

Toward The End of The Tunnel

Annual Bulletin

11 January 2021

Preferred Investment Partner

Section Syailendra Perspective

1

Looking Back Our Investment Thesis in 2020

Things we did right and wrong

Tahun 2020 saat ini sering disebut sebagai *The Great Reset* dengan pandemi *covid-19* sebagai pemicu berakhirnya siklus ekonomi 2009-2020. Selama tahun 2020 kami memiliki pandangan sebagai berikut.

Things we did right :

- ⚠️ Stimulus moneter dan fiskal yang dikeluarkan berbagai negara akan mencapai level *global financial crisis* di tahun 2008. Hal ini akan memulai *early recovery* terlepas masa pandemi sedang berlangsung. Namun, kami melihat hal ini sudah tercermin sejak 3Q20. Faktor likuiditas global menyebabkan aset-aset cenderung terapresiasi secara taktis *ahead of fundamental*.
- ⚠️ Aset keuangan secara global menurun signifikan. Hal ini memberikan kesempatan investasi secara taktis di pertengahan 2020. Di saat bersamaan, *cash level* reksadana lokal relatif tinggi pada bulan April-May.
- ⚠️ Pelemahan pasar obligasi merupakan hal yg bersifat sementara. Kondisi imbal hasil pasar obligasi yang tinggi pada akhir 1Q20 setelah *outflow* signifikan oleh investor asing merupakan satu *buying opportunity*.
- ⚠️ Revisi laba 2020 terlihat relatif flat sejak Juli (Juli'20 : -28%, Nov : -32%). Kami berpandangan laba IHSG akan *recover* secara gradual. Namun, terdapat beberapa sektor yang mengalami *recovery* lebih cepat dibandingkan sektor lainnya seperti: Jalan Tol, *New economy discretionary goods (electronics)*.
- ⚠️ Hasil trial fase III beberapa kandidat vaksin *covid-19* sesuai dengan ekspektasi kami. Mayoritas kandidat memiliki *efficacy* di atas WHO guidance tanpa major *side-effects*. Hal ini meningkatkan *risk appetite* secara global di 4Q20.

Things we did wrong :

- ⚠️ Meskipun kepemilikan asing yang terus menurun ke level ke bawah 30%, support dari investor lokal di pasar obligasi tetap ada mengingat likuiditas (terutama di perbankan) sangat tinggi ketika pandemi. Permintaan untuk tenor pendek tetap tinggi dan level imbal hasil cenderung stabil pada 2H20.
- ⚠️ Dampak disruptif atas pandemi *covid-19* di bulan Feb-Mar'20 melebihi ekspektasi kami. Seluruh negara melakukan *nationwide lockdown* dan respon kebijakan stimulus saat itu relatif lambat. Walaupun posisi kas kami meningkat di periode tersebut. Kami merasa posisi kas portfolio seharusnya lebih besar dari posisi aktual di 1Q20.

How We Based Our Expectation for 2021 (1)

Liquidity driven, potential lower risk premium while earnings to gradually recover

Mempertimbangkan hal-hal yang terjadi sampai dengan akhir 2020. Kami mempertimbangkan beberapa faktor dalam penentuan ekspektasi indeks dan indikator makro lainnya.

- ⚠ Kami mengekspektasi pertumbuhan laba tahun ini untuk indeks (SC equity universe) berkisar -30 sd -35% YoY. Di saat yang bersamaan kami memprediksi laba 2021 berkisar 30% YoY dengan kontribusi terbesar berada di 2Q20 & 3Q20 akibat *lowbase effect*.
- ⚠ Normalisasi aktivitas ekonomi akan beberapa saat di 2H20 setelah distribusi vaksin secara gradual. Sehingga, *quarterly earnings* berangsur normal di 2H20.
- ⚠ Mempertimbangkan kondisi indeks saat ini, *risk tolerance* investor meningkat terlihat dari P/E 12M *Blended Forward* sudah berada sedikit di atas rata-rata (17.6x vs +2 Std Deviation 2008-2020 : 17.6x). Sebagian ini merupakan bagian dari investor memposisikan *ahead of curve* :
 - Tingginya likuiditas di pasar global bersamaan dengan perpindahan alokasi aset yang menghasilkan pertumbuhan berpotensi memberikan *foreign inflow* di 2021.
 - *Risk premium CDS* Indonesia sudah mencapai range level terendah saat Indonesia mendapatkan *investment grade* rating dari S&P dan Moody's. Sehingga, *foreign inflow* berpotensi kembali ke Indonesia.
 - Distribusi vaksin oleh pemerintah akan meningkatkan kepercayaan konsumen untuk berpartisipasi dalam aktivitas ekonomi.
 - Meningkatnya kepercayaan konsumen di saat PMI melebihi level 50 mendukung *recovery* ekonomi Indonesia
- ⚠ Adapun data-data makro lainnya kami melihat konsensus sebagian sudah mencerminkan pertumbuhan gradual GDP berkisar 5.2-5.4 dengan IDR berada di level yang sama 14,100-14,200.

How We Based Our Expectation for 2021 (2)

Liquidity driven, potential lower risk premium while earnings gradually recover

Syailendra Target Indicator in 2021

Based on each scenario

Indikator	Bear	Base	Bull
Makro Ekonomi			
Central Bank Rates Indonesia	4.25	3.75	3.50
USDIDR	15,000	14,000	13,500
GDP Growth YoY	4.80	5.40	6.00
Current Account (% of GDP)	-2.70	-2.40	-2.10
Inflation YoY	4.00	3.20	2.60
Fiscal Deficit (% of GDP)	-6.00	-5.00	-4.00
Fixed Income			
Yield SBN 10 tahun	7.00	6.25	5.75
Equity			
IHSG	6,000	6,600	6,900
Pertumbuhan Laba Emiten (%) (2021)	30.0%	30.0%	36.0%
PE Ratio (2021)	16.33	17.60	18.00
PE Band	Mean	+0.75 Mean	+1 Mean

Source: Syailendra Research

⚠ Tabel di atas didasarkan pada hal-hal yang telah kami uraikan pada halaman sebelumnya

Section COVID-19 Updates

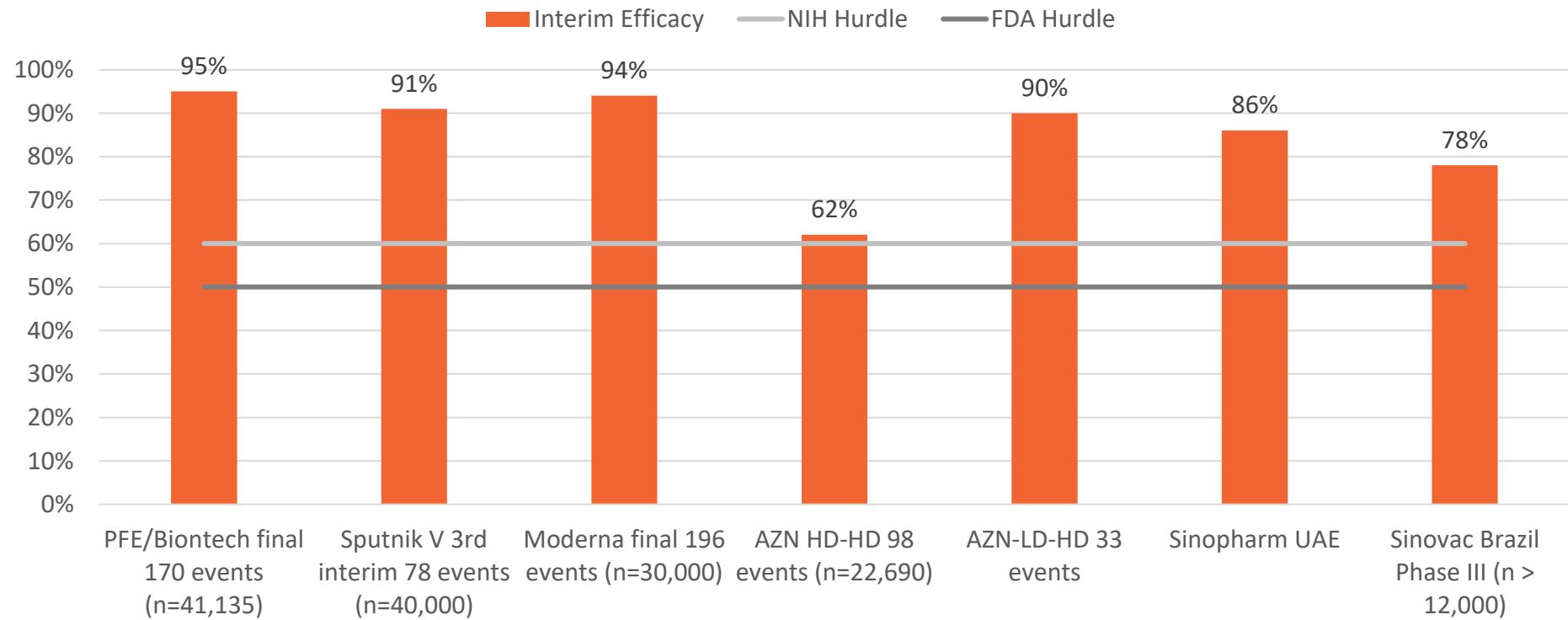
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Start with Outbreak, End with Vaccines...

Vaccine efficacy and deployment will take major role in recovery expectation

Latest Efficacy Result of Vaccines in Interim Phase III (as of 18-Dec-2020)

Based on latest public information



Source: Credit Suisse

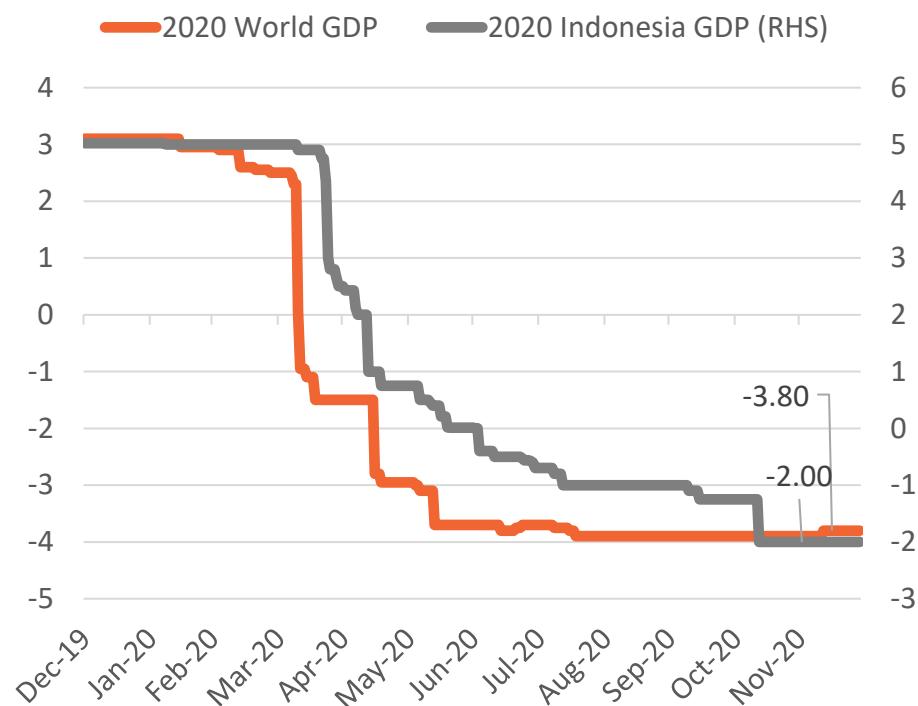
Secara umum, Hasil efektivitas dari uji klinis fase III vaksin di atas memiliki tingkat di atas dari batas efektifitas yang diatur oleh regulator terkait (NIH : 50% *efficacy*, FDA : 60% *efficacy*). Anjuran WHO untuk penggunaan vaksin setidaknya memiliki 50% *efficacy rate*.

...Economist Upgrade Global Growth Going Into 2021

Consensus are relatively conservative as Indonesia was less affected in 2020

World GDP vs Indonesia GDP 2020 Consensus

In %



World GDP vs Indonesia GDP 2021 Consensus

In %



Secara umum, Negara maju khususnya di bagian Barat terdampak lebih signifikan dibandingkan negara-negara berkembang di 2020.

Hal ini diakibatkan laju pertumbuhan kasus *covid-19* yang lebih tinggi dibandingkan negara Asia. Hal ini menyebabkan pemerintah untuk melakukan *social & mobility restriction*.

Indonesia Targets Herd Immunity in 1Q22

One of the reasons economists are more conservative on Indonesia

Indonesia Vaccine Roll-out Plan

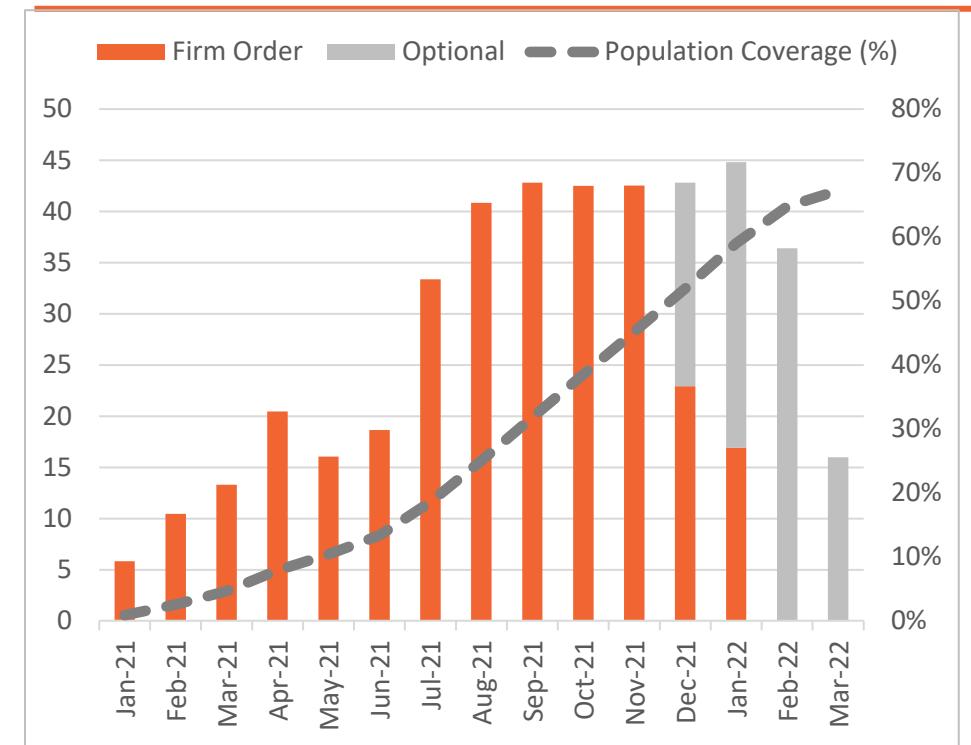
In mio of people and doses

Covid-19 Vaccine Recipient Breakdown	Mio of People
Total Population	269.60
Total Population > 18y old	188.70
Exclusion (Pregnant women, exposed to covid, severe comorbidities)	7.20
Eligible population	181.50
Coverage to achieve to herd immunity	67.3%
Number of vaccine doses (plus 15% wastage rate)	426.80

Vaccine Supplier (in Mio Doses)	Firm Order	Option
Sinovac	3.00	0.00
	122.50	0.00
	0.00	100.00
Novavax	50.00	80.00
COVAX/GAVI	54.00	54.00
AStrazeneca	50.00	50.00
Pfizer	50.00	50.00
Subtotal	329.50	334.00
Total	663.50	

Vaccine Timeline and Population Coverage

In mio of doses and % of population coverage



Source: Syailendra Research, Ministry of Health Grand Design

Pemerintahan Indonesia menjabarkan telah mengamankan 329.5 juta dosis vaksin yang berasal dari 5 supplier di mana akan terdapat 334 juta dosis tambahan dari opsi tambahan yang dimiliki pemerintahan Indonesia. Mengikuti petunjuk WHO di mana *supply* harus ditambah dengan 15% *wastage rate*, Pemerintahan Indonesia menargetkan kebutuhan vaksin sebesar 426.80 juta dosis atau ekuivalen dengan 67.3% dari populasi total Indonesia.

Social Restriction Could Still Be Enforced

At the same time, gradually loosen according to progress of vaccination

The difference between PSBB in Jakarta as of 25-Oct-2020

The difference between each PSBB

Maximum Capacity	PSBB 1.0 10 Apr - 4 Jun	Transitional PSBB 1.0 5 Jun - 13 Sep	PSBB 2.0 14 Sep - 11 Oct	Transitional PSBB 2.0 12 Oct - 10 Jan	Tighter PSBB/PPKM 11 Jan - 25 Jan
11 essential sectors (healthcare, F&B ingredients, energy, ICT, financial services, logistics, accomodation, construction, strategic industries, basic services & public utilities, daily needs retail)	100%	50%	50%	100%	100%
Offices in non-essential sectors	WFH	50%	50%	50%	25%
Parks	Closed	50% with age restrictions for vistors	Closed	25% fo recreational parks with age restriction for visitors	Closed
Wet market and shopping malls	Open for basic neccesities and F& stores only	50%	Open for basic neccesities and F& stores only	50%	50% with shopping malls closed max 7PM
F&B (stand alone and in shopping malls)	Deliveries and take away only	50%	Deliveries and take away only	50%	25%
Fitness centres	Closed	Closed	Closed	25%	Closed*
Cinemas	Closed	Closed	Closed	25% subject to technical approval	Closed*
Hair salon	Closed	Closed	Closed	50%	Closed*
Places of worship	Closed	50%	Only allowed to serve local communities	50%	50%
Private vehicles	50%	50%, 100% for passenger on same family card	Max 2 persons per row, 100% for passengers on the same family card	Max 2 persons per row, 100% for passengers on the same family card	Max 2 persons per row, 100% for passengers on the same family card*
Public transportation	50%	50%	50%	To be decided by Jakarta Provincial Transportation agency or Ministry of Transportation	Technical limitation managed by government with closed max at 8PM
Taxi, rental vehicles	50%	50%	50%	50%	50%
Motorcycle taxi	No allowed to operate	allowed to operate	allowed to operate	allowed to operate	allowed to operate*

Sumber: Syailendra Research, Mansek * : not mentioned specifically

Section Macro Update

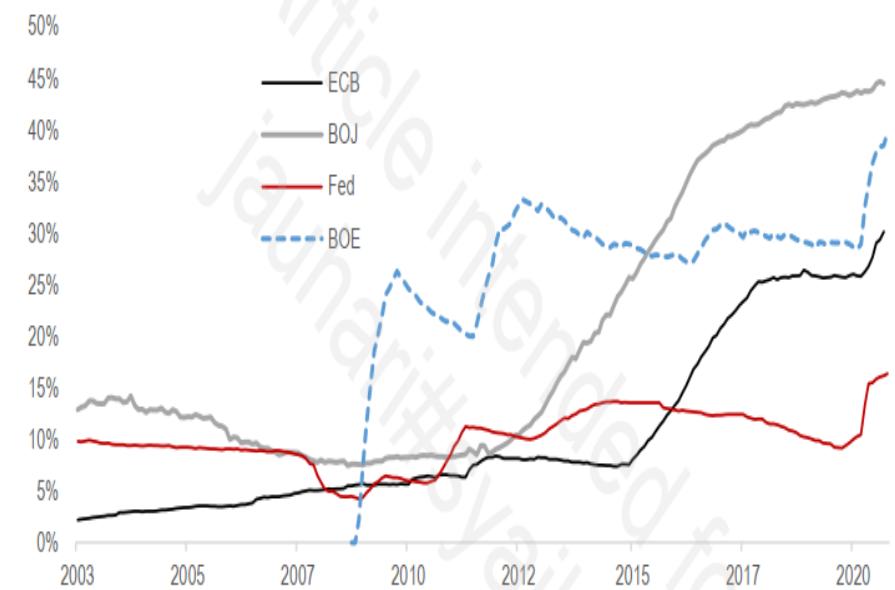
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Liquidity Support Driven by Covid-19 Pandemic

Both fiscal and monetary expand their balance sheet to offset economic disruption

Central Bank Holding of Government Securities

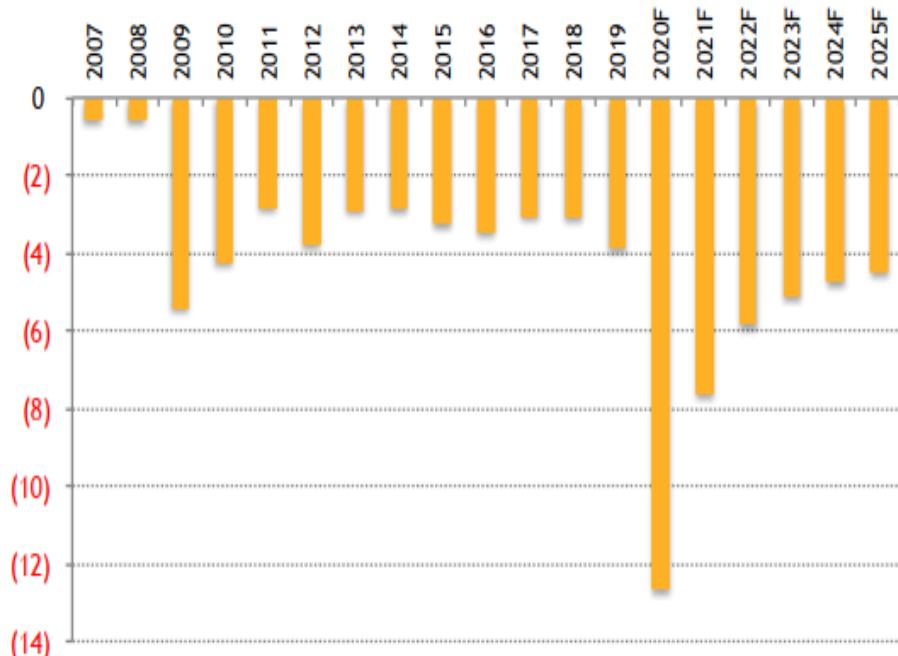
In % of outstanding public debt



Source: Credit Suisse

Global Fiscal Deficit (Est.)

In % of global GDP



Source: Syailendra Research, Maybank Securities

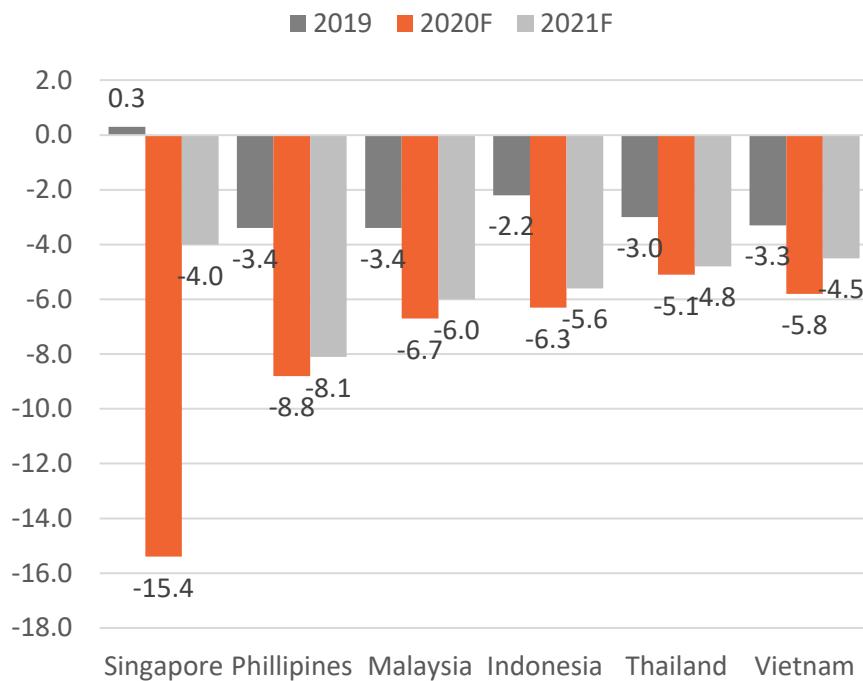
Pandemi covid-19 menyebabkan pemerintah di seluruh dunia melakukan ekspansi baik secara moneter ataupun fiskal. Hal ini terlihat dari kepemilikan SUN negara oleh bank sentral di berbagai negara. Pembiayaan ini di realisasikan melalui fiskal defisit yang tinggi di 2020.

Stimulus Is Here to Stay

Stimulus 2021 is still above pre-covid 19 level despite lower than 2020

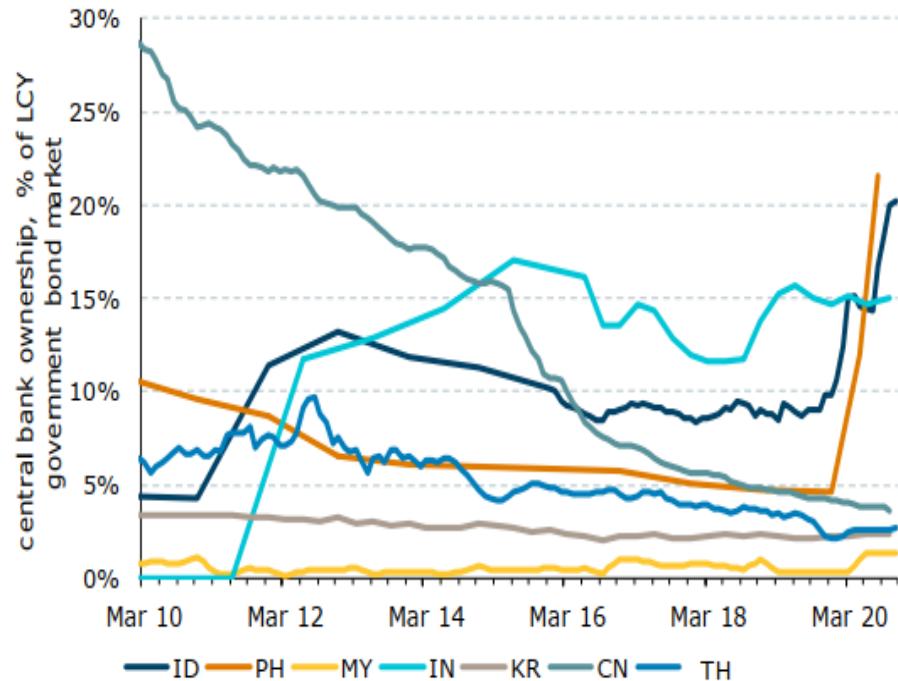
Fiscal Deficit 2019, 2020F and 2021F

In % of GDP



Central Bank Ownership in Govt Market - Asia

In % of global GDP



Source: Credit Suisse

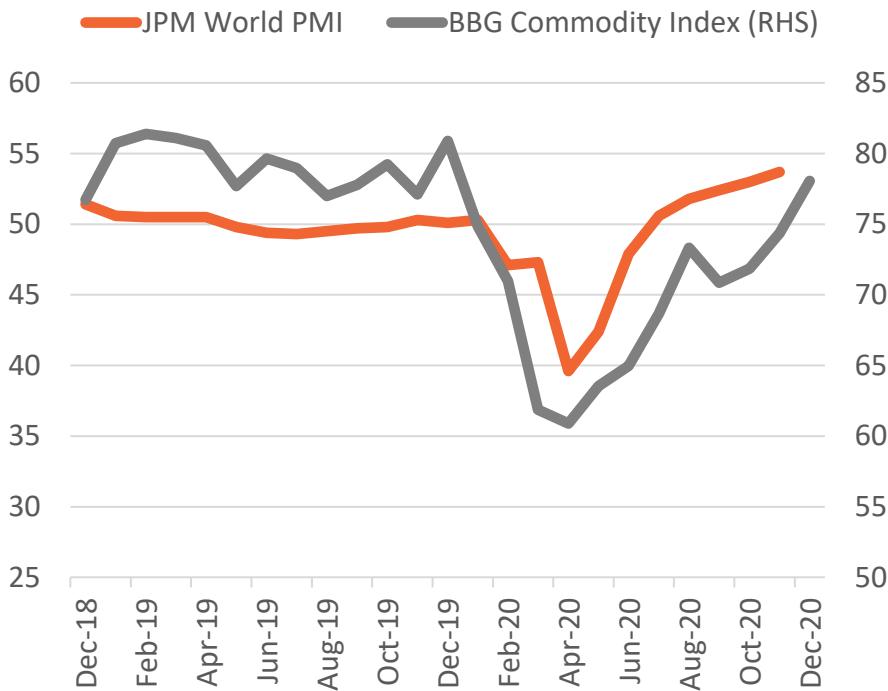
- ⚠️ Hampir seluruh pemerintah di regional ASEAN masih memiliki fiskal defisit yang tinggi. Hal ini mengingat masih terdapat kebutuhan terkait normalisasi ekonomi selama masa pandemi covid-19 di 2021. Adapun tren peningkatan partisipasi bank sentral di negara-negara Asia.

Commodities Follow Recovery and Liquidity

Several key commodities had spike at the end of 2020

JP Morgan Global PMI vs BBG Commodity Index

In unit of index

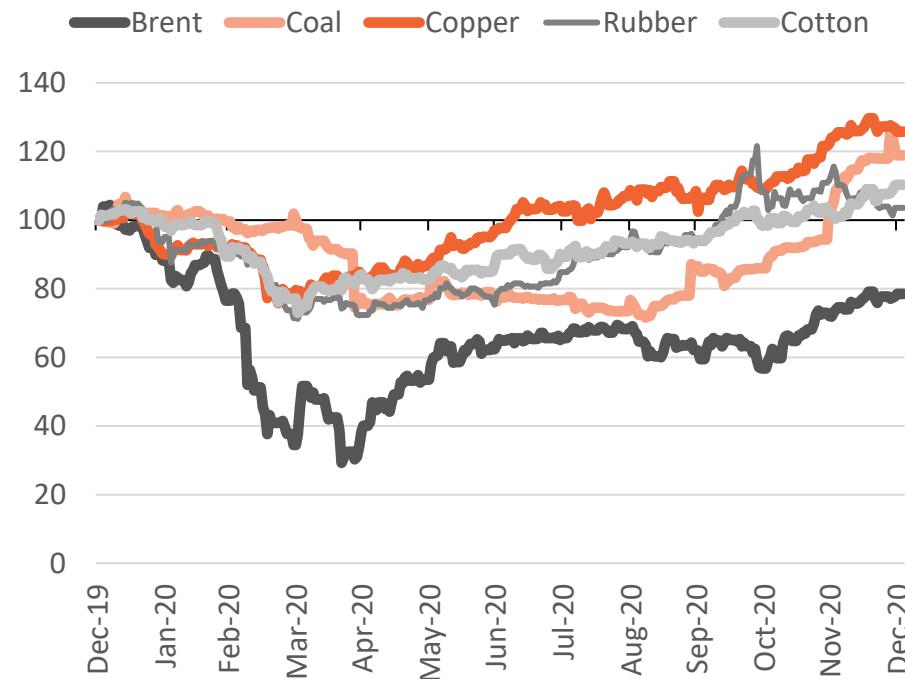


Source: Bloomberg, Syailendra Research

- ⚠ Kami melihat peningkatan aktivitas produksi industrial ini mengakibatkan *recovery* dari harga komoditas secara general baik dari *energy*, *metal* dan *agriculture*. Harga minyak brent belum mencapai level yang sama di tahun 2019 dibandingkan dengan produk komoditas lainnya.

Key Several Commodities with Different Derivatives Product

Normalized price since Dec-19



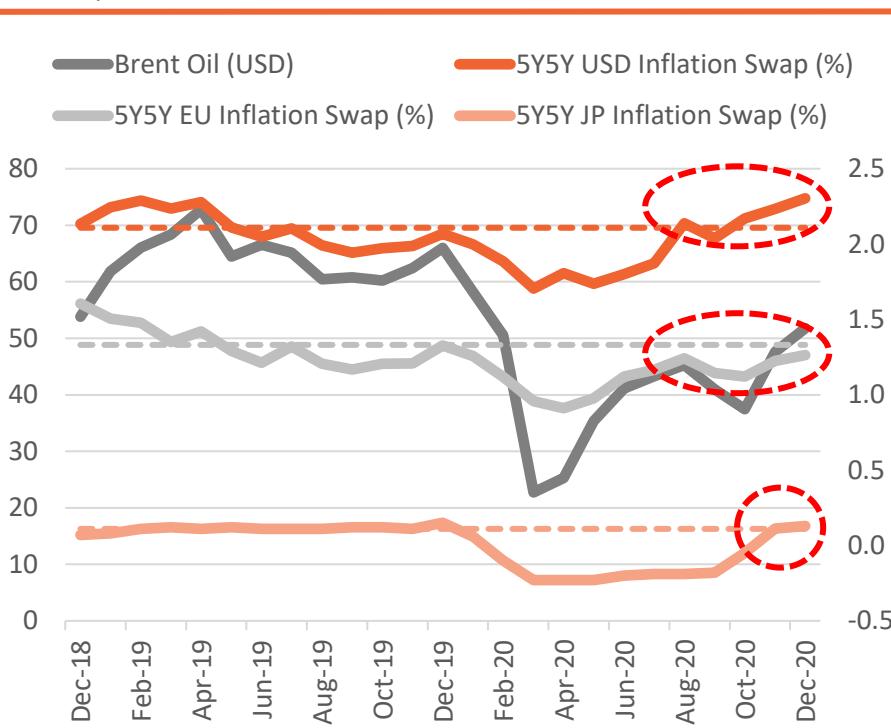
Source: Bloomberg, Syailendra Research

2021 Could See Higher Inflation

However, Indonesia inflation still way below 2019 level

Brent Oil vs Major Country Inflation Expectation (5Y5Y)

In USD/bbl and %



Source: Bloomberg, Syailendra Research

- ⚠️ Walaupun peningkatan produksi manufaktur yang diikuti oleh harga komoditas, inflasi diekspektasi meningkat atau mendekati ke level 2019. Hal ini memberikan potensi *demand recovery* akan terjadi secara gradual karena dengan peningkatan likuiditas inflasi masih terjaga di level normal. Namun, Konsensus memiliki ekspektasi inflasi Indonesia masih di bawah level 2019 (2019 : 2.8 vs 2021F : 2.3)

Economist Consensus on Inflation

In %

Year	World CPI (%)	DM CPI (%)	EM CPI (%)	ID CPI (%)
2013	3.60	1.50	4.90	6.40
2014	3.20	1.60	4.80	6.40
2015	2.70	0.50	4.50	6.40
2016	2.70	1.00	4.50	3.50
2017	3.20	2.00	3.40	3.80
2018	3.60	2.30	3.60	3.20
2019	3.50	1.70	3.90	2.80
2020	3.20	1.00	3.40	2.00
2021F	2.70	1.60	3.40	2.30
2022F	2.90	1.80	3.20	2.90

Source: Bloomberg, Syailendra Research

Commodity Boom ?

More like normalization year

Key Commodities Consensus Forecast

In USD of each volume unit

	2018	2019	2020	2021F	2022F	2023F
Energy						
ICE Brent (USD/bbl)	53.80	66.00	51.34	50.03	49.58	49.36
Coal Newcastle (USD/mt)	102.05	67.70	81.60	78.99	79.10	79.70
Agriculture						
Corn (cents/bu.)	419.25	411.25	474.50	425.18	409.28	405.48
Soybean (cents/bu.)	966.75	972.50	1,300.50	1,062.41	1,014.89	1,003.90
Wheat (cents/bu.)	582.75	586.00	640.75	626.73	617.11	617.11
Sugar (cents/lb)	13.72	14.38	15.28	13.59	13.04	13.04
Soybean Oil (cents/lb)	30.63	35.44	41.86	37.06	36.04	36.04
Palm Oil (RM/mt)	2,004.00	3,041.00	3,878.00	2,685.40	2,645.00	2,645.00
Metal						
Gold (USD/mt)	1,282.49	1,517.27	1,894.39	1,920.99	1,942.70	1,961.41
Copper (USD/mt)	5,965.00	6,174.00	7,766.00	7,727.12	7,698.79	7,667.17
Nickel (USD/mt)	11,291.00	14,262.00	16,774.00	16,866.17	17,047.39	17,224.42

Source: Bloomberg, Syailendra Research

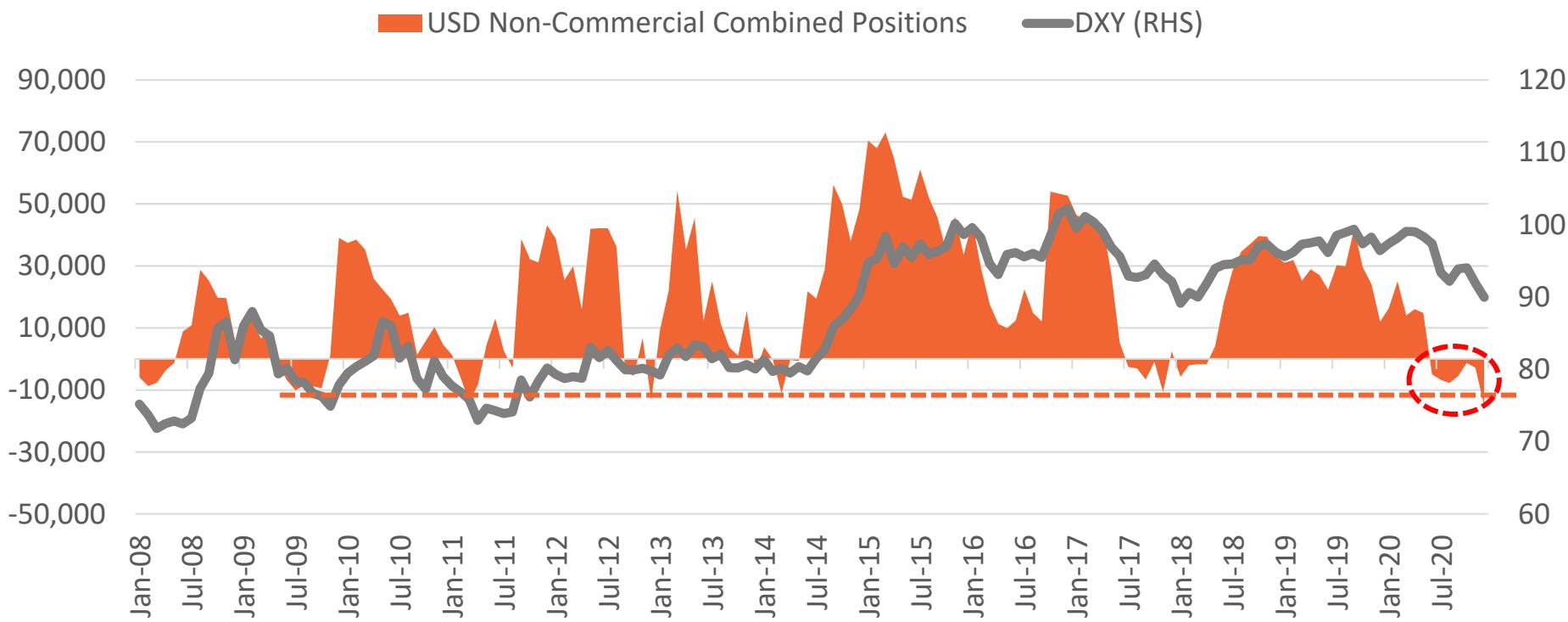
- ⚠ Walaupun konsensus inflasi di tahun 2021 meningkat, beberapa harga kunci komoditas bergerak relatif flat atau sedikit menurun dibandingkan level terakhir. Hal ini mengingat beberapa komoditas sudah berada di atas level 2018 dan 2019.

Highest DXY Net-Short Position Since GFC

Will investor relocate capital into emerging markets?

USD Non-Commercial Position (Futures and Options) vs DXY

In USD of each volume unit



Source: Bloomberg, Syailendra Research

- ⚠️ Pasar saat ini mempunyai posisi negatif terhadap USD terlihat dari *net-short position* di pasar. Hal ini pun terlihat pada pelemahan DXY sejak pertengahan tahun 2020.

Rupiah Benefits from Weak USD

As consensus expects weak USD going into 2021

Market Consensus on DXY and its Basket Member

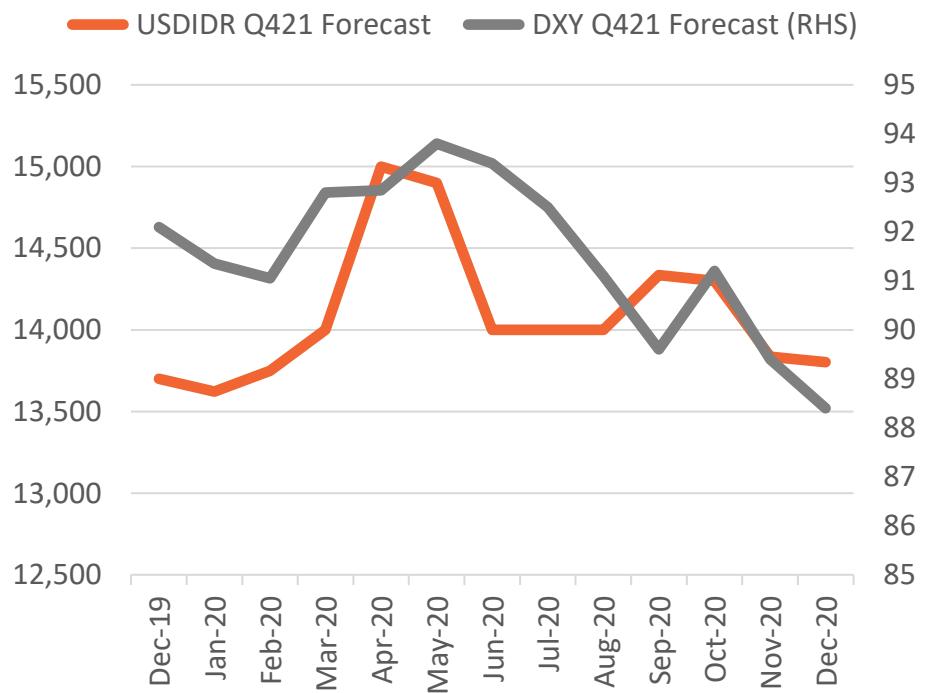
In each currency

Constituents	Weight (%)	Spot	2021	2022
EUR	57.60	1.222	1.240	1.250
JPY	13.60	103.200	103.000	105.500
GBP	11.90	1.367	1.360	1.400
CAD	9.10	1.273	1.270	1.250
SEK	4.20	8.216	8.050	7.840
CHF	3.60	0.886	0.890	0.900
Total Basket	100.00	89.94	88.4	

Source: Bank of International Settlements

USDIDR and DXY Movement for 2021 Forecast

In IDR/USD and DXY Index



Source: Syailendra Research

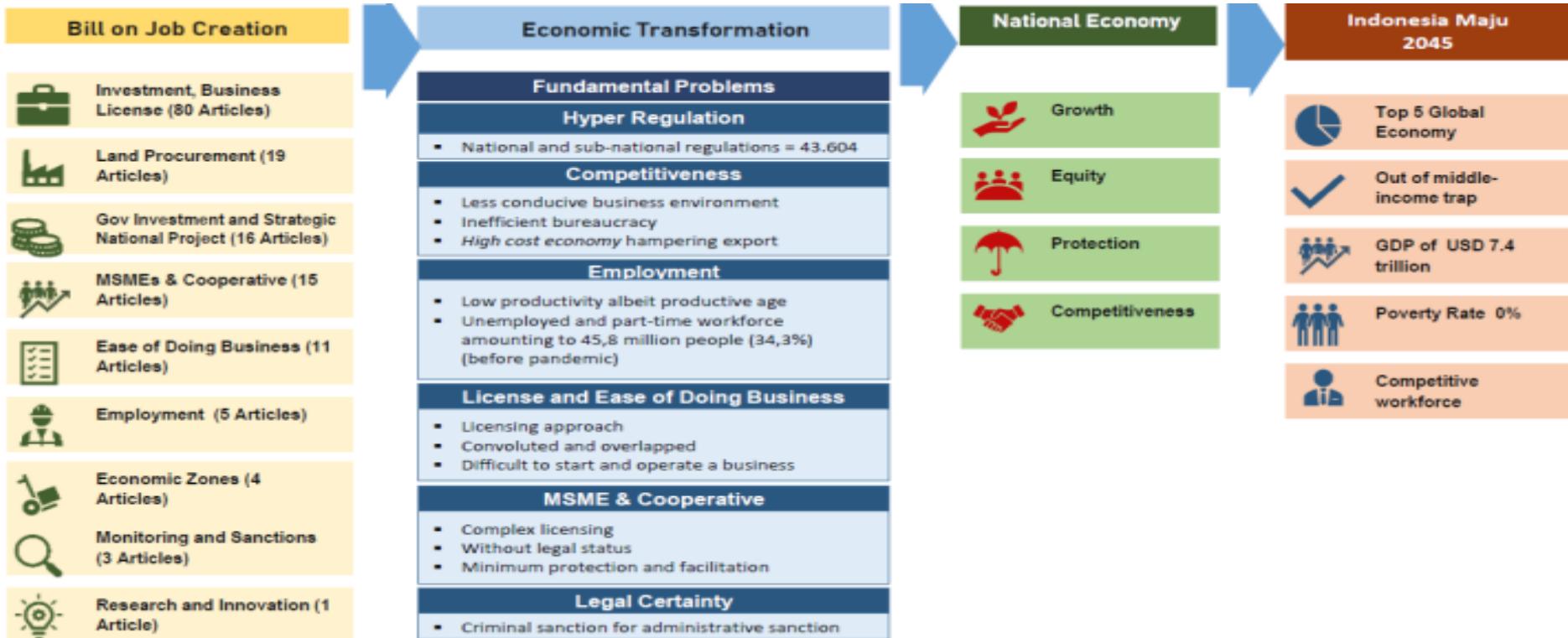
- ⚠ Dengan ekspektasi USD mengalami pelemahan di tahun 2021, konsensus memiliki ekspektasi rupiah dapat sedikit menguat atau relatif stabil di level 13,500 – 14,000 untuk tahun 2021.

Omnibus Law : Potential Mid-Term Game Changer

Addressing Indonesia economic bottleneck

Jobs Creation Law Framework

General summary jobs creation law



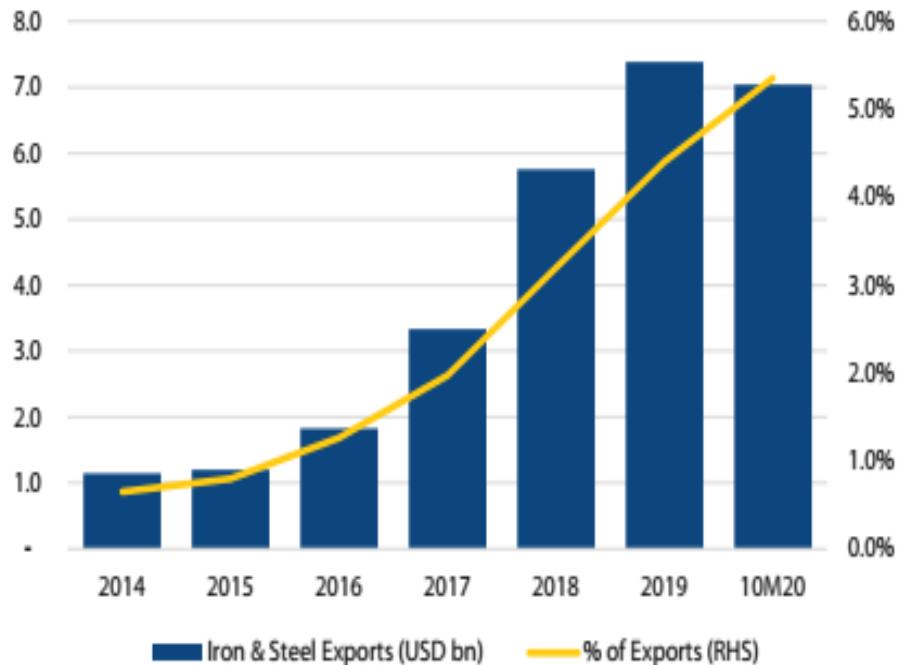
Source: Bloomberg, Syailendra Research

- ⚠️ *Omnibus law* terdiri dari 15 bagian dan 174 ayat yang merubah 73 UU yang ada dengan tujuan melakukan simplifikasi bisnis untuk meningkatkan *FDI attractiveness* Indonesia di mata investor. Keseluruhan peraturan pemerintah (teknis) akan dikeluarkan paling cepat Feb-21.

Indonesia Takes Part in Global EV Value Chain

Potential sustained trade inflow for Indonesia

Indonesia Iron & Steel Export Had Risen Significantly In bio USD and % of export



Indonesia Nickel Industry Map No of companies in Indonesia



Source: Mandiri Sekuritas

- ⚠ Dalam 3 tahun terakhir, Ekspor Indonesia dalam kategori *base metal* meningkat signifikan sejak tahun 2016. Hal ini diakibatkan produksi *smelter nickel* yang telah selesai di tahun 2016-2017. Adapun ekspektasi pemerintah atas 12 *smelter* yang masih dalam konstruksi akan meningkatkan produksi *nickel* signifikan dalam beberapa tahun kedepan.

Section Fixed Income Update

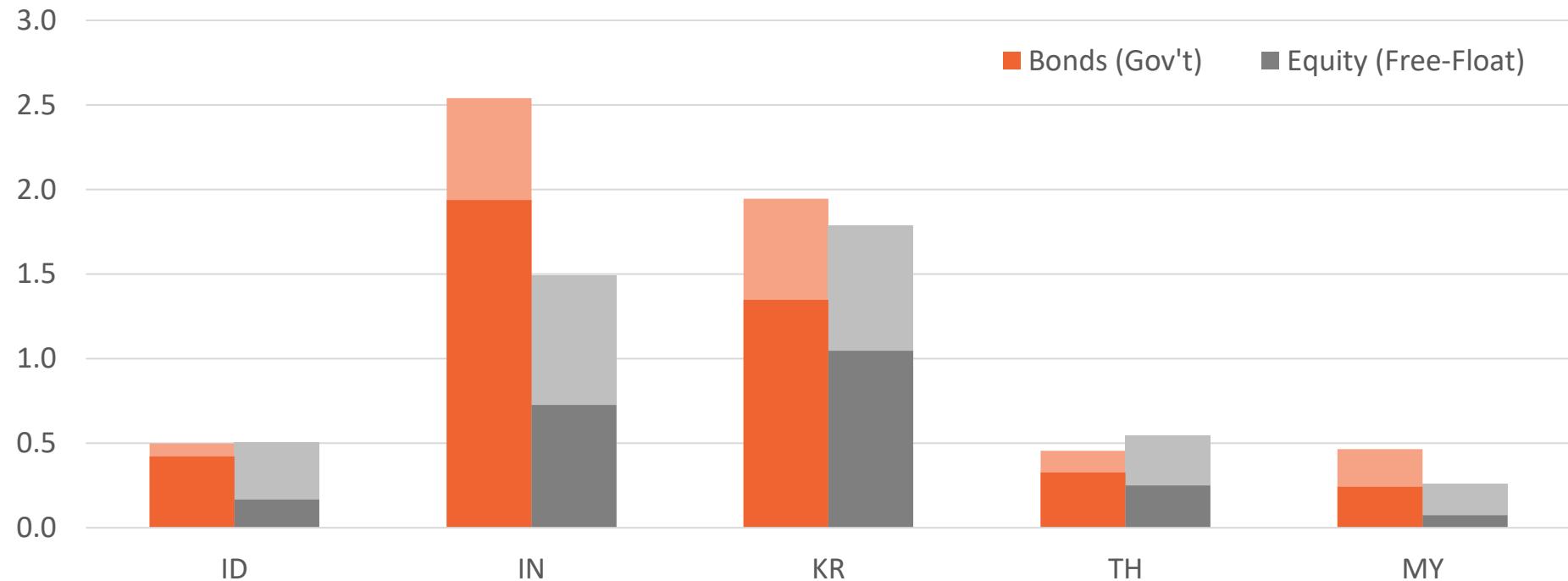
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Currency and Market Liquidity

Currency market is influenced more by bond flow

Estimated Total Bonds Outstanding and Equity Market Capitalization

Numbers in USD bn; light colors denote government bonds (orange) and free-float market capitalization (gray)



Source: Bloomberg, Syailendra Research

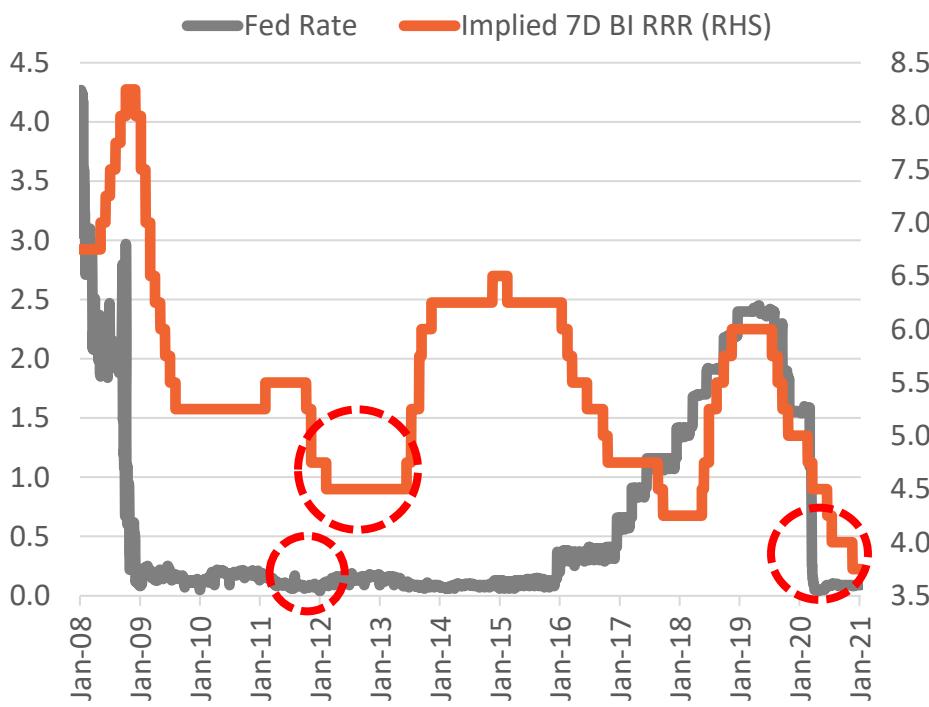
- ⚠️ Membandingkan struktur pasar Indonesia dengan beberapa negara lain, porsi obligasi pemerintah lebih besar dari *free-float* pasar saham. *Foreign inflow-outflow* pada pasar obligasi berpotensi lebih mempengaruhi pergerakan Rupiah.
- ⚠️ Hal ini berbeda dengan pasar lain seperti South Korea dan Thailand. Pasar saham keduanya memiliki pengaruh yang cukup besar terhadap pergerakan mata uang masing-masing.

Embrace the Era of Low Interest Rate

Every central bank is racing to go lower to spur inflation

Fed Rate vs BI-Rate and Implied 7D BI Repo Rate

In %



Source: Bloomberg, Syailendra Research

Nominal Bonds of Negative Yield debt

In USD tn



Source: Bloomberg, Syailendra Research

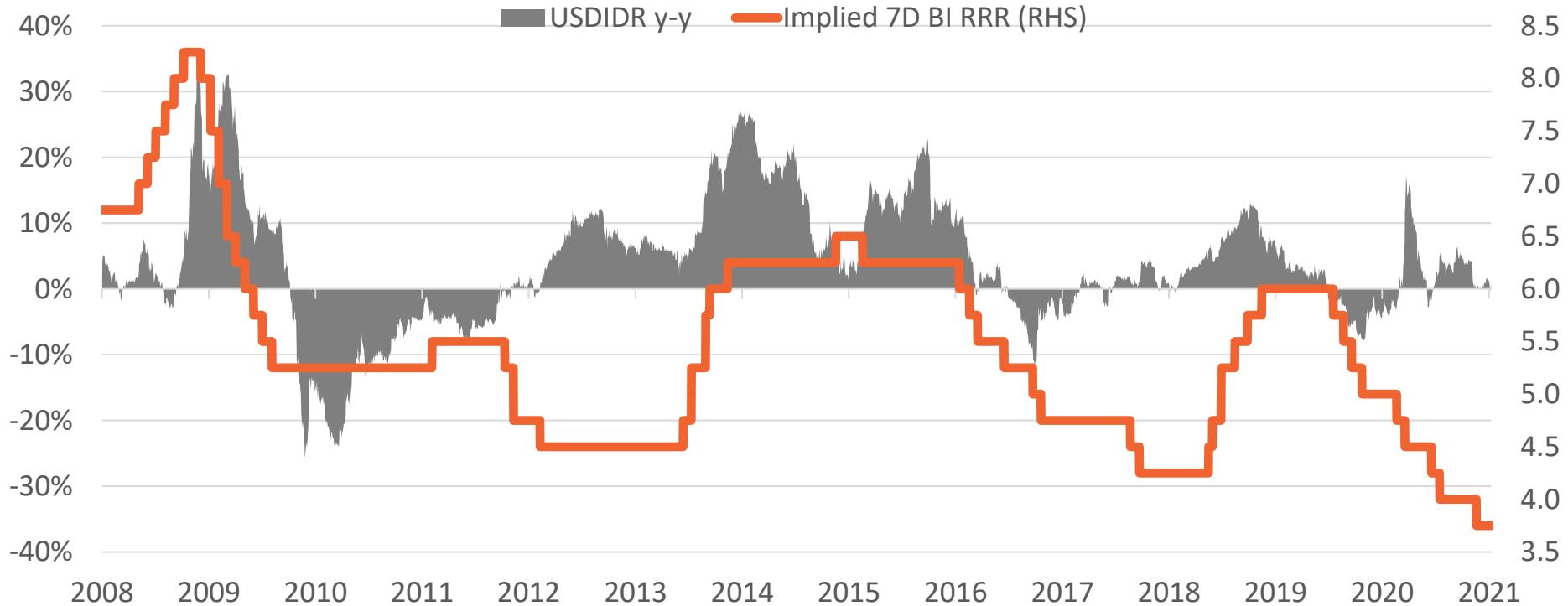
- ⚠️ Suku bunga bank sentral dunia kembali pada titik terendah dengan *Fed rate* berada di posisi pasca GFC 2008, demikian pula dengan suku bunga Bank Indonesia pada titik terendah di 3.75%.
- ⚠️ Kebijakan moneter ini mendorong jumlah obligasi dengan imbal hasil negatif meningkat secara signifikan pada tahun 2020 mencapai USD18tn dan sudah melampaui tingkat tertinggi tahun 2019.

One Less Thing to Worry in BI Dual Mandate

As consensus expects weaker USD, Rupiah had better position in 2021

USDIR YoY% vs Implied 7D BI Repo Rate (Before 2016), 7D BI Repo Rate

In%



Source: Bloomberg, Syailendra Research

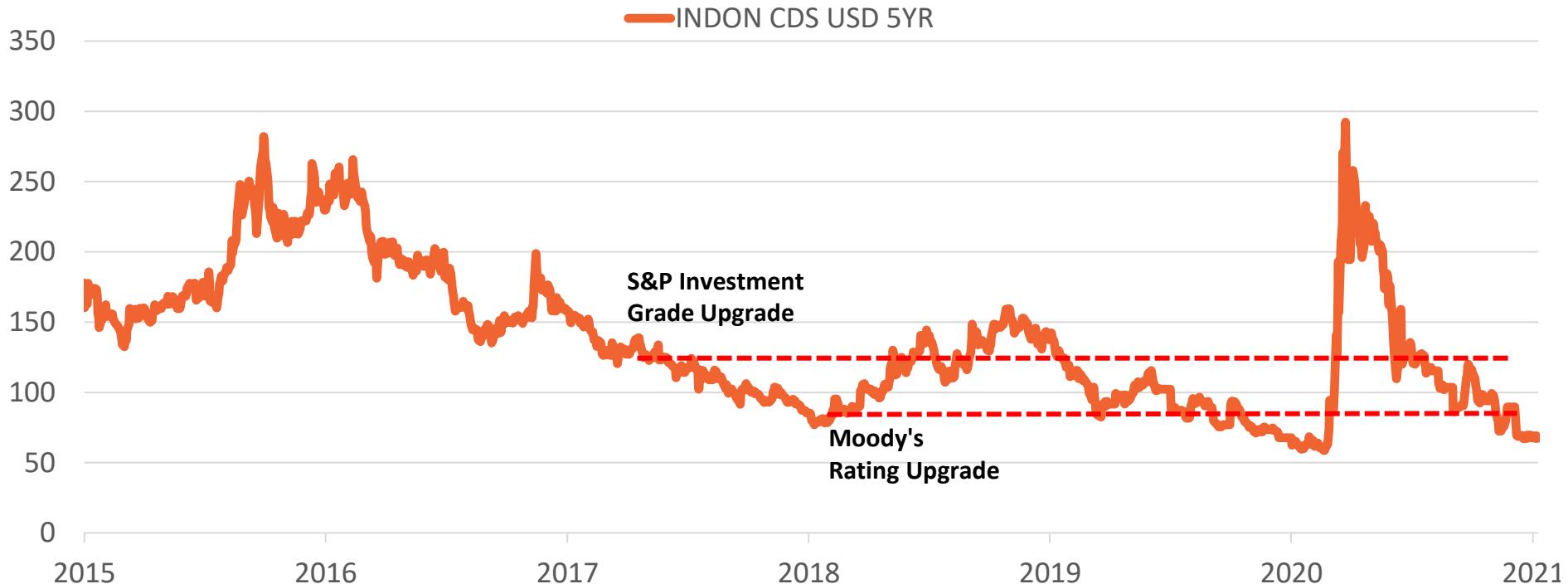
- ⚠ Berdasarkan korelasi historis antara nilai tukar dan suku bunga BI, USDIR pada tahun 2021 tidak akan mempengaruhi pergerakan Bank Indonesia dalam mempertahankan era suku bunga rendah.
- ⚠ Depresiasi Rupiah terhadap USD tidak seburuk periode sebelumnya yaitu kurang dari 10%, dibandingkan tahun 2009-10 dan 2013-16 dengan depresiasi >20%.

ID Risk Premium Had Already in Normal Level

CDS level compressed to 2017 level around S&P and Moody's rating upgrades

5Y CDS Indonesia

In %



Source: Bloomberg, Syailendra Research

⚠️ Credit Default Swap (CDS) Indonesia telah berada pada titik terendah pasca kenaikan peringkat menjadi *investment grade* dari dua lembaga pemeringkat global, S&P dan Moody's. CDS ini telah kembali normal pasca kenaikan pada awal pandemi.

Real Rate Comparison among EMs

Indonesia still has attractive real yield compared to peers

Real 10Y YTM – Indonesia vs. Peers

Sorted by real yield (%), data as of Dec-20

Country	Dec-20 (%)	10Y YTM	Currency	Inflation (%)	Real Yield (%)	Current Account (% of GDP)	Fiscal Balance (% of GDP)	S&P Rating
		4Q20 (ppt)	YTD (ppt)	YTD (%)				
Egypt	14.1	-0.5	0.4	-2.1	5.9	8.3	-4.3	-7.0
South Africa	8.7	-0.7	-0.3	5.0	3.2	5.5	-0.2	-15.1
Malaysia	2.7	0.0	-0.7	-1.7	-1.7	4.4	3.6	-6.3
Indonesia	5.9	-1.1	-1.2	1.3	1.7	4.2	-1.1	-6.3
Colombia	5.4	-0.7	-1.0	4.7	2.5	2.8	-3.8	-8.9
Brazil	6.9	-0.7	0.1	29.0	4.3	2.6	-0.4	-15.3
Mexico	5.5	-0.6	-1.4	5.2	3.2	2.4	1.4	-4.9
Russia	5.9	-0.3	-0.4	20.0	4.9	1.0	1.9	-4.4
Philippines	2.8	0.0	-1.5	-5.2	3.5	-0.7	1.0	-8.6
Vietnam	2.3	-0.5	-1.2	-0.3	3.2	-0.9	0.7	-4.2
Romania	3.0	-0.7	-1.4	-6.8	3.8	-0.9	-4.7	-4.4
India	5.9	-0.1	-0.7	2.4	6.9	-1.1	-0.9	-4.1
Ukraine	6.2	-2.1	-0.3	19.0	7.9	-1.8	-3.0	-2.0
Egypt	14.1	-0.5	0.4	-2.1	5.9	8.3	-4.3	-7.0

Source: Bloomberg, Syailendra Research

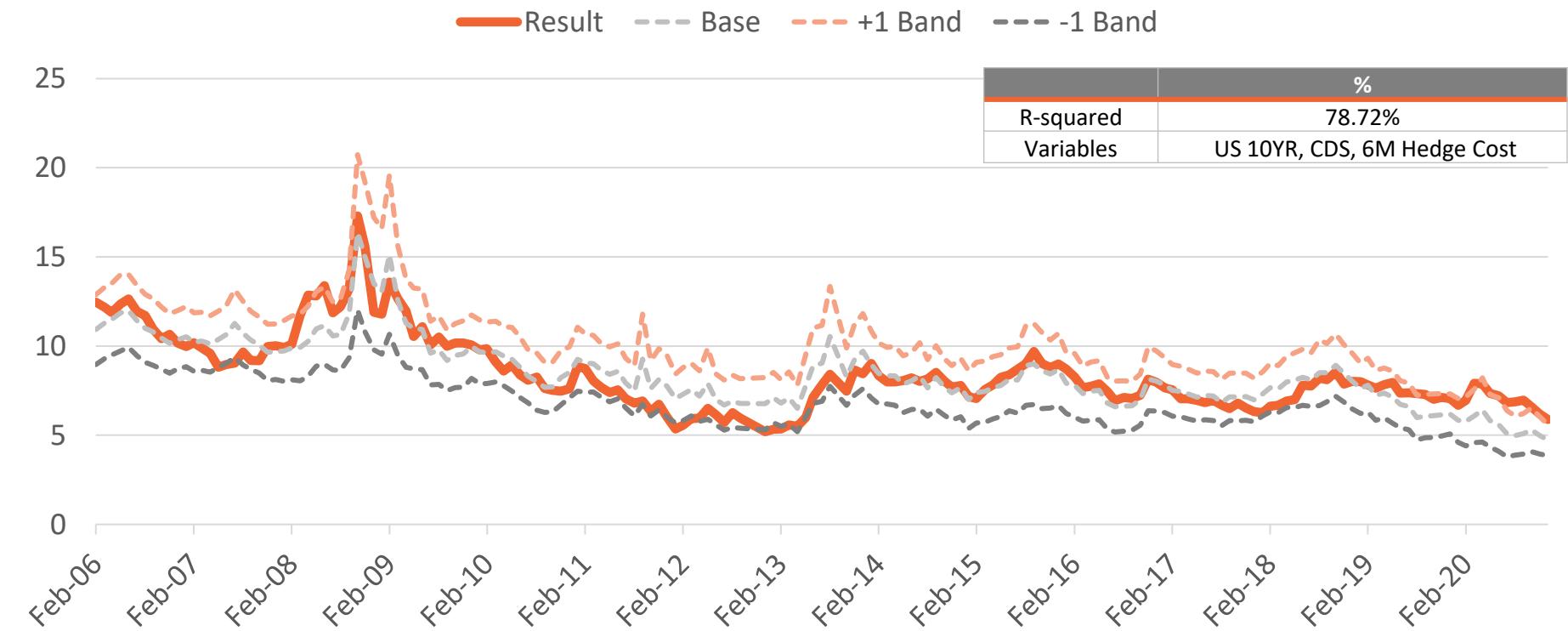
- Real 10yr Yield Indonesia masih menarik dibandingkan negara berkembang lainnya yaitu sebesar 5.2%, dan berada pada posisi kedua di Asia Tenggara setelah Malaysia (4.4%). Sebagai perbandingan, negara lain dengan *real yield* yang relatif tinggi adalah Mesir (8.3%), Afrika Selatan (5.5%), Colombia (2.8%), dan Brasil (2.6%).

Fundamentally, ID Local 10Y Yield Could Go Lower

However, the model does not incorporate the supply & demand imbalance

Syailendra Capital 10Y Yield Model

In % of 10Y ID local currency



Source: Syailendra Research

- ⚠ Berdasarkan *modelling*, Indonesia 10Y gov't bonds relatif bergerak pada *upper range*. Hal ini kami duga karena *supply risk* yang tidak masuk dalam model mengakibatkan 10Y yield tidak bisa bergerak ke level fundamental pada kondisi normal.

2021 Gov't Supply & Demand Outlook

Foreign flow would be a blessing as significant deficit still persist in 2021

Government Deficits and Our View on how to finance it

In trn IDR

Desc	Min	Max
Deficit Financing		1,006.40
Below the line financing		171.00
Maturing government bond		477.60
Gross Financing		1,655.00
Loans Programs		119.80
Government Bond Issuance		1,535.20
Regular rupiah bond acution (80-85%)	1,228.16	1,304.92
Global bond (12-15%)	184.22	230.28
Retail (4-6%)	61.41	92.11
Est. Gov't Auction	1,228.16	1,304.92
Regular rupiah matured in 2021		308.97
Total Net Issuance IDR Gov't Bonds	919.19	995.95

	2013	2014	2015	2016	2017	2018	2019	2020F	2021F
Banks	42.1	25.4	63.1	26.9	77.8	63.8	53.2	384.4	192.2
Central Bank	35.1	11.9	18.7	7.8	22.0	37.5	55.8	601.7	401.1
MF	-0.7	3.3	15.8	24.1	18.3	14.6	12.2	30.5	33.6
Insurance & Pension Fund	29.1	24.9	27.5	104.1	23.3	65.6	57.2	71.1	78.2
Foreign	53.3	137.5	97.2	107.3	170.3	57.2	-124.9	-87.9	191.5
Others	16.1	11.7	29.6	41.3	14.7	30.0	37.2	68.2	61.0
Total Net Issuances IDR government bonds	175.0	214.7	251.9	311.5	326.4	268.7	90.7	1,068.0	957.6*

Source: Syailendra Research, Mansek. * : average min and max from net issuance gov't bonds

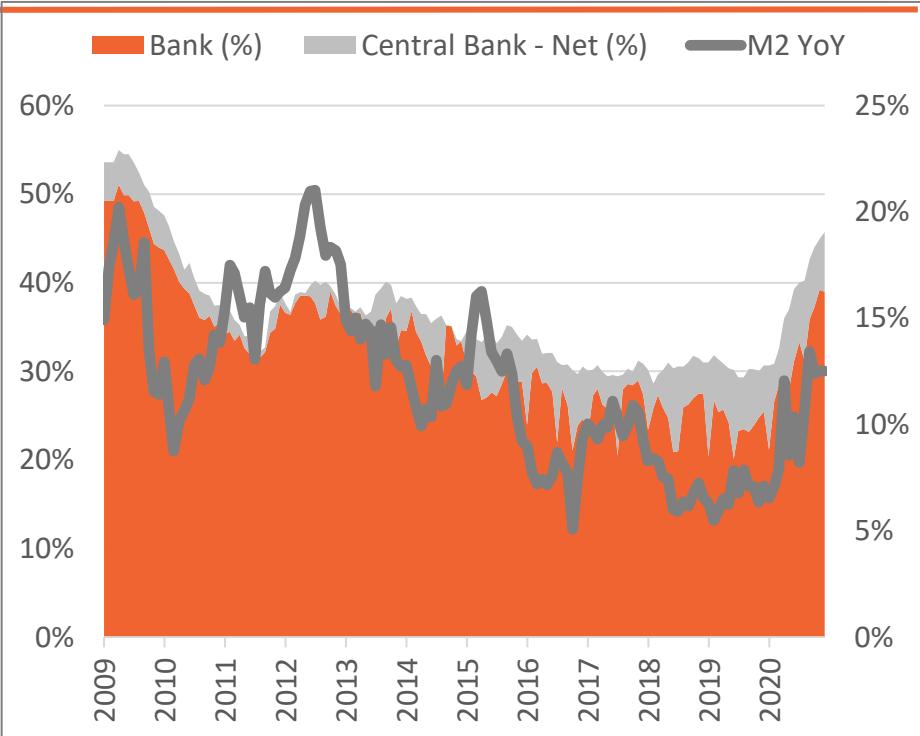
- ⚠️ Bedasarkan data di atas kami melihat 3 *key players* yang akan berperan besar dalam menentukan harga pasar obligasi pemerintah Indonesia yaitu BI, perbankan Indonesia dan *foreign*.

Domestic Capacity Increases Along With M2

Historically, banking system has higher ownership in government bonds in 2008

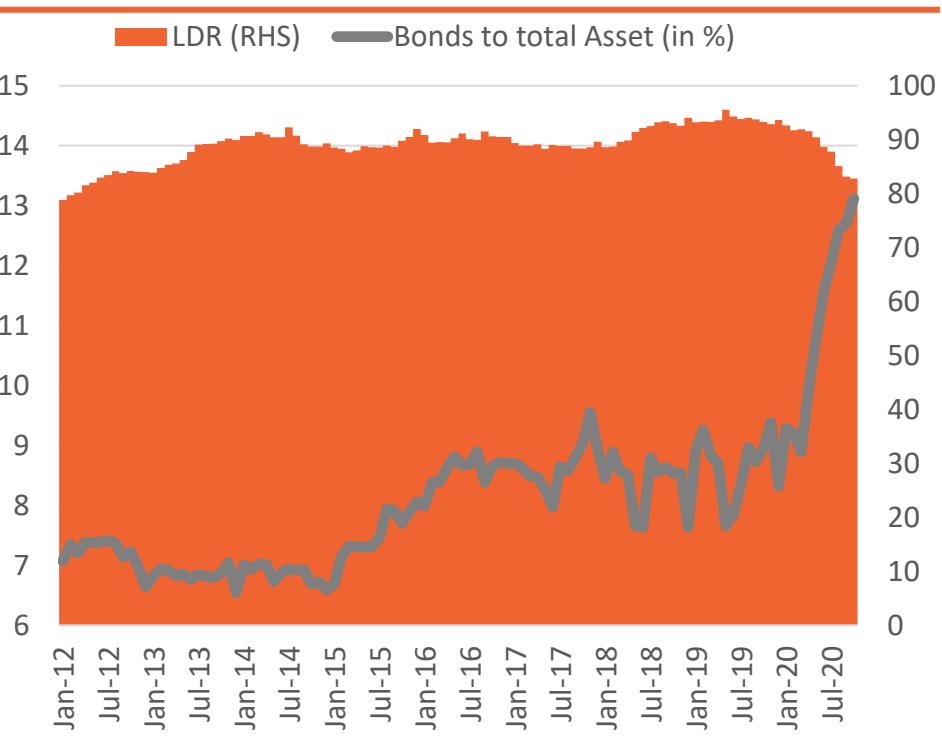
Goverment Bond Ownership vs M2 YoY - Indonesia

In % of outstanding public debt and M2 YoY



Indonesian Bank Had Bonds Allocation Around This Level

Bonds in % of total asset



Source: Credit Suisse

Source: Syailendra Research, OJK

- ⚠️ Transmisi likuiditas dapat terlihat pada pertumbuhan *money supply* (M2). Hal ini memiliki korelasi terhadap kemampuan sistem domestik untuk membiayai fiskal defisit negara yang masih akan relatif tinggi untuk tahun 2021 dibandingkan level 2019.

Foreign Fixed Income Flow

Foreign inflow still continues since October

<i>in USD mn</i>	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China
Dec-19	-756	-350	3,448	68	127	1,318	2,538	-8,612
Jan-20	-1,569	999	5,316	-733	370	820	4,384	12,977
Feb-20	2	-2,071	2,937	1,378	-672	-1,710	1,573	27,023
Mar-20	-8,192	-7,538	6,064	-1,008	-2,867	-2,900	-13,541	-42,687
Apr-20	-1,584	270	7,626	-190	-552	-102	5,570	4,444
May-20	-2,712	612	5,143	2,436	-284	437	5,194	-66
Jun-20	-227	329	8,367	2,462	1,014	1,826	11,945	-21,895
Jul-20	-246	598	5,280	-272	605	1,800	5,964	3,518
Aug-20	-562	-144	3,216	-368	67	768	2,208	-8,713
Sep-20	410	-591	7,076	-368	772	343	7,300	-8,269
Oct-20	450	1,480	3,551	-6	-61	951	5,414	18,697
Nov-20	-389	1,106	2,378	-128	1,155	437	4,121	14,407
Dec-20	766	267	5,333	-128	-551	437	5,687	6,572

Yearly								
2020	-13,853	-4,684	62,287	3,074	-1,005	3,106	45,818	6,008
2019	3,489	11,767	45,764	1,034	-502	4,304	61,551	88,890
2018	-6,745	3,463	46,282	3,911	8,855	-4,539	55,766	20,971
2017	22,970	12,062	32,426	440	10,621	-621	78,519	37,723
2016	-6,459	7,653	12,331	812	9,455	1,851	23,792	38,170
2015	7,560	7,621	31,941	1,553	-644	4,597	48,031	62,444

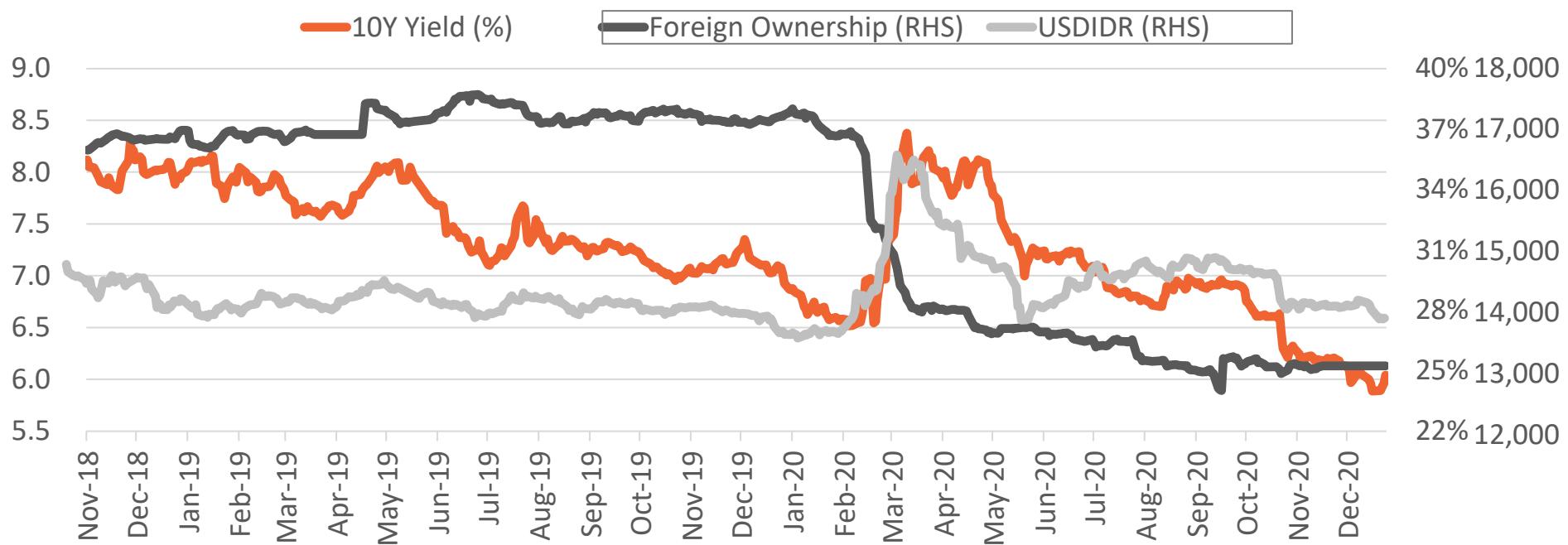
Source: Syailendra Research, Bloomberg

Government Bond Outlook

Risk of supply-demand imbalance remains?

10y Gov't Yield (%), Ownership of Foreign Investors (%) and USDIDR movement

Foreign ownership is still in declining trend



Source: Bloomberg, Syailendra Research

- ⚠️ Permintaan signifikan dari investor asing belum terlihat, i.e. level kepemilikan masih dalam tren penurunan. Kembalinya *foreign flow* berpotensi menjaga kondisi pasar obligasi menjadi stabil.
- ⚠️ Namun, kami masih melihat ada risiko *supply-demand imbalance* pada obligasi pemerintah tahun ini.
- ⚠️ Kami merekomendasikan menjaga portofolio focus pada tenor menengah dengan kisaran 5 – 10 tahun selama level imbal hasil 10Y berada pada range 6.0 – 6.5%.

Section Equity Update

5

Global Indices Performance

Several countries deliver positive return in 2020 despite pandemic

No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	6.84%	1.67%	10.77%	17.81%	6.84%	24.92	4.62	17.88
2	S&P 500 (US)	15.86%	2.58%	11.89%	20.38%	15.86%	26.86	4.01	21.33
3	Nasdaq (US)	43.86%	5.44%	16.10%	27.95%	43.86%	41.64	5.17	48.41
4	London (UK)	2.62%	0.86%	8.23%	13.09%	2.62%	23.72	1.88	9.29
5	DAX (GR)	3.55%	2.87%	6.96%	11.44%	3.55%	20.19	1.68	6.55
6	CAC (FP)	-6.40%	0.02%	15.88%	13.44%	-6.40%	28.39	1.68	5.41
Asia Market									
1	Nikkei (JP)	16.01%	3.00%	16.59%	23.13%	16.01%	25.65	2.05	9.28
2	Hang Seng (HK)	-4.14%	0.94%	16.63%	11.13%	-4.14%	14.49	1.22	9.65
3	Shanghai (CN)	12.32%	0.18%	5.90%	14.40%	12.32%	15.29	1.56	9.48
4	Shenzhen (CN)	25.29%	2.67%	11.37%	22.81%	25.29%	17.96	2.23	10.34
5	NFT (IN)	14.08%	7.81%	24.59%	35.72%	14.08%	28.51	3.22	11.15
6	Kospi (KR)	30.75%	9.11%	23.44%	36.29%	30.75%	20.58	1.20	5.39
7	Kosdaq (KR)	44.58%	9.36%	14.18%	31.23%	44.58%			
ASEAN Market									
1	Singapore (SG)	-10.96%	0.47%	16.09%	10.78%	-10.96%	19.66	1.01	5.91
2	Kuala Lumpur (MK)	1.78%	2.29%	9.34%	9.56%	1.78%	17.28	1.62	8.72
3	Thailand (TH)	-8.26%	0.80%	15.27%	8.24%	-8.26%	27.46	1.66	4.90
4	Vietnam (VN)	13.73%	8.64%	21.41%	33.02%	13.73%	18.94	2.50	15.67
Indonesia Market									
1	JCI / IHSG (ID)	-5.09%	16.59%	22.54%	21.89%	-5.09%	25.33	2.12	11.03
2	JII / ISSI (ID)	-5.46%	17.95%	23.63%	22.48%	-5.46%	24.82	2.47	13.60
3	IDX30 (ID)	-9.31%	17.16%	24.16%	21.75%	-9.31%	20.91	2.21	11.74
4	LQ45 (ID)	-7.85%	18.26%	25.93%	23.63%	-7.85%	21.77	2.22	11.56

Source: Syailendra Research, Bloomberg

Three Factor Drove The Market in 2020

Domestic liquidity, external liquidity (foreign flow) and earnings recovery

Factor Comparison Between Each Sampled Country

In USD, % YoY, etc

Country	Index	Performance (2020)		Money Supply in USD (M2/M3)		Foreign Flow in USD		Earnings Growth						Factor Driver in 2020		
		in LCL	in USD	In YoY		In % of FF.Mcap		YoY%			In % of 2019 earnings			Dom. Liquidity	For. Liquidity	Earnings Impact
				2019	2020	2019	Sep-20	2019	2020F	2021F	2019	2020F	2021F			
Developed Market																
US	S&P	16.26%	16.26%	6.3%	25.5%	0.0%	0.7%	1.1%	-17.5%	30.4%	100.0%	82.5%	107.5%	higher	higher	-17.5%
EU	Eurostoxx	-5.14%	3.27%	3.8%	17.1%	9.6%	3.6%	-7.6%	-64.3%	195.3%	100.0%	35.7%	105.5%	higher	lower	-64.3%
JP	Nikkei	16.01%	22.35%	3.7%	13.2%	0.0%	-2.1%	-16.5%	-37.1%	58.0%	100.0%	62.9%	99.4%	higher	lower	-37.1%
CH	Shanghai Comp.	13.87%	21.48%	7.4%	15.7%	8.8%	5.1%	5.7%	-10.8%	36.4%	100.0%	89.2%	121.7%	higher	lower	-10.8%
Emerging Market																
BR	Ibovespa	2.92%	-20.08%	5.0%	-6.0%	-2.0%	-3.8%	-18.7%	-70.9%	333.4%	100.0%	29.1%	126.1%	lower	lower	-70.9%
IN	Nifty	14.90%	12.02%	8.9%	8.7%	2.3%	0.6%	5.3%	-16.2%	22.6%	100.0%	83.8%	102.8%	flat	lower	-16.2%
ID	JCI	-5.09%	-5.92%	11.0%	3.5%	0.9%	-1.8%	10.0%	-32.8%	62.3%	100.0%	67.2%	109.1%	lower	lower	-32.8%
MY	FTSE MY	2.42%	4.20%	4.6%	4.6%	-3.5%	-7.0%	13.0%	-21.5%	62.9%	100.0%	78.5%	127.9%	flat	lower	-21.5%
TH	SET	-8.26%	-8.28%	12.6%	7.4%	-0.5%	-3.5%	-9.4%	-33.1%	31.5%	100.0%	66.9%	88.0%	lower	lower	-33.1%

Source: Syailendra Research, Bloomberg *India money supply is using M3 measurement

- 2020 merupakan salah satu tahun yang sangat *volatile* di mana pasar keuangan terjadi koreksi secara signifikan di 2Q20 namun *rebound relative* secara cepat di 3Q-4Q20. Menurut kami, 3 faktor yang dapat diamati untuk melihat arah pergerakan kedepan ialah 1) likuiditas domestik = *money supply*, 2) likuiditas asing = *foreign flow*, 3) Kinerja laba di tahun 2020.
- Melihat hal tersebut, penguatan USD di pertengahan tahun 2Q20 mengakibatkan peningkatan likuiditas *domestic relative* tidak optimal untuk negara-negara *emerging market*. Di saat bersamaan realokasi kapital dari DM ke EM belum terlihat secara signifikan.

Foreign Equity Flow

Indonesia wasn't foreign flow beneficiary in 2020

(in US\$ mn.)	India	Indonesia	Korea	Philippines	Taiwan	Thailand	Malaysia	EM Asia ex. China
Dec-19	862	571	1,024	-173	1,058	-811	-292	2,239
Jan-20	1,373	1	-165	-164	-1,143	-562	-33	-693
Feb-20	414	-340	-3,000	-179	-4,659	-627	-469	-8,859
Mar-20	-8,390	-375	-10,544	-303	-12,077	-2,450	-1,288	-35,426
Apr-20	-31	-560	-3,964	-325	818	-1,439	-612	-6,113
May-20	1,719	-548	-3,302	-166	-5,051	-984	-690	-9,021
Jun-20	2,473	-318	-705	-190	3,269	-737	-698	3,096
Jul-20	1,153	-264	725	-124	269	-323	-601	835
Aug-20	6,096	-581	-2,295	-261	-2,183	-887	-356	-468
Sep-20	-767	-1,049	-990	-306	-1,425	-738	-476	-5,751
Oct-20	2,506	-252	-434	-156	-609	-701	-161	193
Nov-20	9,559	245	5,205	-169	4,507	1,081	-251	20,178
Dec-20	7,267	-279	-614	-171	2,285	82	-147	8,424

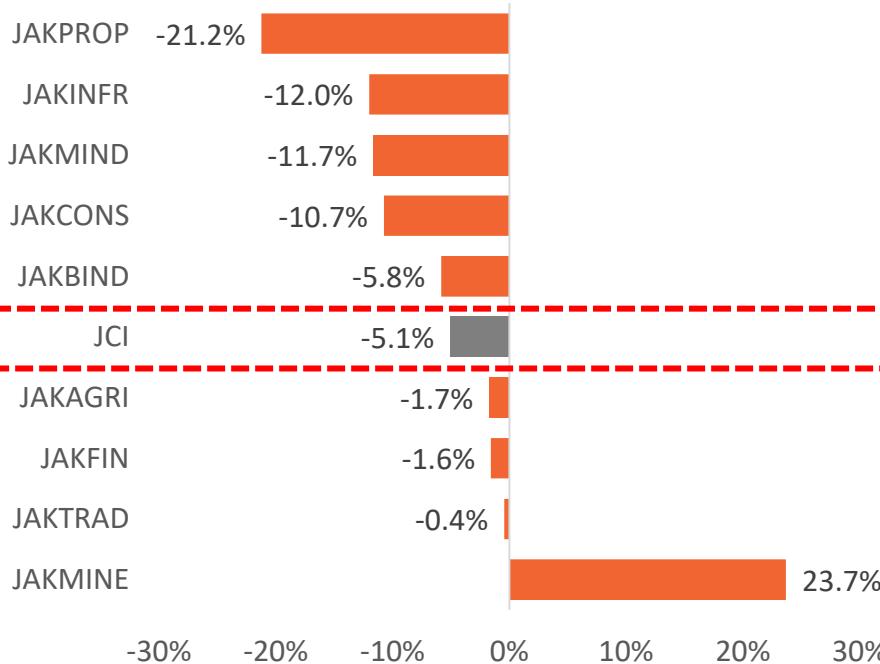
Yearly								
2020	23,373	-4,320	-20,082	-2,513	-15,997	-8,287	-5,782	-33,607
2019	14,234	-1,306	924	-240	9,377	-1,496	-2,683	18,811
2018	-4,557	-3,656	-5,676	-1,080	-12,231	-8,913	-2,885	-38,999
2017	8,014	-2,960	8,267	1,095	6,587	-796	2,456	22,664
2016	2,903	1,259	10,480	83	10,956	2,240	-628	27,294
2015	3,274	-1,580	-3,580	-1,194	3,384	-4,372	-5,062	-9,130

Source: Syailendra Research, Bloomberg

Yet JCI Performance in 2020 Wasn't So Bad

4Q is major rebound for JCI except consumer

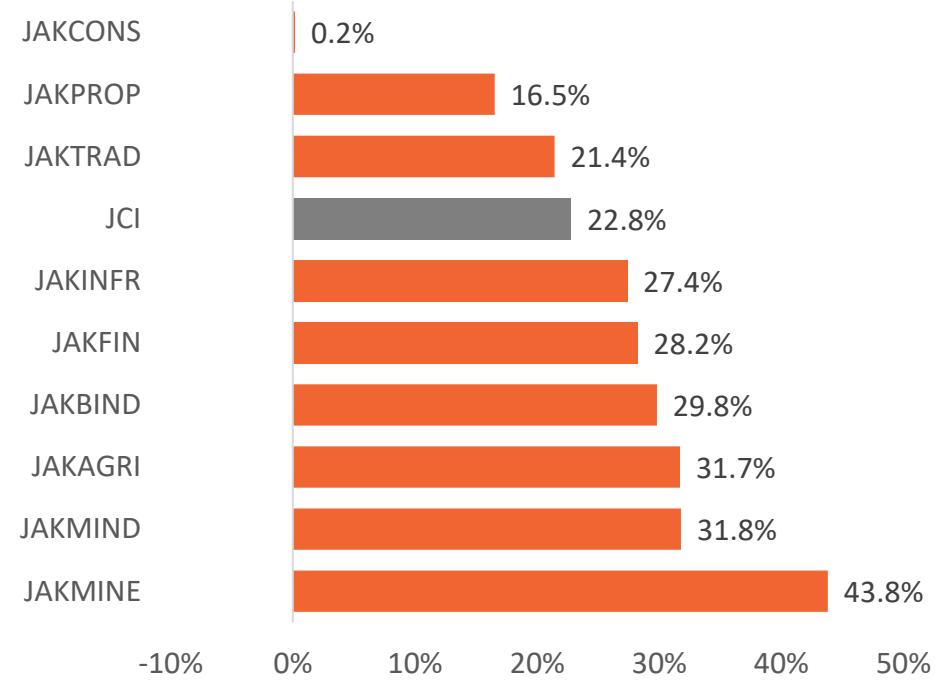
JCI Performance By Sector
In 2020



Source: Syailendra Research

- ▲ Semakin jelasnya skema vaksin dan normalisasi ekonomi membuat IHSG rebound di 4Q20 sebesar 22.8%.
- ▲ Salah satu faktor yang telah memberikan kinerja positif selama tahun 2020 ialah sektor pertambangan. Hal ini merupakan salah satu antisipasi investor terkait kerja prospek sektor nikel dan *electric vehicle supply chain* di Indonesia.

JCI Performance By Sector
In 4Q20



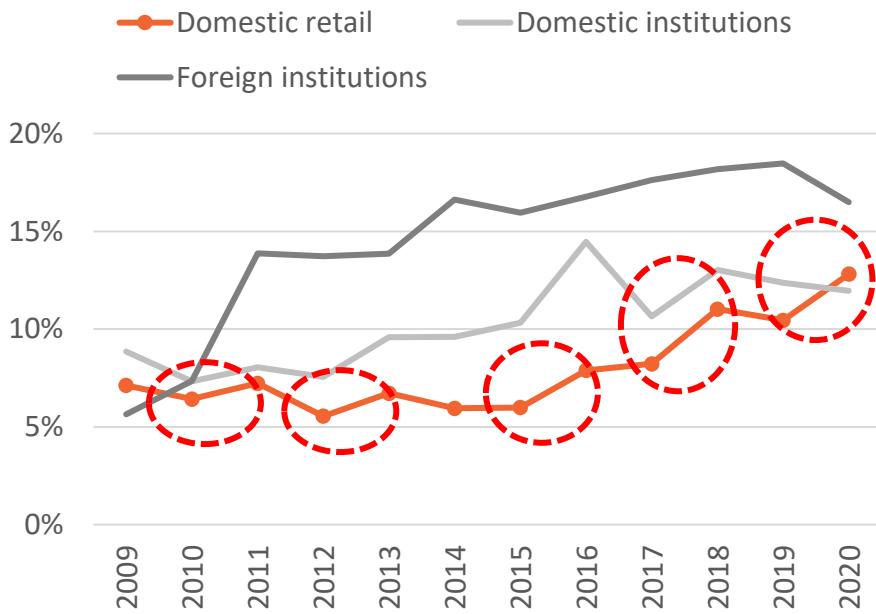
Source: Syailendra Research

Retail Is Taking Major Role In 2020

Small cap outperformance could be attributed to retail participation

Ownership Breakdown of JCI Market

In % of mcap

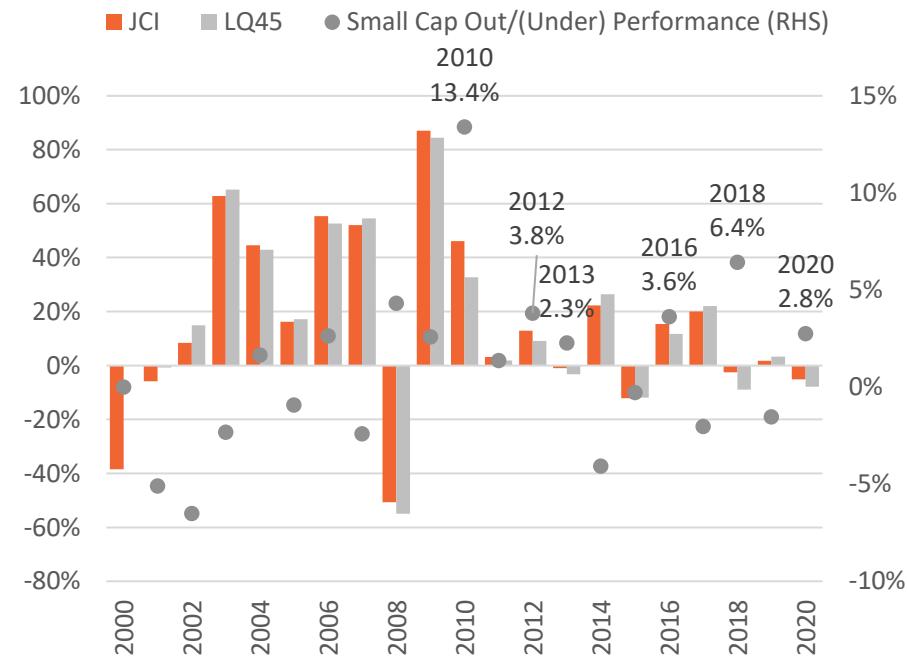


Source: Syailendra Research, Verdhana

- ⚠ Kami juga melihat partisipasi retail meningkat di tahun 2020. Berdasarkan data historis peningkatan partisipasi *retail* diikuti oleh *outperformance* dari JCI dibandingkan LQ45. *risk appetite* dari *retail investor* cenderung lebih tinggi dibandingkan *institution investor*.

JCI vs LQ45 Performance Comparisson

In bio USD and 2020FY Earnings YoY%



Source: Syailendra Research

Going Forward In 2021

What we think will happen market to the market

Syailendra View Related to Market Driver

In each argument

Factor	Detail Explanation
<i>Domestic Liquidity</i>	Likuiditas di tahun 2020 secara nominal meningkat. Namun, alokasi modal ke <i>risky asset</i> cenderung bergerak lambat <i>laggards</i> (<i>institution ownership</i> 2019 : 12.4%, 2020 : 12.0%). Hal ini dapat dipahami karena ketidakpastian yang tinggi terjadi di pertengahan 2020 yang salah satunya terlihat pelemahan signifikan IDR. Pelembahan USD dapat meningkatkan alokasi modal ke <i>risky asset</i> dari <i>domestic institution</i> di saat yang bersamaan total aset relatif stabil di akhir 2020.
<i>Foreign Liquidity</i>	Secara historis, Investor asing mencatatkan <i>foreign outflow</i> selama 5 tahun kebelakang kecuali 2016. Hal ini pun terlihat pada penurunan kepemilikan dari 18.5% di 2019 menjadi 16.5%. Pelemahan USD dapat mengembalikan <i>foreign inflow</i> . Rotasi dari <i>growth</i> ke <i>value</i> dapat terus berlanjut di 2021 apabila tren pelemahan <i>USD</i> berlanjut.
<i>Earnings Recovery & Visibility</i>	Kami melihat <i>improvement</i> dari <i>guidance</i> yang diberikan emiten untuk tahun 2021. Namun, kami tetap melihat <i>downside risk</i> dari earnings i.e : <i>possibility of relapse from COVID restructuring (due to prolong COVID cases) and higher provisioning than consensus. 2Q20 will give lot color what will happen for the remaining 2021.</i>

Source: Syailendra Research, Verdhana

2021 Consensus Expectation on Earnings

Consensus 2021 earnings seems a bit high than our expectation

2020F vs 2021F Sectoral Earnings Expectation

In Bio IDR

Sector	Sector Coverage (JCI)	Dec-20	Dec-21	YoY	Contribution Point
Banks	29.72%	81,126	117,262	44.54%	18.56%
Consumer	8.73%	23,211	26,243	13.06%	1.56%
Telco	6.67%	26,041	27,401	5.22%	0.70%
Petrochemical	4.21%	835	2,246	169.08%	0.72%
Cigarettes	4.07%	18,631	20,516	10.12%	0.97%
Mining	3.66%	9,563	13,255	38.61%	1.90%
Auto	3.55%	16,900	18,666	10.45%	0.91%
Healthcare	1.91%	3,835	4,363	13.75%	0.27%
Building Materials	1.81%	3,719	4,797	29.00%	0.55%
Poultry	1.77%	3,458	5,102	47.53%	0.84%
Property	1.62%	3,484	6,772	94.38%	1.69%
Retail	1.45%	1,275	4,807	276.97%	1.81%
Heavy Equipment	1.41%	7,163	9,557	33.41%	1.23%
Construction	0.89%	-1,134	3,233	-384.99%	2.24%
Utilities	0.75%	2,177	3,224	48.08%	0.54%
Media	0.62%	3,086	3,611	17.03%	0.27%
Plantation	0.61%	1,896	2,384	25.72%	0.25%
Oil & Gas	0.50%	1,603	3,096	93.13%	0.77%
Infrastructures	0.50%	633	1,474	132.85%	0.43%
Industrial Estate	0.24%	866	1,170	35.05%	0.16%
Airplane	0.17%	-14,155	-4,844	-65.78%	4.78%
Financials Non-Bank	0.09%	723	1,043	44.34%	0.16%
Transportation	0.05%	-203	169	-183.53%	0.19%
Coverage Aggregate	75.00%	194,734	275,547	41.50%	41.50%
Ex-Airplane	74.83%	208,889	280,391	34.23%	
Ex-Commodity (Oil, Mining, Plantation)	70.23%	181,672	256,812	41.36%	

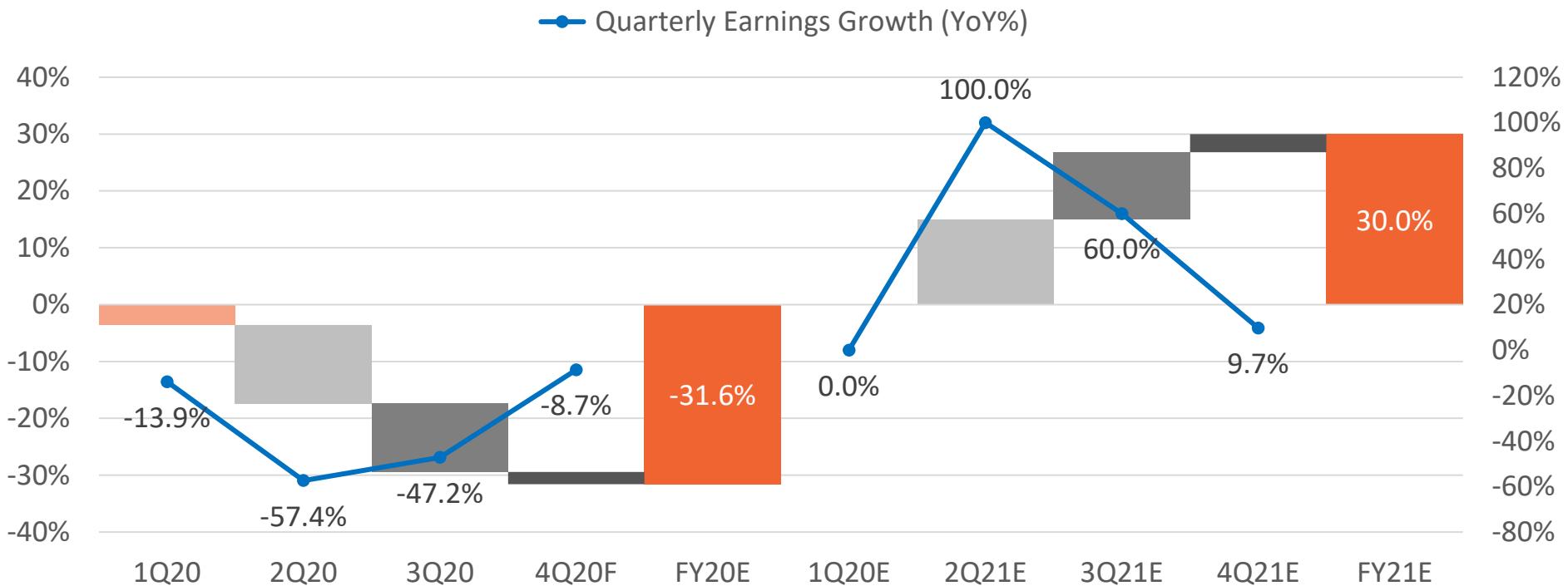
Source: Bloomberg, Syailendra Research

What to Expect for 2021 Earnings

2Q21 growth becomes a major point to achieve at least 30% growth in 2021

2020 and 2021 Earnings Breakdown per Quarter

In % of quarter earnings contribution to full year, in % YoY of quarterly earnings



Source: Syailendra research

- ⚠️ Konsensus menargetkan pertumbuhan laba di tahun 2021 berkisar dari 30-35%. Berdasarkan *trajectory* yang telah terjadi sampai dengan 3Q20. Kami tetap melihat 2Q21 menjadi poin penting dan setidaknya harus mencatatkan kisaran 60% untuk EPS 2021 mencapai pertumbuhan sebesar 30%. Laba per kuartal untuk 1Q21 dan 2Q21 masih berada di level 2019, namun 3Q21 dan 4Q21 sudah berkisar di atas level 2019.

1Q21 Sector View

Investment thesis per equity sector

Sector	2Q20 Update So Far			Reason to Invest	
	2020	Guidance	Upside/ (Downside) Surprise	Pros	Cons
Agriculture	Overweight	<ul style="list-style-type: none"> CPO : volume well guided 	<ul style="list-style-type: none"> CPO : Potential early normalized CPO. Consensus expect weaker CPO price going into 2021 	<ul style="list-style-type: none"> CPO : ASP in 1Q21 still higher in YoY% 	
Basic Industry	Underweight	<ul style="list-style-type: none"> Cement : limited guidance Poultry : No guidance 	<ul style="list-style-type: none"> Poultry: Possible downside from strong soybean prices 	<ul style="list-style-type: none"> Cement : ASP in 2020 seems stable despite -10% volume Poultry: Recovery of broiler demand in 2021 	<ul style="list-style-type: none"> Coal : Strong coal might pressure margin. Poultry: Margin compression from the feed segment
Consumer Staples & Discretionary	Underweight	<ul style="list-style-type: none"> FMCG: limited guidance Pharma : better volume Cigs : Expect No HJE, Margin pressure 	<ul style="list-style-type: none"> Pharma : if purchasing power was better than expected, private co to be involved in vaccine distribution. Cigs : if tier 1 player would like to sacrifice market share over margin 	<ul style="list-style-type: none"> FMCG : earnings variability seems relative low for big names in FMCG. Pharma: sentiment from vaccination or if market back to defensive mode. Cigs: sentiment play on market expectation on volume & ASP hike 	<ul style="list-style-type: none"> FMCG : rising cost might pressure slight margin, recovery might mean slightly higher A&P to take back mkt shares. Cigs: likely having negative earnings in 2021, excise might be higher for 2022
Banks	Underweight	<ul style="list-style-type: none"> Banks : possibility of relapse from COVID restructuring (due to prolong COVID cases) and higher provisioning than consensus 	<ul style="list-style-type: none"> Banks: upside if all the banks agree or on relative basis didn't show too much NPL from the COVID restructured loan, and provisioning expense followed. Downside: if loss rate from COVID19 was worse than expected in which >10% of it went to NPL. 	<ul style="list-style-type: none"> Banks: valuation wise some banks are still laggards compared to others 	<ul style="list-style-type: none"> Banks: not yet having clarity over asset quality post COVID restructuring

1Q21 Sector View

Investment thesis per equity sector

Sector	2Q20 Update So Far			Reason to Invest	
	2020	Guidance	Upside/ (Downside) Surprise	Pros	Cons
Infra, Utility & Transport	Overweight	<ul style="list-style-type: none"> Toll Road : Well Guided Telco : Limited guidance 	<ul style="list-style-type: none"> Telco: Possible upside from industry consolidation 	<ul style="list-style-type: none"> Toll Road : Lower CoF, better recovery and potential divestment Telco: Industry consolidation to ease competition pressure 	<ul style="list-style-type: none"> Toll Road : New operating toll roads might had lower EBITDA than expected Telco: Plateuing usage growth to hamper revenue growth
Miscellaneous	Underweight	<ul style="list-style-type: none"> Auto : Limited guidance 	<ul style="list-style-type: none"> Auto: Downside from slower volume recovery 	<ul style="list-style-type: none"> Auto: Recovery of auto volume demand in 2021 	<ul style="list-style-type: none"> Auto: Slower than expected recovery due to weak purchasing power
Mining	Marketweight	<ul style="list-style-type: none"> Coal : Limited guidance 	<ul style="list-style-type: none"> Coal : potential upside from better coal price 		
Property & Real Estate	Overweight	<ul style="list-style-type: none"> Residential/Commercial: Limited Guidance Industrial: Limited Guidance 	<ul style="list-style-type: none"> Residential/Commercial: Downside as rental waive 	<ul style="list-style-type: none"> Residential/Commercial: Better than expected presales number, lower mortage rates 	<ul style="list-style-type: none"> Residential/Commerical: Prolonged weak economy and Covid situation could hinder property buyer and also affect reccuring income.
Building Construction	Marketweight	<ul style="list-style-type: none"> Construction: Well Guided 		<ul style="list-style-type: none"> Construction: Higher burn rate, higher new contract growth, divestments 	<ul style="list-style-type: none"> Construction: Valuation is starting to look fair compared to 2020.
Trade, Services & Inv	Overweight	<ul style="list-style-type: none"> Hospital : better margin and volume Retail : No guidance Media: Limited guidance 	<ul style="list-style-type: none"> Hospital : upside if BPJS one-tariff regulation was enforced faster. Downside: if during COVID reimbursement set lower by govt Retail : Recent dropped traffic might hurt 1Q21. Media: Possible upside from digital growth 	<ul style="list-style-type: none"> Hospital: better earnings clarity due to COVID volume Retail : Very low earnings base in 2020. Media: Ads recovery and resilient digital growth 	<ul style="list-style-type: none"> Hospital: only 1 or 2 names are worth to invest, due to illiquidity factor. Retail : Very low visibility on sales. Media: Slower than expected ads recovery due to still weak purchasing power

JCI Valuation Slightly Higher Compared to Peers

Consensus expect ID still deliver better-off growth in 2022 compared to peers

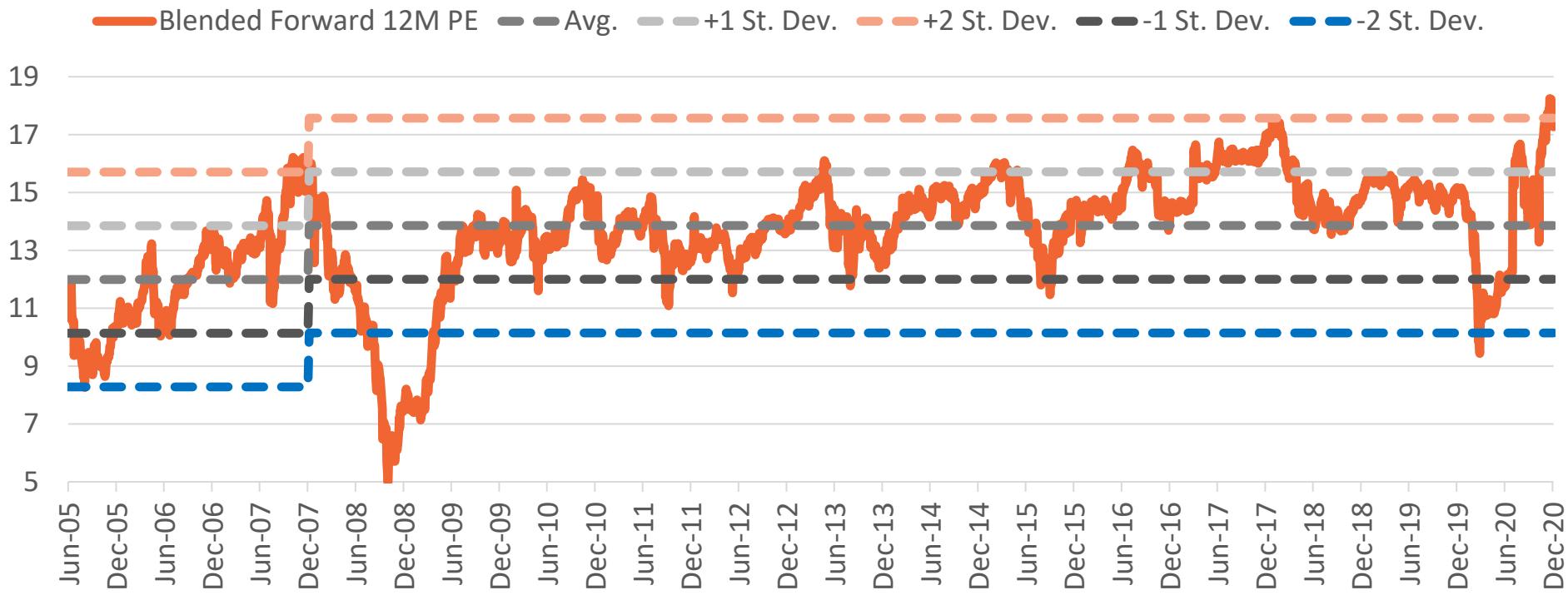
Desc.	P/E		EPS Growth		P/B		Dividend Yield		ROE	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
South East Asia	17.33	14.45	36.8%	20.2%	1.58	1.49	2.71	3.00	9.35	10.44
Indonesia	17.69	13.16	41.5%	34.4%	2.04	1.89	1.82	2.25	14.18	15.79
Malaysia	13.98	14.30	20.4%	-2.2%	1.54	1.47	3.94	3.86	10.65	9.78
Phillipines	19.55	15.29	44.7%	27.9%	1.64	1.52	1.47	1.75	8.73	10.00
Singapore	15.51	12.60	27.4%	23.1%	0.99	0.96	3.85	4.35	7.10	8.68
Thailand	19.92	16.92	44.1%	17.8%	1.67	1.60	2.49	2.80	6.08	7.93
Vietnam	15.39	12.67	29.6%	21.5%	2.31	2.04	1.50	2.17	16.38	17.23
Asia										
China	13.82	12.15	16.0%	13.7%	1.51	1.39	2.24	2.52	9.39	9.51
Hong Kong	12.42	10.87	18.4%	14.3%	1.17	1.09	3.01	3.37	9.68	9.95
India	29.11	21.52	16.2%	35.3%	3.44	3.15	1.12	1.36	11.20	13.90
Korea	14.73	12.18	47.3%	20.9%	1.19	1.10	1.62	1.75	7.26	13.51
Taiwan	17.76	16.35	18.5%	8.7%	2.27	2.25	3.13	3.39	15.12	15.55
Japan	24.38	20.79	5.4%	17.3%	2.04	1.93	1.51	1.69	9.91	9.14
Europe										
German	16.17	14.00	27.5%	15.5%	1.64	1.55	2.76	3.04	8.82	10.59
France	18.42	15.39	55.6%	19.7%	1.64	1.56	2.81	3.17	7.69	9.27
Spain	19.66	14.10	91.2%	39.4%	1.28	1.23	3.39	4.07	5.66	7.19
Italy	14.71	12.10	63.9%	21.6%	1.15	1.09	3.68	4.21	6.80	7.87
Switzerland	17.93	16.27	15.9%	10.2%	2.76	2.60	2.96	3.12	14.91	15.69
Russia	8.40	6.98	62.0%	20.4%	0.92	0.84	6.18	7.19	9.43	10.69
Middle East										
Saudi Arabia	19.04	16.13	36.5%	18.0%	1.98	1.89	2.91	3.41	24.95	28.25
UAE	14.62	12.67	15.2%	15.4%	1.42	1.36	4.08	4.64	10.95	12.07
Egypt	9.09	7.03	22.7%	29.3%	1.17	1.05	3.34	4.09	15.37	16.71
South Africa										
South Africa	12.83	11.42	17.1%	12.3%	1.64	1.55	3.45	3.83	15.50	15.03

JCI Historical Valuation

JCI price to earnings is already ahead of its earnings...

JCI Blended 12M Forward P/E

In times of P/E with 2005-2007 and 2008-2019 deviation band



Source: Bloomberg, Syailendra Research

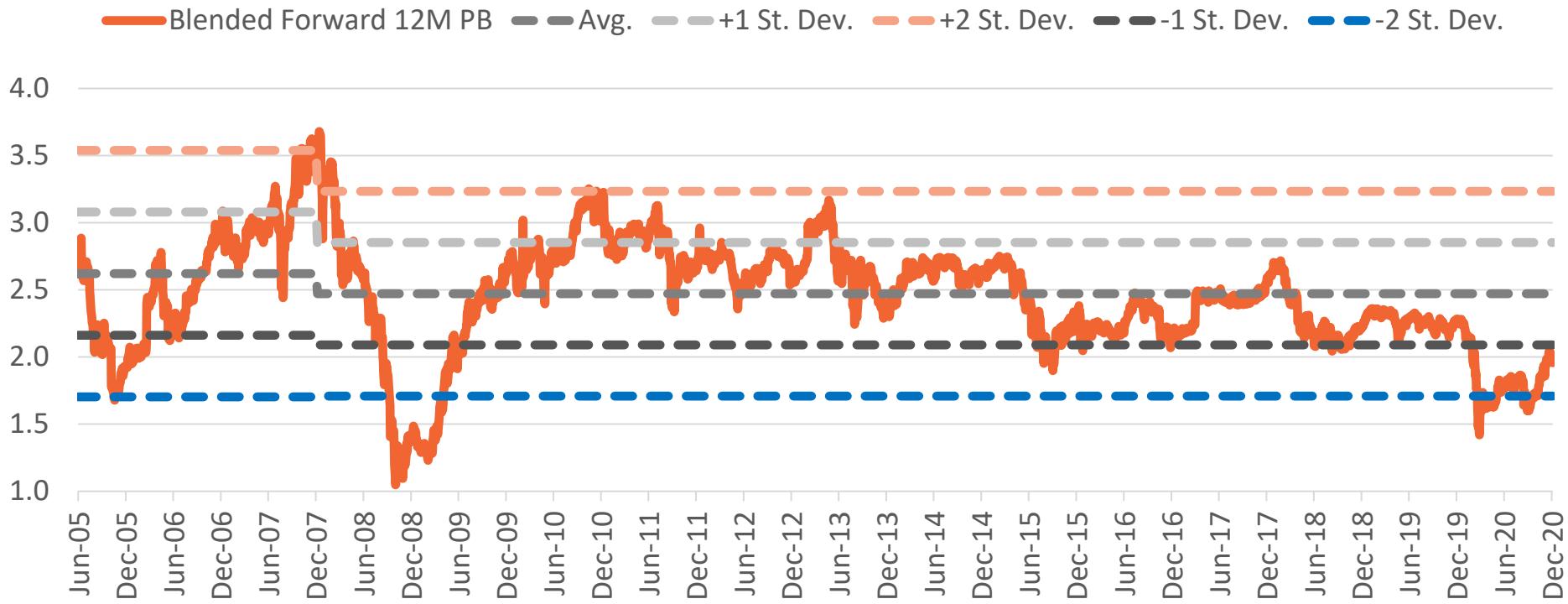
- ⚠️ Rally yang terjadi dalam 2 quarter merupakan antisipasi dari investor atas *recovery earnings* dan katalis-katalis positif yang telah terjadi selama 1H20. Sehingga, JCI mempunyai valuasi di *+2 standard deviation band* dibandingkan historis sejak 2008-2019.

JCI Historical Valuation

However, JCI price to book is still cheap in historical sense

JCI Blended 12M Forward P/B

In times of P/B with 2005-2007 and 2008-2019 deviation band



Source: Bloomberg, Syailendra Research

- ⚠ Di saat yang bersamaan valuasi JCI menggunakan *price to book* masih dapat dikatakan memiliki potensi *upside*. Secara historis sejak 2015, P/B JCI berkisar di antara 2.1 – 2.5 dibandingkan level saat ini masih berada di 1.95x.

Equity Strategy

Toward the end of tunnel

Arguments for Equity Market	Arguments Against Equity Market – and Why We Think It Is In the Price
<ol style="list-style-type: none">1. Liquidity Domestik dan global masih <i>supportive</i> terhadap <i>equity market</i>.2. <i>Risk appetite</i> investor secara umum telah kembali.3. Pergerakan <i>USD</i> cenderung melemah. Hal ini memberikan <i>support</i> pada <i>emerging market</i> secara umum termasuk Indonesia.4. Program vaksinasi akan dimulai di 1Q21 dan sejalan dengan itu secara gradual aktivitas ekonomi akan kembali normal.5. <i>Recovery</i> dari earnings akan mulai terlihat di 2Q21 dan 3Q21.6. Valuasi terlihat masih cukup menarik.	<ol style="list-style-type: none">1. Pandangan terhadap pelemahan <i>USD</i> merupakan pandangan umum yang dimiliki kebanyakan investor. Sehingga, Kita harus lebih berhati-hati.2. Volatilitas dari <i>earnings</i> masih ada mengingat peningkatan kasus dan pengetatan kembali aktivitas secara umum.

- ⚠ Berdasarkan hal-hal di atas, kami menargetkan JCI untuk akhir tahun 2021 berkisar pada 6,600– 6,900. Kami mengasumsikan pertumbuhan laba 2021F di kisaran : 30% dengan P/E dikisaran 16-18x laba tahun 2021.

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