

MONTHLY REPORT: AUGUST 2019

## Fund Manager Commentary: Bad News is Good News

Looking at our multi asset indicators to score the positioning stance on Indonesian market, the scoring was downgraded slightly to 2.0 (0-4; negative, slight negative, neutral, slight positive, and positive) as of end July 2019, lower from 2.5 at the end of June 2019. The reason of the downgrade were the reduction in liquidity scoring as there is mounting risk of currency vulnerability in the face of The Fed's stance that creates more uncertainty on policy effectiveness as well as trade war risk escalation.

Macro-wise, there has been no material improvement as cyclical economic data points remain pointing to global economy weakening. Additionally, the "insurance cuts" taken by The Fed is seen as insufficient in resolving the growth slowdown in the rest of the world, especially in the face of Brexit risk, trade war risk, and China slow down. Hence, flight-to-safe haven assets are unavoidable which will limit Dollar weakness, if not making it stronger for the time being, as UST 10 years yield remain a safety net for global investors given a negative yield environment in other developed market countries.

Positioning-wise, we are tactically trading focusing on selected big caps such as telecommunications and consumers while reducing slightly on bond-proxy names in line with higher risk on liquidity factor as Bank Indonesia (BI) flexibility is decreased due to Yuan devaluation risk and stronger Dollar (on trade war escalation). However, we remain opportunistic and constructive on bond-proxy name for the middle term as global monetary easing cycle in on the cards and may relook again when currency volatility back to normal. In this case, bad economic data might get cheered by the market as it will reinvigorate The Fed to start easing cycle and provide sentiment floor for the markets.

Structurally, we are constructive on materials (cements and petrochem) and industrial estate due to positive idiosyncratic risk. Higher allocation on high growth stocks are preferred if Indonesia yield spread starts to narrow as it typically outperform during sustainable business expansion.

Global Equity Indices	Changes (%)			
	YTD	1M	3M	1Y
IHSG (ID)	+0.27	-2.55	+1.23	+2.20
IDX30 (ID)	-1.19	-4.45	+0.70	+1.94
LQ45 (ID)	-0.65	-4.03	+1.61	+1.38
Jakarta Islamic Index (ID)	-2.59	-2.88	+3.26	+0.39
Indonesia Sharia Index (ID)	+0.51	-0.67	+3.44	+2.91
S&P 500 (US)	+17.72	-2.90	+4.07	+3.28
Dow Jones (US)	+13.95	-3.85	+3.77	+3.82
London (UK)	+7.68	-3.40	+1.22	-5.43
DAX (GR)	+11.28	-4.65	-1.07	-5.43
Nikkei (JP)	+2.20	-5.67	-3.47	-8.26
Hang Seng (HK)	-0.87	-11.21	-11.45	-10.88
Shanghai (CN)	+12.16	-4.55	-3.67	+0.07

	Inflation (% yoy)	CDS-5yr (bps)	NDF (%)	Trade Bal (USDmn)	Reserve (USDbn)
Last	3.32	92.43	7.29	196.00	125.90
1yr-Avg	3.02	118.73	8.69	-674.93	120.67

Global Currency	Changes (%)		
	YTD	1W	1Y
USDIDR	+1.70	-0.34	+1.05
SGDIDR	+3.23	+0.17	+2.36
EURIDR	+4.08	-0.32	+3.47
JPYIDR	-3.07	-1.41	-4.01
USDJPY	-3.20	+0.25	-3.69
Gold (USD/t oz.)	+17.08	+2.02	+24.04
DXY (G7/USD)	+1.46	+0.19	+1.51
ADXY (USD/Asian)	-1.65	+0.15	-1.41

Commodities	Changes (%)		
	YTD	1W	1Y
CRB Index	+1.24	+1.49	-9.71
Crude Oil (USD/bbl)	+25.97	+6.47	-15.57
Natural Gas (USD/MMBtu)	-35.00	+1.71	-27.07
COAL (Australia, USD/tonne)	-34.62	-7.52	-44.42
COAL (Rotterdam, USD/tonne)	-31.44	+1.98	-30.88
Aluminium (USD/tonne)	-3.46	+1.12	-15.82
Nickel (USD/tonne)	+48.42	+6.56	+15.23
Tin (USD/tonne)	-12.24	+0.59	-12.31
Silver (USD/t oz.)	+10.03	+3.28	+11.05
CPO (MYR/Tonne)	+7.90	+6.63	-1.54
Rubber (JPY/kg)	+10.47	-0.52	+16.35

Maybank Funds	Changes (%)			
	YTD	1M	3M	1Y
Maybank Dana Ekuitas	-0.64	-3.13	+0.91	-2.26
Maybank Sector Rotation Equity Fund	-1.16	-3.08	+0.42	-3.58
Maybank Dana Berimbang	-0.19	-1.58	+3.44	-4.72
MAM Balanced Fund	+2.56	-1.88	+3.22	+3.19
Maybank Dana Pasti 2	+7.02	-0.71	+3.65	+8.76
Maybank Dana Pasar Uang	+4.21	+0.60	+1.69	+6.35

Data as of August 13<sup>th</sup>, 2019

**General Disclaimer:** The term "Maybank AM" used herein refers to Maybank Asset Management. This presentation is for informational purpose only and does not constitute (1) an offer to buy or sell or a solicitation to buy or sell any security or financial instrument mentioned in this presentation and (2) any professional investment advice. It does not have any regard to the specific objectives, financial situation and particular needs of any specific person and is based on information obtained from sources believed to be reliable. The information, materials & contents provided in this presentation, including but not limited to products, data, text, images, graphics, opinions, analysis, forecast, projections and/or expectations (hereinafter collectively referred to as 'Information') are provided by Maybank AM for informational purposes only. The Information is subject to change without notice. Maybank AM does not make any representations or warranties of any kind express or implied, about the completeness, accuracy, reliability, suitability or availability with respect to this presentation or the Information. Without derogation of the above, reasonable measures will be taken by Maybank AM to ensure the accuracy and validity of the Information provided in this presentation. An investment into any financial products mentioned in this presentation carries risks and may not be suitable for persons who are averse to such risks. The investor should refer to the relevant prospectus/information memorandum for inherent risks of investing in the financial products. Unless otherwise indicated, the copyright/trademarks in this presentation and its contents, including but not limited to the text, images, graphics, service marks and logos are the property of Maybank AM, and are protected by applicable Malaysian laws. No part or parts of this presentation may be modified, copied, distributed, retransmitted, broadcasted, displayed, performed, reproduced, published, licensed, transferred, sold or commercially dealt with in any manner without prior express written consent of Maybank AM. In no event shall Maybank AM be liable for any loss or damages howsoever arising whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising i) from incompleteness, inaccuracy, unreliability, unsuitability or unavailability with respect to this presentation or the Information and/or reliance thereon; or ii) from reproduction or use of the Information/copyright/trademark.