

# Savings Plan Fixed Income Fund

## January 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	<b>18.12%</b>
Best Month	<b>5.71% Oct-13</b>
Worst Month	<b>-6.87% Oct-08</b>

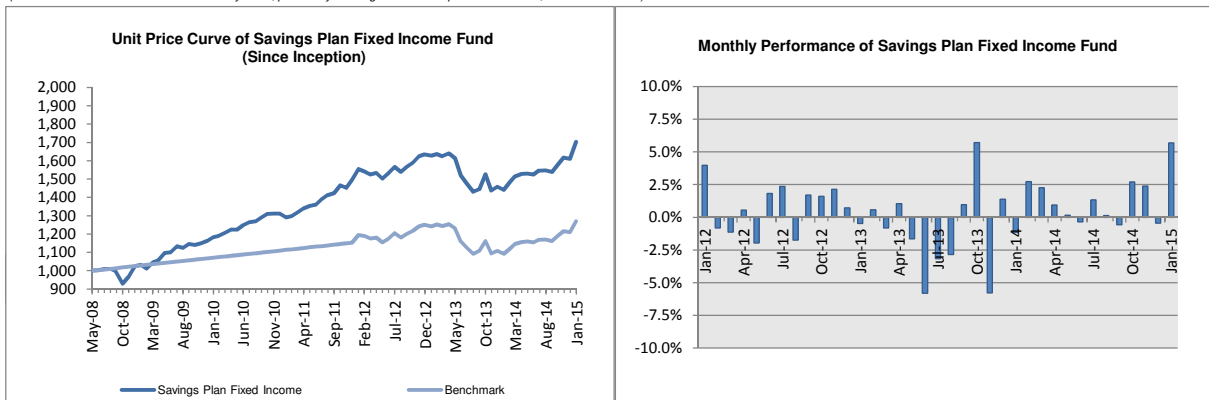
#### Portfolio Breakdown

Mutual Fund Fixed Income	<b>95.18%</b>
Cash/Deposit	<b>4.82%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Savings Plan Fixed Income Fund	<b>5.69%</b>	<b>7.73%</b>	<b>10.16%</b>	<b>18.12%</b>	<b>9.51%</b>	<b>5.69%</b>	<b>70.20%</b>
Benchmark*	<b>4.85%</b>	<b>6.56%</b>	<b>8.61%</b>	<b>16.36%</b>	<b>6.34%</b>	<b>4.85%</b>	<b>26.97%</b>

\*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

<b>Fund Size (in bn IDR)</b>	: IDR 233.71	<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 Jan 30, 2015)</b>	: IDR 1,702.04
<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 Jan 2015 at -0.24% mom (vs consensus 0.24%, inflation 2.46% in Dec 2014). CPI was lower than expected was driven by the fuel cut policy, which caused a price reduction in transportation costs and communication. On yearly basis, inflation printed at 6.96% YoY (vs consensus 7.46%, 8.36% in Dec 2014). Core inflation printed at 4.99% YoY (vs consensus 4.70%, 4.93% in Dec 2014). In the Board of Governors' Meeting on Jan 15th, 2015, 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 -0.64% to 12,670 at end of Jan compared to previous month 12,589. Trade balance was surplus +0.19bn USD (non-oil and gas surplus 1.22bn, oil and gas deficit -1.04bn USD) in Dec 2014 (vs consensus surplus +0.17bn USD, deficit -0.43bn USD in Nov 2014). Export decreased by -13.83% YoY mostly driven from export in jewelry, while imports decreased -6.61% YoY. FX Reserves increased +2.388bn USD from 111.862bn USD in Dec 2014 to 114.250bn USD in Jan 2015. BPS announced Q4 2014 GDP expanded by only 5.02% YoY (vs consensus 4.9%) and 2.06% QoQ (vs consensus 1.5%), lower compared to previous quarter with net export decline as the driver. By industry level, GDP growth was driven by agriculture, forestry and fisheries.

IDR government bond yields curve closed lower across all tenor in Jan 2015 on the back of aggressive foreign inflows. Market weakened post MoF announcement of a bigger issuance target and less number of series as well as low global oil price. Government decision to completely erase regular gasoline (RON88) subsidy and implement fixed diesel subsidy that already implemented at fuel price cut on Jan 19 gave positive sentiment to the market. Other Positive sentiment came from indicative that the Fed may not hike rate before April 2015, successful Indonesian Global Bond Issuance, increased Indonesian FX reserves and comments from MOF regarding revised budget proposal since the revised budget deficit expected to reduce net bond issuance this year around IDR 30-40Tn. Jokowi announced cut the subsidized fuel to IDR 6,600/lt and diesel to Rp6,400/lt, effective from Jan 19. This is the second cut in January 2015, down from IDR 7,600/lt for fuel and IDR 7,250/lt for diesel. At current price, fuel is no longer subsidized while diesel is subsidized IDR 1,000/lt by government. The government issued USD4bn global bonds on Jan 9th with total bid reached USD19.3bn (vs. USD17.5bn last year). Yields for the 10yr and 30yr tranches were USD2bn at 4.2% (Coupon 4.125%) and USD2bn at 5.2% (Coupon 5.125%). The Government allocated 48% of the 10yr bonds to U.S. investors (vs. 66% in 2014), 24% to European funds (vs. 17% in 2014), 15% to Asian investors excluding Indonesia (vs. 6% in 2014) and 13% to local funds (vs. 11% in 2014). While for the 30yr, it sold 53% to U.S. investors (vs. 70% in 2014), 23% to European funds (vs. 16% in 2014), 20% to Asian investors excluding Indonesia (vs. 11% in 2014) and 4% to local funds (vs. 3% in 2014). Offshore accounts increased their holding by IDR 39.48Tn in Jan 2015 (+8.56% MoM), from IDR 461.35Tn as of Dec 31, 2014 to IDR 500.83Tn as of Jan 30, 2015, which brought their holding to 40.25% of total outstanding tradable government bond (from 38.13% in the previous month). In Jan 2015, the 5Y yield was lower by -74bps to 6.96% (7.70% in Dec 2014), 10Y tenor lower by -63bps to 7.17% (7.80% in Dec 2014), 15Y tenor lower by -74bps to 7.41% (8.15% in Dec 2014) and 20Y tenor lower by -87bps to 7.42% (8.29% in Dec 2014).

#### Disclaimer:

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