

Market Update

Highlight of the Month

- The Indonesian Central Bank announces a rate cut of 25 bps for two consecutive months in a bid to stimulate loan growth and also low inflation and another cut is expected in the 4Q17.
- Government spending accelerates in the month of September and expected to continue until the end of the year.
- China held its 5 year communist party meeting to outline its country's ambition to become a global power by 2050.

Market Overview

Closer Look: Global Market

Donald Trump's plan to replace current head of Federal reserve Janet Yellen is underway citing he has several candidates already at hand. Meanwhile, market estimate of another 25 bps rate cut in the month of December remain any decision will be implemented in the 1Q18. US still reeling from the impact of two major hurricanes, PPI index rose in September by 2.6% and Consumer Comfort index eased to 11 weeks low at 49.5 from 49.9. This may continue to affect commodities prices as supply and distribution chain in the oil region were impacted. On another hemisphere, China held its communist party meeting and President Xi reiterates the country's ambition to become a global power by 2050. The meeting also outlines China's plan to drive mergers and acquisitions for state owned assets, expand market access for the services sectors and relaxing market access for foreign investment. Official data from China also showed that the economy is picking up as it released its 3Q17 GDP at 6.8% YoY, which is line with market estimates, while PPI in september accelerated by 6.9% in September versus 6.4% in August.

September global commodities sectors performance remains mixed. WTI Crude oil appreciates significantly, gaining 9.85% versus its previous month. Followed by Coal +2.05% MoM and CPO +1.46% MoM. While Nickel depreciates by -11.28% and Gold depreciates by -3.15% against the month of September.

Moderate Macro Indicators, Increased Rate of Government Spending and Second BI Rate Cut

In the month of Sep 2017, Indonesia Foreign exchange reserves continue to record new high, reaching USD\$129.4bn. The increase can be attributed to tax revenues of oil and gas export proceeds, withdrawal of government foreign loans and the auction of Bank Indonesia Foreign Exchange Bills. At the sametime headline inflation remained moderate at 3.72% YoY (-10bps v Last Month) as basic commodity prices dropped. Indonesia's Current Account Deficit at 2.03% or IDR 277,03 Billion. Indonesia's CPI 3Q GDP is expected to pick up, scheduled to be released on 5th November 2017, following an acceleration in government spending in the month of September and is expected to continue until the end of the year. Government spending has reached 64,5% of APBN-P 2017.

BI sees more room for monetary easing as decision to cut the reverse repo rate by 25bps from 4.50% to 4.25% at the September policy meeting with another rate cut possible at the end of the year. Official expect limited impacts from potential external risks, specifically the possibility of Fed Funds Rate Hike and remain confident that the current inflation level can be maintained. BI also maintain its growth outlook the Indonesian economy at the range of 5.0 – 5.4 % YoY in 2017 and accelerating to 5.1-5.5% in 2018. Meanwhile, the Rupiah closed at 13,472 in September as it has weakened against USD as a response to BI decision to slashed its rate for the second time this year.

In September, the JCI index closes at 5,900.85 or appreciating by +0.63% against the month of August, while the LQ45 closes at 979.44 (0.22% versus last month). The index growth can mainly be attributed to growth in Agriculture sectors (+4.24% MoM), Basic Industry & Chemicals (+3.25% MoM), Finance (+2.51% MoM), Trade Services & Investment (+1.39% MoM) and Basic Industry & Chemicals (+0.16% MoM). As other sectors performs poorly in the month of September, lead by Mining (-4.71% MoM), Property, Real Estate and Building (-2.20% MoM), Infrastructure Utilities & Transport (-1.20% MoM) and Miscellaneous Industry (-0.42% MoM). While the 10 years government bond yield strengthened by 21.30 bps, closing at 6.45% versus last month.

Macro Indicators

	Actual	Previous	Changes
GDP 2Q17	5.01%	4.97%	0.04
Inflation	3.72%	3.82%	-0.10
CCI	123.80	121.90	1.56%
Trade Balance (in US\$ Bio)	1.76	1.72	2.38%
Foreign Reserve	129.40	128.80	0.47%
PMI	50.40	50.70	-0.30

Equity Index

	Actual	Previous	Changes
JCI Index	5,900.85	5,864.06	0.63%
LQ45	979.44	977.33	0.22%

Government Bonds

	Actual	Previous	Changes
10Y Bond	6.45	6.67	-21.30

Exchange Rates

	Actual	Previous	Changes
USD/IDR	13,472.0	13,342.0	0.97%
JPY/IDR	119.7	120.7	-0.84%
SGD/IDR	9,915.9	9,817.5	1.00%

Global Market Index

	Actual	Previous	Changes
S&P 500	2,519.36	2,471.65	1.93%
NIKKEI	20,356.28	19,646.24	3.61%
EUR50	3,594.85	3,421.47	5.07%
SHCOMP	3,348.94	3,360.81	-0.35%

Commodity Price Index

	Actual	Previous	Changes
COAL	97.25	95.30	2.05%
CPO	2,719.00	2,680.00	1.46%
GOLD	1,279.75	1,321.43	-3.15%
NICKEL	10,415.50	11,740.00	-11.28%
WTI CRUDE OIL	57.54	52.38	9.85%

Market Update

Data as of 29th September 2017

Total Assets	29-Sep-17	31-Dec-16	(%) Change
Total AUM*	2,570,507,395,033	2,310,339,997,546	11.26%

* Total AUM including Discretionary Fund

Fund Performances

Reksa Dana	Prospera Obligasi	Prospera Obligasi Plus	Prospera Value Fund	Prospera Balance	Prospera Bijak	Prospera BUMN Growth Fund	Prospera Saham SMC
AUM(in Mio)							
29-Sep-17	34,759.88	56,730.01	34,815.36	141,001.02	93,739.19	64,483.61	34,815.36
NAV/Unit (Rp)							
29-Sep-17	3,375.65	3,656.40	1,242.79	3,889.01	848.72	1,172.06	1,168.80
31-Dec-16	3,080.47	3,126.24	1,104.41	3,581.17	791.10	1,081.46	1,000.00
Return							
MTD	1.43%	2.37%	0.78%	-0.15%	-0.27%	-0.66%	2.30%
MTD Benchmark	1.38%	1.40%	0.91%	0.71%	0.63%	0.63%	-0.66%
MTD Bareksa Index*	1.05%	1.05%	-0.54%	-0.54%	-1.41%	-1.41%	-1.41%
YTD	9.58%	16.96%	12.53%	8.60%	7.28%	8.38%	16.88%
YTD Benchmark	12.03%	12.78%	11.52%	10.98%	11.41%	11.41%	-2.79%
YTD Bareksa Index	8.79%	8.79%	4.16%	4.16%	4.16%	4.16%	4.16%
Risk Profile							
Volatility**	3.02%	5.05%	5.94%	10.61%	13.01%	13.35%	
Info Sharpe***	1.75	1.02	1.74	0.40	0.29	0.42	
Beta***	-	-	0.54	0.86	1.06	1.05	

*source: www.bareksa.com, peer comparison between different products (Bareksa Fixed Income Index, Bareksa Mixed Fund Index, Bareksa Equity Index)

**Annualized

*** derived from last three years of daily return series; since inception for Prospera Value Fund and from 365 days for Prospera BUMN Growth Fund
Info sharpe is the mean portfolio return divided by standard deviation of portfolio return as to reflect reward to risk ratio; Beta is the regression analysis derived from daily return series between portfolio and the benchmark, over the last 12 months

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