

# Allisya Rupiah Equity Fund

## July 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	<b>2.14%</b>
Best Month	<b>14.81%</b> Jul-09
Worst Month	<b>-12.99%</b> Oct-08

#### Portfolio Breakdown

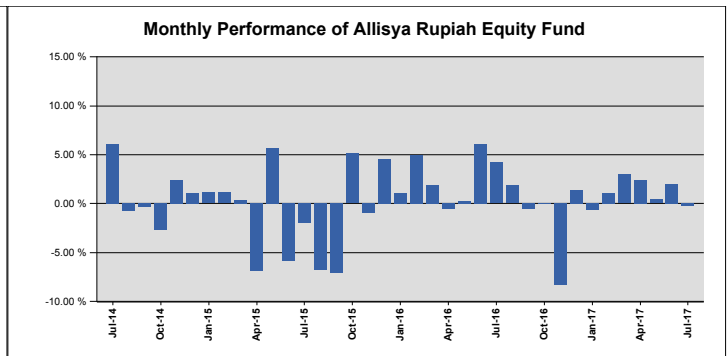
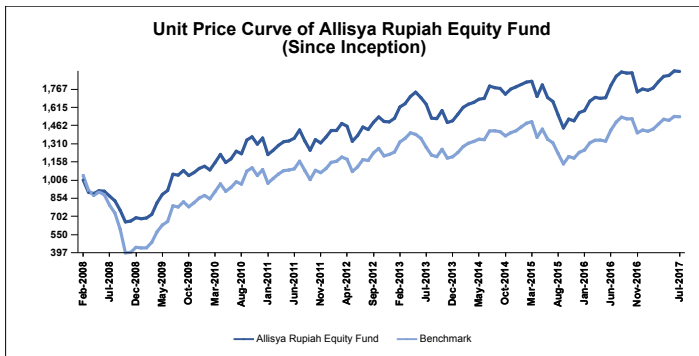
Equity	<b>91.85%</b>
Sharia Cash/Deposit	<b>8.15%</b>

#### Top Five Stocks Holding

Telekomunikasi Indonesia	<b>20.02%</b>
Unilever Indonesia	<b>15.66%</b>
Astra International	<b>14.37%</b>
United Tractors	<b>4.99%</b>
Indofood CBP Sukses Makmur	<b>3.90%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	<b>-0.22%</b>	<b>2.19%</b>	<b>8.96%</b>	<b>2.14%</b>	<b>6.82%</b>	<b>8.30%</b>	<b>91.46%</b>
Benchmark*	<b>-0.16%</b>	<b>1.38%</b>	<b>8.57%</b>	<b>2.99%</b>	<b>8.40%</b>	<b>7.81%</b>	<b>53.57%</b>

\*Jakarta Islamic Index (JII)



### KEY FUND FACTS

<b>Fund Size (in bn IDR)</b>	: IDR 878.70
<b>Risk Profile</b>	: Aggressive
<b>Launch Date</b>	: 01 Feb 2008
<b>Fund Currency</b>	: Indonesian Rupiah
<b>Managed by</b>	: PT Asuransi Allianz Life Indonesia

<b>Pricing Frequency</b>	: Daily
<b>Price per Unit (As of Jul 31, 2017)</b>	<b>Bid</b> : IDR 1,818.88 <b>Offer</b> : IDR 1,914.61
<b>Bid-Offer Spread</b>	: 5.00%
<b>Management Fee</b>	: 2.00% p.a.

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Jul 2017 inflation at 0.22% mom (vs consensus 0.19%, 0.69% in Jun 2017). On yearly basis, inflation was higher to +3.88%yoy (vs consensus 3.92%, 4.37% in Jun 2017). Core inflation was printed at +3.05% yoy (vs 3.13% in Jun 2017). Higher inflation was due to seasonally higher food, beverages, cigarettes and tobacco. In the Board of Governors' Meeting on 20 Jul 2017, Bank Indonesia maintained the BI 7-day (Reverse) Repo Rate (BI-7 day RR Rate) at 4.75%, while maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 4.00% and 5.50% respectively. Rupiah appreciated by +0.03% to 13,323/USD at end of Jul 2017 from 13,319/USD in previous month. Trade balance booked a surplus of USD 1.63bn (non-oil and gas surplus USD 1.96bn, oil and gas deficit USD 0.33bn) in Jun 2017. Export down by -11.82% YoY mostly driven by animal fats and vegetable oil, while imports down by -17.21% YoY. Indonesia's foreign reserves increased USD 4.67bn to USD 127.76bn in Jul 2017 from USD 123.09bn in Jun 2017. The increase was primarily attributable to foreign exchange receipts, among other from global bond issuance, tax revenues, government oil and gas export proceeds, as well as auction of Bank Indonesia foreign exchange bills. Indonesia 2Q 2017 GDP unchanged 5.01% yoy, vs consensus 5.08% yoy, and from 5.01% yoy in Q1 2017. From production segment, higher growth reached by information and communication sector at 10.88%. From expense segment, higher growth reached by Consumption Expenditure of Non-Profit Institutions that Serving the Household that grew 8.49%.

Jakarta Islamic Index (JII) ended the month lower at 748.37 (-0.16% MoM). Market laggards were ASII, ICBP, SMRA, LPPF, and CTRA as they fell -10.64%, -5.11%, -24.03%, -10.58% and -11.54% MoM respectively. Market continued to appreciate further during the month of July. Locals investors were defending large cap names while foreign investors took profit booking net outflow of approximately US\$797mn. On the macro side, BI indicates that 1H17 GDP will be at 5%, slightly below their previous guidance at 5.1% as they see weaknesses in manufacturing and retail sectors which is driven by 1) Late disbursement on civil servants 13th month salary and delay in spending power from commodity recovery outside Java, 2) higher electricity tariff which affects the mid-to-low class and 3) middle-upper-class income earners cut their consumption as savings rate evidently was on the uptrend recently. According to Nielsen data, retail sales growth was only at 3.7% YoY during 1H17 and 2Q17 performance was lower with 3.5% YoY vs. 3.9% YoY during 1Q17. Sales in Jun (during Ramadhan) only grew by 5%, much lower than multiple previous year growth of 10% average. Given weaker consumption growth along with current valuation of 16.5x FY17 P/E, a premium compared to 15.6x and 14.8x on 5 and 10 years P/E avg respectively, risk/reward is less compelling at this stage. Sector wise, the Miscellaneous Industry Sector was the worst performing sector during the week, falling -8.72% MoM. Ticker wise, ASII (Astra International) was the laggards, depreciating -10.64% MoM. This was followed by the Consumer Sector which fell -3.41% WoW. Ticker wise, ICBP (Indofood CBP) and INDF (Indofood) posted -5.11% and -2.62% MoM losses respectively. On the other hand, the best sector during the week was the Mining Sector, which recorded a gain of 5.56% MoM. Ticker wise, INCO (Vale Indonesia) and ADRO (Adaro Energy) were the movers which rose 30.81% and 12.97% 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.