19bn USD in Jan 2015). Export decreased by -8.1% YoY mostly driven from export in vegetable oil, while imports decreased -15.6% YoY. FX Reserves increased +1.277bn USD from 114.250bn USD in Jan 2015 to 115.527bn USD in Feb 2015.

IDR government bond yields curve closed lower across all tenor in Feb 2015 as foreign inflows continued bidding in the market. BI's decision to cut rate also gave positive sentiment to the market, aside from negative sentiment toward IDR Weakening and further comment from BI governor that could depreciate further. Overall market was bearish as regional currencies weakened on the back of negative sentiment from Greece and rangebound post Yellen's congressional testimony. Parliament has approved the revised state budget for 2015. Gross issuance has been set at IDR 452tn. The Ministry of Finance is targeting domestic issuance of 54% in the 1H2015 which comes roughly around IDR 175tn after taking into account the upcoming sukuk retail to fetch around IDR 20tn. The average auction size for conventional bonds to come down to IDR 9.7tn (8 conventional auctions remaining) for the remaining first semester. Some Highlights from January's news:

- Fiscal deficit for the Revised Budget is lower at 1.9% of GDP (down from 2.2% in 2014);
- Ambitious goals on tax revenue at IDR 1,440tn (\$115.2bn), up +4.3% from original Budget and +15.6% than 2014;
- Capital expenditure at IDR 280tn (\$22.5bn), up +28% from original Budget and up +47% from 2014;
- Fuel subsidy allocation cut to IDR 64.7tn (\$5.1bn), down -77% from IDR 276tn in original Budget and down -69% from IDR 210.7tn in 2014;
- Capital injection for state firms set at IDR 64.8tn (\$5.2bn);
- Reduction in dividend payments from state firms to IDR 36.9tn (\$2.96bn), -16% from original Budget.

Offshore accounts increased their holding by IDR 6.84Tn in Feb 2015 (1.37% MoM), from IDR 500.83Tn as of Jan 30, 2014 to IDR 507.67Tn as of Feb 27, 2015, which brought their holding to 40.03% of total outstanding tradable government bond (from 40.25% in the previous month). The 5Y yield Feb was lower by -10bps to 6.86% (6.96% in Jan 2015), 10Y tenor lower by 11bps to 7.06% (7.17% in Jan 2015), 15Y tenor lower by -13bps to 7.28% (7.41% in Jan 2015) and 20Y tenor lower by -11bps to 7.31% (7.42% in Jan 2015).

The JII (Jakarta Islamic Index) ended higher in February at 722.10, rising +2.18% MoM. Large cap stocks such as UNTR, TLKM, MNCN, INTP, and BSDE contributed to the MoM gain, all of which rose by +15.92%, +3.71%, +10.14%, +4.57%, and +9.90% MoM respectively. Positive sentiment continued to support Indonesian stock market. Foreign investors recorded net purchases of US\$ 830.38mn in this month. 2015 govt. budget was approved by Parliament in a timely manner suggesting that the tender process for government projects could start in March. This is much faster compared to last year which began in July-August. On the monetary front, -0.24% MoM deflation was recorded in January which made BI cut its benchmark interest rate by 25bps to 7.5%, suggesting a pro-growth measure and provided support sentimentally towards the market. On the other hand, import trend is expected to be higher due to the importation of heavy equipments to accommodate for the infrastructure projects which could put pressure towards Indonesia's CAD. Sector wise, the Trading and Distribution Sector was the best performing sector this month, appreciating by +7.13% MoM. UNTR (United Tractor) and MNCN (Media Nusantara) were the movers; rising by +15.92% and +10.14% MoM respectively. This was followed by the Property and Construction Sector that posted +3.39% MoM gains, driven by BSDE (Bumi Serpong Damai) and SMRA (Summarecon Agung) which saw +9.90% and +10.00% MoM gains respectively. On the other hand, the Consumer Sector was the worst performing this month which fell -2.27% MoM, the laggards were KLBF (Kalbe Farma) and INDF (Indofood) which fell by -3.22%, and -1.99% MoM respectively.

Disclaimer:
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