

ALLISYA RUPIAH EQUITY FUND

February 2020

BLOOMBERG: AZSRPEQ:IJ

Investment Objective

The objective of this fund is to provide long term maximum investment yield.

Investment Strategy

To achieve the investment objective, this fund shall be invested 0-20% in short-term sharia instruments such as deposits sharia, sharia SBI, sharia SPN, and / or money market mutual funds) and 80 - 100% 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 | | -13.32% |
| Best Month | Jul-09 | 14.81% |
| Worst Month | Oct-08 | -12.99% |

Portfolio Breakdown

| | |
|---------------------|--------|
| Equity | 91.32% |
| Sharia Cash/Deposit | 8.68% |

Top Five Stocks Holding

| | |
|----------------------------|--------|
| Telekomunikasi Indonesia | 17.75% |
| Unilever Indonesia | 13.45% |
| Astra International | 11.87% |
| Merdeka Copper Gold | 7.50% |
| Indofood CBP Sukses Makmur | 5.72% |

Key Fund Facts

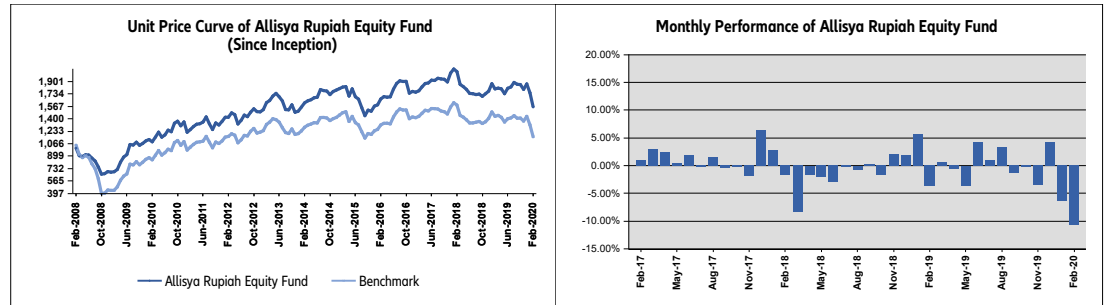
| | |
|-----------------------|---------------------|
| Fund Size (in bn IDR) | IDR 947.44 |
| Risk Profile | Aggressive |
| Launch Date | 01 Feb 2008 |
| Fund Currency | Indonesian Rupiah |
| Pricing Frequency | Daily |
| Bid-Offer Spread | 5.00% |
| Management Fee | 2.00% p.a. |
| Custodian Bank Name | Bank HSBC Indonesia |
| Total Unit | 638,607,478.6765 |

| Price per Unit | Bid | Offer |
|----------------------|--------------|--------------|
| (As of Feb 28, 2020) | IDR 1,483.61 | IDR 1,561.69 |

Managed by PT. Asuransi Allianz Life Indonesia

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | YTD | Since Inception |
|----------------------------|---------|----------|----------|---------|---------|---------|-----------------|
| Allisya Rupiah Equity Fund | -10.74% | -12.97% | -17.30% | -13.32% | -12.06% | -16.41% | 56.17% |
| Benchmark* | -12.10% | -15.35% | -19.58% | -19.09% | -19.06% | -19.06% | 15.94% |

*Jakarta Islamic Index (JII)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced February 2020 inflation at +0.28% mom (vs consensus inflation +0.16%, +0.39% in January 2020). On yearly basis, inflation was +2.98% yoy (vs consensus inflation +2.90%, +2.68% in January 2020). Core inflation was printed at +2.76% yoy (vs consensus inflation +2.85%, +2.88% in January 2020). The higher inflation data above consensus was contributed by increasing prices of raw food, such as: garlic and chilli. The increasing garlic prices was affected by disruption in garlics import from China. While, the deceleration of core inflation was caused by lower of air fare. In the Board of Governors' Meeting on 19-20 Feb 2020, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 4.75%, and also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 4.00% and 5.50%, respectively. This cutting is preventive act from Bank Indonesia for the external pressure that was caused by the spreading Covid-19. Rupiah depreciated by -4.18% to 14,234.00/USD at end of February 2020 from 13,662/USD previous month. Indonesia's trade balance recorded deficit amounting to USD -864mn in January 2020 vs previous month deficit USD -62mn. The increment deficit was caused by contraction in gas export gas to China and coal export to South Korea. While, import number was also contracted by the declining of import volume for non-oil & gas sector (capital goods and raw materials) by -12.6% yoy. Non-oil and gas trade balance in January 2020 recorded deficit USD -361mn, while the previous month resulted surplus amounting to USD +942mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,181mn in January 2020, higher than the deficit on December 2019 amounting to USD -971mn. Indonesia's official foreign reserve as of February 2020 was at USD 130.40billion, lower than January 2020's number at USD 131.70billion. The declining of foreign reserve was caused by paying external government debt.

The JAKISL Index ended the month lower at 565.01 (-12.1% MoM). Market laggards were UNVR, ASII, TLKM, BRPT, and CPIN as they fell -14.15%, -12.99%, -8.16%, -24.52% and -14.29% MoM respectively. The JII Indeks continued its decline in February across the global stock markets as the COVID-19 virus outbreaks outside China worsen, which has surpassed the number of new cases in China. China published February PMI number at 35.7 which prompted investors to sell off across the globe, Indonesia not exempted and magnified through illiquidity. US treasuries yield also compressed at stands at the 1.9% mark which is the lowest level since GFC. Sector wise, the Basic Industry Sector was the worst performing sector during the month, declining 14.48% MoM. Ticker wise, TPIA (Chandra Asri Petrochemical) and CPIN (Charoen Pokphand) were the laggards, depreciating 8.83% and 14.29% MoM respectively. This was followed by the Consumer Sector which dropped 12.26% MoM. Ticker wise, UNVR (Unilever) and ICBP (Indofood CBP Sukses Makmur) posted 14.15% and 9.67% MoM losses respectively. On the other hand, the best amongst the worst sector during the month was the Mining Sector, which recorded a decline of 4.68% MoM. Ticker wise, ITMG (Indo Tambangraya Megah) and PTBA (Tambang Batubara Bukit Asam Persero Tbk) were the laggards which fell 12.44% and 1.36% MoM respectively.

Our portfolio strategy leans towards a more defensive approach where risk/reward is still the bottom up main focus. Generally speaking, we have been selective on equities that have pricing power, relatively low gearing and well-disciplined corporate governance. We are putting a larger emphasis on managing earnings expectations to a more conservative approach rather than growth seeking and assess value on that front also bearing in mind forex, leverage exposures and cash flow generation ability.

About Allianz Indonesia

PT Asuransi Allianz Life Indonesia was founded in 1996 and is part of Allianz Asia Pacific which has been present in the region since 1910. Allianz Group is a leading insurance company and asset manager in the world with over 129 years of experience and provides a variety of personal and insurance services. companies, ranging from property, life and health insurance to credit insurance and business insurance services globally.

Disclaimer:

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