

# ALLISYA RUPIAH BALANCED FUND

## August 2019

### 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		10.01%
Best Month	Jul-09	10.95%
Worst Month	Oct-08	-14.39%

#### Portfolio Breakdown

Equity	71.25%
Mutual Funds - Bonds	25.82%
Sharia Cash/Deposit	2.93%

#### Top Five Stocks Holding

Telekomunikasi Indonesia	13.44%
Merdeka Copper Gold	9.45%
Unilever Indonesia	9.38%
Astra International	7.62%
Indofood CBP Sukses Makmur	4.22%

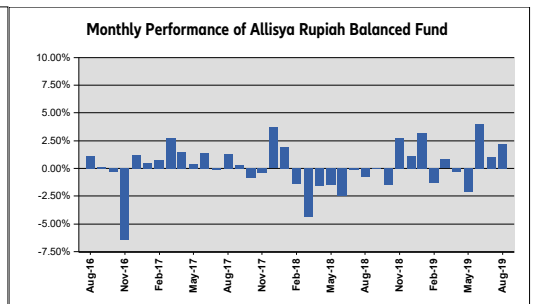
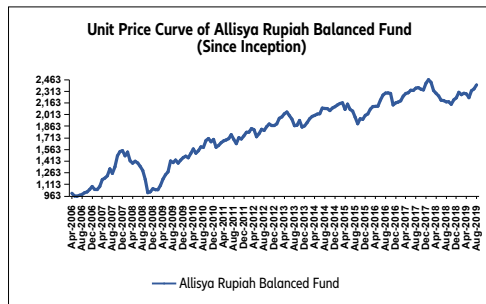
#### Key Fund Facts

Fund Size (in bn IDR)	IDR 520.19
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 Aug 30, 2019)	IDR 2,275.66	IDR 2,395.43

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Balanced Fund	2.18%	7.36%	5.53%	10.01%	4.59%	7.46%	139.54%



#### Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced Aug 2019 inflation at +0.12% mom (vs consensus inflation +0.17%, +0.31% in July 2019). On yearly basis, inflation was +3.49% yoy (vs consensus inflation +3.51%, +3.32% in July 2019). Core inflation was printed at +3.30% yoy (vs consensus inflation +3.17%, +3.18% in July 2019). The contributor of this inflation was the increment of school fees ahead of new school academic year and gold price which was affected by global gold price. In the Board of Governors' Meeting on 21st and 22nd Aug 2019, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 5.50%, while also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 4.75% and 6.25%, respectively. This policy expected to boost the increasing of economic growth. Rupiah depreciated by -1.50% to 14,237/USD at end of August 2019 from 14,026/USD in previous month. Indonesia's trade balance recorded deficit amounting to USD -0.63mn in July 2019 vs previous month surplus USD 0.196bn. The deficit was contributed by import for oil & gas sector, especially oil products, while the surplus from export of non-oil & gas sector declined compared previous month. Non-oil and gas trade balance in July 2019 recorded surplus USD 0.079bn, declining than the previous month which was resulting surplus amounting to USD 1.164bn. Meanwhile, oil and gas trade balance still recorded deficit to USD -0.142bn in July 2019, slightly better than deficit on June 2019 amounting to USD -0.967bn. The deficit was caused by higher oil products imports. Indonesia's official foreign reserve as of Aug 2019 was at USD 126.4billion, higher than July 2019's number at USD 125.9billion. The increment in the reserve assets per Aug 2019 was due to higher export earnings from oil and gas.

IDR Government bond yields were closed mixed where the yield were lower from short to belly tenor, while the yield were higher on the long tenor. Bond market was volatile last month on the back the uncertainty of trade war between China and US. US was threatening China that they will impose 10% tariff to another \$300bn of Chinese's good and China responded by depreciating their currency against US. The negative sentiments were also contributed by Hong Kong's protest, fearing of Argentina's government bankruptcy, and fearing of US's recession which was showed by inverted yield curve US Treasury. While, President Jokowi's speech related State Budget 2020 in parliament and also dovish statement coming from Bank Indonesia help to prevent the market prices to fall further. Bank Indonesia was also seen in the market buying the bonds where their bond ownership increased by +0.24% mom. Offshore accounts decreased their holding by IDR -3.44tn in Aug 2019 (-0.34% MoM), to IDR 1,009.60tn as of 30 Aug 2019 from IDR 1,013.04tn as of 31 July 2019, which brought their holding to 38.45% of total outstanding tradable government bond (from 39.26% in the previous month). The 5Y yield Aug 2019 ended -5bps lower to +6.79% (+6.84% in July 2019), 10Y tenor ended -5bps lower to +7.33% (+7.38% in July 2019), 15Y tenor ended +7bps higher to +7.76% (+7.69% in July 2019) and 20Y tenor ended +1bps higher to +7.89% (+7.88% in July 2019).

The JAKISL Index ended the month higher at 702.59 (+2.15% MoM). Market movers were UNVR, ICBP, TLKM, BRPT, and KLBF as they rose 12.04%, 12.62%, 3.49%, 16.62% and 14.97% MoM respectively. The stock market closed in positive territory despite further escalation of US-China trade war in which both will raise tariffs on September 1, 2019 which intensifies negative future implication of an already declining global Purchasing Managers Index (PMI) trends. To date global PMI has inched below 50 and the global trade volumes has experienced the biggest decline since the GFC. On the domestic front, the continuation of the BI rate cut by 25 bps also did not help to boost positive sentiment in the stock market. Investors were also quite disappointed with the results of the 2020 Draft State Budget, where the reduction in the government's budget deficit to 1.67% of GDP (vs. 1.93% in 2019) which suggests no consumption tailwind from a fiscal standpoint. Note that monetary expansionary translates to a lesser impact towards underleveraged economies such as Indonesia. The government however, is still hopeful that the GDP growth going forward will be fueled by FDI however the risks on such reliance is relatively high given the cautious global backdrop where corporates globally are pausing expansions especially post the weak PMI. Sector wise, the Basic Industry Sector was the best performing sector during the week, gaining 5.59% WoW. Ticker wise, BRPT (Barito Pacific) and SMGR (Semen Indonesia Persero) were the movers, appreciating 16.62% and 2.91% MoM respectively. This was followed by the Infrastructure, Utilities and Transportation Sector which rallied 2.03% MoM. Ticker wise, EXCL (XL Axiata) and TLKM (Telekomunikasi Indonesia Persero) posted 7.74% and 3.49% MoM gains respectively. On the other hand, the worst sector during the week was the Miscellaneous Industries Sector, which recorded a decline of 4.14% MoM. Ticker wise, ASII (Astra International) and SMGR (Semen Indonesia Persero) were the laggards which fell 4.64% and 2.91% MoM respectively.

#### Disclaimer:

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