

ALLISYA RUPIAH EQUITY FUND

March 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		31.38%
Best Month	Jul-09	14.81%
Worst Month	Mar-20	-13.80%

Portfolio Breakdown

Equity	98.61%
Sharia Cash/Deposit	1.39%

Top Five Stocks Holding

Elang Mahkota Teknologi	15.00%
Telekomunikasi Indonesia	11.84%
Unilever Indonesia	9.40%
Chandra Asri Petrochemical	6.10%
Surya Citra Media	5.79%

Key Fund Facts

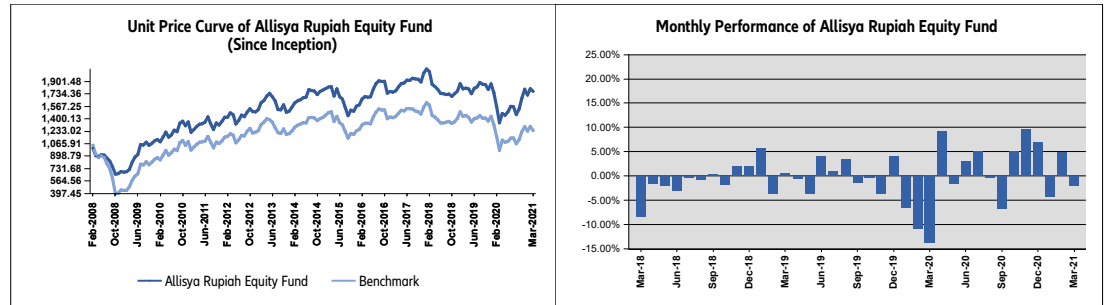
Fund Size (in bn IDR)	IDR 1,152.69
Risk Profile	Aggressive
Launch Date	01 Feb 2008
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	686,053,507.2655

Price per Unit	Bid	Offer
(As of Mar 31, 2021)	IDR 1,680.18	IDR 1,768.61

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	-1.95%	-1.57%	21.41%	31.38%	-5.00%	-1.57%	76.86%
Benchmark*	-4.08%	-3.92%	16.73%	27.14%	-14.00%	-3.92%	24.29%

*Jakarta Islamic Index (JII)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced March 2021 inflation at +0.08% mom (vs consensus inflation +0.12%, +0.10% on Feb 2021). On yearly basis, inflation was +1.37% yoy (vs consensus inflation +1.40%, +1.38% on Feb 2021). Core inflation was printed at +1.21% yoy (vs consensus inflation +1.44%, +1.53% on Feb 2021). The lower inflation in March 2021 was caused by the lower core inflation. The decline in core inflation was mainly driven by deflation in auto commodities in line with the provision of incentives to reduce the Sales Tax on Luxury Goods (PPnBM) rates for certain motor vehicles and deflation in the gold jewelry commodity that continued in line with the slowing of global gold inflation. The BI Board of Governors agreed on 17-18 March 2021 to hold the BI 7-Day Reverse Repo Rate to be 3.50%, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates to be 2.75% and 4.25%, respectively. This policy is in line with lower inflation expectation, stable Rupiah currency, and also to push the economic recovery. Rupiah depreciated against USD by -2.41% from 14,229 at end of Feb 2021 to 14,572 at end of March 2021. Indonesia's trade balance recorded surplus amounting to USD +2,010mn in Feb 2021 vs previous month surplus USD +1,959mn. The support for trade surplus were still coming from higher export of iron and steel to China, and also the increment of vehicle export to ASEAN and Japan. Non-oil and gas trade balance in Feb 2021 recorded surplus USD +2,445mn, which was lower than the previous month that recorded trade surplus amounting to USD +2,627mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -443mn in Feb 2021, which was lower than the deficit on Jan 2021 amounting to USD -668mn. Indonesia's official foreign reserve as of March 2021 was at USD 137.1 billion, lower than February 2021 number at USD 138.8 billion. The lower of foreign reserve was caused by the external government debt payment.

The JAKISL Index ended the month lower at 605.69 (-4.08% MoM). Market laggards were UNVR, INCO, MDKA, INKP, and BRPT as they fell -6.07%, -27.9%, -24.03%, -20.68% and -12.73% MoM respectively. Global equity market continued its rally in March as optimism builds on the basis of a massive USD1.9tn of US fiscal stimulus as well as better than expected growth expectation within developed markets, which was seen through the strong recovery in manufacturing data as well as jobs data. As such, there has been an upward revision on US 2021 GDP growth numbers to 6.5%, from previously 4.2%. Despite the strong economic recovery in the US and other developed nations, volatility remains on the rise in March as market argues the stronger than expected growth would potentially result in an inflation overshoot, in turn pressuring the central banks to do tapering sooner than expected. Such anticipation had resulted in the rapid rise in global bond yields, which subsequently triggered sell-offs within emerging market equities such including Indonesia. Within the Indonesia equity market, several catalysts have been playing out on the domestically but the emerging market equities sell-off has led the IDR to weakened to IDR 14.5k/USD. Despite the high volatility, current valuation of 16x FY21 P/E seems fair given the expectation of strong economic recovery post vaccination and potential upcoming Indonesian tech IPOs in 2021-2022. Sector wise, the Mining Sector was the worst performing sector during the month, declining 13.84% MoM. Ticker wise, INCO (Vale Indonesia) and MDKA (Merdeka Copper Gold) were the laggards, depreciating 27.9% and 24.03% MoM respectively. This was followed by the Construction, Property and Real Estate Sector which dropped 3.9% MoM. Ticker wise, PTPP (Pembangunan Perumahan Persero) and WIKA (Wijaya Karya Persero) posted 15.17% and 11.78% MoM losses respectively. On the other hand, the best sector during the month was the Basic Industry Sector, which recorded a gain of 0.27% MoM. Ticker wise, TKIM (Pabrik Kertas Tjiwi Kimia) and INKP (Indah Kiat Pulp & Paper Corp) were the movers which rose 29.44% and 20.68% MoM respectively.

Portfolio strategy wise, we have started to progressively shift to increase non defensives 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

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