

Savings Plan Fixed Income Fund

February 2015



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 | 16.58% |
| Best Month | 5.71% Oct-13 |
| Worst Month | -6.87% Oct-08 |

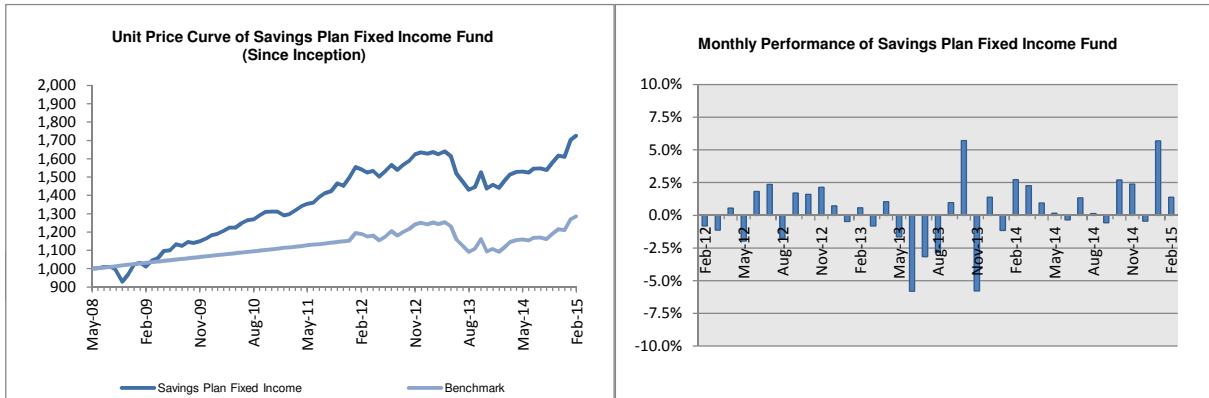
Portfolio Breakdown

| | |
|--------------------------|---------------|
| Mutual Fund Fixed Income | 95.12% |
| Cash/Deposit | 4.88% |

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | YTD | Since Inception |
|--------------------------------|--------------|--------------|---------------|---------------|---------------|--------------|-----------------|
| Savings Plan Fixed Income Fund | 1.38% | 6.68% | 11.54% | 16.58% | 11.94% | 7.16% | 72.56% |
| Benchmark* | 1.18% | 5.62% | 9.80% | 14.86% | 7.96% | 6.09% | 28.47% |

*80% HSBC Indonesian Local 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

| | | | |
|------------------------------|---------------------------------------|-----------------------------|----------------|
| Fund Size (in bn IDR) | : IDR 237.23 | Pricing Frequency | : Daily |
| Risk Profile | : Moderate Investor | Price per Unit | |
| Launch Date | : 31 May 2008 | (As of Feb 27, 2015) | : IDR 1,725.60 |
| Fund Currency | : Indonesian IDR | | |
| Managed by | : PT. Asuransi Allianz Life Indonesia | | |

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in Feb 2015 at -0.36% mom (vs consensus 0.18%, inflation -0.24% in Jan 2015). Lower CPI was driven by price reduction in raw foods, tobacco and transportation costs. On yearly basis, inflation printed at 6.29% YoY (vs consensus 6.70%, 6.96% in Jan 2015). Core inflation printed at 4.96% YoY (vs consensus 5.00%, 4.99% in Jan 2015). In the Board of Governors' Meeting on Feb 17th, 2015, Bank Indonesia cut 25bps its reference rate to 7.50%, maintained Lending Facility at 8.0%, and cut the deposit facility rate (FASBI) to 5.50%. Rupiah depreciated against USD by -1.52% to 12,863 at end of Feb compared to previous month 12,670. Trade balance was surplus +0.71bn USD (non-oil and gas surplus 0.74bn, oil and gas deficit -0.03bn USD) in Jan 2015 (vs consensus surplus 0.06bn USD, surplus 0.19bn USD in Jan 2015). Export decreased by -8.1% YoY mostly driven from export in vegetable oil, while imports decreased -15.6% YoY. FX Reserves increased +1.277bn USD from 114.250bn USD in Jan 2015 to 115.527bn USD in Feb 2015.

IDR government bond yields curve closed lower across all tenor in Feb 2015 as foreign inflows continued bidding in the market. BI's decision to cut rate also gave positive sentiment to the market, aside from negative sentiment toward IDR Weakening and further comment from BI governor that could depreciate further. Overall market was bearish as regional currencies weakened on the back of negative sentiment from Greece and rangebound post Yellen's congressional testimony. Parliament has approved the revised state budget for 2015. Gross issuance has been set at IDR 452tn. The Ministry of Finance is targeting domestic issuance of 54% in the 1H2015 which comes roughly around IDR 175tn after taking into account the upcoming sukuk retail to fetch around IDR 20tn. The average auction size for conventional bonds to come down to IDR 9.7tn (8 conventional auctions remaining) for the remaining first semester. Some Highlights from January's news:

- Fiscal deficit for the Revised Budget is lower at 1.9% of GDP (down from 2.2% in 2014);
- Ambitious goals on tax revenue at IDR 1,440tn (\$115.2bn), up +4.3% from original Budget and +15.6% than 2014;
- Capital expenditure at IDR 280tn (\$22.5bn), up +28% from original Budget and up +47% from 2014;
- Fuel subsidy allocation cut to IDR 64.7tn (\$5.1bn), down -77% from IDR 276tn in original Budget and down -69% from IDR 210.7tn in 2014;
- Capital injection for state firms set at IDR 64.8tn (\$5.2bn);
- Reduction in dividend payments from state firms to IDR 36.9tn (\$2.96bn), -16% from original Budget.

Offshore accounts increased their holding by IDR 6.84Tn in Feb 2015 (1.37% MoM), from IDR 500.83Tn as of Jan 30, 2014 to IDR 507.67Tn as of Feb 27, 2015, which brought their holding to 40.03% of total outstanding tradable government bond (from 40.25% in the previous month). The 5Y yield Feb was lower by -10bps to 6.86% (6.96% in Jan 2015), 10Y tenor lower by 11bps to 7.06% (7.17% in Jan 2015), 15Y tenor lower by -13bps to 7.28% (7.41% in Jan 2015) and 20Y tenor lower by -11bps to 7.31% (7.42% in Jan 2015).

Disclaimer:

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