

# ALLISYA RUPIAH EQUITY FUND

## January 2021

## 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	-1.75%
Best Month	Jul-09 14.81%
Worst Month	Mar-20 -13.80%

**Portfolio Breakdown**

Equity	98.91%
Sharia Cash/Deposit	1.09%

**Top Five Stocks Holding**

Telekomunikasi Indonesia	15.11%
Unilever Indonesia	10.00%
Chandra Asri Petrochemical	8.04%
Surya Citra Media	6.69%
United Tractors	5.18%

**Key Fund Facts**

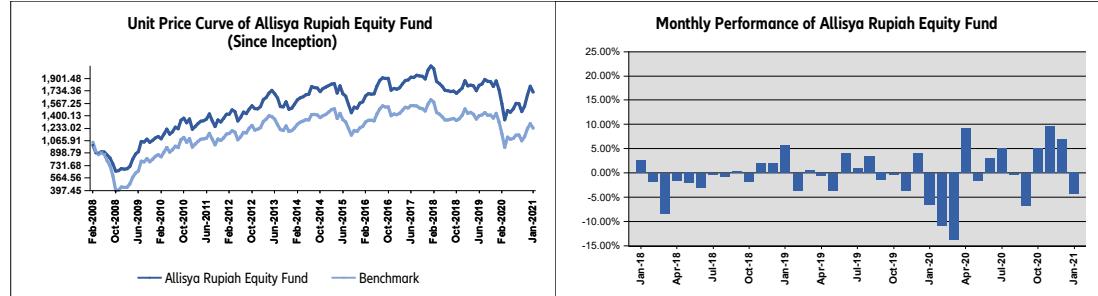
Fund Size (in bn IDR)	IDR 1,111.05
Risk Profile	Aggressive
Launch Date	01 Feb 2008
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	680,377,360.1874

Price per Unit	Bid	Offer
(As of Jan 29, 2021)	IDR 1,632.99	IDR 1,718.94

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	-4.33%	12.32%	9.71%	-1.75%	-16.90%	-4.33%	71.89%
Benchmark*	-4.55%	10.28%	8.30%	-6.39%	-23.55%	-4.55%	23.48%

\*Jakarta Islamic Index (JII)

**Manager Commentary**

Central Bureau Statistics of Indonesia (BPS) announced January 2021 inflation at +0.26% mom (vs consensus inflation +0.35%, +0.45% on Dec 2020). On yearly basis, inflation was +1.55% yoy (vs consensus inflation +1.68%, +1.68% on Dec 2020). Core inflation was printed at +1.56% yoy (vs consensus inflation +1.55%, +1.60% on Dec 2020). The deceleration on monthly inflation was caused by the inflation deceleration of volatile foods group (lower chicken and red onion prices) and the deflation of administered prices group. The deflation of administered price was caused by the lower of air transportation cost after holiday season in December 2020. The core inflation recorded higher data which was supported by higher commodity prices. The BI Board of Governors agreed on 20-21 January 2021 to hold the BI 7-Day Reverse Repo Rate at 3.75%, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates at 3.00% and 4.50%, respectively. This policy was in line with the inflation expectation remain low, maintain external stability, and to accelerate the economic recovery. Rupiah appreciated against USD by 0.15% from 14,105 at end of December 2020 to 14,084 at end of January 2021. Indonesia's trade balance recorded surplus amounting to USD +2,102mn in Dec 2020 vs previous month surplus USD +2,612mn. The increment of export volume of iron & steel to China is still be the main contributor to the higher export number. Total import showed improvement with better growth number by 14% MoM which was supported by imports of machineries. On the annual figure, the total trade surplus for 2020 was amounting to USD 21.7bn (versus -USD 3.6bn in 2019). Non-oil and gas trade balance in Dec 2020 recorded surplus USD +2,565mn, which was lower than the previous month that recorded trade surplus amounting to USD +2,935mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -463mn in Dec 2020, which was higher than the deficit on Nov 2020 amounting to USD -323mn. The Indonesia' actual GDP growth 4Q20 recorded -2.19% YoY (vs previous -3.49%, consensus -2.3%), and also recorded contraction by -0.42% QoQ (vs previous +5.05%, consensus -0.22%). Throughout 2020, economic growth contracted by -2.07% which is still in line government's expectation, but lower compared to 5.02% in FY2019. This is the first annual contraction since the 1998 Asian Financial Crisis. The consumption which accounts almost 60% of Indonesia's GDP, is contracted by -2.63% YoY, while only government spending still recorded positive growth by +1.94% which was supported by additional stimulus budget to overcome the impact of Covid-19. Indonesia's official foreign reserve as of January 2021 was at USD 138.00 billion, higher than December 2020's number at USD135.90 billion. The higher of foreign reserve was caused by the issuance of global bonds and government's tax revenue.

The JAKISL Index ended the month lower at 601.75 (-4.55% MoM). Market laggards were BRPT, TLKM, UNVR, UNTR, and CPIN as they fell -19.55%, -6.04%, -5.78%, -14.1% and -11.88% MoM respectively. Global equities fell on uncertainties of the US new fiscal aid package, worsening pandemic situation across the world leading to stricter restrictions in countries such as Europe and in Indonesia. In addition, there has also been uncertain vaccine effectiveness against the new COVID-19 strain that were seen in the UK and South Africa. The "stock market divide" between the retail traders and short-positioned hedge funds in the US also added fuel to volatility in the market. Moving back to Indonesia, the JII Index pulled back significantly in the 4th week of Jan-21 which brought the index to a -8% WoW losses and erasing its YTD gain in 2021. Many see stretched valuation matrix, together with the rising COVID-19 daily new cases that have broken above 10k/day average daily cases with 30% positivity rate have triggered some profit taking in the market. Overall, despite a short-term correction in the beginning of 2021, global vaccination roll-out will be the key as well as effectiveness over the new strain which will serve as a leading indicator of economic activity recovery in 2021 and 2022. Sector wise, the Construction, Property and Real Estate Sector was the worst performing sector during the month, declining 8.03% MoM. Ticker wise, PTTP (Pembangunan Perumahan Persero) and WIKA (Wijaya Karya Persero) were the laggards, depreciating 12.33% and 9.32% MoM respectively. This was followed by the Consumer Sector which dropped 7.38% MoM. Ticker wise, KAEF (Kimia Farma) and INDF (Indofood Sukses Makmur) posted 26.59% and 11.68% MoM losses respectively. On the other hand, the best sector during the month was the Trade, Services and Investment Sector, which recorded a gain of 4.4% MoM. Ticker wise, UNTR (United Tractors) and AKRA (AKR Corporindo) were the movers which rose 14.1% and 10.69% MoM respectively.

Portfolio strategy wise, we have started to progressively shift to increase non defensive cyclical exposures on economic recovery expectation in 2021 and 2022. Generally speaking, our preference on equities that have pricing power, efficient balance sheet and good corporate governance has not changed regardless of condition. 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.

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