

DPLK Fixed Income Fund

May 2015



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).

PERFORMANCE INDICATOR

Return Performance

Last 1-year period	9.27%
Best Month	6.42% Jan-15
Worst Month	-5.61% Nov-13

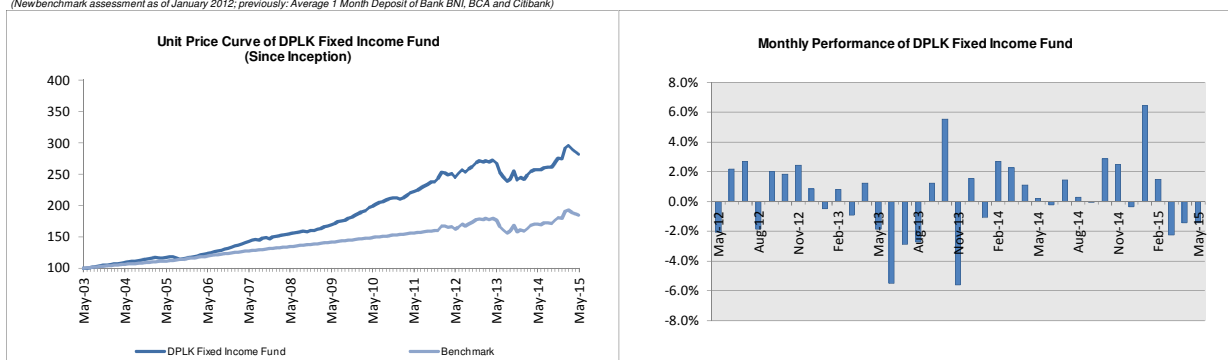
Portfolio Breakdown

Treasury Bonds	84.99%
Govt. Related Bonds	3.26%
Corporate Bonds	4.81%
Cash/Deposit	6.94%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
DPLK Fixed Income Fund	-1.42%	-5.05%	2.20%	9.27%	14.68%	2.55%	181.75%
Benchmark*	-1.24%	-4.33%	2.12%	8.34%	13.89%	2.55%	84.86%

*80% HSBC Indonesian Local Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank

(New benchmark assessment as of January 2012; previously: Average 1 Month Deposit of Bank BNI, BCA and Citibank)



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 59.99	Pricing Frequency	: Daily
Risk Profile	: Moderate Investor	Price per Unit	
Launch Date	: 31 May 2003	(As of May 29, 2015)	: IDR 281.75
Fund Currency	: Indonesian IDR		
Managed by	: PT. Asuransi Allianz Life Indonesia		

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in May 2015 at 0.50% mom (vs consensus 0.40%, inflation 0.36% in Apr 2015) which mostly were caused by higher food ingredients, processed food and tobacco prices. On yearly basis, inflation printed at 7.15% YoY (vs consensus 7.01%, 6.79% in Apr 2015). Core inflation printed at 5.04% YoY, unchanged from previous month (vs consensus 5.06%, 5.04% in Apr 2015). In the Board of Governors' Meeting on May 19th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%. Rupiah depreciated against USD by -2.12% to 13,211 at end of May compared to previous month 12,937. Trade balance was surplus +0.45bn USD (non-oil and gas surplus 1.33bn, oil and gas deficit 0.88bn USD) in Apr 2015. Export decreased by -8.46% YoY mostly driven from export in mineral fuel, while imports decreased -22.31% YoY. FX Reserves slightly decreased -0.1bn USD from 110.87bn USD in Apr 2015 to 110.77bn USD in May 2015 (can cover 7.1 months import or 6.8 months import and offshore government loan payment). The government issuance of \$2 billion global sukuk added to the reserves, however the gain was offset when Bank Indonesia used reserves to repay offshore government loans and to defend the rupiah in the foreign-exchange market.

IDR government bond yields closed higher across all tenor in May 2015 on the back of market sell-off due to the effect of economy data results such as slower economic growth and currency weakened; despite of better than expected April's trade balance. Negative sentiment also came from global news such as fear on Greece's debt problem and UST sell-off. While positive sentiment came from unchanged BI reference rate and S&P outlook released as well as Bank Indonesia's reverse auctions. BI conducted reverse auction to support the market:

1. From total bid IDR 3.5tn on May 8, BI awarded IDR 2.3tn
2. From total bid IDR 5.89tn on May 12, BI awarded IDR 3tn
3. From total bid IDR 5.36tn on May 13, BI awarded IDR 2.665tn

Indonesia's credit outlook was changed to positive from stable by Standard & Poor's rating agency. The reason behind it was the improvement in fiscal and monetary framework. S&P stated that the greater policy effectiveness and predictability have resulted on expanded fiscal and reserve buffers, which improves Indonesia's external resilience. Offshore accounts increased their holding by IDR 6.31Tn in May 2015 (+1.24% MoM), from IDR 508.18Tn as of Apr 30, 2015 to IDR 514.49Tn as of May 29, 2015, which brought their holding to 38.39% of total outstanding tradable government bond (from 38.51% in the previous month). The 5Y yield May was higher by +37bps to 8.06% (7.69% in Apr 2015), 10Y tenor higher by +45bps to 8.17% (7.72% in Apr 2015), 15Y tenor higher by +34bps to 8.36% (8.04% in Apr 2015) and 20Y tenor higher by +30bps to 8.38% (8.08% in Apr 2015).

Disclaimer:

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