

ALLISYA RUPIAH BALANCED FUND

October 2018

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 25%-50% in sharia based money market and fixed income instruments (such as deposits of sharia, sharia SBI, sharia SPN, and / or money market mutual funds, sharia bonds, sharia corporate bonds and / or sharia fixed income mutual funds), and 50%-75% in the sharia based equity instruments in accordance to OJK's decision (either directly through sharia stocks or through sharia equity mutual funds).

Return Performance

Last 1-year Period	-8.31%
Best Month	Jul-09 10.95%
Worst Month	Oct-08 -14.39%

Portfolio Breakdown

Equity	54.86%
Mutual Funds - Bonds	32.95%
Sharia Cash/Deposit	12.18%

Top Five Bonds Holding

Top Five Stocks Holding

Astra International	9.74%
Telekomunikasi Indonesia	9.33%
Unilever Indonesia	7.19%
United Tractors	4.16%
Indofood CBP Sukses Makmur	2.84%

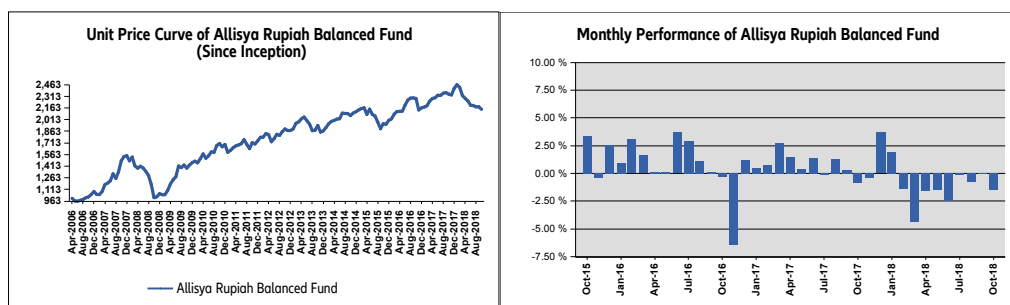
Key Fund Facts

Fund Size (in bn IDR)	IDR 480.72
Risk Profile	Moderate
Launch Date	25 Apr 2006
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

Price per Unit	Bid	Offer
(As of Oct 31, 2018)	IDR 2,038.49	IDR 2,145.78

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Balanced Fund	-1.51%	-2.19%	-6.17%	-8.31%	9.46%	-11.21%	114.58%



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced October 2018 inflation at +0.28% mom (vs consensus inflation +0.19%, -0.18% in Sep 2018). On yearly basis, inflation was +3.16% yoy (vs consensus inflation +3.06%, +2.88% in Sep 2018). Core inflation was printed at +2.94% yoy (vs consensus inflation +2.90%, +2.82 in Sep 2018). The inflation was contributed by increment of food stuff prices and fuel prices as impact of increasing of global crude prices. In the Board of Governors' Meeting on 22-23 October 2018, Bank Indonesia kept the BI 7-day Reverse Repo Rate unchanged at 5.75%, while also maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 5.00% and 6.50%, respectively. Rupiah depreciated by -2.00% to 15,227/USD at end of October 2018 from 14,929/USD in previous month. Indonesia's trade balance recorded a USD 0.227 billion surplus in Sep 2018 vs consensus USD -0.5 billion deficit. Non-oil and gas trade balance in Sep 2018 recorded surplus USD 1.297bn, better than the previous month which was surplus amounting to USD 0.639bn. Meanwhile, oil and gas trade balance recorded deficit to USD -1.07bn in Sep 2018, lower than deficit on Sep 2018 amounting to USD -1.66bn. Indonesia's economy grew at 5.17% yoy in Q3 2018 (vs previous 5.27%, consensus 5.15%), and 3.09% qoq (vs previous 4.2%, consensus 3%). This quarter growth was slower than Q2 2018, but higher than Q1 2018. This slowing down was affected by decrement of net export contribution to GDP. Private consumption, which accounts for more than half of Indonesia's gross domestic product, grew 5.01% yoy in Q3 2018 (vs previous 5.14%). Indonesia's official reserve assets at the end of October 2018 were at USD 115.2 billion, slightly higher than the end of September 2018 which stood at USD 114.85 billion. The increment in the reserve assets in October 2018 was caused by the amount of foreign exchange income from oil & gas income and withdrawal of government external debt that were bigger than the amount of government external debt repayment and rupiah stabilization.

IDR Government bond yields were closed higher at the end of the October 2018 on the back of USD strengthening against other currencies, including IDR where it breached and stayed at 15,200 level. Several factors contributed to USD strengthening, such as: upbeat US's economic data, hawkish comment from FED Chair Powell, slowing down of China's growth, and rising of US Treasury 10yr yield. Despite of the IDR depreciation, market players still has buying appetite on the back of good news from MoF (lower budget deficit expectation in the end 2018) and surplus trade balance. BI also showed their support several times through bidding on bond market and defending IDR on FX Market. Offshore accounts increased their holding by IDR 13.47bn in October 2018 (1.58% MoM), from IDR 850.85tn as of 28 September 2018 to IDR 864.32tn as of 31 October 2018, which brought their holding to 36.93% of total outstanding tradable government bond (from 36.89% in the previous month). The 5Y yield October 2018 ended +29bps higher to +8.35% (+8.06% in Sep 2018), 10Y tenor ended +38bps higher to +8.54% (+8.16% in Sep 2018), 15Y tenor ended +44bps higher to +8.81% (+8.37% in Sep 2018) and 20Y tenor ended +44bps higher to +9.00% (+8.56% in Sep 2018).

The JAKISL Index ended the month lower at 651.27 (-2.05% MoM). Market laggards were UNVR, INCO, SMGR, ADRO, and INTP as they fell -8.08%, -21.29%, -9.32%, -10.08% and -6.49% MoM respectively. The market continued to be under pressure as US-China trade war tension and upcoming US mid-term election. In addition, the trade war event has started to put pressure on the global growth expectation as China's 3Q18 GDP only grew 6.5% YoY, which was the lowest in the past 9 years. On the domestic front, encouraging numbers from positive trade balance and lower oil prices which fell by -10.84% MoM would help ease IDR currency pressure in the near term and provide positive sentiment. Market however remained volatile as external factors development remained fluid. Investors are still keeping a close check towards the developments of trade tariffs and energy prices. Sector wise, the Basic Industry Sector was the worst performing sector during the week, declining 8.11% WoW. Ticker wise, SMGR (Semen Indonesia Persero) and INTP (Indocement Tunggal Prakarsa) were the laggards, depreciating 9.32% and 6.49% MoM respectively. This was followed by the Mining Sector which dropped 6.17% MoM. Ticker wise, INCO (Vale Indonesia) and ANTM (Aneka Tambang Persero) posted 21.29% and 19.53% MoM losses respectively. On the other hand, the best sector during the week was the Miscellaneous Industries Sector, which recorded a gain of 6.16% MoM. Ticker wise, ASIL (Astra International) was the movers which rose 7.48% MoM.

Disclaimer:
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