

AlliSyia Rupiah Balanced Fund

August 2015


BLOOMBERG: AZSRPBL:IJ
INVESTMENT OBJECTIVE

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

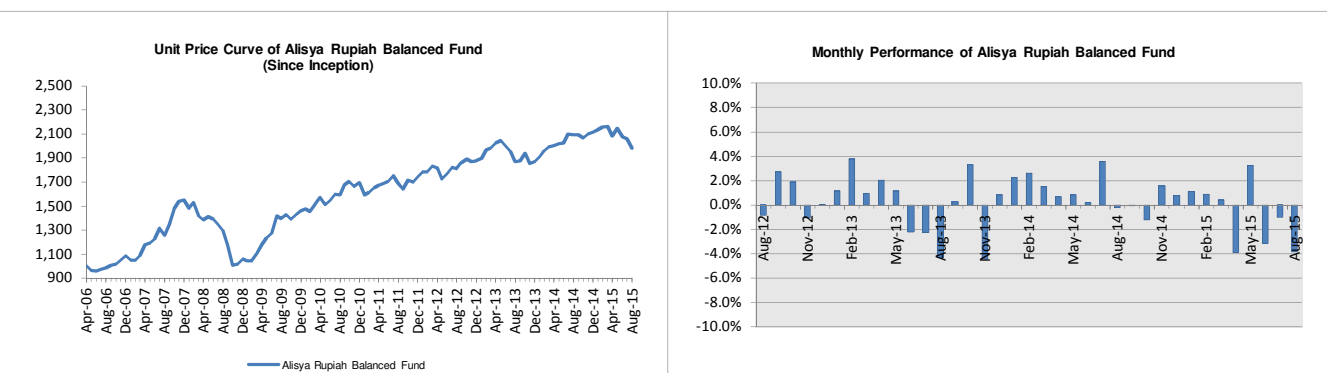
INVESTMENT STRATEGY

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 QJK'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	-5.36%	Equity	53.59% PROJECT BASED SUKUK 001	3.76% UNILEVER INDONESIA	9.55%
Best Month	10.95% Jul-09	Treasury Bonds	11.73% SUKUK RETAIL 004	3.25% TELEKOMUNIKASI	9.32%
Worst Month	-14.39% Oct-08	Govt. Related Bonds	0.62% SUKUK RETAIL 005	1.83% ASTRA INTERNATIONAL	7.87%
		Mutual Fund Fixed Income	3.11% PROJECT BASED SUKUK 002	1.43% INDOFOOD CBP SUKSES MAKMUR	2.65%
		Cash/Deposit Sharia	30.95% PROJECT BASED SUKUK 004	0.73% PERUSAHAAN GAS NEGARA	2.37%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
AlliSyia Rupiah Balanced Fund	-3.84%	-7.84%	-8.18%	-5.36%	9.44%	-6.38%	97.97%


KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 461.48	Pricing Frequency	: Daily
Risk Profile	: Moderate Investor	Price per Unit	<i>Bid</i> <i>Offer</i>
Launch Date	: 25 Apr 2006	(As of Aug 31, 2015)	: IDR 1,880.72 IDR 1,979.70
Fund Currency	: Indonesian IDR	Bid-Offer Spread	: 5.00%
Managed by	: PT. Asuransi Allianz Life Indonesia	Management Fee	: 2.00% p.a

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced August's inflation at 0.39% mom (vs consensus 0.55%, inflation 0.93% in Jul 2015). Food prices and education tuition fees were the main sources for August 15 inflation despite the increase magnitude lowered by lower transportation tariff. On yearly basis, inflation printed at 7.18% YoY (vs consensus 7.37%, 7.26% in Jul 2015). Core inflation printed at 4.92% YoY, higher compared to previous month (vs consensus 4.86%, 4.86% in Jul 2015) on the back of exchange rate depreciation and higher processed food prices. In the Board of Governors' Meeting on Aug 18th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%. Rupiah depreciated against USD by -4.05% to 14,027 at end of August compared to previous month 13,481. Trade balance was surplus +1.33bn USD (non-oil and gas surplus 2.20bn, oil and gas deficit 0.87bn USD) in Jul 2015. Export decreased by -19.23% YoY mostly driven from export in natural oil, while imports decreased by -28.44% YoY. FX Reserves decreased -2.21bn USD from 107.55bn USD in Jul 2015 to 105.35bn USD in Aug 2015 on the back of the use for foreign exchange to stabilize the IDR exchange rate.

IDR government bond yields curve continued higher all across the curve in Aug 2015 on the back of offshore outflows triggered by China's RMB devaluation thus resulting in regional and currency weakness. Despite several reverse auctions conducted by BI and MoF, it failed to push yields lower, as well as better than expected July's BOP result – people still on defensive mode. From three BI and two MoF reverse auctions, only one from each of them successfully manage to pushed the yields down. The cabinet reshuffle and 2016 state budget's draft also did not give significant movement in the market. Market got support from aggressive BI intervention in Rupiah as well as stimulus packages announced by the government. The People's Bank of China (PBOC) effectively devalued the yuan by a total of around 3% on August 11th and 12th. Offshore accounts decreased their holding by IDR 7.96Tn in Aug 2015 (-1.48% MoM), from IDR 533.63Tn as of Jul 31, 2015 to IDR 525.68Tn as of Aug 31, 2015, which brought their holding to 37.75% of total outstanding tradable government bond (from 38.96% in the previous month). The 5Y yield Aug was higher by +13bps to 8.56% (8.43% in Jul 2015), 10Y tenor higher by +19bps to 8.76% (8.57% in Jul 2015), 15Y tenor higher by +43bps to 9.25% (8.82% in Jul 2015) and 20Y tenor higher by +26bps to 9.11% (8.85% in Jul 2015).

The JII (Jakarta Islamic Index) ended lower in August at 598,284, falling -6.81% MoM. Large cap stocks such as PGAS, ASII, TLKM, INDF, and SMGR contributed to the MoM decline, all of which fell by -30.50%, -10.90%, -2.38%, -13.11% and -8.42% MoM respectively. Turbulence in financial markets gathered momentum amidst intensifying concern over slowing global growth. Federal Reserve officials would like to lift short-term interest rates above zero before year-end which in turn increase volatility towards emerging markets. Therefore, Indonesia continued to fall throughout the month of August. Generally there were negative sentiments resulting from the Chinese Yuan devaluation and weak growth globally. The JCI index went below 4,200, which was the lowest in last 1.5 years and IDR had depreciated further to IDR 14k/USD. Foreign investors remained consistently net sellers amounting US\$708.6bn in Aug-15. The local Government had put in efforts to stabilize the economy through new fiscal stimulus packages and abolish/unfavorable policies that were previously in place. Investors however, feel that the recent government initiatives would have minimal impact. External factors affecting the IDR and fiscal budget are more of a worry. The uncertainty caused by the external issues creates volatility in the capital markets in general. In turn this had triggered capital flight to safety. Sector wise, the Agriculture Sector was the worst performing sector this month, falling by -17.15% MoM. AALI (Astra Agro Lestari) and LSIP (London Sumatera) were the laggards; falling by -14.69% and -20.30% MoM respectively. This was followed by the Basic Industry Sector that posted -9.67% MoM losses, driven by PGAS (Perusahaan Gas Negara) and CPIN (Charoen Pokphand) which declined -30.50% and -26.23% MoM respectively.

Disclaimer:

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