

# Allisia Rupiah Equity Fund

## November 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>8.65%</b>
Best Month	<b>14.81%</b> Jul-09
Worst Month	<b>-12.99%</b> Oct-08

#### Portfolio Breakdown

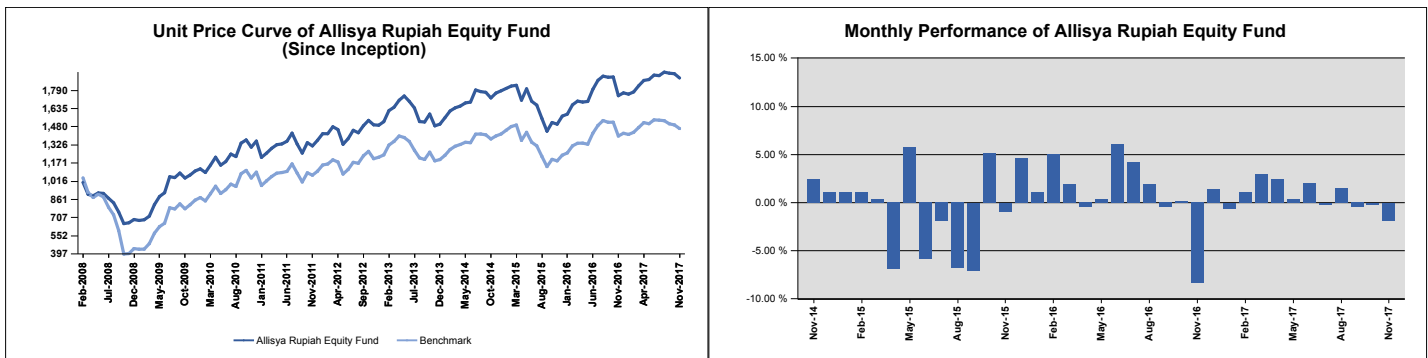
Equity	<b>97.23%</b>
Sharia Cash/Deposit	<b>2.77%</b>

#### Top Five Stocks Holding

Telekomunikasi Indonesia	<b>18.42%</b>
Unilever Indonesia	<b>16.60%</b>
Astra International	<b>14.07%</b>
Chandra Asri Petrochemical	<b>8.15%</b>
United Tractors	<b>5.94%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisia Rupiah Equity Fund	<b>-1.87%</b>	<b>-2.55%</b>	<b>0.71%</b>	<b>8.65%</b>	<b>7.26%</b>	<b>7.17%</b>	<b>89.46%</b>
Benchmark*	<b>-2.06%</b>	<b>-4.37%</b>	<b>-2.73%</b>	<b>4.53%</b>	<b>4.49%</b>	<b>2.81%</b>	<b>46.45%</b>

\*Jakarta Islamic Index (JII)



### KEY FUND FACTS

<b>Fund Size (in bn IDR)</b>	: IDR 902.26
<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 Nov 30, 2017)</b>	: <b>Bid</b> IDR 1,799.90 / <b>Offer</b> IDR 1,894.63
<b>Bid-Offer Spread</b>	: 5.00%
<b>Management Fee</b>	: 2.00% p.a.

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Nov 2017 inflation at +0.20% mom (vs consensus inflation +0.29%, +0.01% in Oct 2017). On yearly basis, inflation was lower to +3.30%yoy (vs consensus inflation +3.41%, +3.58% in Oct 2017). Core inflation was printed at +3.05%yoy (vs 3.07% in Oct 2017). Inflation was mainly caused by higher food ingredients also processed food, beverage, cigarette and tobacco prices. In the Board of Governors' Meeting on 16 Nov 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 appreciated by +0.43% to 13,514/USD at end of Oct 2017 from 13,572/USD in previous month. Trade balance booked surplus of USD 0.90bn (non-oil and gas surplus USD 1.69bn, oil and gas deficit USD 0.79bn) in Oct 2017. Export rose by +18.39% YoY mostly driven by ore, crust and metal ash, while imports rose by +23.33% YoY. Indonesia's foreign reserves decreased USD 2.85bn to USD 126.55bn in Oct 2017 from USD 129.40bn in Sep 2017. The decrease was primarily attributable to foreign debt repayment and Rupiah stabilization also related to the reduction of foreign exchange placement in central bank for the need of payment.

The JAKISL Index ended the month lower at 713.66 (-2.06% MoM). Market laggards were SMGR, INDF, UNTR, ICBP, and ADRO as they fell -13.76%, -10.67%, -3.39%, -3.98% and -6.85% MoM respectively. The index posted lower as the market was hit by MSCI rebalancing. Indonesia's weighting in MSCI Emerging Market index has decreased; which triggered Foreign Index Fund and ETF to rebalance their portfolio, reflected on foreign net outflow of US\$1.4bn. On the domestic front, investors viewed consumers sector will become the 2018 story supported by regional elections as well as increase in central gov't policies favouring energy and credit subsidies which will likely spur lower-end consumption. All in all, the implication here is without a pick up in investment, real GDP growth is set to remain at 5% in 2018. Meanwhile, from valuation perspective, our index's FY17 P/E of 17x is somewhat demanding while execution on earnings growth expectation of 10-15% YoY is remain to be seen. In term of risk, a sharp slowdown in Chinese growth, faster global rate environment and a US\$60/barrel breakout in oil prices will potentially pressure Indo Market and overall EM market in short-medium term. Sector wise, the Basic Industry Sector was the worst performing sector during the week, declining 7.15% WoW, declining 7.15% WoW, SMGR (Semen Indonesia Persero) and TPIA (Chandra Asri Petrochemical) were the laggards, depreciating 13.76% and 3.61% MoM respectively. This was followed by the Agriculture Sector which dropped 3.9% MoM. Ticker wise, LSIP (Perusahaan Perkebunan London Sumatra Ind) and AALI (Astra Agro Lestari) posted 7.95% and 4.97% MoM losses respectively. On the other hand, the best sector during the week was the Consumer Sector, which recorded a gain of 0.55% 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.