

# Allisya Rupiah Equity Fund

## August 2016



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	<b>23.16%</b>
Best Month	<b>14.81%</b> Jul-09
Worst Month	<b>-12.99%</b> Oct-08

#### Portfolio Breakdown

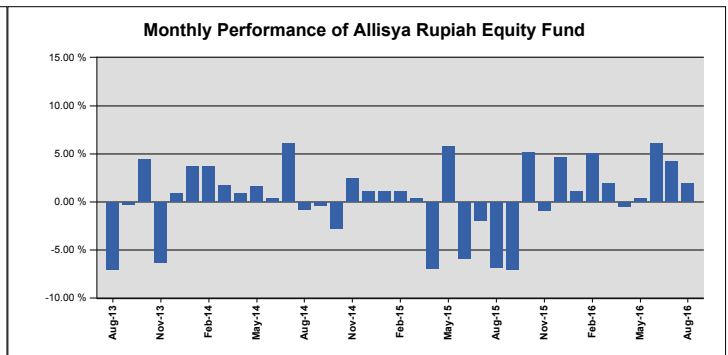
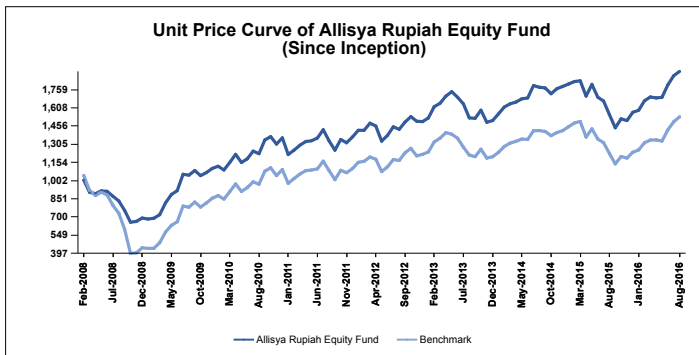
Equity	<b>96.18%</b>
Sharia Cash/Deposit	<b>3.82%</b>

#### Top Five Stocks Holding

Telekomunikasi Indonesia	<b>19.35%</b>
Unilever Indonesia	<b>15.03%</b>
Astra International	<b>14.42%</b>
Indofood CBP Sukses Makmur	<b>4.53%</b>
Kalbe Farma	<b>3.87%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Equity Fund	<b>1.89%</b>	<b>12.69%</b>	<b>14.65%</b>	<b>23.16%</b>	<b>25.33%</b>	<b>21.64%</b>	<b>91.00%</b>
Benchmark*	<b>2.79%</b>	<b>15.11%</b>	<b>16.36%</b>	<b>24.84%</b>	<b>26.16%</b>	<b>23.79%</b>	<b>53.26%</b>

\*Jakarta Islamic Index (JII)



### KEY FUND FACTS

<b>Fund Size (in bn IDR)</b>	: IDR 761.84
<b>Risk Profile</b>	: Aggressive
<b>Launch Date</b>	: 01 Feb 2008
<b>Fund Currency</b>	: Indonesian Rupiah
<b>Managed by</b>	: PT Asuransi Allianz Life Indonesia

<b>Pricing Frequency</b>	: Daily
<b>Price per Unit (As of Aug 31, 2016)</b>	<b>Bid</b> : IDR 1,814.53
	<b>Offer</b> : IDR 1,910.03
<b>Bid-Offer Spread</b>	: 5.00%
<b>Management Fee</b>	: 2.00% p.a.

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Aug's deflation at -0.02% mom (vs consensus inflation +0.02%, inflation +0.69% in Jul 2016) mostly was caused by lower food ingredients, communication and transportation cost also financial services. On yearly basis, inflation lower to 2.79% YoY (vs consensus 3.02%, 3.21% in Jul 2016). Core inflation printed at 3.32% YoY, lower than previous month (3.49% in Jul 2016). In the Board of Governors' Meeting on 18-19 Aug 2016, Bank Indonesia maintained its 7-day Reverse Repo Rate at 5.25%, Deposit Facility (DF) however reduced the Lending Facility (LF) by 100bps from 7.00% to 6.00%. Rupiah depreciated by -1.57% to 13,300/USD at end of July as opposed to 13,094/USD previous month. Trade balance booked a surplus of +US\$0.6bn (non-oil and gas surplus +US\$1.07bn, oil and gas deficit US\$-0.48bn) in Jul 2016. Export fell by -17.02% YoY mostly driven by a reduction in exports of jewelry, while imports fell by -11.56% YoY. FX Reserves rose by US\$2,13bn from US\$111,41bn in Jul 2016 to US\$113,54bn in Aug 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 8.7months imports or 8.3months imports and government external debt payments.

The JII (Jakarta Islamic Index) closed higher in August at 746.87, gaining +2.79% MoM. Large cap stocks such as ASII, ICBP, UNTR, KLBF, and UNVR contributed to the MoM gain, all of which rose by +5.50%, +15.99%, +19.05%, +7.16%, and 1.33% MoM respectively. The equity market continued to stay in positive territory, driven by foreign inflow amounting US\$3bn YTD. Strong inflow wasn't merely driven by the euphoria of tax amnesty program, but also supported by bold moves from Minister of Finance by cutting state expenditure of IDR 130tn as 2016 tax revenue target will likely be missed by IDR 219tn. Such moves showed that she brooks no nonsense in imposing budgetary discipline, which become another major positive for the index. Going forward, further improvements in the macroeconomic environment, stronger IDR, stable inflation and lower interest rate that will further support economic growth and corporate earnings. However, the execution of the tax amnesty is now the biggest concern, especially given the aggressive target of IDR 165tn. Investors were also concerned about the valuation as market has increased 23% YTD in USD terms, which makes risk-reward is not too attractive at this level. Bottom line, structural story on Indonesia is indeed evolving but will take time as it will depend on the success of the implementation of the tax amnesty and how the current government continues to push infrastructure projects and encourage new investment to the manufacturing sector to replace the strong dependency on commodity exports. Sector wise, the Basic Industry Sector was the best performing sector this month, appreciating by +12.52% MoM. SMGR (Semen Indonesia) and INTIP (Indocement) were the movers; gaining by +5.60% and +3.66% MoM respectively. This was followed by the Agriculture Sector that posted +5.74% MoM gains, driven by LSIP (London Sumatra) and AALI (Astra Agro Lestari) which rose +13.88% and +13.10% MoM respectively. On the other side, Infrastructure Sector was the worst performing sector this month, losing by -3.68% MoM. PGAS (Perusahaan Gas Negara) and JSMR (Jasa Marga) were the laggards, falling -8.21% and -8.73% MoM respectively.

We are more upbeat on Indonesian equities on the back of more favorable government initiatives that we think will have positive spillover effect towards the private sector. But, current valuation is quite demanding at this level, hence stock selection will be key. That said, our focus remains on companies with solid and feasible earnings.