

Allisia Rupiah Equity Fund

December 2017



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).

PERFORMANCE INDICATOR

Return Performance

Last 1-year Period	13.92%
Best Month	14.81% Jul-09
Worst Month	-12.99% Oct-08

Portfolio Breakdown

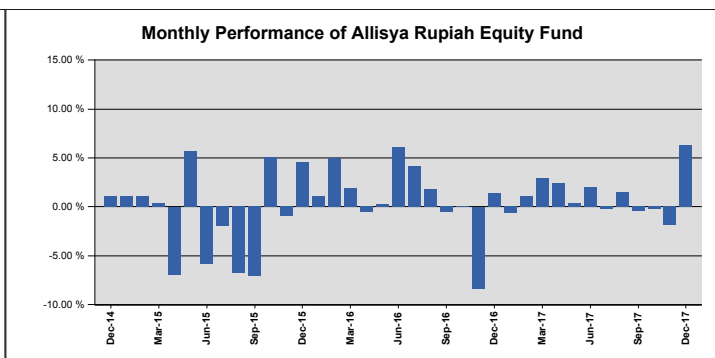
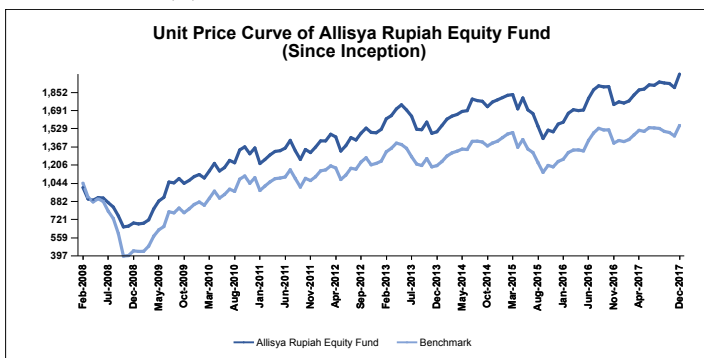
Equity	98.36%
Sharia Cash/Deposit	1.64%

Top Five Stocks Holding

Telekomunikasi Indonesia	18.81%
Unilever Indonesia	17.22%
Astra International	14.19%
Chandra Asri Petrochemical	8.27%
United Tractors	5.81%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisia Rupiah Equity Fund	6.30%	4.07%	4.95%	13.92%	12.79%	13.92%	101.40%
Benchmark*	6.36%	3.51%	1.26%	9.36%	9.84%	9.36%	55.77%

*Jakarta Islamic Index (JII)



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 974.66
Risk Profile	: Aggressive
Launch Date	: 01 Feb 2008
Fund Currency	: Indonesian Rupiah
Managed by	: PT Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily
Price per Unit (As of Dec 29, 2017)	: Bid IDR 1,913.25 Offer IDR 2,013.95
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Dec 2017 inflation at +0.71% mom (vs consensus inflation +0.45%, +0.20% in Nov 2017). On yearly basis, inflation was higher to +3.61%yoy (vs consensus inflation +3.35%, +3.30% in Nov 2017). Core inflation was printed at +2.95%yoy (vs consensus inflation +3.07%, +3.05% in Nov 2017). The increasing inflation is primarily attributable to inflation of volatile food group and administered prices group amidst the low core inflation. In the Board of Governors' Meeting on 14 Dec 2017, Bank Indonesia maintained the BI 7-day Reverse Repo Rate at 4.25%, while maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 3.50% and 5.00% respectively. Rupiah depreciated by -0.25% to 13,548/USD at end of Dec 2017 from 13,514/USD in previous month. Trade balance booked surplus of USD 0.13bn (non-oil and gas surplus USD 1.27bn, oil and gas deficit USD 0.96bn) in Nov 2017. Export rose by +13.18% YoY mostly driven by animal fats and vegetable oil, while imports rose by +19.62% YoY. Indonesia's foreign exchange reserve in Dec 2017 reached the highest recorded in 2017 at USD130bn. This significant increase in foreign exchange reserves from Nov 2017 (USD125.97bn) and Dec 2016 (USD116.4bn) is attributed to the issuance of Global Bonds, which was used for 2018 pre-funding that reached USD4bn.

The JAKISL Index ended the month higher at 759.07 (+6.36% MoM). Market movers were UNVR, TLKM, ASII, TPIA, and UNTR as they rose 13.39%, 6.99%, 4.08%, 9.59% and 5.67% MoM respectively. The index closed the year end with the new record high, which supported by some degree of window dressing as well as positive sentiment as Fitch upgrade Indonesia's credit rating to BBB/Stable Outlook, which was the highest rating Indonesia has gotten since 1995. On the macro side, there was a positive trend from Indonesia's trade balance as well as the government making a bold statement to manage its 2017 fiscal budget deficit at 2.6%. These have resulted in a positive sentiment towards investors in general and contributed positively in regards to foreign money inflow. Looking ahead into 2018, household consumption is expected to improve going forward as regional election spending will increase Indonesia's money supply in 2018. Particularly within the grassroots level. Despite topish valuation for Indonesia, so is most parts of the world generally speaking. That being said Indonesia's broad market EPS growth still offers a relatively better buffer relative to its regional peers. Sector wise, the Consumer Sector was the best performing sector during the week, gaining 11.76% WoW. Ticker wise, UNVR (Unilever Indonesia) and KLBF (Kalbe Farma) were the movers, appreciating 13.39% and 5.62% MoM respectively. This was followed by the Basic Industry Sector which rallied 9.38% MoM. Ticker wise, TPIA (Chandra Asri Petrochemical) and SMGR (Semen Indonesia Persero) posted 9.59% and 5.32% MoM gains respectively. On the other hand, the worst sector during the week was the Agriculture Sector, which recorded a decline of 4.54% MoM. Ticker wise, AALI (Astra Agro Lestari) was the laggards which fell 5.05% MoM.

Our portfolio strategy remains unchanged where risk/reward is still the main bottom up focus. Generally speaking, we have been selective on equities that have competitive advantage, 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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