

Allisya Rupiah Fixed Income Fund

July 2016



BLOOMBERG: AZSRPFI:J

INVESTMENT OBJECTIVE

The Objective of the fund is to provide relatively stable income with capital preservation for the long term.

INVESTMENT STRATEGY

To achieve the investment objective, this fund shall be invested 0 - 20% in short-term sharia instruments (such as deposits of sharia, sharia SBI, sharia SPN, and / or money market mutual funds), and 80 - 100% in medium or long term instruments (such as sharia bonds, sharia corporate bonds and / or sharia fixed income mutual funds).

PERFORMANCE INDICATOR

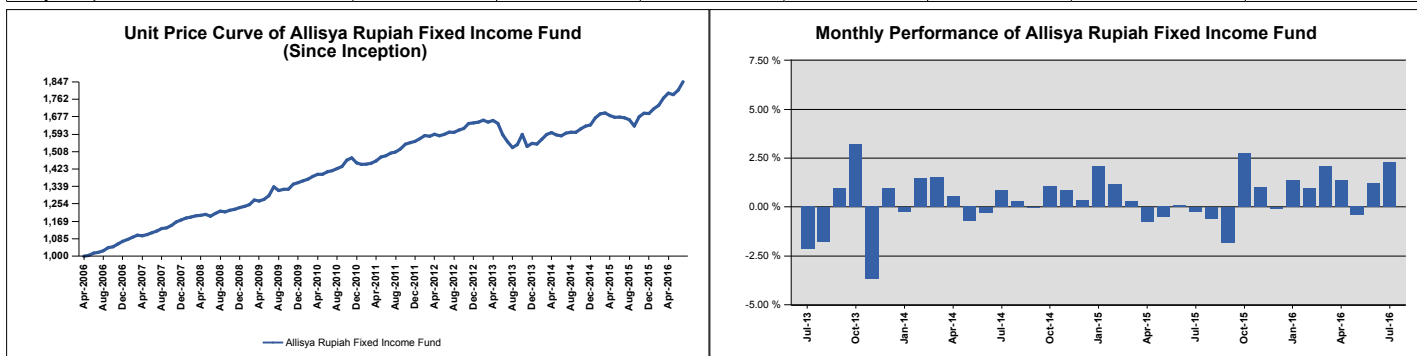
Return Performance

Last 1-year Period **10.46%**
 Best Month **3.32%** Jul-09
 Worst Month **-3.68%** Nov-13

Portfolio Breakdown

Treasury Bonds **88.21%**
 Govt. Related Bond **1.43%**
 Sharia Cash/Deposit **10.36%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Fixed Income Fund	2.27%	3.07%	7.63%	10.46%	18.76%	9.11%	84.66%



KEY FUND FACTS

Fund Size (in bn IDR) : IDR 68.62
Risk Profile : Moderate
Launch Date : 25 Apr 2006
Fund Currency : Indonesian Rupiah
Managed by : PT Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit (As of Jul 29, 2016) : **Bid** IDR 1,754.30 **Offer** IDR 1,846.63
Bid-Offer Spread : 5.00%
Management Fee : 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Jul's inflation at 0.69% mom (vs consensus 0.83%, 0.66% in Jun 2016) mostly were caused by higher food ingredients, process food and beverages prices. On yearly basis, inflation stood at 3.21% YoY (vs consensus 3.37%, 3.45% in Jun 2016). Core inflation printed at 3.49% YoY, unchanged previous month (vs consensus 3.59%). In the Board of Governors' Meeting on Jul 21st, 2016, Bank Indonesia maintained its reference rate at 6.50%, Lending Facility at 7.00% along with its facility rate (FASBI) at 4.50%. Rupiah appreciated by +0.65% to 13,094/USD at end of July as opposed to 13,180/USD previous month. Indonesia economic growth in second quarter 2016 was increased 4.02% QoQ (5.18% YoY compared to previous quarter at 4.91% YoY) which largely led by growth in agriculture, forestry and fisheries business sector. By expenditure, government spending and private consumption were the main drivers while investment continued to ease and net export ebbed. Trade balance booked a surplus of +US\$0.9bn (non-oil and gas surplus +US\$1.399bn, oil and gas deficit US\$-0.498bn) in Jun 2016. Export fell by -4.42% YoY mostly driven by a reduction in exports of iron and steel goods, while imports fell by -7.41% YoY. FX Reserves rose by US\$1.62bn from US\$109.79bn in Jun 2016 to US\$111.41bn in Jul 2016 on the back of revenue from tax, and oil-gas, as well as proceeds from Bank Indonesia's FX bills, known as SBBI. Reserves are sufficient for 8.5months imports or 8.2months imports and government external debt payments.

IDR government bond yields closed lower all across the curve in Jul 2016 on the back of buying action driven by foreign inflows. Market rally occurred post the tax amnesty approval announcement. Positive sentiment came from BI signaled for monetary easing and better than expected trade balance result. Buying action continues until end of the month – from both sides local and foreign – triggered by news that Indonesia's deposit insurance (LPS) stated that it is looking to change its method in calculating their guaranteed rates to be around BI's 7 day reverse repo rate. Positive sentiment also came from cabinet reshuffle on July 27. President Joko Widodo has announced the composition of his new cabinet reshuffle (July 27) with 4 transferred minister and 9 newly appointed ministers, saying that the shake-up aims to create a more efficient cabinet. Offshore accounts increased their holding by IDR 15.04Tn in Jul 2016 (+2.34% MoM), from IDR 643.99Tn as of Jun 2016 to IDR 659.03Tn as of Jul 2016, which brought their holding to 39.39% of total outstanding tradable government bond (from 39.10% in the previous month). The 5Y yield Jul 2016 ended -55bps lower to 6.76% (7.31% in Jun 2016), 10Y tenor ended -51bps lower to 6.94% (7.45% in Jun 2016), 15Y tenor ended -41bps lower to 7.24% (7.65% in Jun 2016) and 20Y tenor ended -30bps lower to 7.39% (7.69% in Jun 2016).

Disclaimer:

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