SYAILENDRA

# MARKET INSIGHT

September 17th, 2024


# *Equal Weight vs Equal Risk :*

## *Finding the Ideal Investment Allocation*

MARKET INSIGHT

# Equal Weight vs Equal Risk

**17 September 2024**

SYAILENDRA
Preferred Investment Partner

## Key Summary

- Saham (IHSG) mencatatkan kinerja paling unggul dibandingkan obligasi & *money market instrument* sejak awal 2024 disertai *foreign inflow* yang masif pada Agt'24.
- Salah satu miskonsepsi *equal weight portfolio* adalah risiko yang sama rata untuk tiap aset. Padahal alokasi aset yang seimbang tetap memiliki *hidden risk.* Oleh karena itu, strategi *risk parity* dapat menjadi alternatif alokasi portofolio investasi.
- Melalui simulasi *equal weight & risk parity* di 4 aset berbeda, strategi *risk parity* memberikan *return* lebih kecil dibandingkan *equal weight,* namun dengan volatilitas yang lebih minim pula.

## Syailendra's View

*Equal allocation* tak menjadikan risiko investasi di tiap aset sama besar karena adanya *volatility risk* yang berbeda-beda.

Alokasi ke *fixed income* dengan porsi lebih besar dapat menjadikan risiko portofolio lebih terukur dan *manageable.*

## Stock led the performance in the past 3Y

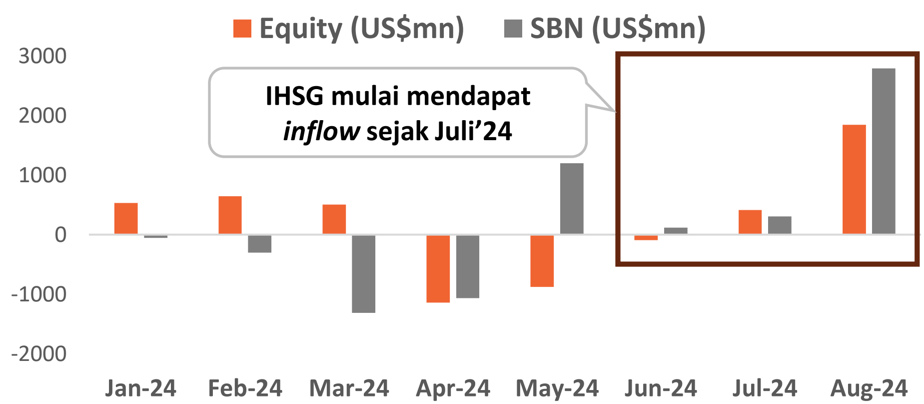
**It generated twice the returns of bond and money markets**

| Investment Class | Performance (%) | | | | | |
|---|---|---|---|---|---|---|
| | 1M | 3M | 6M | YTD | 1Y | 3Y |
| **Saham (IHSG)** | **4.2%** | **8.3%** | **4.2%** | **5.5%** | **9.2%** | **24.3%** |
| Obl.Korporasi | 0.4% | 0.9% | 1.7% | 2.4% | 3.4% | 11.9% |
| Obl.Pemerintah | 0.9% | 1.7% | 2.3% | 2.9% | 3.9% | 11.8% |
| Pasar Uang | 0.4% | 1.1% | 2.3% | 3.1% | 4.5% | 11.2% |

*Source : Bloomberg, Syailendra Research (per 31 Agt 2024)*

## Consistent stock inflows since July 2024

**JCI (IHSG) recorded a huge inflow in August 2024**




*Source : Bloomberg, Syailendra Research (per 31 Agt 2024)*

# Equal Weight (EW) Method

Metode EW sangat sederhana dan mudah untuk diterapkan. Investor cukup mengalokasikan tiap aset dengan porsi yang sama dalam portofolio.

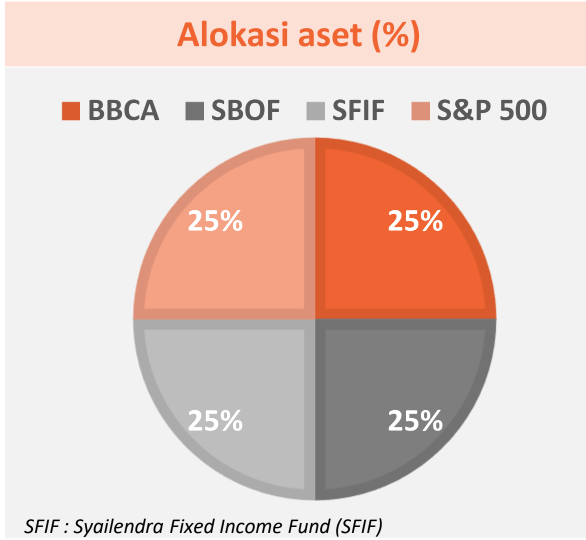
**Kesimpulan simulasi :**

1. **Alokasi aset yang sama besar tidak serta-merta membuat risiko investasi tersebar rata.**
2. **Berdasarkan hasil simulasi, risiko terbesar berasal dari S&P 500 serta saham individual yakni BBCA. Sedangkan risiko terkecil yakni aset *fixed income* yang direpresentasikan oleh SFIF.**

Portofolio dengan metode EW dapat menghasilkan CAGR 5Y sebesar 9,62%. Sementara itu, volatilitas tercatat lebih tinggi mencapai 10,49%.

## Equal Weight Portfolio Model

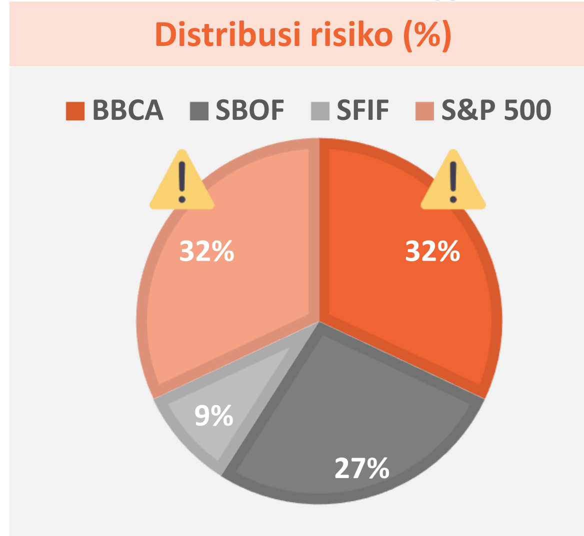
Each asset has the same portion




*SFIF : Syailendra Fixed Income Fund (SFIF)*
*SBOF : Syailendra Balanced Opportunity Fund (SBOF)*

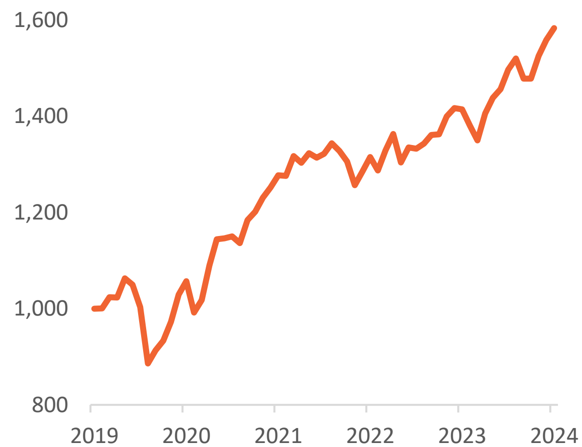
## Risk Distribution of EW Portfolio

SP500 & BBCA contribute the biggest risk




## Performance of EW Portfolio

Period : Aug 2019 – Aug 2024




*Source : Syailendra Research*

## EW Method's Indicator

The volatility of EW Method > CAGR 5Y

| Indicator | Equal Weight |
|---|---|
| **CAGR 5Y** *(compounded annual growth return)* | **9.62%** |
| **Volatility** | **10.49%** |
| Max. Drawdown | -11.7% |
| Beta | 0.62 |

# Risk Parity (RP) Method

*Risk parity* dirancang untuk bisa menyeimbangkan besaran risiko investasi di berbagai aset dalam portofolio.

Melalui metode ini, kinerja portfolio diekspektasikan bisa lebih stabil dengan risiko yang lebih terukur.

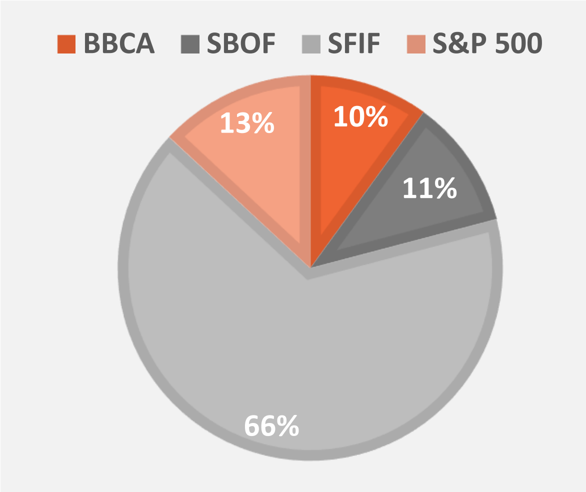
**Kesimpulan simulasi :**

1. **Makin tinggi volatilitas (beta) suatu aset, makin besar juga porsi alokasinya dalam portfolio.**
2. **Dengan mengalokasikan porsi paling dominan ke SFIF dan terkecil ke saham individual (BBCA), maka distribusi risiko menjadi seimbang.**

Portofolio dengan metode RP mencetak CAGR 5Y sebesar 7,47% dan volatilitas 'hanya' sebesar 6,78%.

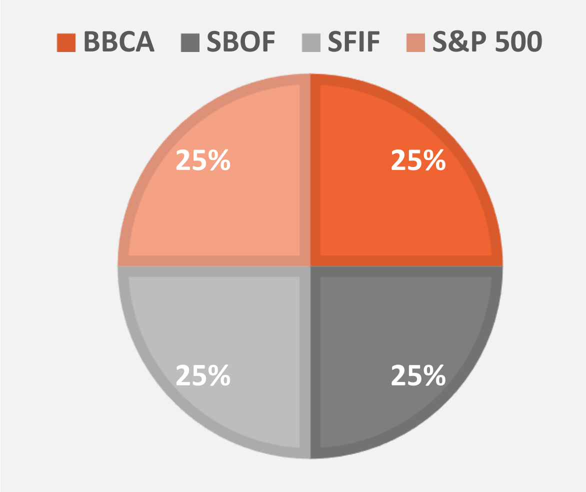
## Risk Parity Portfolio Model

**Each asset has a different allocation**



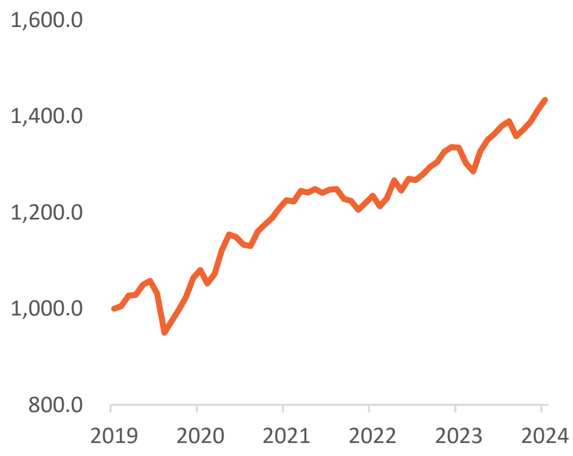

## Risk Distribution of RP Method

**Each asset contributes the same risk**




## Performance of RP Portfolio

**Period : Aug 2019 – Aug 2024**




*Source : Syailendra Research*

## RP Method's Inidcator

**The volatility of RP Method < CAGR 5Y**

| Indicator | Risk Parity |
|---|---|
| **CAGR 5Y** *(compounded annual growth return)* | **7.47%** |
| **Volatility** | **6.78%** |
| Max. Drawdown | -7.94% |
| Beta | 0.35 |

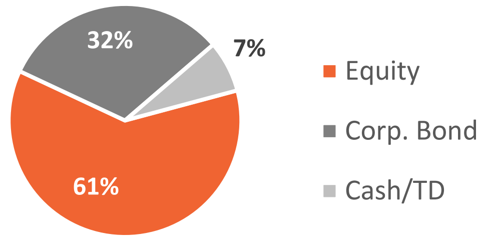
## SBOF : Syailendra Balanced Opportunity Fund Kelas A

Produk ini memiliki alokasi yang tersebar di berbagai aset sehingga FM memiliki fleksibilitas untuk mengatur bobot aset dalam portfolionya mengikuti situasi pasar.

Per Agustus 2024, aset ekuitas lebih mendominasi sejalan dengan penguatan di pasar saham. Secara YTD, kinerja SBOF jauh melampaui indeks acuan.

## Allocation of SBOF

As per August 31, 2024




| PERFORMANCE | 1M | 3M | 6M | 1Y | 3Y | YTD |
|---|---|---|---|---|---|---|
| **Fund Performance** | | | | | | |
| SBOF | 1.48% | 4.89% | 5.12% | 5.72% | 4.56% | 8.28% |
| **Benchmark** | | | | | | |
| Infovesta Balanced Fund Index | 2.87% | 4.39% | 1.36% | 0.08% | 9.17% | 1.61% |

## Top 10 Holdings of SBOF

As per August 31, 2024

| Top 10 Efek Portofolio | W% |
|---|---|
| OBL III OBL PULP & PAPER MILLS TH 2022 SR B | 9.10% |
| OBL III PINDO DELI PULP AND PAPER MILLS TH 2023 SR B | 9.00% |
| MITRA ADIPERKASA TBK | 7.90% |
| OBL KJLT IV ASTRA SEDAYA FINANCE V 2022 B | 6.20% |
| OBL BKJLT III MERDEKA COPPER GOLD THP I TH 2022 SR B | 6.20% |
| XL AXIATA TBK | 5.30% |
| SARANA MENARA NUSANTARA TBK | 4.60% |
| VALE INDONESIA TBK | 4.10% |
| PT BARITO RENEWABLES ENERGY | 3.70% |
| MIDI UTAMA INDONESIA TBK | 3.60% |

*Source: Infovesta, Syailendra Research*

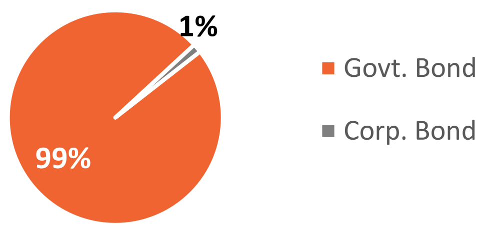
## SFIF: Syailendra Fixed Income Fund Kelas A

Produk ini didominasi oleh Obligasi Pemerintah dengan masa jatuh tempo yang cukup panjang. SFIF akan relatif diuntungkan saat terjadi pemangkasan suku bunga oleh BI.

Selain itu, *credit risk* obligasi Pemerintah Indonesia sangat rendah (hampir nihil) sehingga tingkat keamanan investasi terjamin dan juga harga obligasi lebih diapresiasi.

## Allocation of SFIF

As per August 31, 2024




| PERFORMANCE | 1M | 3M | 6M | 1Y | 3Y | YTD |
|---|---|---|---|---|---|---|
| **Fund Performance** | | | | | | |
| SFIF | 1.06% | 2.45% | 2.22% | 4.00% | 11.7% | 2.71% |
| **Benchmark** | | | | | | |
| Infovesta Fixed Income Fund Index | 0.80% | 1.94% | 2.26% | 3.68% | 9.59% | 2.89% |

## Top 10 Holdings of SFIF

As per August 31,2024

| Top 10 Efek Portofolio | W% |
|---|---|
| SBSN SR PBS032 | 19.00% |
| OBL REPUBLIK INDONESIA SR FR0082 | 13.50% |
| OBL REPUBLIK INDONESIA SR FR0059 | 10.80% |
| OBL REPUBLIK INDONESIA SR FR0100 | 8.40% |
| OBL REPUBLIK INDONESIA SR FR0097 | 8.20% |
| OBL REPUBLIK INDONESIA SR FR0101 | 7.50% |
| OBL REPUBLIK INDONESIA SR FR0087 | 6.90% |
| OBL REPUBLIK INDONESIA SR FR0072 | 6.00% |
| TD CAPITAL | 5.80% |
| OBL REPUBLIK INDONESIA SR FR0083 | 5.60% |

*Source: Infovesta, Syailendra Research*

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SYAILENDRA

**PT Syailendra Capital**

District 8 Treasury Tower
39th Fl. Unit 39A, SCBD Lot 28
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
P. : +62 21 2793 9900
F. : +62 21 2972 1199

@reksadana.syailendra | Syailendra Capital | Syailendra Capital | Syailendra Capital | www.syailendracapital.com