

Savings Plan Fixed Income Fund

August 2016



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 **19.86%**
Best Month **5.71%** Oct-13
Worst Month **-6.87%** Oct-08

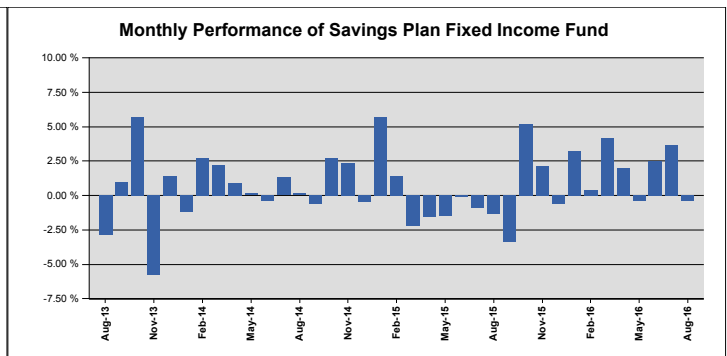
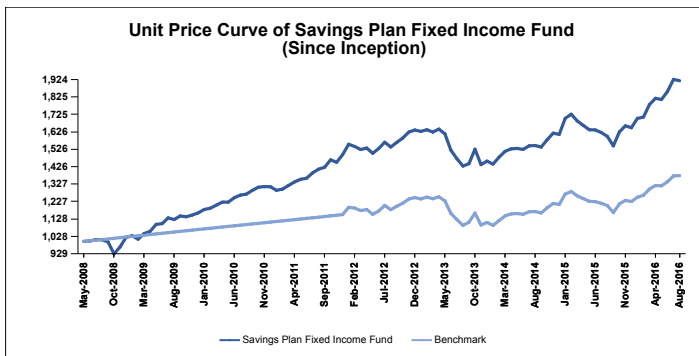
Portfolio Breakdown

Mutual Funds - Bonds **98.71%**
Cash/Deposit **1.29%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Savings Plan Fixed Income Fund	-0.39%	5.93%	12.15%	19.86%	34.07%	16.27%	91.68%
Benchmark*	0.10%	4.41%	8.85%	14.15%	25.98%	12.04%	37.50%

*80% Bloomberg Indonesia Local Sovereign Bond (BINDO) Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank

(Benchmark assessment; before Mar 2016: 80% HSBC Indonesia Local Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citi; before Jan 2012: Average 1 Month Deposit of BNI, BCA and Citi)



KEY FUND FACTS

Fund Size (in bn IDR) : IDR 197.86
Risk Profile : Moderate
Launch Date : 31 May 2008
Fund Currency : Indonesian Rupiah
Managed by : PT Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit (As of Aug 31, 2016) : IDR 1,916.83

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Aug's deflation at -0.02% mom (vs consensus inflation +0.02%, inflation +0.69% in Jul 2016) mostly was caused by lower food ingredients, communication and transportation cost also financial services. On yearly basis, inflation lower to 2.79% YoY (vs consensus 3.02%, 3.21% in Jul 2016). Core inflation printed at 3.32% YoY, lower than previous month (3.49% in Jul 2016). In the Board of Governors' Meeting on 18-19 Aug 2016, Bank Indonesia maintained its 7-day Reverse Repo Rate at 5.25%, Deposit Facility (DF) however reduced the Lending Facility (LF) by 100bps from 7.00% to 6.00%. Rupiah depreciated by -1.57% to 13,300/USD at end of July as opposed to 13,094/USD previous month. Trade balance booked a surplus of +US\$0.6bn (non-oil and gas surplus +US\$1.07bn, oil and gas deficit US\$-0.48bn) in Jul 2016. Export fell by -17.02% YoY mostly driven by a reduction in exports of jewelry, while imports fell by -11.56% YoY. FX Reserves rose by US\$2,13bn from US\$111,41bn in Jul 2016 to US\$113,54bn in Aug 2016 on the back of revenue from tax, and oil-gas, as well as proceeds from Bank Indonesia's FX bills, known as SBBI. Reserves are sufficient for 8.7months imports or 8.3months imports and government external debt payments.

IDR government bond yields closed higher all across the curve in Aug 2016 due to the possibility of the Fed rate hike in September post the strong US NFP; people prefer to wait and see for the further catalyst. However, some domestic data result gave some support to the market, such as lower CPI and continuous huge demands on the government bonds auction as well as better 2Q16 GDP result. Another positive sentiment came from the revised 2016 budget deficit target from 2.35% to 2.5% as it seem more realistic. BI announcement for the new benchmark rate (7-day reverse repo rate, to replace BI rate) also gave positive sentiment to the market. Budget revised again as the new Finance Minister estimates tax revenue shortfall will be IDR219tn due to falling commodity and energy prices, and as a consequence government will need to cut spending further and issue another IDR17tn of bonds to manage the deficit. However market may see this as long-term positive, as government finally realized the ambitious tax revenue target may not be achieved by year-end, and thus act accordingly before it's too late. Offshore accounts increased their holding by IDR 9.06Tn in Aug 2016 (+1.38% MoM), from IDR 659.03Tn as of Jul 2016 to IDR 668.09Tn as of Aug 2016, which brought their holding to 38.87% of total outstanding tradable government bond (from 39.39% in the previous month). The 5Y yield Aug2016 ended 4bps higher to 6.80% (6.76% in Jul 2016), 10Y tenor ended 18bps higher to 7.12% (6.94% in Jul 2016), 15Y tenor ended 17bps higher to 7.41% (7.24% in Jul 2016) and 20Y tenor ended 10bps higher to 7.49% (7.39% in Jul 2016).