

Allisya Rupiah Equity Fund

September 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	1.81%
Best Month	14.81% Jul-09
Worst Month	-12.99% Oct-08

Portfolio Breakdown

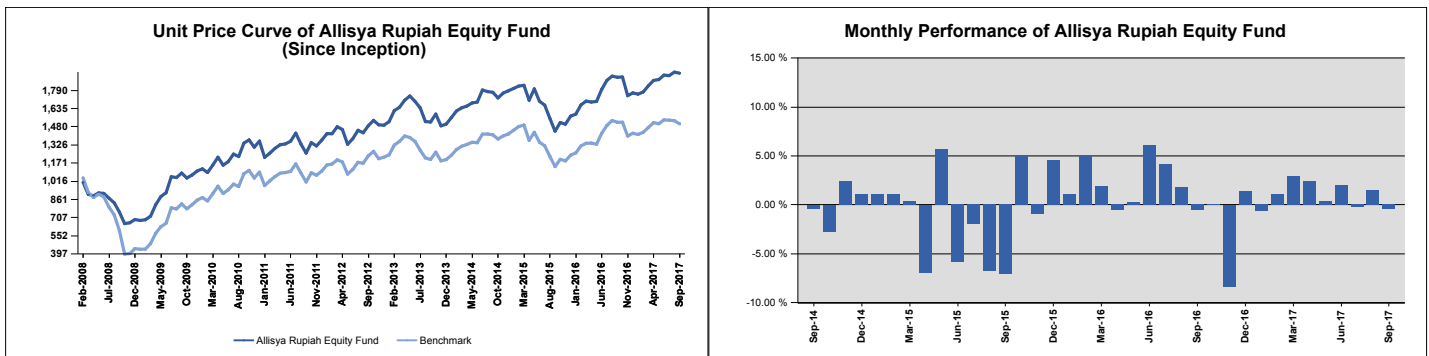
Equity	96.30%
Sharia Cash/Deposit	3.70%

Top Five Stocks Holding

Telekomunikasi Indonesia	21.43%
Unilever Indonesia	15.88%
Astra International	13.90%
Chandra Asri Petrochemical	7.07%
United Tractors	5.15%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	-0.46%	0.85%	5.81%	1.81%	9.17%	9.47%	93.52%
Benchmark*	-1.74%	-2.18%	2.08%	-0.86%	6.64%	5.64%	50.48%

*Jakarta Islamic Index (JII)



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 905.05
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 Sep 29, 2017)	: IDR 1,838.43
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Sep 2017 inflation at +0.13% mom (vs consensus inflation +0.08%, deflation -0.07% in Aug 2017). On yearly basis, inflation was slightly lower to +3.72%yoy (vs consensus inflation 3.70%, +3.82% in Aug 2017). Core inflation was printed at +3.00% yoy (vs +2.98% in Aug 2017). Inflation was mainly caused by higher processed food, beverage, cigarette and tobacco prices. In the Board of Governors' Meeting on 22 Sep 2017, Bank Indonesia cut its 7-day Reverse Repo Rate by 25bps from 4.50% to 4.25%, also Deposit Facility (DF) from 3.75% to 3.50% and Lending Facility (LF) from 5.25% to 5.00%. Rupiah depreciated by -1.06% to 13,492/USD at end of Sep 2017 from 13,351/USD in previous month. Trade balance booked surplus of USD 1.72bn (non-oil and gas surplus USD 2.4bn, oil and gas deficit USD 0.68bn) in Aug 2017. Export rose by +19.24% YoY mostly driven by jewelry, while imports rose by +8.89% YoY.

The JAKISL Index ended the month lower at 733.3 (-1.74% MoM). Market laggards were UNVR, PGAS, WSKT, PTBA, and INCO as they fell -3.12%, -25.71%, -20.05%, -15.56% and -12.79% MoM respectively. The index moved relatively mixed this month as lack of positive catalysts in domestic while the foreign continued to book net outflows of US\$844mn in Sep-17. Investors were concerned on the slower private consumption in the medium term. Nonetheless, economic growth at 5% is arguably one of the best in the region, partly due to the recent surge in commodity prices in which the Indonesian economy still have a heavy reliance upon. That being said however, we have yet to see a significant trickledown effect towards consumption and capex cycle. Average wage growth in the country has also been benign as we saw farmers and construction workers wage growth of only a mere 2-3% YoY. In fact a slight negative real wage growth when inflation is accounted for. Consistently, Aug loan growth was only 8% YoY along with conventional retail sales only growing 2.5% YoY. In response to the relatively weaker consumer and business sentiments, BI had decided to cut its 7-days reverse repo rate by 25bps to 4.5%. Indeed, the immediate fundamental impact might be limited in an underleveraged economy such as Indonesia, it could however help spur private consumption growth and business sentiment in the short run. On the external front, the risks of more hawkish central banks in Developed Countries were rising as the US and UE inflation rates already bottomed. Additionally, the FED's balance sheet reduction in the near term could attract global money flow into US. In summary we are of the view that risk/reward in broad market sense looks less favorable given the modest growth going trajectory in the nearer term. Sector wise, the Mining Sector was the worst performing sector during the week, declining 4.71% WoW. Ticker wise, PTBA (Tambang Batubara Bukit Asam Persero Tbk) and ANTM (Aneka Tambang Persero) were the laggards, depreciating 15.56% and 13.51% MoM respectively. This was followed by the Construction, Property and Real Estate Sector which dropped 2.2% MoM. Ticker wise, WSKT (Waskita Karya Persero) and PTPP (Pembangunan Perumahan Persero) posted 20.05% and 17.79% MoM losses respectively. On the other hand, the best sector during the week was the Agriculture Sector, which recorded a gain of 4.24% MoM. Ticker wise, LSIP (Perusahaan Perkebunan London Sumatra) and SSMS (Sawit Sumbermas Sarana) were the movers which rose 2.55% and 1.33% MoM respectively.

Our portfolio strategy remains unchanged and adopts a more defensive approach where risk/reward is still the main 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.