

DPLK FIXED INCOME FUND

December 2019

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) and medium or long term interest bearing instruments (such as bonds and/or fixed income mutual funds).

Return Performance

Last 1-year Period		13.51%
Best Month	Jan-15	6.42%
Worst Month	Nov-13	-5.61%

Portfolio Breakdown

Treasury Bonds	89.13%
Corporate Bonds	0.62%
Govt. Related Bond	3.16%
Cash/Deposit	7.09%

Key Fund Facts

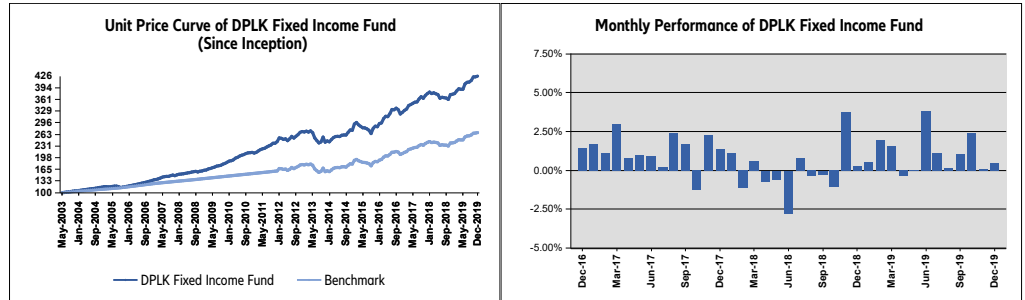
Fund Size (in bn IDR)	IDR 165.09
Risk Profile	Moderate
Launch Date	31 May 2003
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

Price per Unit	
(As of Dec 30, 2019)	IDR 426.4566

Managed by DPLK Allianz Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
DPLK Fixed Income Fund	0.44%	2.94%	5.38%	13.51%	31.22%	13.51%	326.46%
Benchmark*	0.42%	2.49%	4.74%	11.98%	27.91%	11.98%	168.19%

*80% Indonesia Bond Pricing Agency (IBPA) IDR Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank
(Benchmark assessment: before Jul 2018: 80% Bloomberg Indonesia Local Sovereign Bond (BINDO) & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; 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)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced December 2019 inflation at +0.34% mom (vs consensus inflation +0.49%, +0.14% in November 2019). On yearly basis, inflation was +2.72% yoy (vs consensus inflation +2.90%, +3.00% in November 2019). Core inflation was printed at +3.02% yoy (vs consensus inflation +3.14%, +3.08% in November 2019). The inflation was still affected by increasing prices in food stuffs group (egg and dairy) and also transportation cost ahead of holiday season. In the Board of Governors' Meeting on 18th and 19th December 2019 Bank Indonesia kept the BI 7-day Reverse Repo Rate unchanged on 5.00%, also maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 4.25% and 5.75%, respectively. This policy is still supported by manageable inflation that within target range as well. Rupiah appreciated by +1.42% to 13,901/USD at end of December 2019 from 14,102/USD in previous month. Indonesia's trade balance recorded deficit amounting to USD -1,331mn in November 2019 vs previous month surplus USD +172.5mn. The deficit was caused by the increasing in import growth compared previous month, while the export growth declined which was caused by the weak of global commodity price. Non-oil and gas trade balance in November 2019 recorded deficit USD -300.8mn, while the previous month resulted surplus amounting to USD +990mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -1,029mn in November 2019, higher than the deficit on October 2019 amounting to USD -829mn. Indonesia's official foreign reserve as of December 2019 was at USD 129.18billion, higher than November 2019's number at USD 126.63billion.

IDR Government bond yields were closed mixed with lower yield on short to belly tenor, while were higher on long tenor. The market was opened with weaker tone due to global sentiments, such as: the uncertainty related trade deal between US-China, trade wars between US and Latin America as well as European Union, and Trump impeachment issue. While from the domestic, the negative sentiment were caused by lower projection of Indonesia's growth from Asian Development Bank and World Bank, deficit trade balance in November 2019 and the issue about relaxation CAD to be more 3%. Sri Mulyani tried to calm the market with statement that CAD will be below 3% following the existing law, however the selling action by onshore and foreign banks already happened. Bank Indonesia were seen in the market buying the bonds. Market became relatively much better after Trump announced that they cancelled to impose additional tariff for China's products and they also stated that the trade agreement between US and China will be held in the beginning of January 2020. Then, market was muted on the back of holiday mood. Offshore accounts decreased their holding by IDR -5.18tn in December 2019 (-0.49% MoM), to IDR 1,062.62tn as of 30 Dec 2019 from IDR 1,067.80tn as of 29 Nov 2019, which brought their holding to 38.60% of total outstanding tradable government bond (from 38.55% in the previous month). The 5Y yield Dec 2019 ended -5bps lower to +6.44% (+6.49% in Nov 2019), 10Y tenor ended -5bps lower to +7.06% (+7.11% in Nov 2019), 15Y tenor ended +2bps higher to +7.57% (+7.55% in Nov 2019) and 20Y tenor ended +1bps higher to +7.57% (+7.56% in Nov 2019).

Disclaimer:

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