

ALLISYA RUPIAH EQUITY FUND

October 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		-11.86%
Best Month	Jul-09	14.81%
Worst Month	Oct-08	-12.99%

Portfolio Breakdown

Equity	96.93%
Sharia Cash/Deposit	3.07%

Top Five Stocks Holding

Astra International	17.50%
Telekomunikasi Indonesia	17.46%
Unilever Indonesia	12.37%
United Tractors	7.34%
Indofood CBP Sukses Makmur	4.88%

Key Fund Facts

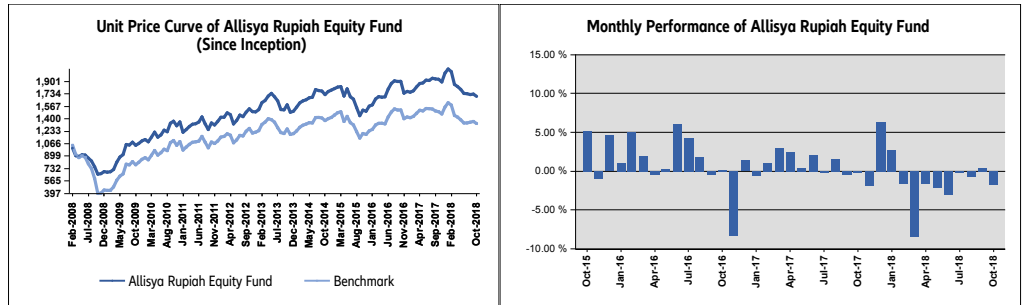
Fund Size (in bn IDR)	IDR 929.20
Risk Profile	Aggressive
Launch Date	01 Feb 2008
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

Price per Unit	Bid	Offer
(As of Oct 31, 2018)	IDR 1,616.57	IDR 1,701.65

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	-1.75%	-2.04%	-7.14%	-11.86%	12.25%	-15.51%	70.17%
Benchmark*	-2.05%	-0.58%	-6.05%	-10.62%	11.12%	-14.20%	33.65%

*Jakarta Islamic Index (JII)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced October 2018 inflation at +0.28% mom (vs consensus inflation +0.19%, -0.18% in Sep 2018). On yearly basis, inflation was +3.16% yoy (vs consensus inflation +3.06%, +2.88% in Sep 2018). Core inflation was printed at +2.94% yoy (vs consensus inflation +2.90%, +2.82 in Sep 2018). The inflation was contributed by increment of food stuff prices and fuel prices as impact of increasing of global crude prices. In the Board of Governors' Meeting on 22-23 October 2018, Bank Indonesia kept the BI 7-day Reverse Repo Rate unchanged at 5.75%, while also maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 5.00% and 6.50%, respectively. Rupiah depreciated by -2.00% to 15,227/USD at end of October 2018 from 14,929/USD in previous month. Indonesia's trade balance recorded a USD 0.227 billion surplus in Sep 2018 vs consensus USD -0.5 billion deficit. Non-oil and gas trade balance in Sep 2018 recorded surplus USD 1.297bn, better than the previous month which was surplus amounting to USD 0.639bn. Meanwhile, oil and gas trade balance recorded deficit to USD -1.07bn in Sep 2018, lower than deficit on Sep 2018 amounting to USD -1.66bn. Indonesia's economy grew as 5.17% yoy in Q3 2018 (vs previous 5.27%, consensus 5.15%), and 3.09% qoq (vs previous 4.2%, consensus 3%). This quarter growth was slower than Q2 2018, but higher than Q1 2018. This slowing down was affected by decrement of net export contribution to GDP. Private consumption, which accounts for more than half of Indonesia's gross domestic product, grew 5.01% yoy in Q3 2018 (vs previous 5.14%). Indonesia's official reserve assets at the end of October 2018 were at USD 115.2 billion, slightly higher than the end of September 2018 which stood at USD 114.85 billion. The increment in the reserve assets in October 2018 was caused by the amount of foreign exchange income from oil & gas income and withdrawal of government external debt that were bigger than the amount of government external debt repayment and rupiah stabilization.

The JAKISL Index ended the month lower at 651.27 (-2.05% MoM). Market laggards were UNVR, INCO, SMGR, ADRO, and INTP as they fell -8.08%, -21.29%, -9.32%, -10.08% and -6.49% MoM respectively. The market continued to be under pressure as US-China trade war tension and upcoming US mid-term election. In addition, the trade war event has started to put pressure on the global growth expectation as China's 3Q18 GDP only grew 6.5% YoY, which was the lowest in the past 9 years. On the domestic front, encouraging numbers from positive trade balance and lower oil prices which fell by -10.84% MoM would help ease IDR currency pressure in the near term and provide positive sentiment. Market however remained volatile as external factors development remained fluid. Investors are still keeping a close check towards the developments of trade tariffs and energy prices. Sector wise, the Basic Industry Sector was the worst performing sector during the week, declining 8.11% WoW. Ticker wise, SMGR (Semen Indonesia Persero) and INTP (Indocement Tunggal Prakarsa) were the laggards, depreciating 9.32% and 6.49% MoM respectively. This was followed by the Mining Sector which dropped 6.17% MoM. Ticker wise, INCO (Vale Indonesia) and ANTM (Aneka Tambang Persero) posted 21.29% and 19.53% MoM losses respectively. On the other hand, the best sector during the week was the Miscellaneous Industries Sector, which recorded a gain of 6.16% MoM. Ticker wise, ASII (Astra International) was the movers which rose 7.48% MoM.

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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