

AlliSya Rupiah Fixed Income Fund

June 2014



BLOOMBERG: AZSRPFI:IJ

INVESTMENT OBJECTIVE

The Objective of the fund is to provide relatively stable income with capital preservation for the long term.

INVESTMENT STRATEGY

To achieve the investment objective, this fund shall be invested 0 - 20% in short-term sharia instruments (such as deposits of sharia, sharia SBI, sharia SPN, and / or money market mutual funds), and 80 - 100% in medium or long term instruments (such as sharia bonds, sharia corporate bonds and / or sharia fixed income mutual funds).

PERFORMANCE INDICATOR

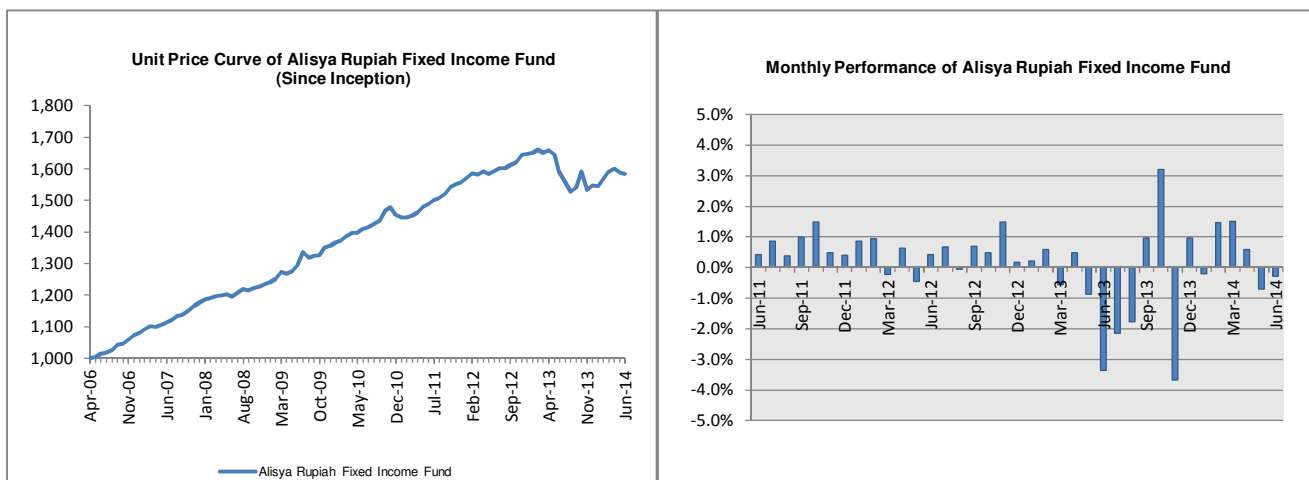
Return Performance

Last 1-year period	-0.30%
Best Month	3.32% Jul-09
Worst Month	-3.68% Nov-13

Portfolio Breakdown

Cash/Deposit Sharia	18.11%
Sharia Fixed Income Mutual Fund	0.00%
Government Bonds	78.24%
Corporate Bonds	3.65%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
AlliSya Rupiah Fixed Income Fund	-0.29%	-0.41%	2.36%	-0.30%	6.49%	2.36%	58.42%



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 53.15
Risk Profile	: Moderate Investor
Launch Date	: 25 Apr 2006
Fund Currency	: Indonesian IDR
Managed by	: PT. Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily
Price per Unit	Bid Offer
(As of June 30, 2014)	: IDR 1,505.03 IDR 1,584.24
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in June at 0.43% mom (vs consensus 0.47%, inflation 0.16% in May) caused by higher food ingredients, processed food, beverages, and tobacco prices while direct impact of May's electricity tariff hike was limited as it only involved high-end household customers. However, starting July, the impact may increase as mid-size households will also see tariff hikes averaging 9% every two months. On yearly basis, inflation printed at 6.70% yoy (vs consensus 6.79%, 7.32% in May). Core inflation rose to 4.81% yoy (vs consensus 4.80%, 4.66% in May). In the Board of Governors' Meeting on Jun 12th, 2014, BI maintained its reference rate at 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah depreciated against USD by -3.08% to 11,969 at end of June compared to previous month 11,611. Trade balance was surplus +70mn USD (non-oil and gas surplus 1.4mn, oil and gas deficit -1.33mn USD) in May (vs consensus deficit -100mn USD, deficit -1.962bn USD in Apr). Export decreased by -8.11% YoY mostly driven from vehicles and parts. While imports decreased by -11.43% YoY.

IDR government bond yield curve closed higher across all tenor in June on the back of: 1. higher oil prices due to ongoing conflict in Iraq, 2. Rupiah depreciation, 3. Political uncertainty (due to increasing tight competition between Jokowi and Prabowo), 4. Concerns over 2014's revised budget (the possibility for the additional IDR60-70Tn financing for this year). Offshore accounts increased their holding by IDR 6.43Tn in June 2014 (+1.62% mom), from IDR 397.16Tn as of May 30, 2014 to IDR 403.59Tn as of Jun 30, 2014, which brought their holding to 35.66% of total outstanding tradable government bond (from 35.72% in the previous month). The 5Y yield June was higher by +16bps to 7.83% (7.67% in May 2014), 10Y tenor higher by +16bps to 8.22% (8.06% in May 2014), 15Y tenor higher by +12bps to 8.66% (8.54% in Mei 2014) and 20Y tenor higher by +29bps to 8.91% (8.62% in May 2014).

Disclaimer:

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