

Allisya Rupiah Fixed Income Fund

June 2016



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

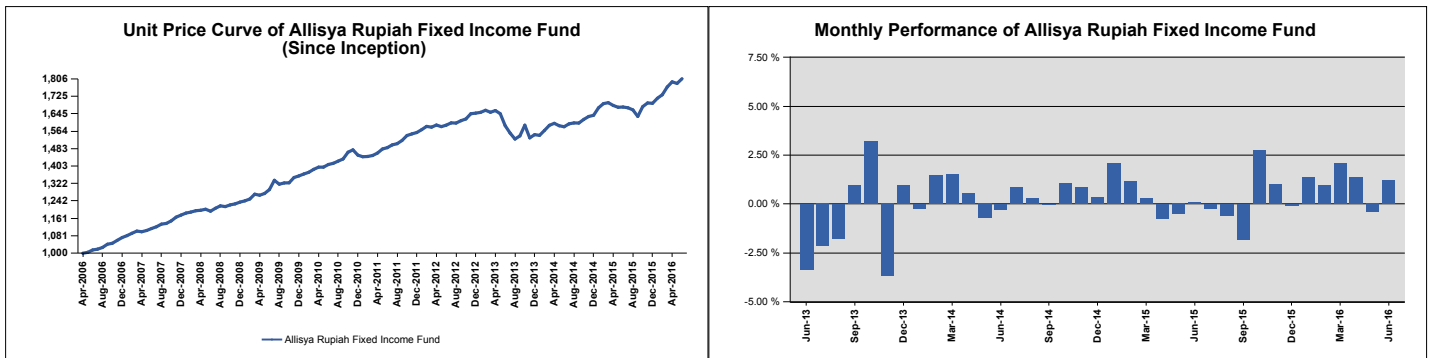
Return Performance

Last 1-year Period **7.78%**
 Best Month **3.32%** Jul-09
 Worst Month **-3.68%** Nov-13

Portfolio Breakdown

Treasury Bonds **88.90%**
 Govt. Related Bond **1.45%**
 Sharia Cash/Deposit **9.65%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Allisya Rupiah Fixed Income Fund	1.21%	2.14%	6.69%	7.78%	13.63%	6.69%	80.57%



KEY FUND FACTS

Fund Size (in bn IDR) : IDR 66.41
Risk Profile : Moderate
Launch Date : 25 Apr 2006
Fund Currency : Indonesian Rupiah
Managed by : PT Asuransi Allianz Life Indonesia

Pricing Frequency : Daily
Price per Unit (As of Jun 30, 2016) : **Bid** IDR 1,715.40 **Offer** IDR 1,805.68
Bid-Offer Spread : 5.00%
Management Fee : 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Jun's inflation at 0.66% mom (vs consensus 0.54%, inflation 0.24% in May 2016) mostly were caused by higher food ingredients, process food and beverages prices. On yearly basis, inflation stood at 3.45% YoY (vs consensus 3.40%, 3.33% in May 2016). Core inflation printed at 3.49% YoY, slightly higher from previous month (vs 3.41% in Apr 2016). In the Board of Governors' Meeting on Jun 16th, 2016, Bank Indonesia cut its reference rate by 25bps to 6.50%, Lending Facility to 7.00% along with its facility rate (FASBI) to 4.50%. Rupiah appreciated by +3.12% to 13,180/USD at end of Jun as opposed to 13,615/USD previous month. Trade balance booked a surplus of +US\$0.38bn (non-oil and gas surplus +US\$1.09bn, oil and gas deficit US\$-0.71bn) in May 2016. Export fell by -9.75% YoY mostly driven by a reduction in exports of machineries/mechanic, while imports fell by -4.12% YoY. FX Reserves rose by US\$6.198bn from US\$103.591bn in May 2016 to US\$109.789bn in Jun 2016 on the back of offshore inflow to the bond market.

IDR government bond yields closed lower all across the curve in June 2016 on the back of buying action driven by the central bank and foreign inflows; despite cautious sentiments during the Brexit vote as well as local factors such as pre-tax amnesty decision also quarter end corporate loan payment and dividends/Ramadhan season. External positive sentiment came from weaker US employment data which suggests that the Federal Reserve could delay raising interest rates. While on the domestic front, the positive sentiment came from the Tax Amnesty approval. BI signaled for monetary easing at the end of the month also managed to support the market. While negative sentiment came from S&P announcement to hold Indonesia rating unchanged at BB+ with positive outlook and also the Brexit result - 52/48 in favour of UK to leave EU. Brexit implications towards Indonesia will be through financial and currency markets as risk appetite from EM assets & investments declines. Should the article 50 be triggered or Brexit materializes, global economic growth will slow. Indonesia will be no exception from an external perspective and will slow as well. Offshore accounts increased their holding by IDR 22.03Tn in Jun 2016 (+3.54% MoM), from IDR 621.96Tn as of May 2016 to IDR 643.99Tn as of Jun 2016, which brought their holding to 39.10% of total outstanding tradable government bond (from 38.28% in the previous month). The 5Y yield Jun 2016 ended -27bps lower to 7.31% (7.58% in May 2016), 10Y tenor ended -42bps lower to 7.45% (7.87% in May 2016), 15Y tenor ended -40bps lower to 7.65% (8.05% in May 2016) and 20Y tenor ended -38bps lower to 7.69% (8.07% in May 2016).

Disclaimer:

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