

# DPLK FIXED INCOME FUND

## May 2018

### 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	7.04%
Best Month	Jan-15 6.42%
Worst Month	Nov-13 -5.61%

### Portfolio Breakdown

Treasury Bonds	73.87%
Corporate Bonds	2.90%
Govt. Related Bond	6.86%
Mutual Funds - Bonds	0.98%
Cash/Deposit	15.38%

### Key Fund Facts

Fund Size (in bn IDR)	IDR 104.14
Risk Profile	Moderate
Launch Date	31 May 2003
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

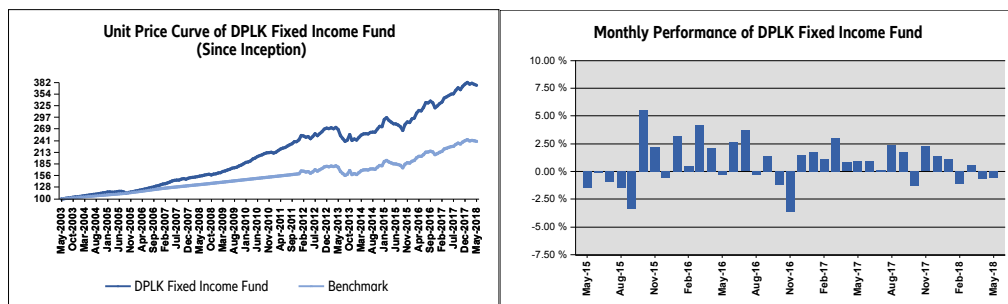
Price per Unit	
(As of May 31, 2018)	IDR 374.8934

Managed by DPLK Allianz Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
DPLK Fixed Income Fund	-0.59%	-0.72%	0.64%	7.04%	33.06%	-0.75%	274.89%
Benchmark*	-0.64%	-0.45%	0.67%	6.45%	29.41%	-0.69%	139.23%

\*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 Cit; before Jan 2012: Average 1 Month Deposit of BNI, BCA and Cit)



### Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced May 2018 inflation at +0.21% mom (vs consensus inflation +0.25%, +0.10% in Apr 2018). On yearly basis, inflation was +3.23% yoy (vs consensus inflation +3.30%, +3.41% in Apr 2018). Core inflation was printed at +2.75% yoy (vs consensus inflation +2.80%, +2.69% in Apr 2018). Inflation mostly caused by the slowing down of volatile food inflation. In the Board of Governors' Meeting on 30 May 2018, Bank Indonesia raised the BI 7-day Reverse Repo Rate by 25 bps to 4.75%, while also raising the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to 4.00% and 5.50% respectively. Rupiah depreciated by +0.02% to 13,896 /USD at end of May 2018 from 13,892/USD in previous month. Indonesia's trade balance in April 2018 records deficit of USD -1.269bn vs consensus USD 733mn. Non-oil and gas trade balance deficit in April 2018 is recorded USD 0.50bn, lower than the previous month which was surplus amounting to USD 2.02bn. Meanwhile, oil and gas trade balance deficit to USD 1.13bn in April 2018.

IDR Government bond yields were closed higher across all curves in May. Lower than expected trade balance, IDR depreciation (touched 14,100), as well as higher 10yr US Treasury yield (passed above 3.1%) gave negative sentiment to the market. BI raised the 7-day reverse repo rate two times in May 2017 (on 17 May 2017 by 25 bps and on 30 May 2017 by 50bps) in total becoming 4.75%. Market bounced back in the end of month post inauguration of Mr. Perry Widyadarmas as BI Governor, increment of BI's rate followed by IDR appreciation and the Fed FOMC minutes meeting (which stated that the current inflation (2%) will not lead to increase the rate in May). Bank Indonesia and local player supported the market especially on 10yr. Standard & Poor's (S&P) maintained Indonesia's sovereign credit rating on BBB- / A-3 with a stable outlook. Ratings supported by government's relatively low debt levels and moderate fiscal performance and external indebtedness. Offshore accounts decreased their holding by IDR 11.53tn in May 2018 (-1.36% MoM), from IDR 845.34tn as of April 2018 to IDR 833.81tn as of May 2018, which brought their holding to 38.15% of total outstanding tradable government bond (from 38.44% in the previous month). The 5Y yield May 2018 ended +33bps higher to 6.83% (6.50% in Apr 2018), 10Y tenor ended +1bps higher to 6.99% (6.98% in Apr 2018), 15Y tenor ended +35bps higher to 7.56% (7.21% in Apr 2018) and 20Y tenor ended +11bps higher to 7.58% (7.47% in Apr 2018).

#### Disclaimer:

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