

DPLK FIXED INCOME FUND

July 2020

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		10.66%
Best Month	Jan-15	6.42%
Worst Month	Nov-13	-5.61%

Portfolio Breakdown

Treasury Bonds	85.71%
Corporate Bonds	0.57%
Govt. Related Bond	2.36%
Cash/Deposit	11.36%

Key Fund Facts

Fund Size (in bn IDR)	IDR 179.48
Risk Profile	Moderate
Launch Date	31 May 2003
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	396,275,482.6055

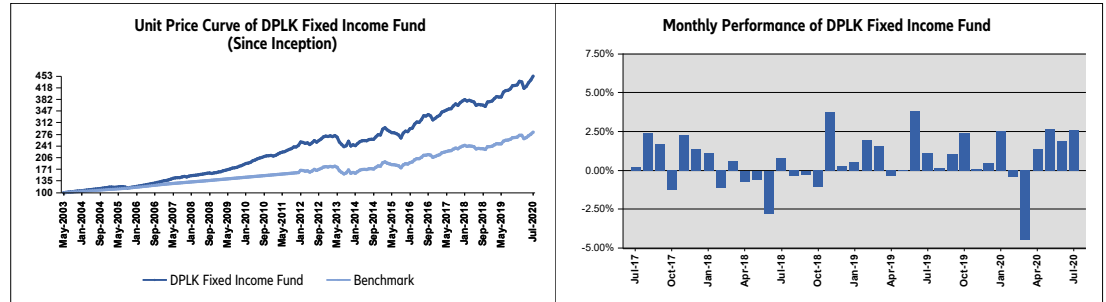
Price per Unit	
(As of Jul 30, 2020)	IDR 452.9146

Managed by DPLK Allianz Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
DPLK Fixed Income Fund	2.63%	7.38%	3.56%	10.66%	27.86%	6.20%	352.91%
Benchmark*	2.23%	6.15%	3.46%	9.44%	24.66%	5.62%	183.25%

*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 July 2020 deflation at -0.10% mom (vs consensus inflation +0.05%, +0.18% in June 2020). On yearly basis, inflation was +1.54% yoy (vs consensus inflation +1.71%, +1.96% in June 2020). Core inflation was printed at +2.07% yoy (vs consensus inflation +2.11%, +2.26% in June 2020). The monthly deflation was contributed by the deflation on volatile food and administered price group. The deflation on volatile food group was affected by the declining of chicken, onion, and rice price, while the administered price group was impacted by the declining of transportation cost. The core inflation was contributed by the increment of gold price. In the Board of Governors' Meeting on 15-16 July 2020, Bank Indonesia cut the BI 7-day Reverse Repo Rate by 25bps to be 4.00%, and also cut the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to be 3.25% and 4.75% level, respectively. This policy is still in line with the low inflation target, and it expected to keep the stability of economic and also help the economic recovery which is affected by the Covid-19. Rupiah depreciated by -2.45% to 14,653 at the end of July 2020 from 14,302 at end of June 2020. Indonesia's trade balance recorded surplus amounting to USD +1,268mn in June 2020 vs previous month surplus USD +2,092mn. The surplus was caused by better number in export which was supported by the increment on commodities prices and also the increasing in export number for iron & steel. The growth of import on June was also better compared with May's number which was caused by the relaxation of implementation of new normal policy where the business started to reopen on June. Non-oil and gas trade balance in June 2020 recorded surplus USD+1,372mn, which was lower than the previous month that recorded trade surplus amounting to USD +2,098mn. Meanwhile, oil and gas trade balance still recorded deficit to USD -95mn in June 2020, which was higher than the deficit on May 2020 amounting to USD -6mn. Indonesia's economy contracted by -5.32% YoY in Q2 2020 (vs previous -2.97%, consensus -4.72%), and -4.19% QoQ (vs previous -0.41%, consensus -3.65%). This is the first negative growth in Indonesia's history after the Asian Financial Crisis in 1998. In terms of expenditure, the private consumption which dominated 57.85% of GDP growth, also contracted by -6.5% QoQ. While, in terms of business sector, the contraction was happened on all of sectors, except agriculture, telecommunication, and water supply sector that still grew positively. Indonesia's official foreign reserve as of July 2020 was at USD 135.1billion, higher than June 2020's number at USD 131.7billion. The increment of foreign reserve was supported by the issuance of global bonds and withdrawal of government loans.

IDR Government bond yields were closed lower across all curves in line with offshore inflows. The bullish tone in this month was affected by the global and domestic sentiments, such as: the news about additional stimulus budget for Europe Zone amounting to EU 750bn, the expectation of the injection liquidity by US Government amounting to US 4tn (100x of Indonesia's stimulus budget), and also the development process of Covid-19 vaccine showed good signed. While from domestic side are the announcement of scheme for Burden Sharing between MoF and Bank Indonesia. The scheme for burden sharing between BI and MoF will be divided into three, as follows: Public Goods amounting to IDR 397Tn that BI will bear the cost and buy it through private placement; Non Public Goods for SMEs amounting to IDR 123Tn that BI will partially bear the cost and buy it in market; Non Public Goods for Non SMEs amounting to IDR 53 tn that MoF will bear the cost and BI will buy bonds in market. Offshore accounts increased their holding by IDR +8.79tn in July 2020 (+0.94% MoM), to IDR 945.79tn as of 30 July 2020 from IDR 937.00tn as of 30 June 2020, which brought their holding to 29.77% of total outstanding tradable government bond (from 30.17% in the previous month). The 5Y yield July 2020 ended -58bps lower to +5.96%(+6.54% in June 2020), 10Y tenor ended -38bps lower to +6.83%(+7.21% in June 2020), 15Y tenor ended -36bps lower to +7.27%(+7.63% in June 2020) and 20Y tenor ended -25bps lower to +7.42%(+7.68% in June 2020).

About Allianz Indonesia

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