

Savings Plan Fixed Income Fund

February 2017



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 **12.13%**
Best Month **5.71%** Oct-13
Worst Month **-6.87%** Oct-08

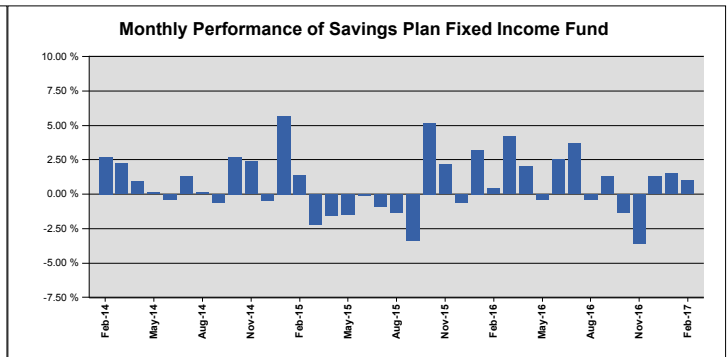
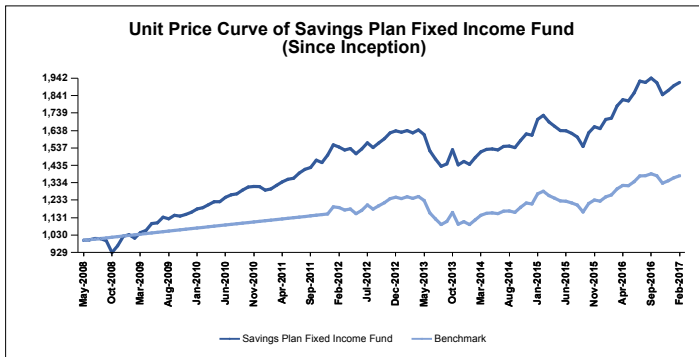
Portfolio Breakdown

Mutual Funds - Bonds **84.13%**
Cash/Deposit **15.87%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Savings Plan Fixed Income Fund	0.97%	3.83%	-0.02%	12.13%	29.47%	2.50%	91.65%
Benchmark*	0.85%	3.23%	-0.03%	8.81%	22.89%	2.16%	37.45%

*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 193.66
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 Feb 28, 2017) : IDR 1,916.46

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Feb 2017 inflation at 0.23% mom (vs consensus 0.30%, 0.97% in Jan 2017), mostly was caused by higher process food, beverages, cigarette and tobacco. On yearly basis, inflation was higher to 3.83% YoY (vs consensus 3.90%, 3.49% in Jan 2017). Core inflation printed at 3.41% YoY, higher than previous month at 3.35% YoY. In the Board of Governors' Meeting on 14 and 19 Feb 2017, Bank Indonesia maintained the 7-day reverse repo rate at 4.75%, also Deposit Facility (DF) at 4.00% and Lending Facility (LF) at 5.50%. Rupiah depreciated by -0.03% to 13,347/USD at end of Feb 2017 as opposed to 13,343/USD previous month. Trade balance booked a surplus of +US\$1.4bn (non-oil and gas surplus +US\$1.93bn, oil and gas deficit US\$-0.54bn) in Jan 2017. Export rose by +27.71% YoY mostly driven by rubber exports, while imports rose by +14.54% YoY. FX Reserves rose by USD 3.01bn from USD 116.89bn in Jan 2017 to USD 119.9bn in Feb 2017 on the back of tax income, oil and gas export, government foreign loan drawdown also income from foreign currency bonds issuance.

IDR government bond yields closed lower all across the curve in Feb 2017 with short tenors underperformed the medium and long tenors, which supported by global sentiment from US NFP data and positive ratings outlook by Moody's on Indonesia from domestic side. However, global uncertainty has made most players took wait and see stance for positive fresh catalyst especially for further detail of Trump's policies. Furthermore, Yellen in her Feb 14 speech mentioned that it may be appropriate for the central bank to raise interest rates at one of its upcoming meetings caused cautious mode in the market. Local players still gave strong supports throughout the month and managed to push the yield down by the end of month. Total nonfarm payroll employment increased by 227,000 in Jan 2017 above consensus of 175,000. However on their wage, over the year, average hourly earnings have risen by 2.5%, below consensus of 2.7% and from 2.8% in Dec 2016. The weak wage growth from US NFP data indicates the possibility of not too aggressive the Fed rate hike. Offshore accounts increased their holding by IDR +6.38tn in Feb 2017 (+0.93% MoM), from IDR 685.51tn as of Jan 2017 to IDR 691.89tn as of Feb 2017, which brought their holding to 37.47% of total outstanding tradable government bond (from 37.85% in the previous month). The 5Y yield Feb 2017 ended -1bps lower to 7.28% (7.29% in Jan 2017), 10Y tenor ended -12bps lower to 7.53% (7.65% in Jan 2017), 15Y tenor ended -13bps lower to 7.86% (7.99% in Jan 2017) and 20Y tenor ended -6bps lower to 8.12% (8.18% in Jan 2017).