

Savings Plan Fixed Income Fund

September 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	25.71%
Best Month	5.71% Oct-13
Worst Month	-6.87% Oct-08

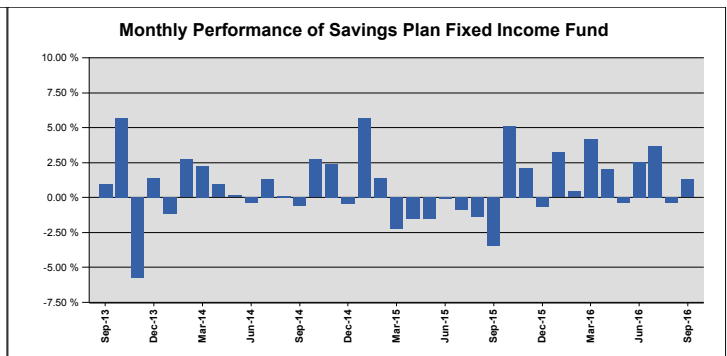
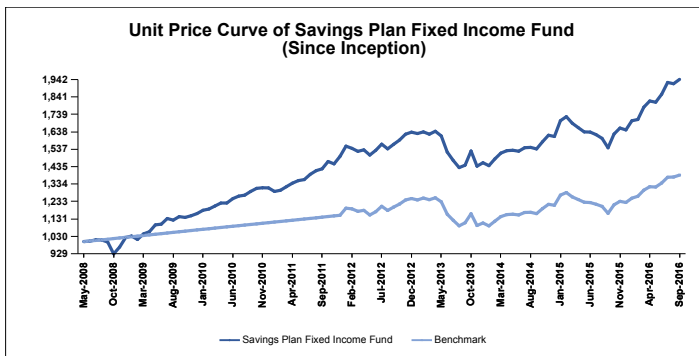
Portfolio Breakdown

Mutual Funds - Bonds	95.89%
Cash/Deposit	4.11%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Savings Plan Fixed Income Fund	1.31%	4.66%	9.07%	25.71%	34.53%	17.79%	94.19%
Benchmark*	0.80%	3.42%	6.73%	19.05%	24.97%	12.94%	38.60%

*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 178.59
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	: IDR 1,941.94
(As of Sep 30, 2016)	

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Sep's inflation at 0.22% mom (vs consensus inflation +0.2%, deflation -0.02% in Aug 2016) mostly was caused by higher process food, beverages, cigarette and tobacco. On yearly basis, inflation higher to 3.07% YoY (vs consensus 3.05%, 2.79% in Aug 2016). Core inflation printed at 3.21% YoY, lower than previous month (vs consensus 3.21%, 3.32% in Aug 2016). In the Board of Governors' Meeting on 22 Sept 2016, Bank Indonesia cut its 7-day Reverse Repo Rate by 25bps from 5.25% to 5.00%, also Deposit Facility (DF) from 4.50% to 4.25% and Lending Facility (LF) from 6.00% to 5.75%. Rupiah appreciated by +2.32% to 12,998/USD at end of Sept as opposed to 13,300/USD previous month. Trade balance booked a surplus of +US\$0.29bn (non-oil and gas surplus +US\$0.92bn, oil and gas deficit US\$-0.63bn) in Aug 2016. Export fell by -0.74% YoY mostly driven by a reduction in steel and iron, while imports fell by -0.49% YoY. FX Reserves rose by US\$2.13bn from US\$113.54bn in Aug 2016 to US\$115.67bn in Sept 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 government external debt payments.

IDR government bond yields volatile in September however closed almost lower all across the curve. Positive sentiment came from BI's decision to cut its rates, abundant liquidity around IDR 39Tn from FR55 bond matured and coupon also higher August foreign reserves. While negative sentiment came from regional side of Deutsche Bank's financial health in Europe, increasing expectation the Fed will hike rate in December this year and uncertainty over BOJ's easing policy direction. Furthermore BI added liquidity in the market through monetary operation to halt further rupiah appreciation. The government announced new calendar bond auctions and their target for 4Q 2016 issuances. The government targeted to issue IDR 48.75Tn from bond auctions (both for sukuk and conventional) in 4Q, which means that gross issuances this year will be IDR 654.4Tn. The government also canceled two sukuk auctions scheduled on 15 and 29 Nov. The government has issued IDR 170.3Tn of sukuk instrument or 29% of total issuances ytd (vs. initial target of 27% or IDR 176.5Tn this year). Offshore accounts increased their holding by IDR 16.89Tn in Sept 2016 (+2.53% MoM), from IDR 668.09Tn as of Aug 2016 to IDR 684.98Tn as of Sept 2016, which brought their holding to 39.16% of total outstanding tradable government bond (from 38.87% in the previous month). The 5Y yield Sept 2016 ended 4bps higher to 6.84% (6.80% in Aug 2016), 10Y tenor ended -6bps lower to 7.06% (7.12% in Aug 2016), 15Y tenor ended -12bps lower to 7.29% (7.41% in Aug 2016) and 20Y tenor ended -8bps lower to 7.41% (7.49% in Aug 2016).