

# Savings Plan Fixed Income Fund

## June 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>0.33%</b>
Best Month	<b>5.71% Oct-13</b>
Worst Month	<b>-6.87% Oct-08</b>

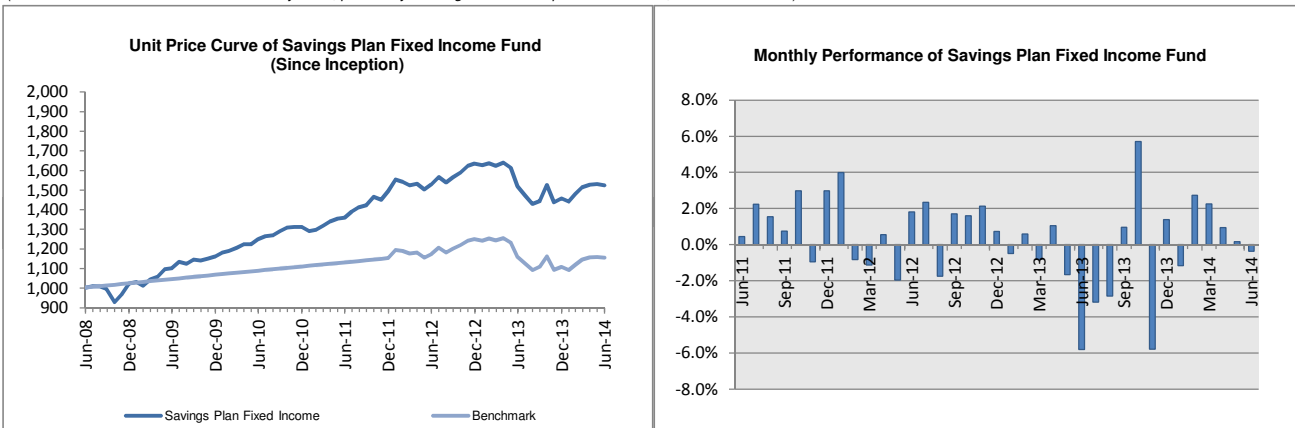
#### Portfolio Breakdown

Government Bonds	<b>81.38%</b>
Corporate Bonds	<b>9.43%</b>
Cash/Deposit	<b>9.19%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Savings Plan Fixed Income Fund	<b>-0.36%</b>	<b>0.74%</b>	<b>4.59%</b>	<b>0.33%</b>	<b>12.11%</b>	<b>4.59%</b>	<b>52.48%</b>
Benchmark*	<b>-0.36%</b>	<b>0.83%</b>	<b>4.23%</b>	<b>-0.37%</b>	<b>2.10%</b>	<b>4.23%</b>	<b>15.51%</b>

\*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 194.41	<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 June 30, 2014)</b>	: IDR 1,524.84
<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 June at 0.43% mom (vs consensus 0.47%, inflation 0.16% in May) caused by higher food ingredients, processed food, beverages, and tobacco prices while direct impact of May's electricity tariff hike was limited as it only involved high-end household customers. However, starting July, the impact may increase as mid-size households will also see tariff hikes averaging 9% every two months. On yearly basis, inflation printed at 6.70% yoy (vs consensus 6.79%, 7.32% in May). Core inflation rose to 4.81% yoy (vs consensus 4.80%, 4.66% in May). In the Board of Governors' Meeting on Jun 12<sup>th</sup>, 2014, BI maintained its reference rate at 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah depreciated against USD by -3.08% to 11,969 at end of June compared to previous month 11,611. Trade balance was surplus +70mn USD (non-oil and gas surplus 1.4mn, oil and gas deficit -1.33mn USD) in May (vs consensus deficit -100mn USD, deficit -1.962bn USD in Apr). Export decreased by -8.11% YoY mostly driven from vehicles and parts. While imports decreased by -11.43% YoY.

IDR government bond yield curve closed higher across all tenor in June on the back of: 1. higher oil prices due to ongoing conflict in Iraq, 2. Rupiah depreciation, 3. Political uncertainty (due to increasing tight competition between Jokowi and Prabowo), 4. Concerns over 2014's revised budget (the possibility for the additional IDR60-70Tn financing for this year). Offshore accounts increased their holding by IDR 6.43Tn in June 2014 (+1.62% mom), from IDR 397.16Tn as of May 30, 2014 to IDR 403.59Tn as of Jun 30, 2014, which brought their holding to 35.66% of total outstanding tradable government bond (from 35.72% in the previous month). The 5Y yield June was higher by +16bps to 7.83% (7.67% in May 2014), 10Y tenor higher by +16bps to 8.22% (8.06% in May 2014), 15Y tenor higher by +12bps to 8.66% (8.54% in Mei 2014) and 20Y tenor higher by +29bps to 8.91% (8.62% in May 2014).

#### Disclaimer:

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