

# Savings Plan Fixed Income Fund

## December 2014



### INVESTMENT OBJECTIVE

The Objective of the fund is to provide relatively stable income with capital preservation for the long term.

### INVESTMENT STRATEGY

The Fund seeks to attain its objectives by investing in short term interest bearing instruments (such as deposits, SBI or money market mutual funds) and medium or long term interest bearing instruments (such as bonds and/or fixed income mutual funds).

### PERFORMANCE INDICATOR

#### Return Performance

Last 1-year period	<b>10.46%</b>
Best Month	<b>5.71% Oct-13</b>
Worst Month	<b>-6.87% Oct-08</b>

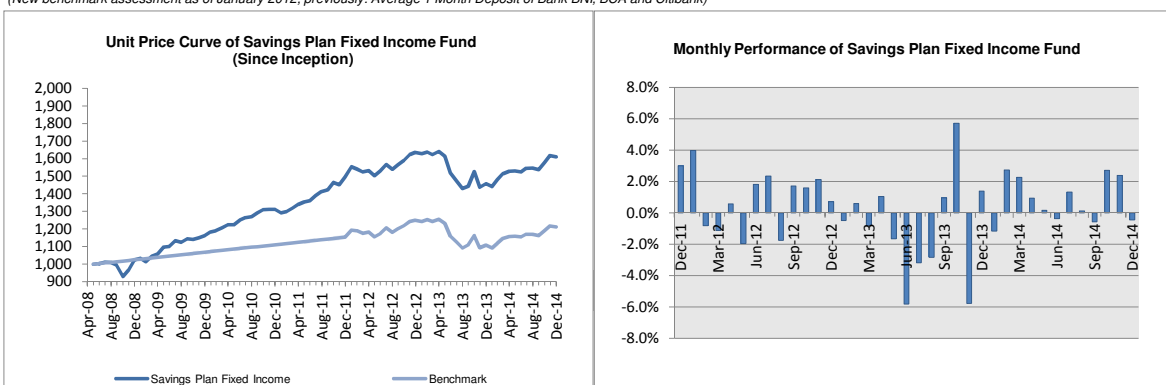
#### Portfolio Breakdown

Government Bonds	<b>75.20%</b>
Corporate Bonds	<b>7.44%</b>
Cash/Deposit	<b>17.36%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Savings Plan Fixed Income Fund	-0.45%	4.69%	5.61%	10.46%	7.74%	10.46%	61.04%
Benchmark*	-0.44%	4.20%	4.87%	9.31%	5.06%	9.31%	21.10%

\*80% HSBC Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank

(New benchmark assessment as of January 2012; previously: Average 1 Month Deposit of Bank BNI, BCA and Citibank)



### KEY FUND FACTS

<b>Fund Size (in bn IDR)</b>	: IDR 226.83	<b>Pricing Frequency</b>	: Daily
<b>Risk Profile</b>	: Moderate Investor	<b>Price per Unit</b>	
<b>Launch Date</b>	: 31 May 2008	<b>(As of Dec 30, 2014)</b>	: IDR 1,610.35
<b>Fund Currency</b>	: Indonesian IDR		
<b>Managed by</b>	: PT. Asuransi Allianz Life Indonesia		

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in Dec at 2.46% mom (vs consensus 2.06%, inflation 1.5% in Nov). Fuel hike still became the main reason of the Dec CPI increments, which resulted a rise in transportation costs and food prices. On yearly basis, inflation printed at 8.36% YoY (vs consensus 7.93%, 6.23% in Nov). Core inflation printed at 4.93% YoY (vs consensus 4.43%, 4.21% in Nov). In the Board of Governors' Meeting on Dec 11th, 2014, Bank Indonesia maintained its reference rate at 7.75%, Lending Facility at 8.0%, and the deposit facility rate (FASBI) at 5.75%. Rupiah depreciated against USD by -3.22% to 12,589 at end of Dec compared to previous month 12,196. Trade balance was deficit -0.425bn USD (non-oil and gas surplus 0.94bn, oil and gas deficit -1.36bn USD) in Nov (vs consensus surplus +0.13bn USD, surplus +0.02bn USD in Oct). Export decreased by -14.57% YoY mostly driven from export in crude oil, while imports decreased -7.31% YoY. FX Reserves increased +0.718bn USD from 111.144bn USD in Nov to 111.862bn USD in Dec.

IDR government bond yields curve closed higher across all tenor in December on the back of Rupiah depreciation and negative global news such as: US service industries expanded in November at the second-fastest pace in more than nine years, the stronger US NFP number, continued fall in oil price, unresponsive China's data and Russia increased rate (The Russian Central Bank raised its key interest rate to 17% (from 10.5%) to arrest the fall of the Ruble). Positive sentiment came from buy back action in government bond and Rupiah intervention from Bank Indonesia. Buying action from onshore players in thin liquidity at last week of December brought yields lower however still closed higher compared to previous month levels. MOF announced few news from the Investor Gathering held on 3rd of December:

- 2015 gross issuance target: IDR 431tn (before fuel hike adjustment), which consists of 81.7% from conventional bonds and 18.3% from sukuk auction.
- 2015 net issuance target : IDR 277tn (before fuel hike adjustment).
- Front loading strategy which is targeted 57% of issuance in first semester (1H).
- IDR denominated bonds will use the same benchmark 5y (FR69), 10y (FR70), 15y (FR71) and 20y (FR68).
- International bonds issuance: USD (global bonds), EUR (global bonds) and JPY (samurai bond).
- There will be a first debt switch program for sukuk.

MoF also released 2015 auction calendar which plan to issue IDR 78.5tn of bonds through auction in Q1 2015. State owned utility (PLN) has created a new scheme to set electricity tariff for its commercial customers which consists of large households, hotels and shopping centers. The new tariff scheme will be applicable starting from 1st January 2015 and to be calculated on monthly basis. The formula will be incorporating several factors such as inflation growth, IDR vs USD movement and Indonesia Crude Price (ICP). Offshore accounts decreased their holding by IDR 19.84Tn in Dec 2014 (-4.12% MoM), from IDR 481.20Tn as of Nov 28, 2014 to IDR 461.36Tn as of Dec 31, 2014, which brought their holding to 38.13% of total outstanding tradable government bond (from 39.41% in the previous month). The 5Y yield Dec was higher by +8bps to 7.70% (7.62% in Nov 2014), 10Y tenor higher by +10bps to 7.80% (7.70% in Nov 2014), 15Y tenor higher by +17bps to 8.15% (7.98% in Nov 2014) and 20Y tenor higher by +18bps to 8.29% (8.11% in Nov 2014).

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