

Exceptional & Rich Indonesia 30™ Factsheet

AS OF JANUARY 13, 2023

Description

Exceptional & Rich Indonesia 30 Index [E&R Indonesia 30] has been created to improve the statistical and scientific design flaws of the market capitalization methodology used in the Jakarta Composite Index, which is widely regarded as the best single gauge of large-cap Indonesia equities. Unlike market capitalization methodology which is risk-increasing and return-reducing owing to its concentration, the E&R is designed to own 30 large-cap Indonesian equities, and deliver higher risk-weighted excess returns while maintaining low tracking error vs. the Jakarta Composite Index.

Index Attributes

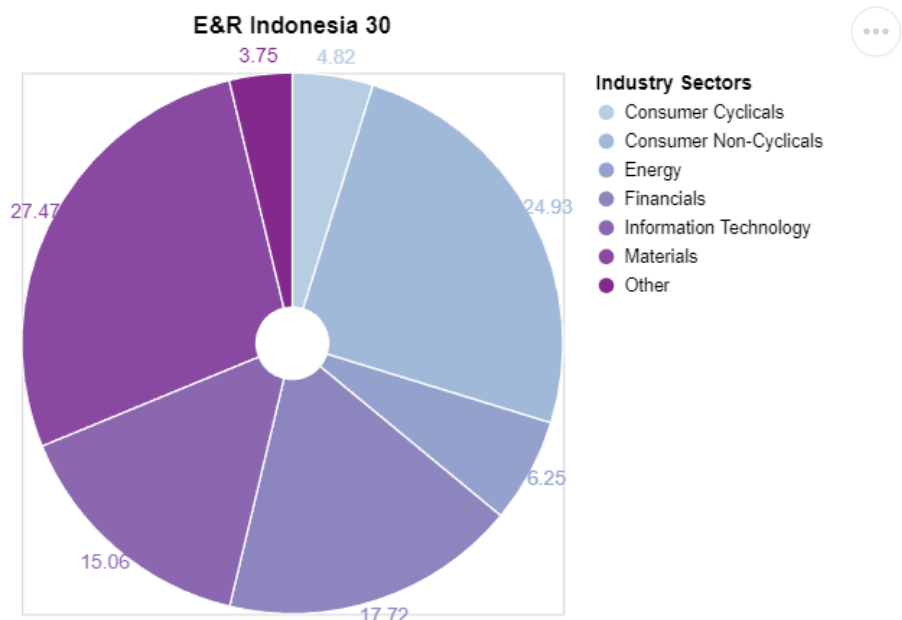
Launched on January 3, 2023, the E&R Indonesia 30 leads a new generation of Smart Beta Indices that electronically delivers investable fund processes direct to Institutional and Individual investors. The lack of secondary market delivery is an essential attribute for the Index as it reduces the overall systematic risk inherent in Exchange Traded Funds today and allow the final investor to only pay-for-alpha above the Jakarta Composite Index.

Methodology

The methodology is based on a modern science innovation, which uses Reversion-Divergence framework to dynamically score, weight and rebalance components in a group to deliver higher risk-weighted excess returns. The method removes the conflict between Efficient and Inefficient market thinking, statistically normal and non-normal behavior, or in simple terms the conflict between Value and Growth investing. The methodology is not Size biased, and obviates the need for concentration and running after winners but rather adopts a slower weight readjustment compared to the Jakarta Composite Index.

1. Exceptional & Rich Indonesia 30 - Inception date January 2016

1.1. Sector Breakdown

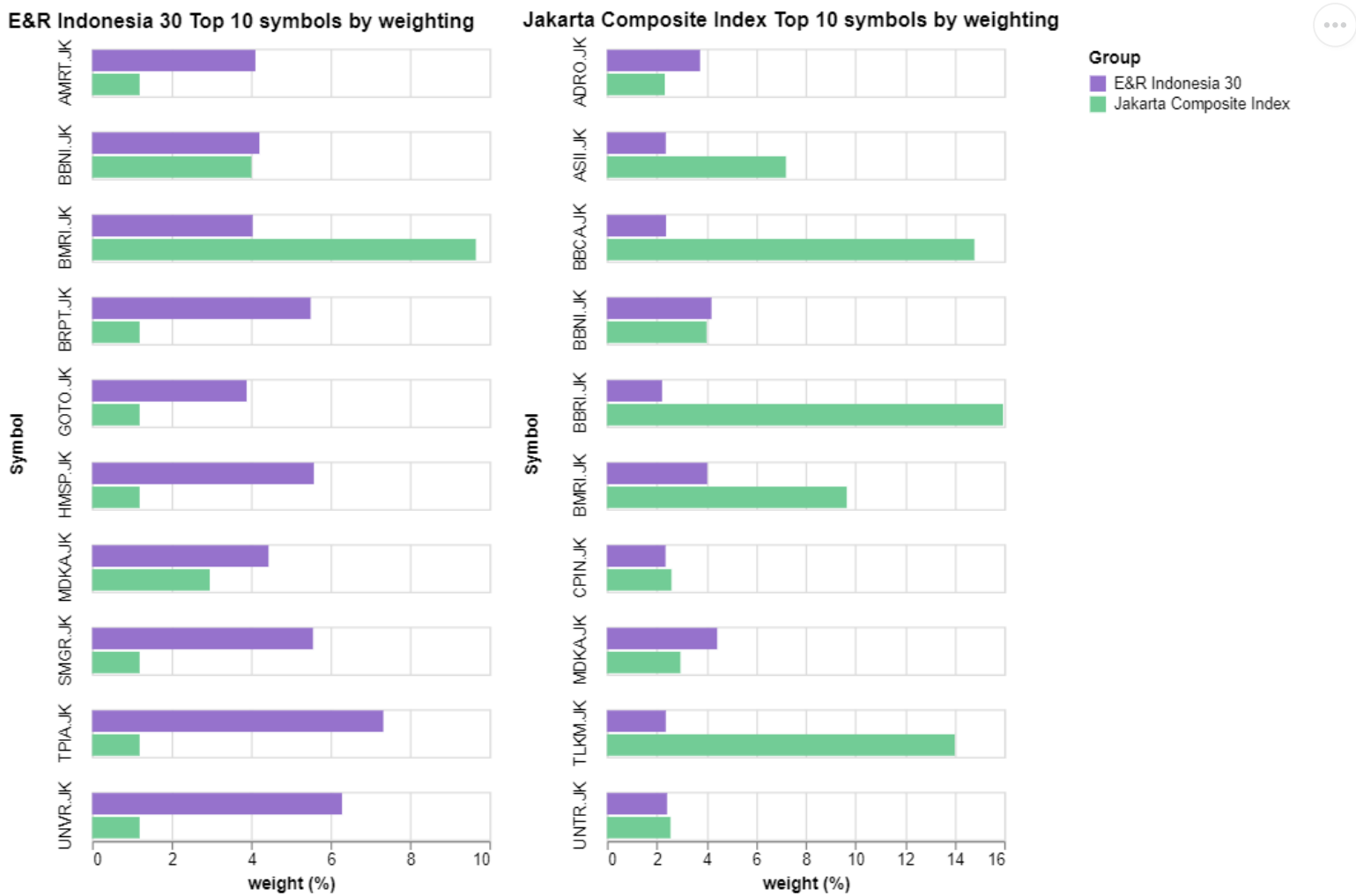


1.2. Top 10 Components

Out[17]:

	Nr./Symbol	Name	Current Price	P&L(%)	E&R Indonesia 30 Proportion(%)
1	TPIA.JK	Chandra Asri Petrochemical	2350	30.10	7.33
2	UNVR.JK	Unilever Indonesia	4750	11.76	6.29
3	HMSP.JK	Hanjaya Mandala Sampoerna Tbk PT Company Profile	975	-1.02	5.58
4	SMGR.JK	Semen Indonesia	7275	-1.36	5.56
5	BRPT.JK	Barito Pacific	840	-2.33	5.50
6	MDKA.JK	Merdeka Copper Gold	4750	9.95	4.44
7	BBNI.JK	Bank Negara Indonesia	9550	4.09	4.21
8	AMRT.JK	Alfamart	2790	1.82	4.11
9	BMRI.JK	Bank Mandiri	10025	0.00	4.04
10	GOTO.JK	GoTo	117	23.16	3.89

1.3. Top 10 Comparisons



1.4. Performance Plot Since January 2016



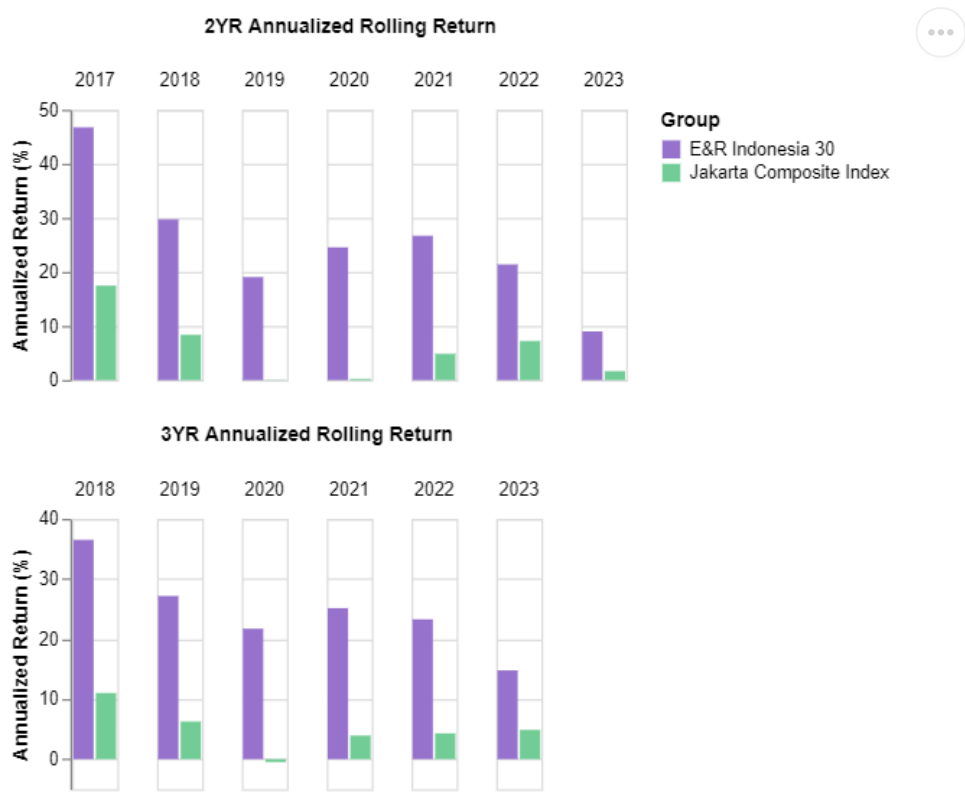
1.5. Performance Metrics

The table illustrates the performance across various parameters. The Performance (%) of Portfolio from different starting points, Current portfolio value of the funds invested at inception, Annualized (%) Returns, Annualized Standard Deviation (%), Average Tracking Error (%) and Average Information Ratio (%).

Out[20]:

	Nr./Name	E&R Indonesia 30	Jakarta Composite Index
1	Performance (%) since January 2017	274.40	30.25
2	Performance (%) since January 2019	111.78	11.37
3	Performance (%) since January 2021	39.01	15.39
4	Performance (%) since January 2023	2.76	0.7
5	Current Portfolio Value (Invested in January 2016)	607.22	152.43
6	Annualized (%) Return (Since January 2016)	29.07	6.15
7	Annualized Std. Deviation (%)	17.12	15.14
8	Average Tracking Error (%)	10.85	-
9	Average Information Ratio (%)	1.80	-

1.6. Annualized Rolling Return



1.7. Drawdown Analysis

A daily time series plot illustrating drawdowns of more than 10% from peak equity.



Out[23]:

	Nr./Portfolio Drawdowns (%)	Start date	End date	Maximum (%)	Days
1	-	8-Aug-18	9-Jan-19	-11.02	154
2	-	18-Feb-19	2-Sep-19	-16.85	196
3	-	27-Dec-19	13-Oct-20	-36.48	291

Out[24]:

	Nr./Benchmark Drawdowns (%)	Start date	End date	Maximum (%)	Days
1	-	19-Feb-18	11-Nov-21	-41.14	1361
2	-	13-Sep-22	28-Feb-23	-10.02	168

Bibliography

[1] Matia, Kaushik and Pal, Mukul and Stanley, H. Eugene and Salunkay, H., Scale-Dependent Price Fluctuations for the Indian Stock Market. EuroPhysics Letters, Aug 2003

[2] M. Pal, M. Shah, A. Mitroi, Temporal Changes in Shiller’s Exuberance Data, SSRN, Feb 2011

[3] M. Pal, Mean Reversion Framework, SSRN, May 2015

[4] M. Pal, Markov and the Mean Reversion Framework, SSRN, May 2015

[5] M. Pal, Momentum and Reversion, Aug 2015

[6] M. Pal, What is Value, SSRN, Sep 2015

[7] M. Pal, M. Ferent, Stock Market Stationarity, SSRN, Sep 2015

[8] M. Pal, Reversion Diversion Hypothesis, SSRN, Nov 2015

[9] M. Pal, How Physics Solved your wealth problem, SSRN, Oct 2016

[10] M. Pal, Human AI, SSRN, Jul 2017

[11] M. Pal, The Size Proxy, Aug 2017

[12] M. Pal, The Beta Maths, SSRN, Mar 2017

[13] Maureen, O. Bhattacharya, A. ETFs and Systematic Risk. CFA Research Institute, Jan 2020

[14] M. Pal, [3N] model of life, SSRN, Apr 2021

[15] M. Pal, The S&P 500 Myth, SSRN, Jul 2022

[16] M. Pal, The Snowball Effect, SSRN, Jul 2022

[17] M. Pal, Mechanisms of Psychology, SSRN, Jun 2022


AlphaBlock Research:

Mukul Pal
mukul@alphablock.org

Florina Pal
florina@alphablock.org

Patricia Ratiu
patricia@alphablock.org

Ciprian Tiric
ciprian.tiric@alphablock.org

Visit our GitHub repository: 

contact@alphablock.org

CONFIDENTIALITY NOTICE: The information contained in this communication is intended solely for the use of the individual or entity to whom it is addressed and others authorized to receive it, It may contain confidential or legally privileged information. If you are not the intended recipient you are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by responding to this email and then delete it from your system. We are neither liable for the proper and complete transmission of the information contained in this communication nor for any delay in its receipt.
