

# ALLISYA RUPIAH EQUITY FUND

## August 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		9.47%
Best Month	Jul-09	14.81%
Worst Month	Oct-08	-12.99%

### Portfolio Breakdown

Equity	95.58%
Sharia Cash/Deposit	4.42%

### Top Five Stocks Holding

Telekomunikasi Indonesia	19.44%
Unilever Indonesia	13.57%
Astra International	11.01%
Merdeka Copper Gold	6.71%
Indofood CBP Sukses Makmur	6.10%

### Key Fund Facts

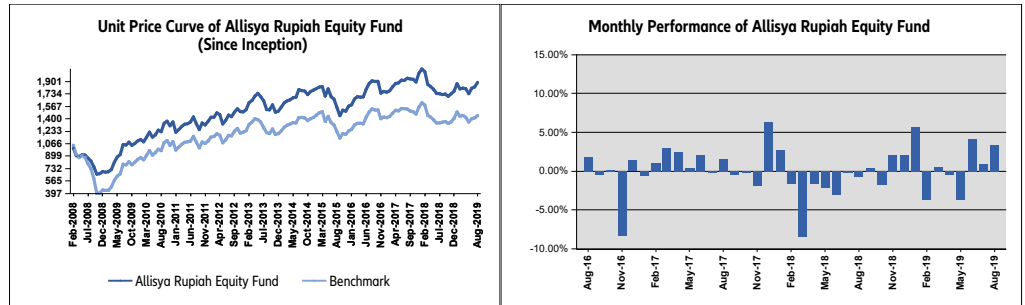
Fund Size (in bn IDR)	IDR 1,098.32
Risk Profile	Aggressive
Launch Date	01 Feb 2008
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

<b>Price per Unit</b>	<b>Bid</b>	<b>Offer</b>
(As of Aug 30, 2019)	IDR 1,794.05	IDR 1,888.47

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	3.35%	8.72%	4.82%	9.47%	-1.13%	6.62%	88.85%
Benchmark*	2.15%	6.29%	0.61%	6.47%	-5.93%	2.53%	44.18%

\*Jakarta Islamic Index (JII)



### Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced Aug 2019 inflation at +0.12% mom (vs consensus inflation +0.17%, +0.31% in July 2019). On yearly basis, inflation was +3.49% yoy (vs consensus inflation +3.51%, +3.32% in July 2019). Core inflation was printed at +3.30% yoy (vs consensus inflation +3.17%, +3.18% in July 2019). The contributor of this inflation was the increment of school fees ahead of new school academic year and gold price which was affected by global gold price. In the Board of Governors' Meeting on 21st and 22nd Aug 2019, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 5.50%, while also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 4.75% and 6.25%, respectively. This policy expected to boost the increasing of economic growth. Rupiah depreciated by -1.50% to 14,237/USD at end of August 2019 from 14,026/USD in previous month. Indonesia's trade balance recorded deficit amounting to USD -0.63bn in July 2019 vs previous month surplus USD 0.196bn. The deficit was contributed by import for oil & gas sector, especially oil products, while the surplus from export of non-oil & gas sector declined compared previous month. Non-oil and gas trade balance in July 2019 recorded surplus USD 0.079bn, declining than the previous month which was resulting surplus amounting to USD 1.164bn. Meanwhile, oil and gas trade balance still recorded deficit to USD -0.142bn in July 2019, slightly better than deficit on June 2019 amounting to USD -0.967bn. The deficit was caused by higher oil products imports. Indonesia's official foreign reserve as of Aug 2019 was at USD 126.4billion, higher than July 2019's number at USD 125.9billion. The increment in the reserve assets per Aug 2019 was due to higher export earnings from oil and gas.

The JAKISL Index ended the month higher at 702.59 (+2.15% MoM). Market movers were UNVR, ICBP, TLKM, BRPT, and KLBF as they rose 12.04%, 12.62%, 3.49%, 16.62% and 14.97% MoM respectively. The stock market closed in positive territory despite further escalation of US-China trade war in which both will raise tariffs on September 1, 2019 which intensifies negative future implication of an already declining global Purchasing Managers Index (PMI) trends. To date global PMI has inched below 50 and the global trade volumes has experienced the biggest decline since the GFC. On the domestic front, the continuation of the BI rate cut by 25 bps also did not help to boost positive sentiment in the stock market. Investors were also quite disappointed with the results of the 2020 Draft State Budget, where the reduction in the government's budget deficit to 1.67% of GDP (vs. 1.93% in 2019) which suggests no consumption tailwind from a fiscal standpoint. Note that monetary expansionary translates to a lesser impact towards underleveraged economies such as Indonesia. The government however, is still hopeful that the GDP growth going forward will be fueled by FDI however the risks on such reliance is relatively high given the cautious global backdrop where corporates globally are pausing expansions especially post the weak PMI. Sector wise, the Basic Industry Sector was the best performing sector during the week, gaining 5.59% WoW. Ticker wise, BRPT (Barito Pacific) and SMGR (Semen Indonesia Persero) were the movers, appreciating 16.62% and 2.91% MoM respectively. This was followed by the Infrastructure, Utilities and Transportation Sector which rallied 2.03% MoM. Ticker wise, EXCL (XL Axiata) and TLKM (Telekomunikasi Indonesia Persero) posted 7.74% and 3.49% MoM gains respectively. On the other hand, the worst sector during the week was the Miscellaneous Industries Sector, which recorded a decline of 4.14% MoM. Ticker wise, ASII (Astra International) and SMGR (Semen Indonesia Persero) were the laggards which fell 4.64% and 2.91% 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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