

DPLK Fixed Income Fund

May 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) 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	11.91%
Best Month	6.42% Jan-15
Worst Month	-5.61% Nov-13

Portfolio Breakdown

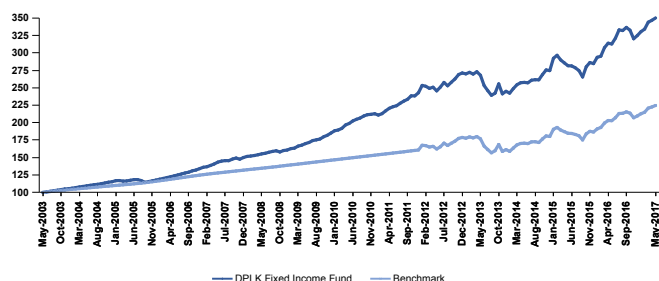
Treasury Bonds	82.98%
Corporate Bonds	2.40%
Govt. Related Bond	6.24%
Cash/Deposit	8.38%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
DPLK Fixed Income Fund							
Benchmark*	0.97%	4.79%	9.32%	11.91%	35.84%	7.77%	250.25%
	0.96%	4.53%	8.53%	10.76%	31.72%	7.19%	124.74%

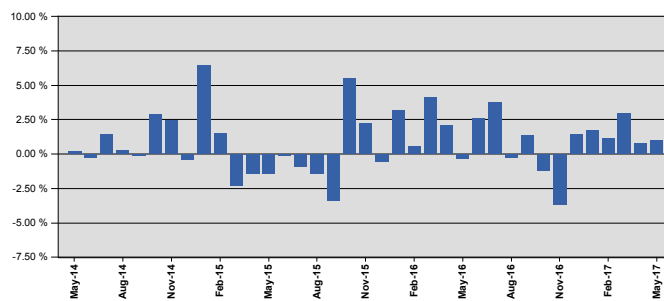
*80% Bloomberg Indonesia Local Sovereign Bond (BINDO) Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank

(Benchmark assessment; before Mar 2016: 80% HSBC Indonesia Local Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citi; before Jan 2012: Average 1 Month Deposit of BNI, BCA and Citi)

Unit Price Curve of DPLK Fixed Income Fund (Since Inception)



Monthly Performance of DPLK Fixed Income Fund



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 84.17
Risk Profile	: Moderate
Launch Date	: 31 May 2003
Fund Currency	: Indonesian Rupiah
Managed by	: DPLK Allianz Indonesia

Pricing Frequency	: Daily
Price per Unit	
(As of May 31, 2017)	: IDR 350.2520

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced May 2017 inflation at +0.39% mom (vs consensus 0.38%, 0.09% in Apr 2017). On yearly basis, inflation was higher to +4.33%yoy (vs consensus 4.31%, 4.17% in Apr 2017). Core inflation was printed at +3.20% yoy (vs consensus 3.30%, 3.28% in Apr 2017). Higher inflation was due to higher food prices on lead to and on fasting month. In the Board of Governors' Meeting on 17-18 May 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 +0.05% to 13,321/USD at end of May 2017 from 13,327/USD in previous month. April trade balance was surplus \$1.238bn (vs consensus \$0.946bn, \$1.234bn prior), with import rose 10.31% yoy (vs last 18.19%) and export rose 12.63% yoy (from before 23.55%). Indonesia's foreign reserves increased \$1.703bn to \$124.953bn in May 2017 from \$123.25bn in Apr 2017. The increase was primarily attributable to foreign exchange receipts, among other from tax revenues and government oil & gas export proceeds, as well as auction of Bank Indonesia foreign exchange bills. S&P upgraded Indonesia rating to BBB-/stable from BB+/positive on the back of improvement in the budget. "The government's new focus on realistic budgeting has lowered the risks that budget deficits will widen significantly when government revenue disappoints," S&P said.

IDR government bond yields closed mixed across the curve in May 2017 with slightly higher yield in short tenor and lower yield in middle to long tenor. Bond market started in quiet tone despite news of winning Macron in French election. Negative sentiment came from news of former Jakarta Governor Ahok sentenced 2 years in jail for blasphemy, and global risk-off on US political situation. Positive sentiment came from S&P upgraded Indonesia rating to investment grade, causing huge demand in auction on last May 23th. Indonesia sold Islamic bonds to hajj fund in private placement, on June 2, 2017 with the nominal of issuance IDR300bn. The issuance consists of one series tradable Sukuk Negara, which is PBS-009, with coupon fixed 7.75% per annum, and yield 5.85%. Offshore accounts increased their holding by IDR +10.33tn in May 2017 (+1.39% MoM), from IDR 745.82tn as of Apr 2017 to IDR 756.15tn as of May 2017, which brought their holding to 39.15% of total outstanding tradable government bond (from 39.10% in the previous month). The 5Y yield May 2017 ended +2bps higher to 6.71% (6.69% in Apr 2017), 10Y tenor ended -10bps lower to 6.95% (7.05% in Apr 2017), 15Y tenor ended -5bps lower to 7.40% (7.45% in Apr 2017) and 20Y tenor ended -10bps lower to 7.62% (7.72% in Apr 2017).

Disclaimer:

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