

ALLISYA RUPIAH EQUITY FUND

July 2021

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		10.46%
Best Month	Jul-09	14.81%
Worst Month	Mar-20	-13.80%

Portfolio Breakdown

Equity	90.02%
Sharia Cash/Deposit	9.98%

Top Five Stocks Holding

Telekomunikasi Indonesia	14.78%
Surya Citra Media	7.73%
Unilever Indonesia	6.05%
Merdeka Copper Gold	5.81%
Elang Mahkota Teknologi	5.44%

Key Fund Facts

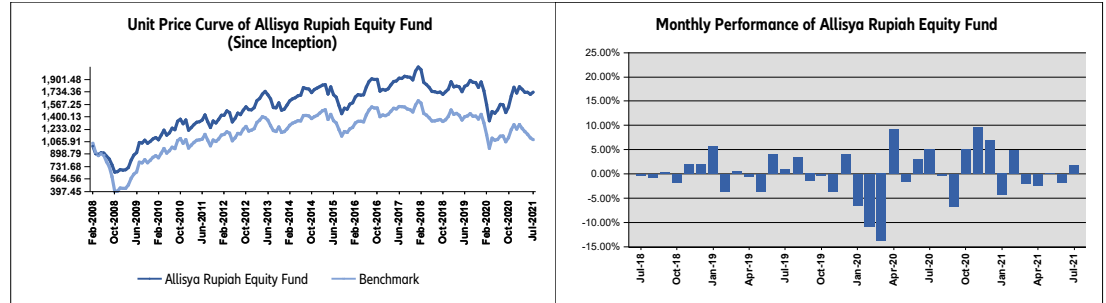
Fund Size (in bn IDR)	IDR 1,135.00
Risk Profile	Aggressive
Launch Date	01 Feb 2008
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Bid-Offer Spread	5.00%
Management Fee	2.00% p.a.
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	690,321,605.2924

Price per Unit	Bid	Offer
(As of Jul 30, 2021)	IDR 1,644.17	IDR 1,730.71

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	1.72%	0.14%	0.68%	10.46%	-0.37%	-3.67%	73.07%
Benchmark*	-2.12%	-8.99%	-11.46%	-4.11%	-18.66%	-15.49%	9.33%

*Jakarta Islamic Index (JII)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced July 2021 inflation at +0.08% mom (vs consensus inflation +0.01%, -0.16% on June 2021). On yearly basis, inflation was +1.52% yoy (vs consensus inflation +1.47%, +1.33% on June 2021). Core inflation was printed at +1.40% yoy (vs consensus inflation +1.43%, +1.49% on June 2021). The higher July inflation was contributed by the administered price group which was impacted by the higher tobacco price, and also volatile food group which was caused by the lower supply of several goods on the back of harvest time. The BI Board of Governors agreed on 21-22 July 2021 to hold the BI 7-Day Reverse Repo Rate to be 3.50%, and also hold the Deposit Facility (DF) and Lending Facility (LF) rates to be 2.75% and 4.25%, respectively. This policy is to maintain Rupiah stability in the middle of global uncertainty and also the lower inflation. Rupiah appreciated against USD by +0.55% from 14,542 at end of June 2021 to 14,462 at end of July 2021. Indonesia's trade balance recorded surplus amounting to USD +1,316mn in June 2021 vs previous month surplus USD +2,360mn. The lower of trade surplus was affected by the better growth of import number, especially non-oil and gas sector (capital goods imports), however the growth of gas export number also showed improvement on the back of higher global oil price. Non-oil and gas trade balance in June 2021 recorded surplus USD +2,382mn, which was lower than the previous month that recorded trade surplus amounting to USD +3,485mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,066mn in June 2021, which was lower than the deficit on May 2021 amounting to USD -1,125mn. Indonesia's economy grew by +7.07% YoY in Q2 2021 (vs previous -0.74% on Q1 2021), and +3.31% QoQ (vs previous -0.96% on Q1 2021). The better YoY growth was mainly caused by the low base effect which last year GDP contracted by -5.32% YoY. In terms of business sector, the positive growth was happened on all of sectors, especially Manufacturing Sector (the highest) which grew +1.35% YoY. While, in terms of expense, the highest growth came from the household consumption by +3.17% YoY. Indonesia's official foreign reserve in the end of July 2021 was at USD 137.3billion, slightly higher than June 2021 number at USD 137.1billion due to the Government's Global Bond Issuance as well as tax and services receipts.

The JAKISL Index ended the month lower at 532.79 (-2.12% MoM). Market laggards were UNVR, SMGR, TPIA, KLBF and BTPS as they fell 14.75%, 18.95%, 4.33%, 10.00% and 17.71% MoM respectively. Global equity markets movement during the month of July was mixed, on the back of the spread of COVID delta variants spreads sparking lockdowns and hence concerns over slower economic recovery trajectory. US equities recorded its new highs in July due to strong 2Q21 GDP growth as well as better than expected 2Q21 corporate earnings. Equities within Asia however, were pulling back as China's regulators intervened on the tech sector. As such, the return gap between DM and EM equity market since the start of 2021 has continued to widen. Locally, Indonesia's economic activity is set to improve after several encouraging leading indicators such as property pre-sales numbers, cement volumes as well as retail sales are on the rise. Daily Covid cases in Indonesia reached a new high at 56k cases/day in mid-July (from 20k/day in June) which triggered the government to impose strict mobility restrictions. Despite the new restrictions will result in a reduction in mobility and slower economic activity within the next 1-2 months, increased number of daily testing and vaccination doses should help to reduce growing new infections going forward and help fuel economic activity over the longer term. Valuation wise, despite its fair valuation of 17.2x FY21 P/E at the moment, the interest towards Indonesia equity market has improved on the back of upcoming tech IPOs. Sector wise, the Consumer Non-Cyclicals Sector was the worst performing sector during the month, declining 6.31% MoM. Ticker wise, GGRM (Gudang Garam) and UNVR (Unilever Indonesia) were the laggards, depreciating 25.79% and 14.75% MoM respectively. This was followed by the Industrial Sector which dropped 0.52% MoM. Ticker wise, SMGR (Semen Indonesia) and INTN (Indocement Tunggul Prakarsa) posted 18.95% and 10.38% MoM losses respectively. On the other hand, the best sector during the month was the Energy Sector, which recorded a gain of 5.58% MoM. Ticker wise, INCO (Vale Indonesia) and ANTM (Aneka Tambang) were the movers which rose 19.31% and 9.57% MoM respectively.

Portfolio strategy wise, we have started to progressively shift to increase non defensives cyclical exposures on economic recovery expectation in 2021 and 2022. Generally speaking, our preference on equities that have pricing power, efficient balance sheet and good corporate governance has not changed regardless of condition. 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.

About Allianz Indonesia

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