

Savings Plan Fixed Income Fund

July 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 **5.11%**
Best Month **5.71%** Oct-13
Worst Month **-6.87%** Oct-08

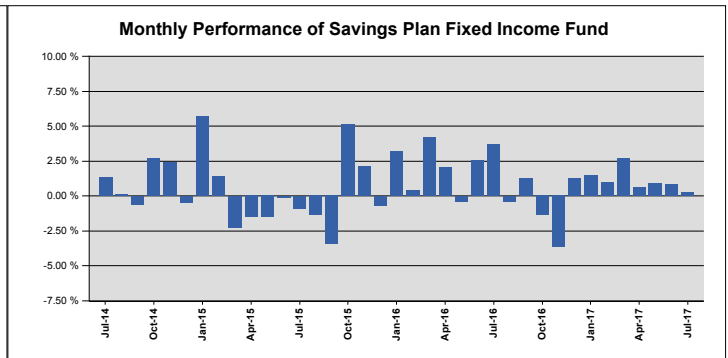
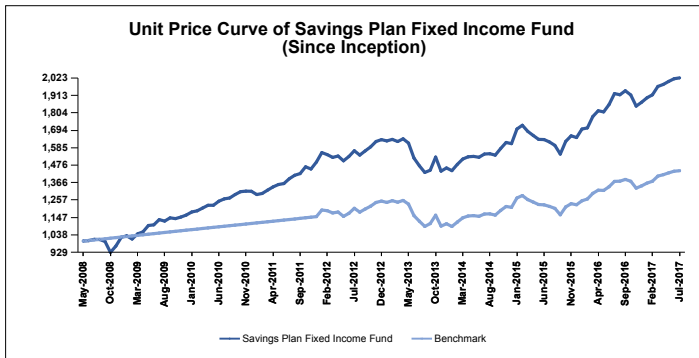
Portfolio Breakdown

Mutual Funds - Bonds **94.75%**
Cash/Deposit **5.25%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Savings Plan Fixed Income Fund	0.26%	2.07%	6.56%	5.11%	30.90%	8.17%	102.26%
Benchmark*	0.21%	1.75%	5.69%	4.87%	23.22%	7.06%	44.05%

*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 Cit; before Jan 2012: Average 1 Month Deposit of BNI, BCA and Cit)



KEY FUND FACTS

Fund Size (in bn IDR) : IDR 224.35
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 Jul 31, 2017) : IDR 2,022.55

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Jul 2017 inflation at 0.22% mom (vs consensus 0.19%, 0.69% in Jun 2017). On yearly basis, inflation was higher to +3.88%yoy (vs consensus 3.92%, 4.37% in Jun 2017). Core inflation was printed at +3.05% yoy (vs 3.13% in Jun 2017). Higher inflation was due to seasonally higher food, beverages, cigarettes and tobacco. In the Board of Governors' Meeting on 20 Jul 2017, Bank Indonesia maintained the BI 7-day (Reverse) Repo Rate (BI-7 day RR Rate) at 4.75%, while maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 4.00% and 5.50% respectively. Rupiah appreciated by +0.03% to 13,323/USD at end of Jul 2017 from 13,319/USD in previous month. Trade balance booked a surplus of USD 1.63bn (non-oil and gas surplus USD 1.96bn, oil and gas deficit USD 0.33bn) in Jun 2017. Export down by -11.82% YoY mostly driven by animal fats and vegetable oil, while imports down by -17.21% YoY. Indonesia's foreign reserves increased USD 4.67bn to USD 127.76bn in Jul 2017 from USD 123.09bn in Jun 2017. The increase was primarily attributable to foreign exchange receipts, among other from global bond issuance, tax revenues, government oil and gas export proceeds, as well as auction of Bank Indonesia foreign exchange bills. Indonesia 2Q 2017 GDP unchanged 5.01% yoy, vs consensus 5.08% yoy, and from 5.01% yoy in Q1 2017. From production segment, higher growth reached by information and communication sector at 10.88%. From expense segment, higher growth reached by Consumption Expenditure of Non-Profit Institutions that Serving the Household that grew 8.49%.

IDR government bond yields closed higher across the curve in Jul 2017. Bond prices lower significantly in the first week mostly on the back of offshore outflow. Market also dragged down by global sell-off due to ECB meeting minutes that leaves the door open to reduce bond purchase as well as Hawkish tone from the FOMC minutes. However, some support still seen from both side onshore and offshore players in which driven by global positive sentiment on Yellens's remarks that Fed won't rush to end the era of cheap money. Indonesia's June trade balance results and Fitch's positive outlook affirmation on Indonesia also added positive sentiment. The House of Representatives approved the revised 2017 state budget at a plenary session on Jul 27, which includes an increase of the deficit assumption from 2.41% to 2.92% (borderline approaching 3% limit), or equivalent to additional IDR 70tn needed to fund the deficit. Offshore accounts increased their holding by IDR +4.99tn in Jul 2017 (+0.65% MoM), from IDR 770.55tn as of Jun 2017 to IDR 775.54tn as of Jul 2017, which brought their holding to 39.35% of total outstanding tradable government bond (from 39.47% in the previous month). The 5Y yield Jul 2017 ended +11bps higher to 6.78% (6.67% in Jun 2017), 10Y tenor ended +13bps higher to 6.95% (6.82% in Jun 2017), 15Y tenor ended +2bps higher to 7.39% (7.37% in Jun 2017) and 20Y tenor ended +8bps higher to 7.63% (7.55% in Jun 2017).