

DPLK PPUKP Fixed Income Fund

July 2024

Investment Objective

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

Investment Strategy: Fixed Income

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		3.04%
Best Month	Nov-18	4.30%
Worst Month	Mar-20	-4.82%

Portfolio Breakdown

Bonds	94.87%
Money Market	5.13%

Top 10 Holding

(in Alphabetical Order)

FR0076	7.375%	15/05/2048
FR0083	7.5%	15/04/2040
FR0089	6.875%	15/08/2051
FR0091	6.375%	15/04/2032
FR0092	7.125%	15/06/2042
FR0096	7%	15/02/2033
FR0097	7.125%	15/06/2043
FR0098	7.125%	15/06/2038
FR0100	6.625%	15/02/2034
FR0102	6.875%	15/07/2054

*there is no investment on related parties

Industry Sector

Government	92.49%
Finance	5.38%
Basic Materials	1.42%
Infrastructure	0.71%

Key Fund Facts

Fund Size (in bn IDR)	IDR 720.47
Risk Level	Moderate
Launch Date	11 Jan 2016
Fund Currency	Indonesian Rupiah
Launch Date NAV Price	IDR 1,000.00
Pricing Frequency	Daily
Custodian Bank Name	Bank HSBC Indonesia
Total Unit	379,619,152.7309

Price per Unit

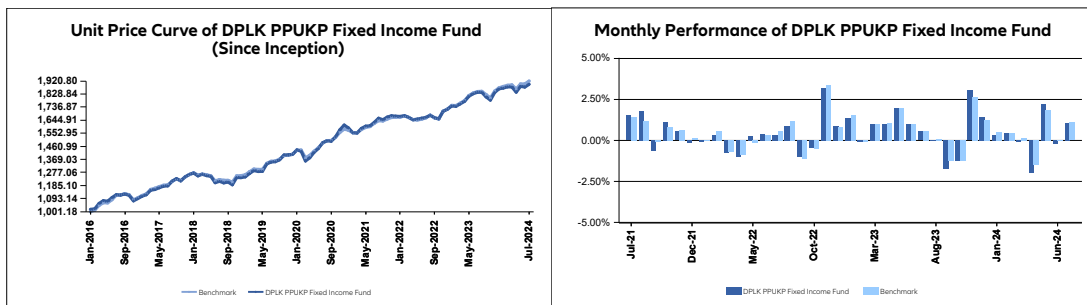
(As of Jul 31, 2024)	IDR 1,897.8682
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Managed by DPLK Allianz Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	YTD	Since Inception
DPLK PPUKP Fixed Income Fund	1.03%	3.01%	1.41%	3.04%	16.45%	40.51%	1.71%	89.79%
Benchmark*	1.09%	2.99%	2.03%	4.00%	18.36%	41.67%	2.56%	92.08%

*IBPA INDOBeX Government Total Return Index (IBPRXGTR Index)

(Benchmark assessment; before Oct 2021: 80% IBPA Indonesia Government Bond Total Return Index (IBPRTRI) & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; before Jul 2018: 80% Bloomberg Indonesia Local Sovereign Bond (BINDO) Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; before Mar 2016: 80% HSBC Indonesian Local Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced July 2024 deflation at -0.18% MoM (vs consensus inflation +0.02%, -0.08% in June 2024). On yearly basis, inflation was at +2.13% YoY (vs consensus inflation +2.37%, +2.51% in June 2024). Core inflation was printed at +1.95% YoY (vs consensus inflation +1.90%, +1.90% in June 2024). The monthly deflation was contributed by the lower price of food group. The BI Board of Governors agreed in their meeting on 16-17 July 2024 to hold the BI-Rate at 6.25%, while also maintaining the Deposit Facility (DF) rate and Lending Facility (LF) at 5.50% and 7.00% respectively. This decision is consistent with the pro-stability focus of monetary policy, namely as a pre-emptive and forward-looking measure to maintain inflation within the 2.5%±1% target corridor in 2024 and 2025, which includes effectively sustaining foreign capital inflows and safeguarding Rupiah stability. Rupiah was strengthening against USD by +0.61% from 16,394 at the end of June 2024 to 16,294 at the end of July 2024. The strengthening of the Rupiah was impacted by the Fed's dovish stance in the last FOMC Meeting, in which the Fed saw good progression in the disinflation process. It increased the probability that the Fed might start cutting its rate in the September 2024 meeting. Indonesia's trade balance recorded a surplus amounting to USD +2,390mn in June 2024 vs the previous month's surplus of USD +2,925mn in May 2024. The lower trade surplus was impacted by the positive growth in import, while exports showed slower growth in June 2024. Non-oil and gas trade balance in June 2024 recorded a surplus of USD +4,429mn, which was higher than the previous month recorded a trade surplus amounting to USD +4,256mn in May 2024. Meanwhile, the oil and gas trade balance still recorded a deficit of USD -2,039mn in June 2024, which was higher than the deficit in May 2024, amounting to USD -1,329mn. Indonesia's economy grew by +5.05% yoy in 2Q 2024 (vs. previous 5.11%, consensus +5.00%) and +3.79% QoQ (vs previous -0.83%, consensus +3.72%). In terms of expenditure, the main contributor to the growth was the growth of Investment, which grew by +4.40% yoy, with the highest growth coming from the rebound of Machinery and Equipment investment. The consumption grew moderately, +5.10% yoy, supported by a celebration of religious holidays. On the other hand, government expenditure and non-profit consumption show normalized growth, which grew by +1.42% yoy and +9.98% yoy after the Indonesia General Election in February 2024. Indonesia's official reserve assets position amassed USD 145.4 billion as of the end of July 2024, increased from USD 140.2 billion as of June 2024. The increase was impacted by several factors, including government's global sukuk issuance coupled with tax and service receipts.

IDR Government bond yields were lower across all the curves in line with IDR Appreciation and offshore inflow. The bullish sentiments came from the global impact of the July FOMC Meeting, in which Jerome Powell stated that the progress of disinflation in the US improved from the previous year, mainly because of the cooling down of the labor market. He even said that the Fed could cut FFR in the September 24 meeting if the data continues to be in line with Fed expectations. Lastly, he indicated that the Fed considered maintaining FFR or cutting it more than once this year, depending on future developments of the US's price level and labor market. Indonesia's fiscal balance still show stability and resilience. 6M24 state budget realization recorded good performance with manageable government spending, while government revenue still remains high. Indonesia's fiscal balance recorded a deficit of IDR -77.32tn (6M23: IDR +152.25tn) or -0.34% (prev: +0.71% 6M23) of GDP in 6M24. Offshore accounts increased their holding by IDR +4.97tn in July 2024 (+0.62% MoM), from IDR 808.10tn as of 28 June 2024 to IDR 813.07tn which brought their holding increased to 14.00% of total outstanding tradable government bond (from 13.93% in the previous month). The 5Y yield July 2024 ended -24bps lower to +6.73%(vs +6.97% in June 2024), 10Y tenor ended -17bps lower at +6.90%(vs +7.07% in June 2024), 15Y tenor ended -3bps lower to +7.04%(vs +7.07% in June 2024) and 20Y tenor ended -7bps lower to +7.04%(vs +7.11% in June 2024).

About Allianz Indonesia

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