

# ALLISYA RUPIAH EQUITY FUND

## September 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		-10.50%
Best Month	Jul-09	14.81%
Worst Month	Oct-08	-12.99%

### Portfolio Breakdown

Equity	96.03%
Sharia Cash/Deposit	3.97%

### Top Five Stocks Holding

Telekomunikasi Indonesia	17.08%
Astra International	14.53%
Unilever Indonesia	13.92%
United Tractors	7.21%
Indofood CBP Sukses Makmur	4.91%

### Key Fund Facts

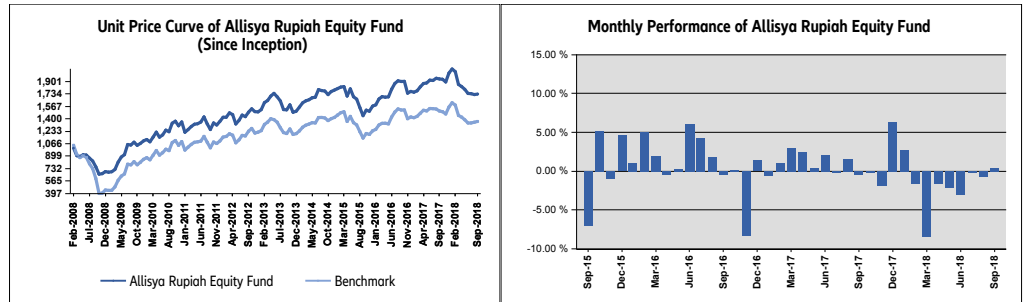
Fund Size (in bn IDR)	IDR 931.81
Risk Profile	Aggressive
Launch Date	01 Feb 2008
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.

<b>Price per Unit</b>	<b>Bid</b>	<b>Offer</b>
(As of Sep 28, 2018)	IDR 1,645.32	IDR 1,731.92

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	0.40%	-0.49%	-6.97%	-10.50%	20.13%	-14.00%	73.19%
Benchmark*	0.76%	1.55%	-5.59%	-9.33%	19.57%	-12.40%	36.45%

\*Jakarta Islamic Index (JII)



### Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced September 2018 deflation at -0.18% mom (vs consensus inflation -0.03%, -0.05% in Aug 2018). On yearly basis, inflation was +2.88% yoy (vs consensus inflation +3.09%, +3.20% in Aug 2018). Core inflation was printed at +2.82% yoy (vs consensus inflation +2.86%, +2.90 in Aug 2018). The deflation was caused by decrement of food prices (especially, chicken meat price), and the other contributor of deflation was from transportation, communication, and financial services component. In the Board of Governors' Meeting on 26-27 September 2018, Bank Indonesia raised the BI 7-day Reverse Repo Rate by 25 bps to 5.75%, while also raising the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to 5.00% and 6.50% respectively. Rupiah depreciated by -1.31% to 14,902/USD at end of September 2018 from 14,710/USD in previous month. Indonesia's trade balance recorded a USD -1.021 billion deficit in Aug 2018 vs consensus USD -0.674 billion deficit. Non-oil and gas trade balance in Aug 2018 recorded surplus USD 0.639bn, better than the previous month which was deficit amounting to USD -0.84bn. Meanwhile, oil and gas trade balance recorded deficit to USD -1.66bn in Aug 2018, higher than deficit on Jul 2018 amounting to USD -1.18bn. Indonesia's official reserve assets at the end of September 2018 were at USD 114.85 billion, slightly lower than the end of August 2018 which stood at USD 117.90 billion. The decline in the reserve assets in September 2018 was mainly due to government external debt repayment and rupiah stabilization in the middle of increasing global financial market uncertainty.

The JAKISL Index ended the month higher at 664.92 (+0.76% MoM). Market movers were UNVR, TLKM, ASII, PTBA, and PGAS as they rose 7.24%, 4.3%, 1.38%, 6.67% and 5.14% MoM respectively. Despite the IDR continue to depreciate, the stock market continued to move positively last month as sentiments were gradually improving on the stable private consumption demand and the government plans to maintain grass root purchasing power by increasing social spending in 2019. Acceleration in corporate spending and stable demand from car and retail sales has somewhat provides positive indicator of improvement in domestic growth. From a valuation perspective, market valuation is not inflated at 14x P/E 2018 foreign investors mostly on the sideline, however we expect volatility to remain as emerging currencies remain volatile. External factors such as tightening monetary policy, rising interest rates and also rising oil prices can't be ruled out which will potentially soften the overall growth prospect in twin deficit emerging economies. Sector wise, the Consumer Sector was the best performing sector during the week, gaining 2.78% WoW. Ticker wise, UNVR (Unilever Indonesia) and KLB (Kalbe Farma) were the movers, appreciating 7.24% and 2.6% MoM respectively. This was followed by the Miscellaneous Industries Sector which rallied 1.14% MoM. Ticker wise, ASII (Astra International) posted 1.38% MoM gains. On the other hand, the worst sector during the week was the Construction, Property and Real Estate Sector, which recorded a decline of 5.78% MoM. Ticker wise, PTPP (Pembangunan Perumahan Persero) and WIKA (Wijaya Karya Persero) were the laggards which fell 19.74% and 11.94% 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.

#### Disclaimer:

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