

MONTHLY REPORT: MAY 2019

## Fund Manager Commentary: Cautious Mode, Tactical Trade

Looking at our multi asset indicators to score the positioning stance on Indonesian market, the scoring was downgraded to 1.5 (0-4) as end of April 2019 and then further to 1 as middle of May 2019, lower from 2 in March 2019. The culprit of the downgrade is a deterioration in macro and liquidity factor as better US economic data, worsening Indonesia's trade balance, and higher import demand upcoming Eid Mubarak caused capital outflow leading to higher Indonesia's bond yield relative to US. It led to a pick-up in IDR hedging cost to USD, signifying a concern on IDR outlook. However, recent correction has provided tactical market upgrade potential to 2 driven by both valuation and technical near at 2018's low support level.

Lately, we have seen more volatility in equity markets globally following a less-dovish Fed's comment on rate outlook and escalation of trade war between US and China. These resulted to global sell-off as it caught off guard many investors.

Although we do not see significant impact of US-China trade war to Indonesia's economic fundamentals due to Indonesia's domestic-oriented economy, we are concerned on the contagion risks through currency volatilities, capital outflow into safe haven assets, and weakening global growth. The underperformance of JCI relative to regional means JCI valuation already de-rated and may let investors to start bargain hunt, though such appetite was eliminated once the weak trade balance data out.

In this case, we remain cautious on equities, especially following bad trade balance data. However, we are keen to trade tactically as we see the conflicts between US and China is beyond trade and current weak CAD can be exacerbated by seasonal factor. Maintaining adequate cash level and focusing on low-volatility and high-quality stocks with more firm-specific stories are preferred. Stocks with less positive catalyst in the near term with heavy foreign ownership are avoided. We see selected big caps as attractive trading opportunity.

| Global Equity Indices       | Changes (%) |        |        |        |
|-----------------------------|-------------|--------|--------|--------|
|                             | YTD         | 1M     | 3M     | 1Y     |
| IHSG (ID)                   | -5.93       | -10.10 | -9.24  | -0.25  |
| IDX30 (ID)                  | -7.99       | -11.78 | -9.56  | -2.18  |
| LQ45 (ID)                   | -8.40       | -12.09 | -10.05 | -3.77  |
| Jakarta Islamic Index (ID)  | -11.35      | -13.79 | -12.80 | -7.92  |
| Indonesia Sharia Index (ID) | -7.46       | -10.45 | -10.78 | -1.91  |
| S&P 500 (US)                | +15.04      | -1.63  | +4.14  | +5.03  |
| Dow Jones (US)              | +11.71      | -2.60  | +1.28  | +4.02  |
| London (UK)                 | +9.13       | -1.62  | +2.11  | -4.99  |
| DAX (GR)                    | +15.91      | +1.14  | +10.36 | -5.83  |
| Nikkei (JP)                 | +6.17       | -4.37  | +0.52  | -6.46  |
| Hang Seng (HK)              | +9.58       | -7.25  | -1.71  | -10.17 |
| Shanghai (CN)               | +15.57      | -11.41 | +5.98  | -9.06  |

|         | Inflation (% yoy) | CDS-5yr (bps) | NDF (%) | Trade Bal (USDmn) | Reserve (USDbn) |
|---------|-------------------|---------------|---------|-------------------|-----------------|
| Last    | 2.83              | 104.26        | 9.06    | -2,501.90         | 124.30          |
| 1yr-Avg | 2.99              | 124.70        | 8.87    | -821.52           | 119.92          |

| Global Currency  | Changes (%) |       |       |
|------------------|-------------|-------|-------|
|                  | YTD         | 1W    | 1Y    |
| USDIDR           | +0.80       | -0.87 | -2.49 |
| SGDIDR           | +1.34       | +0.08 | -0.03 |
| EURIDR           | +3.35       | -0.34 | +3.31 |
| JPYIDR           | +0.04       | -1.05 | -2.97 |
| USDJPY           | -0.17       | +0.12 | -0.29 |
| Gold (USD/t oz.) | -0.57       | -0.91 | -1.22 |
| DX (G7/USD)      | +1.65       | +0.68 | +4.93 |
| ADXY (USD/Asian) | -1.32       | -1.20 | -5.66 |

| Commodities                 | Changes (%) |       |        |
|-----------------------------|-------------|-------|--------|
|                             | YTD         | 1W    | 1Y     |
| CRB Index                   | +5.86       | +1.14 | -11.18 |
| Crude Oil (USD/bbl)         | +38.45      | +1.78 | -12.21 |
| Natural Gas (USD/MMBtu)     | -20.35      | +0.46 | -6.54  |
| COAL (Australia, USD/tonne) | -15.65      | +0.00 | -18.25 |
| COAL (Rotterdam, USD/tonne) | -29.69      | -4.04 | -31.09 |
| Aluminium (USD/tonne)       | -0.10       | +2.35 | -22.56 |
| Nickel (USD/tonne)          | +11.96      | +0.77 | -17.01 |
| Tin (USD/tonne)             | +0.08       | -0.64 | -5.91  |
| Silver (USD/t oz.)          | -7.05       | -2.57 | -11.96 |
| CPO (MYR/Tonne)             | +1.79       | +6.72 | -14.77 |
| Rubber (JPY/kg)             | +17.33      | +3.49 | +13.50 |

| Maybank Funds                       | Changes (%) |        |        |        |
|-------------------------------------|-------------|--------|--------|--------|
|                                     | YTD         | 1M     | 3M     | 1Y     |
| Maybank Dana Ekuitas                | -6.61       | -10.54 | -9.69  | -7.91  |
| Maybank Sector Rotation Equity Fund | -6.62       | -10.39 | -9.35  | -8.12  |
| Maybank Syariah Equity Fund         | -5.47       | -8.68  | -9.22  | -11.97 |
| Maybank Dana Berimbang              | -6.49       | -8.13  | -10.18 | -6.90  |
| MAM Balanced Fund                   | -4.28       | -8.02  | -7.68  | -2.41  |
| Maybank Dana Pasti 2                | +3.14       | -1.27  | +1.79  | +3.53  |
| Maybank Dana Pasar Uang             | +2.55       | +0.57  | +1.65  | +6.04  |

Data as of May 17<sup>th</sup>, 2019

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