

# AlliSy Rupiah Balanced Fund

## October 2015

BLOOMBERG: AZSRPBL:IJ



### INVESTMENT OBJECTIVE

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

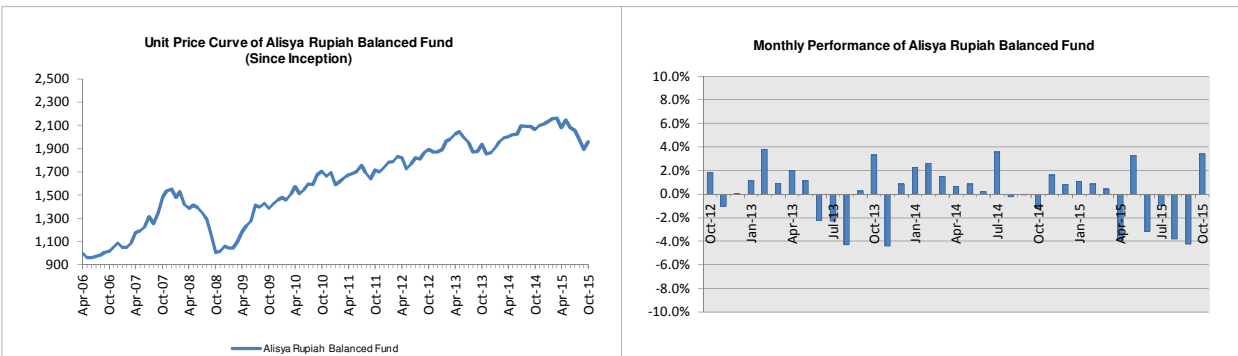
### INVESTMENT STRATEGY

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

Return Performance		Portfolio Breakdown		Top Holding Bonds		Top Five Stocks Holding	
Last 1-year period	-5.07%	Equity	51.41%	PROJECT BASED SUKUK 001	3.80%	UNILEVER INDONESIA	8.88%
Best Month	10.95% Jul-09	Treasury Bonds	8.57%	SUKUK RETAIL 005	1.84%	TELEKOMUNIKASI	8.46%
Worst Month	-14.39% Oct-08	Govt. Related Bonds	0.63%	PROJECT BASED SUKUK 002	1.46%	ASTRA INTERNATIONAL	7.55%
		Mutual Fund Fixed Income	3.12%	PROJECT BASED SUKUK 004	0.76%	INDOFOOD CBP SUKSES MAKMUR	2.35%
		Cash/Deposit Sharia	36.27%	SUKUK NEGARA IFR006	0.71%	PERUSAHAAN GAS NEGARA	2.00%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
AlliSy Rupiah Balanced Fund	3.42%	-4.78%	-5.76%	-5.07%	3.60%	-7.29%	96.04%



### KEY FUND FACTS

**Fund Size (in bn IDR)** : IDR 460.36  
**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* IDR 1,862.35 *Offer* IDR 1,960.36  
**(As of Oct 30, 2015)**  
**Bid-Offer Spread** : 5.00%  
**Management Fee** : 2.00% p.a

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced October's deflation at -0.08% mom (vs consensus -0.02%, deflation -0.05% in Sept 2015) mostly were caused by lower food ingredients. On yearly basis, inflation printed at 6.25% YoY (vs consensus 6.38%, 6.83% in Sept 2015). Core inflation printed at 5.02% YoY, slightly lower compared to previous month (vs consensus 5.05%, 5.07% in Sept 2015). In the Board of Governors' Meeting on Oct 15th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%. Rupiah appreciated against USD by 6.95% to 13,639 at end of October compared to previous month 14,657. Indonesia economic growth in third quarter 2015 grew 4.73% YoY compared to previous quarter grew at 4.67% YoY. The major driven of the increase was from communication and information sector. Trade balance was surplus +1.02bn USD (non-oil and gas surplus 1.48bn, oil and gas deficit 0.46bn USD) in Sept 2015. Export decreased by -17.98% YoY mostly driven from export in machinery, while imports decreased by -25.95% YoY. FX Reserves decreased -1.01bn USD from 101.72bn USD in Sept 2015 to 100.71bn USD in Oct 2015.

IDR government bond yields closed lower all across the curve in Oct 2015 on the back of aggressive buying action from onshore banks and offshore names. Speculative move post weaker than estimated US NFP on the possibility of delay in Fed rate hike was the reason behind the buying action. Risky assets in the United States and Europe were supported after European Central Bank President Mario Draghi said further rate cuts were being considered to stimulate the euro zone economy. From domestic news, another positive sentiment came from 4th and 5th government Stimulus Package. However just two days before month end, well-offered tone emerged in the market post FOMC hawkish news with probability of Fed rate hike this year getting higher. Indonesia's deposit insurance agency, known as LPS, cut the maximum guaranteed rupiah deposit rate to 7.5% from 7.75%. LPS also cuts the maximum guaranteed rate for foreign currencies to 1.25% from 1.5%. Government announced the 4th and 5th government Stimulus Package on 15 and 22 Oct. The 4th package stimulus is the announcement that a national formula for annual wage increases has now been set - as opposed to the devolved regional setting of minimum wages of years past. While the 5th package stimulus is mainly on streamlining taxes on REITs and asset revaluation. The government will remove the double taxation currently imposed on REITs. Government is also finalizing a tax incentive for asset revaluation which it will decrease the income tax paid. The House of Representative approved 2016 Draft State Budget. Spending budget stood at IDR 2,096.72tn with the revenue budget at IDR 1,822.55tn and deficit of Rp273.18tn or 2.15%. The government needs to draw debt worth IDR 330.88tn to pay the deficit. Government sold IDR 27.4Tn of retail bonds ORI0012, tenor 3 years, with coupon 9.00% p.a., exceeding target of IDR 20Tn. Offshore accounts increased their holding by IDR 5.39Tn in Oct 2015 (+1.03% MoM), from IDR 523.38Tn as of Sept 30, 2015 to IDR 528.76Tn as of Oct 30, 2015, which brought their holding to 37.10% of total outstanding tradable government bond (from 37.59% in the previous month). The 5Y yield Oct was lower by -77bps to 8.77% (9.54% in Sept 2015), 10Y tenor lower by -84bps to 8.87% (9.71% in Sept 2015), 15Y tenor lower by -70bps to 9.12% (9.82% in Sept 2015) and 20Y tenor lower by -78bps to 9.17% (9.95% in Sept 2015).

The JII (Jakarta Islamic Index) ended higher in October at 586,108, gaining +5.40% MoM. Large cap stocks such as ASII, PGAS, INTP, ICBP, and PWON contributed to the MoM gain, all of which rose by +12.92%, +18.58%, +9.42%, +6.45%, and +28.70% MoM respectively. The delayed of Fed rate hike in September has brought positive sentiment towards emerging markets, including Indonesia, putting a stop towards foreign investors selling off equities aggressively. On the currency front, the IDR strengthened to IDR 14k/USD. Domestic fundamentals expectation also turned better. Cement sales grew +3% YoY in 3Q15 and retailers showed some sales growth where Ace Hardware, Ramayana, and Alfamart showed positive sales growth of +1.6%, +7.6%, and +12% YoY respectively. The sales growth improvement suggests that the broad slowdown in economic activity is nearing or at bottom. Lower than expected inflation rate also gave room for central bank to ease reference rate. In regards to the government, several stimulus packages, asset revaluation and lower corporate tax rate will be expected to gain investment confidence. The rupiah stability could restore not only purchasing power but also investors' and the public's confidence. Sector wise, the Miscellaneous Industry Sector was the best performing sector this month, rising by +10.14% MoM. ASII (Astra International) and GJTL (Gajah Tunggal) were the movers, gaining by +12.92% and +9.73% MoM respectively. This was followed by the Agriculture Sector that posted +8.72% MoM gains, driven by BWPT (Eagle High Plantation) and LSP (London Sumatera) which gained +16.34% and +11.91% MoM respectively. On the other side, Trading and Distribution Sector was the worst amongst the best performing sector this month, which only gained by +0.87% MoM. ACES (Ace Hardware) and RALS (Ramayana) were the movers, appreciated +32.67% and +22.33% MoM respectively.