

# ALLISYA RUPIAH EQUITY FUND

## October 2019

**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	9.28%
Best Month	Jul-09 14.81%
Worst Month	Oct-08 -12.99%

### Portfolio Breakdown

Equity	98.80%
Sharia Cash/Deposit	1.20%

### Top Five Stocks Holding

Telekomunikasi Indonesia	18.22%
Astra International	11.96%
Unilever Indonesia	11.77%
Merdeka Copper Gold	7.13%
Indofood CBP Sukses Makmur	6.09%

### Key Fund Facts

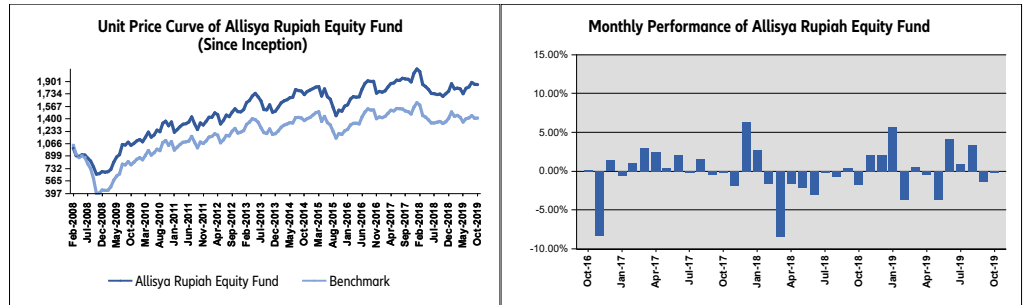
Fund Size (in bn IDR)	IDR 1,096.13
Risk Profile	Aggressive
Launch Date	01 Feb 2008
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

Price per Unit	Bid	Offer
(As of Oct 31, 2019)	IDR 1,766.53	IDR 1,859.51

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	-0.18%	1.76%	3.18%	9.28%	-2.27%	4.99%	85.95%
Benchmark*	0.15%	-0.13%	-0.72%	5.47%	-7.16%	0.25%	40.96%

\*Jakarta Islamic Index (JII)



### Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced October 2019 inflation at +0.02% mom (vs consensus inflation +0.17%, -0.27% in September 2019). On yearly basis, inflation was +3.13% yoy (vs consensus inflation +3.29%, +3.39% in September 2019). Core inflation was printed at +3.20% yoy (vs consensus inflation +3.32%, +3.32% in September 2019). The inflation was mostly affected by increasing in food stuffs group, from increasing in chicken meat & onion prices to cigarettes prices. In the Board of Governors' Meeting on 23rd and 24th October 2019, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 5.00%, while also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 4.25% and 5.75%, respectively. The reason for this policy is manageable inflation and within target range. Rupiah appreciated by +1.19% to 14,008/USD at end of October 2019 from 14,174/USD in previous month. Indonesia's trade balance recorded deficit amounting to USD -160mn in September 2019 vs previous month surplus USD +85mn. The deficit was affected by increasing of import number in non-oil and gas products which was caused by rising on consumption goods and capital goods. Non-oil and gas trade balance in September 2019 recorded surplus USD +601mn, lower than the previous month which was resulting surplus amounting to USD +840mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -762mn in September 2019, slightly higher than the deficit on August 2019 amounting to USD -756mn. Indonesia's economy grew as 5.02% yoy in Q3 2019 (vs previous 5.05%, consensus 5.00%), and 3.06% qoq (vs previous 4.20%, consensus 3.05%). This quarter growth was slower than Q2 2019 as well as Q3 2018. This slowing down was affected by global slowing down which was triggered by the uncertainty of trade war between US and their trading partners, especially China, which were also Indonesia's trading partners. Private consumption, which accounts for more than half of Indonesia's gross domestic product, grew 5.01% yoy in Q3 2019 (vs previous 5.17%). Indonesia's official foreign reserve as of October 2019 was at USD 126.70billion, higher than September 2019's number at USD 124.3billion. The increasing in the reserve assets per October 2019 was caused by issuance global bonds and oil & gas foreign exchange.

The JAKISL Index ended the month higher at 686.92 (+0.15% MoM). Market movers were CPIN, ASII, SMGR, INTP, and BTSP as they rose 17.76%, 5.3%, 9.52%, 6.81% and 16.36% MoM respectively. Equity market globally turned positive on US-China trade deal optimism. The tentative "phase one" deal is an indication of some breakthrough of the hostile trade dispute. In addition, better than expected US 3Q19 GDP growth to 1.9% (vs. expectation of 1.6%) and China PMI to 51.7 (vs. expectation of 51) also boosted market confidence as well. On the domestic side, another BI rate cut by 25bps to 5% and new cabinet announcement has been well perceived by the market. That being said, however, we can't rule out on near term slower growth risks as most corporate earnings growth contracted by 5% YoY in 3Q19. Sector wise, the Basic Industry Sector was the best performing sector during the week, gaining 7.63% WoW. Ticker wise, CPIN (Charoen Pokhand Indonesia) and SMGR (Semen Indonesia Persero) were the movers, appreciating 17.76% and 9.52% MoM respectively. This was followed by the Construction, Property and Real Estate Sector which rallied 5.38% MoM. Ticker wise, CTRA (Ciputra Development) and PTPP (Pembangunan Perumahan Persero) posted 5.21% and 4.11% MoM gains respectively. On the other hand, the worst sector during the week was the Infrastructure, Utilities and Transportation Sector, which recorded a decline of 3.78% MoM. Ticker wise, TLKM (Telekomunikasi Indonesia) and JSMR (Jasa Marga) were the laggards which fell 4.64% and 4.39% MoM respectively.

We remain selective on equities that have pricing power, 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.

#### Disclaimer:

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