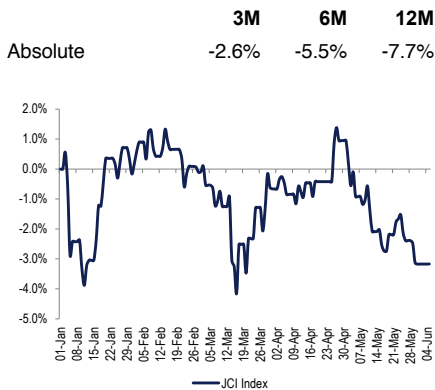


JCI Performance



Crowded big cap positioning but low cash level may suggest status quo

- We try to analyse sector's weighting based on major local funds' top holding and found that banks and telco were consensus OW.
- However, to our surprise consumer staples especially cigarettes were one of the biggest UW along with metals (materials) and coal (energy).
- Concurrently, top local funds' cash holding has dropped to mere 4% due to ample IPOs this year; this may result in market performance that may be primarily driven by foreign flow and lack of interest in mid-small cap.

Big cap remains the preferences among local funds

We attempted to analyse major local funds' (top 17) sector weighting in Apr23 and found that banks and telco were consensus overweight. Among the names, blue chip stocks such as BBCA, BBRI, BMRI (these 3 banks account for 26% of overall funds' weighting) and TLKM emerged as the overweight. Note that banks account for 32% of JCI weight while overall fund weight at 29% which represent a 3% UW but mostly due to lack of exposure in smaller banks i.e. digital banks; note that we could only analysed local funds' top 10 stock holdings which does not capture the whole stock universe.

Consumer was UW but due to cigarettes; heavy UW on coal and metals

Nevertheless, to our surprise we saw that consumer staples (under food, beverage and tobacco) stood out as one of the significant UW despite outperforming JCI by 13% YTD. Overall staples weight at 6.5% but overall funds weight was at only 2% and on a closer look, local funds only overweight on MYOR (by quite big margin at 0.9% weight vs. JCI's weight of 0.3%) – fig. 2. Rest of the names such as CMRY, HMSP, GGRM, ICBP, and INDF were an UW. Similarly, metals and coal were also a significant UW by local funds (by 6% for metals and 10% for coal but due to zero weight in BYAN vs. current weight of 6%), though we believe this is in-line with the normalizing commodity price outlook. Metal and coal have underperformed by 16 and 25% YTD.

Low cash level may result in lack of support to JCI

Concurrently, top local funds' cash holding has dropped to mere 4% (fig 6) which we believe due to massive IPOs this year i.e. PGEO, NCKL, and MBMA with total fund raised more than Rp28tr and also the upcoming big IPOs of PHE, Cinema21 and Amman mineral – which may result in record IPO year for JCI vs. 2021 (BUKA, AVIA, CMRY and MTEL). This in our view, may result in lack of support for JCI and may result in foreign flow driven market; indeed, sectors that have performed well was banks, auto, telco that experienced foreign inflow (outside index rebalancing).

Contrarian strategy may not be fruitful amidst current situation of foreign driven flow

Overall, local funds' sector positioning were in-line with foreign flow in Apr23 – see our previous report [here](#). We continue to suggest defensive names like banks, telco, and staples as we believe that mid-small cap may not get any traction under current situation. In terms of valuation, banks ex-BBCA is currently trading at 1.9x FY23F P/B vs. its average of 1.7x, telco still trading at 5.2x FY23F EV/EBITDA below average of 5.7x, while staples is trading at 16.7x P/E below its -1s.d. of 18.2x.

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Fig. 1: 17 major local funds' sector weight

Sector	JCI weight	Top 17 fund weight	Top 17 fund OW/UW
Banks	32%	29%	-3%
Energy	13%	3%	-10%
Telecommunication Services	10%	9%	-1%
Materials	10%	4%	-6%
Food, Beverage & Tobacco	6%	2%	-4%
Capital Goods	6%	6%	1%
Consumer Discretionary Distribution & Retail	5%	2%	-3%
Real Estate Management & Development	2%	0%	-2%
Consumer Staples Distribution & Retail	2%	0%	-2%
Insurance	2%	0%	-2%
Pharmaceuticals, Biotechnology & Life Sciences	2%	2%	0%
Transportation	2%	0%	-2%
Health Care Equipment & Services	1%	0%	-1%
Media & Entertainment	1%	0%	-1%
Financial Services	1%	1%	-1%
Household & Personal Products	1%	0%	-1%
Software & Services	1%	0%	-1%
Utilities	1%	0%	0%
Automobiles & Components	0%	0%	0%
Consumer Services	0%	0%	0%
Technology Hardware & Equipment	0%	0%	0%
Consumer Durables & Apparel	0%	0%	0%
Commercial & Professional Services	0%	0%	0%
Semiconductors & Semiconductor Equipment	0%	0%	0%

Source: Bloomberg, Indo Premier

Fig. 2: 17 major local funds' OW/UW on staples

Food, Beverage & Tobacco	JCI weight	Top 17 fund weight	Top 17 fund OW/UW
CPIN	1.1%	0.0%	-1.1%
INDF	1.0%	0.1%	-0.9%
ICBP	0.9%	0.6%	-0.3%
GGRM	0.3%	0.0%	-0.3%
MYOR	0.3%	1.2%	0.9%
HMSP	0.3%	0.0%	-0.3%
CMRY	0.3%	0.0%	-0.3%
JPFA	0.2%	0.0%	-0.2%
DLTA	0.0%	0.1%	0.1%

Source: Bloomberg, Indo Premier

Fig. 3: 17 major local funds' OW/UW on consumer discretionary

Consumer Discretionary Distribution & Retail	JCI weight	Top 17 fund weight	Top 17 fund OW/UW
GOTO	2.9%	1.4%	-1.5%
BUKA	0.5%	0.0%	-0.5%
MAPI	0.4%	0.8%	0.4%
BELI	0.3%	0.0%	-0.3%
LPPF	0.2%	0.0%	-0.2%
ERAA	0.1%	0.0%	-0.1%
ACES	0.1%	0.0%	-0.1%
MPMX	0.1%	0.1%	0.0%

Source: Bloomberg, Indo Premier

Fig. 4: 17 major local funds' OW/UW on banks

Banks	JCI weight	Top 17 fund weight	Top 17 fund OW/UW
BBCA	9.3%	8.7%	-0.6%
BBRI	9.1%	9.1%	0.0%
BMRI	7.1%	7.9%	0.7%
BBNI	2.6%	2.7%	0.1%
ARTO	0.3%	0.0%	-0.3%
BRIS	0.3%	0.4%	0.2%
BBTN	0.3%	0.4%	0.1%
BTPS	0.2%	0.0%	-0.2%
PNBN	0.1%	0.1%	-0.1%
BJBR	0.1%	0.0%	-0.1%
BDMN	0.1%	0.0%	-0.1%
BBKP	0.1%	0.0%	-0.1%
BNGA	0.1%	0.0%	-0.1%
BVIC	0.0%	0.0%	0.0%
BNII	0.0%	0.0%	0.0%
PNBS	0.0%	0.0%	0.0%

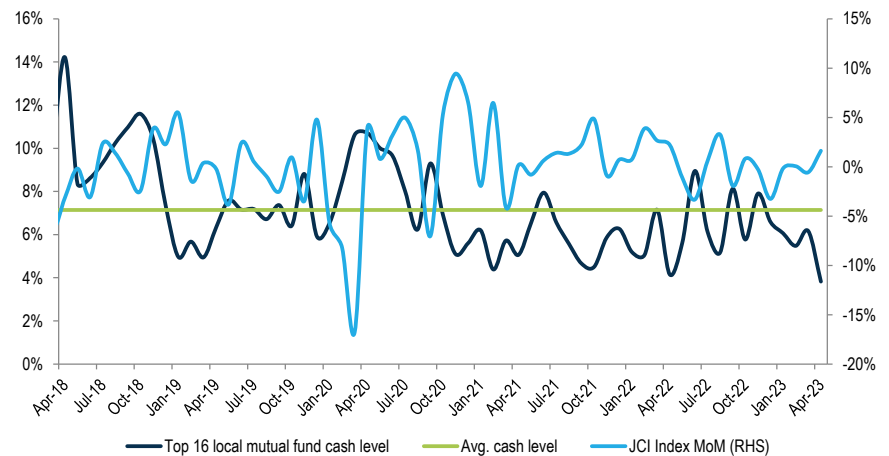
Source: Bloomberg, Indo Premier

Fig. 5: 17 major local funds' OW/UW on telco

Telecommunication services	JCI weight	Top 17 fund weight	Top 17 fund OW/UW
TLKM	7.5%	7.8%	0.3%
TOWR	0.8%	0.3%	-0.5%
TBIG	0.4%	0.0%	-0.4%
ISAT	0.3%	0.6%	0.2%
MTEL	0.3%	0.5%	0.1%
EXCL	0.3%	0.2%	-0.1%
FREN	0.2%	0.0%	-0.2%

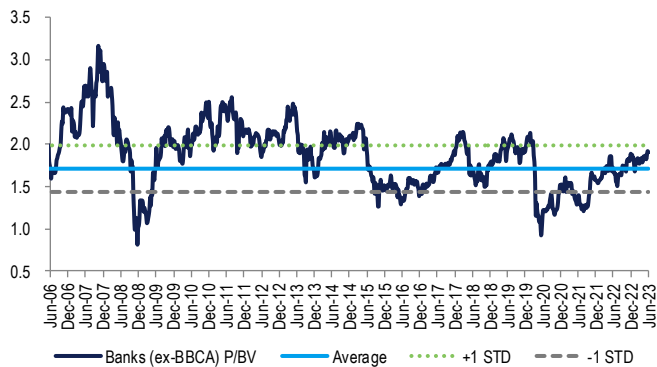
Source: Bloomberg, Indo Premier

Fig. 6: Top 16 local mutual fund cash level



Source: Bloomberg, Indo Premier

Fig. 7: Banks (ex-BBCA)' forward P/B is currently trading at 1.9x FY23F P/B vs 10Y avg. of 1.7x P/B



Source: Bloomberg, Indo Premier

Fig. 8: Telco' forward EV/EBITDA is currently trading at 5.2x FY23F EV/EBITDA, below its 10Y avg. of 5.7x EV/EBITDA



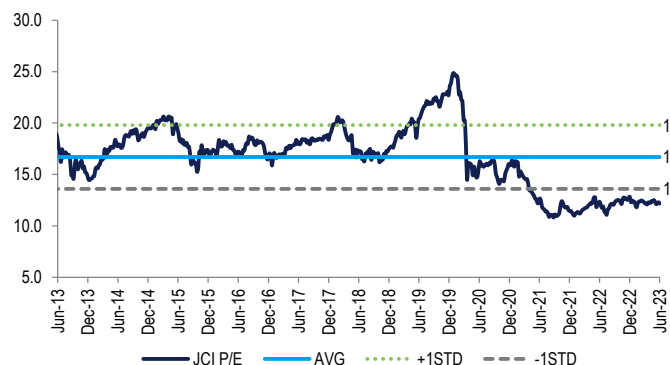
Source: Bloomberg, Indo Premier

Fig. 9: Staples' forward P/E is currently trading at 16.7x FY23F P/E, below its -1 s.d. of 18.2x P/E



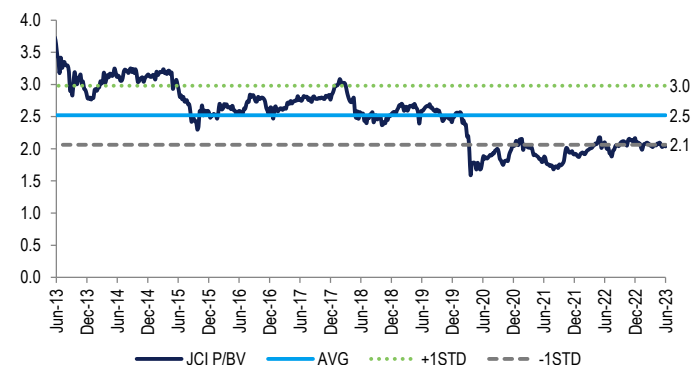
Source: Bloomberg, Indo Premier

Fig. 10: JCI' forward P/E is currently trading at 12.2x FY23F P/E, below its -1 s.d. of 13.6x P/E



Source: Bloomberg, Indo Premier

Fig. 11: JCI' forward P/B is currently trading at 2x FY23F P/B, below its -1 s.d. of 2.1x P/B



Source: Bloomberg, Indo Premier

Appendix

Fig. 12: Top 17 fund OW/UW full list (1)

Sector	Ticker	JCI weight	Top 17 fund weight	Top 17 fund OW/UW
Automobiles & Components	DRMA	0.0%	0.1%	0.0%
Banks	ARTO	0.3%	0.0%	-0.3%
Banks	BBCA	9.3%	8.7%	-0.6%
Banks	BBKP	0.1%	0.0%	-0.1%
Banks	BBNI	2.6%	2.7%	0.1%
Banks	BBRI	9.1%	9.1%	0.0%
Banks	BBTN	0.3%	0.4%	0.1%
Banks	BDMN	0.1%	0.0%	-0.1%
Banks	BJBR	0.1%	0.0%	-0.1%
Banks	BMRI	7.1%	7.9%	0.7%
Banks	BNGA	0.1%	0.0%	-0.1%
Banks	BNII	0.0%	0.0%	0.0%
Banks	BRIS	0.3%	0.4%	0.2%
Banks	BTPS	0.2%	0.0%	-0.2%
Banks	BVIC	0.0%	0.0%	0.0%
Banks	PNBN	0.1%	0.1%	-0.1%
Banks	PNBS	0.0%	0.0%	0.0%
Capital Goods	ARNA	0.1%	0.0%	-0.1%
Capital Goods	ASII	4.6%	6.0%	1.4%
Capital Goods	KIAS	0.0%	0.0%	0.0%
Capital Goods	SSIA	0.1%	0.3%	0.3%
Commercial & Professional Services	SOSS	0.0%	0.0%	0.0%
Consumer Discretionary Distribution & Retail	ACES	0.1%	0.0%	-0.1%
Consumer Discretionary Distribution & Retail	BELI	0.3%	0.0%	-0.3%
Consumer Discretionary Distribution & Retail	BUKA	0.5%	0.0%	-0.5%
Consumer Discretionary Distribution & Retail	ERAA	0.1%	0.0%	-0.1%
Consumer Discretionary Distribution & Retail	GOTO	2.9%	1.4%	-1.5%
Consumer Discretionary Distribution & Retail	LPPF	0.2%	0.0%	-0.2%
Consumer Discretionary Distribution & Retail	MAPI	0.4%	0.8%	0.4%
Consumer Discretionary Distribution & Retail	MPMX	0.1%	0.1%	0.0%
Consumer Durables & Apparel	HRTA	0.0%	0.0%	0.0%
Consumer Services	SHID	0.0%	0.1%	0.1%
Consumer Staples Distribution & Retail	AMRT	2.0%	0.5%	-1.6%

Source: Bloomberg, Indo Premier

Fig. 13: Top 17 fund OW/UW full list (2)

Sector	Ticker	JCI weight	Top 17 fund weight	Top 17 fund OW/UW
Energy	ADRO	1.5%	0.9%	-0.6%
Energy	AKRA	0.4%	0.5%	0.0%
Energy	BSSR	0.0%	0.0%	0.0%
Energy	BUMI	0.6%	0.4%	-0.2%
Energy	BYAN	6.0%	0.0%	-6.0%
Energy	GEMS	0.1%	0.0%	-0.1%
Energy	HRUM	0.1%	0.0%	-0.1%
Energy	INDY	0.2%	0.0%	-0.2%
Energy	ITMG	0.5%	0.0%	-0.5%
Energy	MEDC	0.2%	0.4%	0.2%
Energy	PTBA	0.6%	0.2%	-0.4%
Energy	RAJA	0.0%	0.1%	0.1%
Energy	UNTR	1.5%	0.3%	-1.3%
Financial Services	ADMF	0.0%	0.1%	0.1%
Financial Services	BFIN	0.4%	0.1%	-0.2%
Financial Services	CFIN	0.0%	0.0%	0.0%
Financial Services	MFIN	0.0%	0.2%	0.2%
Financial Services	PANS	0.0%	0.0%	0.0%
Financial Services	SRTG	0.1%	0.2%	0.1%
Food, Beverage & Tobacco	CMRY	0.3%	0.0%	-0.3%
Food, Beverage & Tobacco	CPIN	1.1%	0.0%	-1.1%
Food, Beverage & Tobacco	DLTA	0.0%	0.1%	0.1%
Food, Beverage & Tobacco	GGRM	0.3%	0.0%	-0.3%
Food, Beverage & Tobacco	HMSP	0.3%	0.0%	-0.3%
Food, Beverage & Tobacco	ICBP	0.9%	0.6%	-0.3%
Food, Beverage & Tobacco	INDF	1.0%	0.1%	-0.9%
Food, Beverage & Tobacco	JPFA	0.2%	0.0%	-0.2%
Food, Beverage & Tobacco	MYOR	0.3%	1.2%	0.9%
Health Care Equipment & Services	HEAL	0.4%	0.0%	-0.4%
Health Care Equipment & Services	MIKA	0.5%	0.2%	-0.3%
Health Care Equipment & Services	PRDA	0.1%	0.1%	0.0%
Health Care Equipment & Services	SILO	0.1%	0.0%	-0.1%
Household & Personal Products	SIDO	0.2%	0.0%	-0.2%
Household & Personal Products	UNVR	0.9%	0.0%	-0.9%
Insurance	PNLF	0.1%	0.1%	0.0%

Source: Bloomberg, Indo Premier

Fig. 14: Top 17 fund OW/UW full list (3)

Sector	Ticker	JCI weight	Top 17 fund weight	Top 17 fund OW/UW
Materials	ADMR	0.3%	0.2%	-0.1%
Materials	AGII	0.0%	0.0%	0.0%
Materials	ANTM	0.7%	0.3%	-0.4%
Materials	BRMS	0.5%	0.0%	-0.5%
Materials	BRPT	0.8%	0.4%	-0.4%
Materials	ESSA	0.3%	0.0%	-0.3%
Materials	INCO	0.5%	0.3%	-0.2%
Materials	INKP	0.5%	0.1%	-0.5%
Materials	INTP	0.6%	0.3%	-0.3%
Materials	MBMA	0.4%	0.2%	-0.2%
Materials	MDKA	1.7%	1.1%	-0.5%
Materials	NCKL	0.4%	0.1%	-0.3%
Materials	PTRO	0.0%	0.1%	0.1%
Materials	SMGR	0.7%	0.0%	-0.7%
Materials	TINS	0.1%	0.0%	-0.1%
Materials	TPIA	1.1%	0.7%	-0.4%
Media & Entertainment	EMTK	0.4%	0.0%	-0.4%
Media & Entertainment	MNCN	0.2%	0.0%	-0.2%
Media & Entertainment	MSIN	0.3%	0.1%	-0.2%
Media & Entertainment	SCMA	0.1%	0.0%	-0.1%
Pharmaceuticals, Biotechnology & Life Sciences	KLBF	1.5%	2.1%	0.5%
Real Estate Management & Development	BSDE	0.3%	0.1%	-0.2%
Real Estate Management & Development	CTRA	0.3%	0.0%	-0.3%
Real Estate Management & Development	GPRA	0.0%	0.0%	0.0%
Real Estate Management & Development	KPIG	0.1%	0.0%	-0.1%
Real Estate Management & Development	MKPI	0.1%	0.0%	-0.1%
Real Estate Management & Development	PWON	0.3%	0.0%	-0.2%
Real Estate Management & Development	SMRA	0.2%	0.0%	-0.2%
Telecommunication Services	EXCL	0.3%	0.2%	-0.1%
Telecommunication Services	FREN	0.2%	0.0%	-0.2%
Telecommunication Services	ISAT	0.3%	0.6%	0.2%
Telecommunication Services	MTEL	0.3%	0.5%	0.1%
Telecommunication Services	TBIG	0.4%	0.0%	-0.4%
Telecommunication Services	TLKM	7.5%	7.8%	0.3%
Telecommunication Services	TOWR	0.8%	0.3%	-0.5%
Transportation	BIP	0.2%	0.0%	-0.2%
Transportation	JSMR	0.3%	0.0%	-0.2%
Utilities	PGAS	0.6%	0.3%	-0.3%
Utilities	PGEO	0.1%	0.0%	-0.1%

Source: Bloomberg, Indo Premier

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- OVERWEIGHT : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

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- BUY : Expected total return of 10% or more within a 12-month period
- HOLD : Expected total return between -10% and 10% within a 12-month period
- SELL : Expected total return of -10% or worse within a 12-month period

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