

DPLK FIXED INCOME FUND

June 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		11.04%
Best Month	Jan-15	6.42%
Worst Month	Nov-13	-5.61%

Portfolio Breakdown

Treasury Bonds	85.69%
Corporate Bonds	0.70%
Govt. Related Bond	4.98%
Cash/Deposit	8.64%

Key Fund Facts

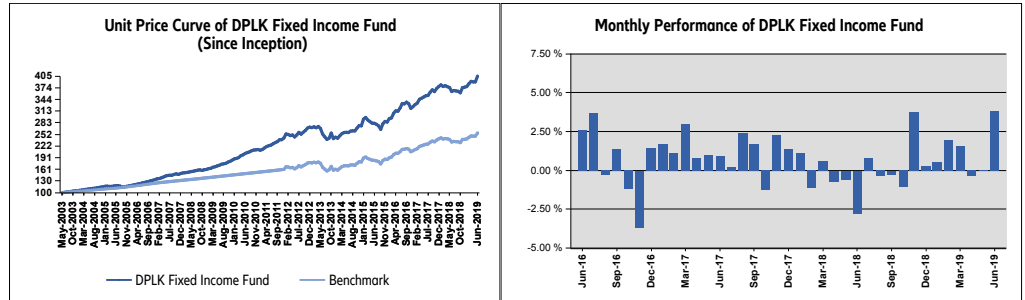
Fund Size (in bn IDR)	IDR 144.98
Risk Profile	Moderate
Launch Date	31 May 2003
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

Price per Unit	
(As of Jun 28, 2019)	IDR 404.6973

Managed by DPLK Allianz Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
DPLK Fixed Income Fund	3.83%	3.48%	7.71%	11.04%	25.99%	7.71%	304.70%
Benchmark*	3.28%	3.10%	6.91%	10.13%	23.61%	6.91%	156.04%

*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 June 2019 inflation at +0.55% mom (vs consensus inflation +0.48%, +0.68% in May 2019). On yearly basis, inflation was +3.28% yoy (vs consensus inflation +3.26%, +3.32% in May 2019). Core inflation was printed at +3.25% yoy (vs consensus inflation +3.10%, +3.12% in May 2019). The inflation in this month was still mainly contributed by increasing in raw food price (red chili, fresh fish, and tomato), while the increasing of core inflation was caused by increasing gold price. In the Board of Governors' Meeting on 19th and 20th June 2019, Bank Indonesia kept the BI 7-day Reverse Repo Rate unchanged on 6.00%, while also maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 5.25% and 6.75% respectively. While, BI has decided to lower the rupiah reserve requirement for conventional and islamic banks by 50bps to 6.0% and 4.5% respectively, with the average reserve requirements remaining at 3.0%, effective from 1st July 2019. Rupiah appreciated by +1.70% to 14,141/USD at end of June 2019 from 14,385/USD in previous month. Indonesia's trade balance recorded surplus amounting to USD 0.208bn in May 2019 vs previous month deficit USD -2.502bn. The surplus was caused by increasing in export for non-oil & gas, especially mineral fuels (ex oil & gas product). Non-oil and gas trade balance in May 2019 recorded surplus USD 1.186bn, better than the previous month which was deficit amounting to USD -1.008bn. Meanwhile, oil and gas trade balance still recorded deficit to USD -0.978bn in May 2019, slightly better than deficit on April 2019 amounting to USD -1.493bn. The deficit was caused by higher oil products imports as well as crude oil. Indonesia's official foreign reserve as of June 2019 was at USD 123.8 billion, higher than the May 2019 which stood at USD 120.35 billion. The increment in the reserve assets per June 2019 was affected by the foreign exchange income from oil & gas income and withdrawal of government external debt.

IDR Government bond yields were closed lower at the end of the June 2019 on the back of offshore inflows in line with IDR appreciation. The upgrading of Indonesia's sovereign rating from S&P (from BBB- to BBB), was the main reason of offshore inflows. The dovish tone coming from FED and Bank Indonesia related with benchmark rate cut in this year and also trade talks plan between Trump and Xi Jinping in G20 meeting, added positive sentiment to the market. Market rallied nearly a full month with benchmark tenor as the favorite to buy. Offshore accounts increased their holding by IDR 39.19tn in June 2019 (+4.13% MoM), from IDR 949.56tn as of 31 May 2019 to IDR 988.75tn as of 28 June 2019, which brought their holding to 39.07% of total outstanding tradable government bond (from 37.88% in the previous month). The 5Y yield June 2019 ended -69bps lower to +6.87% (+7.56% in May 2019), 10Y tenor ended -58bps lower to +7.45% (+8.03% in May 2019), 15Y tenor ended -68bps lower to +7.83% (+8.51% in May 2019) and 20Y tenor ended -46bps lower to +8.02% (+8.48% in May 2019).

Disclaimer:

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