

# AlliSyia Rupiah Fixed Income Fund

## May 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).

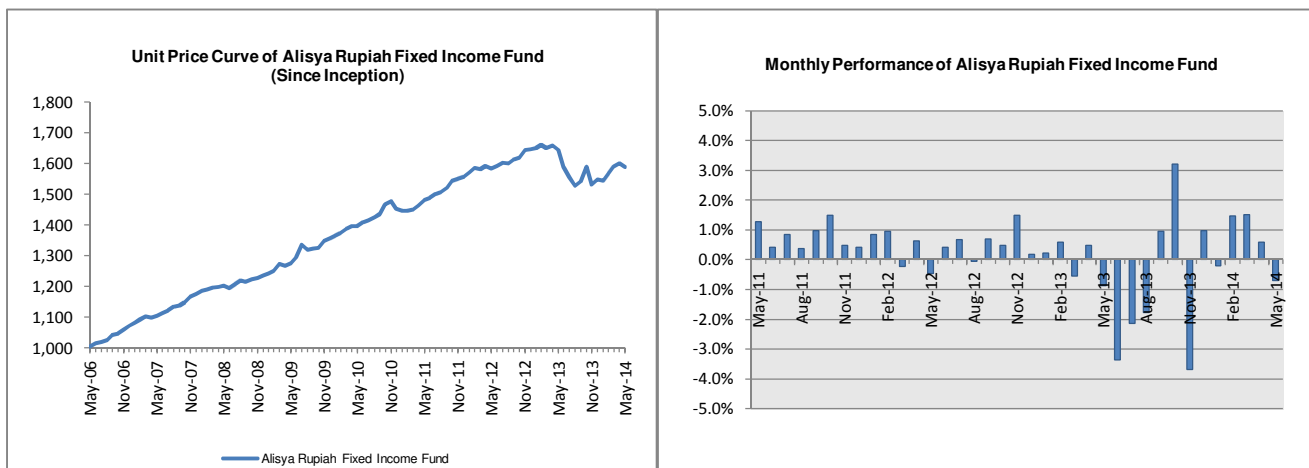
**PERFORMANCE INDICATOR**
**Return Performance**

Last 1-year period	<b>-3.38%</b>
Best Month	<b>3.32% Jul-09</b>
Worst Month	<b>-3.68% Nov-13</b>

**Portfolio Breakdown**

Cash/Deposit Sharia	<b>19.54%</b>
Sharia Fixed Income Mutual Fund	<b>0.00%</b>
Government Bonds	<b>76.80%</b>
Corporate Bonds	<b>3.66%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
AlliSyia Rupiah Fixed Income Fund	<b>-0.70%</b>	<b>1.38%</b>	<b>3.65%</b>	<b>-3.38%</b>	<b>7.25%</b>	<b>2.66%</b>	<b>58.88%</b>


**KEY FUND FACTS**

<b>Fund Size (in bn IDR)</b>	: IDR 53.06
<b>Risk Profile</b>	: Moderate Investor
<b>Launch Date</b>	: 25 Apr 2006
<b>Fund Currency</b>	: Indonesian IDR
<b>Managed by</b>	: PT. Asuransi Allianz Life Indonesia

<b>Pricing Frequency</b>	: Daily
<b>Price per Unit</b>	<b>Bid</b> <b>Offer</b>
<b>(As of May 30, 2014)</b>	: IDR 1,509.36 IDR 1,588.80
<b>Bid-Offer Spread</b>	: 5.00%
<b>Management Fee</b>	: 2.00% p.a

**MANAGER COMMENTARY**

Central Bureau Statistics of Indonesia (BPS) announced inflation in May at 0.16% mom (vs consensus 0.14%, deflation -0.02% in Apr) caused by higher processed food, housing and utilities prices. On yearly basis, inflation printed at 7.32% yoy (vs consensus 7.30%, 7.25% in Apr). Core inflation rose to 4.82% yoy (vs consensus 4.77%, 4.66% in Apr) on the back of increasing demand of air and train transportation ahead the school's holiday and Moslem's fasting month and 'Idul Fitri' celebration as well Rupiah depreciation. In the Board of Governors' Meeting on May 8<sup>th</sup>, 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 -0.68% to 11,611 at end of May compared to previous month 11,532. Trade balance was deficit -1.962bn USD (non-oil and gas deficit 902mn, oil and gas deficit 1.06bn USD) in April (vs consensus surplus +0.178bn USD, surplus +0.673bn USD in Mar). Export decreased by -3.16% YoY, while imports decreased by -1.26% YoY. Foreign reserves in May increased by +1.4bn USD (+1.33% MoM) from USD 105.6bn in April to USD 107bn in May.

IDR government bond yield curve closed higher across all tenor in May. Negative sentiment came from lower 1Q14 GDP Result (5.21% YoY vs consensus 5.59% YoY), higher debt supply as government revises budget deficit, news about the possibility of fixed fuel subsidies may apply as well Rupiah depreciation. Political uncertainty emerged on the back of tight competition between two running presidential candidates. Government is proposing budget revision to parliament, which cause higher deficit assumption of 2.5% GDP or IDR 251.7Tn from Current budget hold assumption of budget deficit of 1.7% GDP or IDR 175.4 Tn. The difference would be filled by additional financing (additional bond issuance of around IDR 70-75Tn is possible). Offshore accounts increased their holding by IDR 20.16Tn in May 2014 (+5.35% mom), from IDR 377Tn as of April 30, 2014 to IDR 397.16Tn as of May 30, 2014, which brought their holding to 35.72% of total outstanding tradable government bond (from 34.59% in the previous month). The 5Y yield May was higher by +5bps to 7.69% (7.64% in Apr 2014), 10Y tenor higher by +9bps to 8.06% (7.97% in Apr 2014), 15Y tenor higher by +10bps to 8.54% (8.44% in Apr 2014) and 20Y tenor higher by +5bps to 8.62% (8.57% in Apr 2014).

**Disclaimer:**

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