

AlliSyia Rupiah Balanced Fund

December 2015

BLOOMBERG: AZSRPBL:IJ



INVESTMENT OBJECTIVE

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

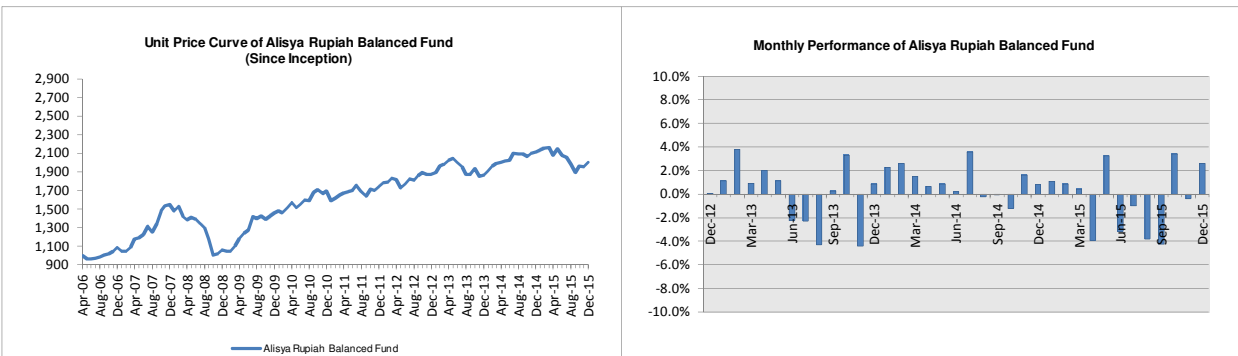
INVESTMENT STRATEGY

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	-5.27%	Equity	53.12% PROJECT BASED SUKUK 001	3.75% Telekomunikasi Indonesia	9.86%
Best Month	10.95% Jul-09	Treasury Bonds	8.42% SUKUK RETAIL 005	1.79% Unilever Indonesia	9.04%
Worst Month	-14.39% Oct-08	Govt. Related Bonds	0.61% PROJECT BASED SUKUK 002	1.43% Astra International	7.83%
		Mutual Fund Fixed Income	3.02% PROJECT BASED SUKUK 004	0.75% Indofood CBP Sukses Makmur	2.50%
		Cash/Deposit Sharia	34.83% SUKUK NEGRA IFR006	0.70% Indocement Tungal Prakarsa	2.28%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
AlliSyia Rupiah Balanced Fund	2.61%	5.67%	-3.68%	-5.27%	6.98%	-5.27%	100.32%



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 474.88
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 1,903.0 Offer IDR 2,003.15
(As of Dec 30, 2015)	
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced December's inflation at 0.96% mom (vs consensus +0.61%, +0.21% in Nov 2015) mostly were caused by higher food ingredients, processed food, beverages, cigarette and tobacco. On yearly basis, inflation printed at 3.35% YoY (vs consensus 3.00%, 4.89% in Nov 2015). Core inflation printed at +3.95% YoY, lower compared to previous month (+4.77% in Nov 2015). In the Board of Governors' Meeting on Dec 17th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%, however cut reserve requirement by 50bps effective per December 2015. Rupiah appreciated against USD by +0.33% to 13,795 at end of December compared to previous month 13,840. Trade balance was deficit -0.35bn USD (non-oil and gas deficit 0.29bn, oil and gas deficit 0.06bn USD) in Nov 2015. Export decreased by -17.58% YoY mostly driven from export in natural oil, while imports decreased by -18.03% YoY. FX Reserves increased +5.69bn USD from 100.24bn USD in Nov 2015 to 105.93bn USD in Dec 2015 mostly from Global MTN issuance USD3.5bn in early December 2015.

IDR government bond yields closed higher all across the curve in Dec 2015 on the back of market sell-off despite of strong market during the auction and global MTN issuance in early week of December 2015. Negative sentiment came from higher NDF USD/IDR and Nov trade balance result which far away deficit from market expectation, recorded deficit USD 350mm while market expect surplus USD 900mm. Rupiah depreciation and concern regarding increasing government budget deficit haunted domestic market. Market bounced post Fed rate hike decision and BI decision to left its reference rate unchanged. USD 3.5 billion of global MTN was issued by the Indonesian government, with detail of USD 2.25bn RIO126 at 4.8% (coupon at 4.75%) and USD 1.25bn RIO146 at 6% (coupon at 5.95%). Total subscribe of USD 8.1bn which dominated from US followed by Europe and Asia region. Asset managers were the biggest distributed to over 70% of total issuance, followed by banks, insurance, private banks and sovereign wealth funds. The US policymakers raised the Fed Funds Rate (FFR) target range to 0.25-0.50% from prior range of 0.00-0.25%. This marks the end of the zero interest rate policy of the Fed since 2008 and the first hike in FFR since 2006. MoF announced private placement done on Dec 29 2015, issued IDR 7tn FR46 at 8.68%. They also announced another private placement done on Dec 30 2015 for conventional with total of IDR 11.1tn which consist of IDR 1.5tn 13mo SPN at 7.10%, IDR 8.75tn 14mo SPN at 7.15% and IDR 860bn FR38 at 8.67%, also IDR 553bn PBS06 at 8.99% for the Sukuk. 2016 bond calendar issuance has been released by MoF with target bond issuance IDR 97tn in the first quarter (18.28% of total gross issuance target, 29.75% of total net issuance target). Offshore accounts increased their holding by IDR 10Tn in Dec 2015 (+1.82% MoM), from IDR 548.52Tn as of Nov 30, 2015 to IDR 558.52Tn as of Dec 31, 2015, which brought their holding to 38.21% of total outstanding tradable government bond (from 38.15% in the previous month). The 5Y yield Dec was higher by +32bps to 8.82% (8.50% in Nov 2015), 10Y tenor higher by +13bps to 8.75% (8.62% in Nov 2015), 15Y tenor higher by +22bps to 8.97% (8.75% in Nov 2015) and 20Y tenor higher by +15bps to 8.96% (8.81% in Nov 2015).

The JII (Jakarta Islamic Index) ended higher in December at 603.35, gaining +4.06% MoM. Large cap stocks such as TLKM, INTP, LPPF, ICBP, and JMSR contributed to the MoM gain, all of which rose by +5.97%, +19.39%, +12.46%, +6.73%, and +16.11% MoM respectively. Equity market closed weaker in 2015 as corporates earnings momentum slows, the index fell 12.13% YoY in December. Weaker macroeconomic conditions including slower pace of government spending, increased government intervention in several industries and weakening IDR due to external factors all resulted in relatively weaker economic growth. Foreign outflows have been the dominant trend in the market in 2015 and consequently resulting in higher than usual volatility in the IDR. That said however, we see that 2015 marked the start of a reform process in Indonesia in determining government policies and priorities for the longer term horizon. Execution on the ability for the government to implement new policies is crucial which saw challenges in 2015 remains the key risk factor. Nonetheless, government execution is expected to be somewhat smoother in 2016. In summary, Indonesia's long-term prospects remain constructive, be it gradual. Sector wise, the Agriculture Sector was the best performing sector this month, rising by +8.18% MoM. SSMS (Sawit Sumbermas Sarana) and LSIP (London Sumatera) were the movers; gaining by +23.42% and +10.00% MoM respectively. This was followed by the Trading and Distribution Sector that posted +5.84% MoM gains, driven by AKRA (AKR Corporindo) and UNTR (United Tractor) which rose +17.62% and +3.99% MoM respectively. On the flip side, Mining Sector was the worst performing sector this month, which fell by -5.40% MoM. ITMG (Indolambang) and ADRO (Adaro Energy) were the laggards, depreciating -15.19% and -6.36% MoM respectively.