

# Savings Plan Fixed Income Fund

## October 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>3.53%</b>
Best Month	<b>5.71% Oct-13</b>
Worst Month	<b>-6.87% Oct-08</b>

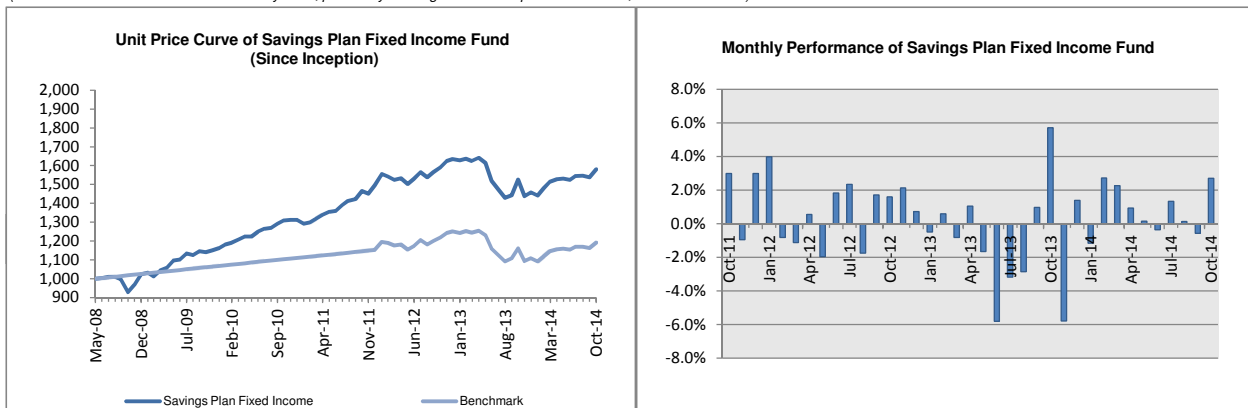
#### Portfolio Breakdown

Government Bonds	<b>82.74%</b>
Corporate Bonds	<b>8.87%</b>
Cash/Deposit	<b>8.39%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Savings Plan Fixed Income Fund	<b>2.71%</b>	<b>2.25%</b>	<b>3.40%</b>	<b>3.53%</b>	<b>7.83%</b>	<b>8.37%</b>	<b>57.99%</b>
Benchmark*	<b>2.53%</b>	<b>1.93%</b>	<b>3.03%</b>	<b>2.59%</b>	<b>4.02%</b>	<b>7.56%</b>	<b>19.16%</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 207.90	<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 Oct 31, 2014)</b>	: IDR 1,579.85
<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 Oct at 0.47% mom (vs consensus 0.33%, inflation 0.27% in Sept) mostly caused by higher household electricity tariff, LPG price and both raw and processed food. On yearly basis, inflation printed at 4.83% YoY (vs consensus 4.70%, 4.53% in Sept). Core inflation stable at 4.02% YoY (vs consensus 3.97%, 4.04% in Sept). In the Board of Governors' Meeting on Oct 7th, 2014, BI maintained its reference rate at 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah appreciated against USD by +1.07% to 12,082 at end of Oct compared to previous month 12,212. Trade balance was deficit -0.27bn USD (non-oil and gas surplus +0.76bn, oil and gas deficit -1.03bn USD) in Sept (vs consensus deficit -0.28bn USD, deficit -0.31bn USD in Aug). Export increased by +3.87% YoY mostly driven from export in crude oil, while imports increased by +0.23% YoY. BPS announced Q3 GDP expanded by only 5.01% YoY (vs consensus 5.1%) and 2.96% QoQ (vs consensus 3.03%), lower compared to previous quarter with consumption (private and government consumption) remain the driver. By industry level, GDP growth was driven by agriculture and mining sectors.

IDR government bond yields curve closed lower across all tenor in October despite negative sentiments came from domestic political condition at the beginning of the month which Merah Putih Coalition took over the Upper House (MPR) position. This situation made Jokowi's party lost for 5 times consecutively (UU MD3, Regulation for DPR, Pilkada/Direct Regional Election and Position for DPR and MPR). Sentiment turned around post meeting between Prabowo and Jokowi on 16 Oct 2014, Prabowo congratulates Jokowi and asked his party to support Jokowi which gave positive outcome to the market. Another positive sentiment came from Jokowi's smooth inauguration process on Oct 20 as well as announcement from new Finance Minister, Bambang Brodjonegoro stated that fuel price hike will be done before year end 2014. Limited supply until the end of the year from MOF also brought prices rally in the market (As of 31 Oct 2014, MOF had fulfilled 98.37% of target gross issuance). Indonesia issued IDR 21.10 Tn of 3 yrs Govt Retail Bonds (ORI-11) from IDR 20tn target at coupon 8.5% in October. President Joko Widodo announced 34 names for new cabinet on Oct 26 which consist of 20 professionals – all which are positioned at key positions – and 14 political party linked. Out of the total 14 names supported by political party, 5 from PDI-P including Megawati's daughter (Puan Maharani), 3 from Nasdem, 3 from PKB, 2 from Hanura and 1 from PPP which all belong to Indonesia Hebat Coalition. Offshore accounts still increased their holding by IDR 12.49Tn in Oct 2014 (+2.79% MoM), from IDR 447.37Tn as of Sept 30, 2014 to IDR 459.86Tn as of Oct 31, 2014, which brought their holding to 37.80% of total outstanding tradable government bond (from 37.30% in the previous month). The 5Y yield Oct was lower by -47bps to 7.86% (8.33% in Sept 2014), 10Y tenor lower by -48bps to 8.04% (8.52% in Sept 2014), 15Y tenor lower by -53bps to 8.38% (8.91% in Sept 2014) and 20Y tenor lower by -57bps to 8.47% (9.04% in Sept 2014).

#### Disclaimer:

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