

ALLISYA RUPIAH EQUITY FUND

August 2018

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		-11.27%
Best Month	Jul-09	14.81%
Worst Month	Oct-08	-12.99%

Portfolio Breakdown

Equity	96.62%
Sharia Cash/Deposit	3.38%

Top Five Stocks Holding

Telekomunikasi Indonesia	17.10%
Astra International	14.53%
Unilever Indonesia	14.10%
United Tractors	7.05%
Indofood CBP Sukses Makmur	4.93%

Key Fund Facts

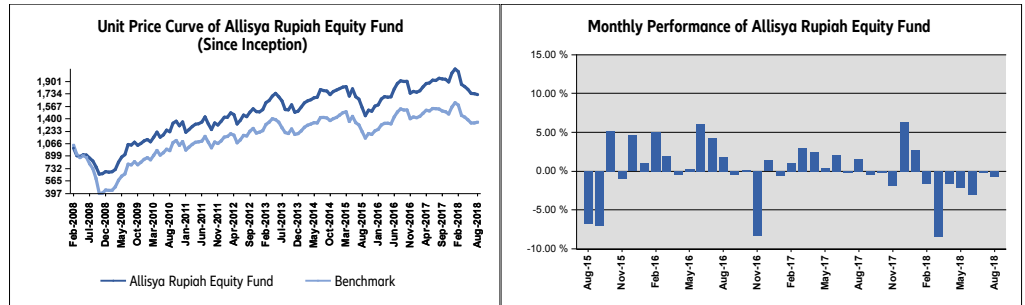
Fund Size (in bn IDR)	IDR 911.72
Risk Profile	Aggressive
Launch Date	01 Feb 2008
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

Price per Unit	Bid	Offer
(As of Aug 31, 2018)	IDR 1,638.78	IDR 1,725.03

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	-0.70%	-3.88%	-15.18%	-11.27%	11.23%	-14.35%	72.50%
Benchmark*	0.74%	-2.30%	-14.50%	-11.57%	10.30%	-13.06%	35.42%

*Jakarta Islamic Index (JII)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced August 2018 deflation at -0.05% mom (vs consensus inflation +0.04%, +0.28% in July 2018). On yearly basis, inflation was +3.20% yoy (vs consensus inflation +3.33%, +3.18% in July 2018). Core inflation was printed at +2.90% yoy (vs consensus inflation +2.89%, +2.87 in July 2018). The deflation was caused by decrement prices of various commodities (especially food) and transportation cost post-Idul Fitri. In the Board of Governors Meeting on 14-15 August 2018, Bank Indonesia raised the BI 7-day Reverse Repo Rate by 25 bps to 5.50%, while also raising the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to 4.75% and 6.25% respectively. Rupiah depreciated by -2.05% to 14,710 /USD at end of August 2018 from 14,414/USD in previous month. Indonesia's trade balance recorded a USD2.03 billion deficit in July 2018 vs consensus USD 0.625 billion deficit. Non-oil and gas trade balance in July 2018 recorded deficit -0.84bn, worsen than the previous month which was surplus amounting to USD 2.1bn. Meanwhile, oil and gas trade balance recorded deficit to USD -1.18bn in July 2018, higher than deficit on Jun 2018 amounting to USD -0.4bn. Indonesia's official reserve assets at the end of August 2018 were at USD117.9 billion, slightly lower than the end of July 2018 which stood at USD118.3 billion. The decline in the reserve assets in August 2018 was mainly due to government external debt repayment and rupiah stabilization in the middle of increasing global financial market uncertainty.

The JAKISL Index ended the month higher at 659.92 (+0.74% MoM). Market movers were INTPE, SMGR, PGAS, TPIA, and EXCL as they rose 25.49%, 24.34%, 25.88%, 10% and 15.64% MoM respectively. The stock market continued to move positively last month as sentiments were gradually improving as trade tension eased in absence of further development. This was however short lived as in the last week of August the US imposed tariffs on Turkey's steel and aluminium which in turn caused the Turkish Lira to fall in excess of 20%. Being part of the emerging markets currency basket, Indonesia was no exception, and we saw the Rupiah depreciate to IDR 14,710/USD. Domestically, the presidential candidates have been announced with Jokowi pairing Maruf Amin and Prabowo pairing Sandiaga Uno (recently Jakarta vice governor) has somewhat been positively accepted by the market. That being said however, from fundamental perspective, we are cautious on markets mainly as a result of external factors development which in turn could result in negative implications on domestic growth trajectory. At the back of our minds, potential developments on tightening monetary policy and IDR depreciating further serves as headwinds to growth. Sector wise, the Agriculture Sector was the best performing sector during the week, gaining 14.01% WoW. Ticker wise, AALI (Astra Agro Lestari) was the movers, appreciating 24.14% MoM respectively. This was followed by the Basic Industry Sector which rallied 5.23% MoM. Ticker wise, INTPE (Indocement Tunggal Prakarsa) and SMGR (Semen Indonesia Persero) posted 25.49% and 24.34% MoM gains respectively. On the other hand, the worst sector during the week was the Mining Sector, which recorded a decline of 5.91% MoM. Ticker wise, INCO (Vale Indonesia) and PTBA (Tambang Batubara Bukit Asam Persero Tbk) were the laggards which fell 13.04% and 9.6% 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.

Disclaimer:

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