

In August, most of our funds, with the exception of Money Market Funds, underperformed their respective benchmarks. This was primarily driven by broad market repositioning as foreign investors began rebuilding positions in Indonesian equities and bonds.

Equities lagged meaningfully as foreign inflows rotated back into high-quality blue-chip stocks, supported by strong fundamentals and an improving domestic macro backdrop. Positioning also reflected anticipation of potential Fed rate cuts, which could revive risk appetite for Emerging Market assets, including Indonesia. In addition, sudden political and social unrest late in the month weighed further on performance as investor sentiment turned cautious. **While our portfolios had leaned into momentum-driven names to capture short-term gains during the shallow phase, we have since begun realigning toward blue-chip stocks favored by foreign flows, while retaining selective exposure to momentum names.**

In the broader fixed-income market, government bond yields continued their rally throughout the month, supporting overall performance. The 10-year yield tightened from 6.57% to 6.36%, while the 5-year yield fell more significantly by roughly 42 basis points resulting in a bullish steepening of the curve. Foreign investors recorded net purchases of around IDR 18 trillion in Indonesian government bonds, though their share of total outstanding issuance held steady at about 15%. **We continue to adopt a medium-to-long duration strategy to capture attractive yields and position the portfolio for potential capital gains. Within this stance, we favor mid-tenor bonds for their compelling risk-return profile, while remaining selective on longer-dated instruments.**

		Fund Performance (vs. Benchmark)					
Fund Performance	Fund Strategy	Management Fees (p.a., excl. VAT)	Aug-25	3M	YTD	1Y	Since Incept. (p.a.) *
Conventional Mutual Funds							
Cash Fund (CF)	Liquidity Management (100% Deposits & Bonds below 1 Year)	0.50%	0.40% (0.26%)	1.25% (0.86%)	3.34% (2.26%)	4.75% (3.40%)	4.30% (3.32%)
Bond Fund (BF)	Fixed Income Strategy (100% Government Bonds)	0.50%	1.13% (1.46%)	3.39% (3.64%)	6.86% (7.51%)	5.97% (7.78%)	6.78% (8.38%)
Balanced Fund (BLF)	All Weather Strategy (65% Bonds + 35% Equity)	1.00%	-1.65% (2.57%)	2.71% (5.56%)	5.21% (8.61%)	1.61% (5.81%)	3.33% (5.60%)
Sustainable Equity Fund (SEF)	Equity Strategy (100% Equities)	2.00%	-1.23% (3.35%)	-2.41% (2.39%)	-0.92% (0.28%)	-11.84% (-6.87%)	-1.54% (4.70%)
Syariah Compliant Funds							
Cash Syariah Fund (CSF)	Liquidity Management (100% Syariah Deposits below 1 Year)	0.25%	0.36% (0.25%)	3.18% (2.14%)	1.15% (0.81%)	- -	4.34% (2.99%)
Amanah Syariah Fund (ASF)	Flexible Fixed Income Strategy (80% Bonds + 20% Equity)	1.00%	-2.13% (1.83%)	3.41% (5.87%)	2.54% (9.31%)	0.79% (9.23%)	3.56% (5.35%)

*Inception for Cash Fund is as of 28 November 2022, Cash Fund Syariah is as of 26 September 2024, Bond Fund is as of 29 May 2024, Sustainable Fund is as of 13 June 2024, while Inception for Amanah Syariah and Balanced Fund are as of 31 March 2022 following a change of strategy and controlling shareholders.

Monthly Market Recap

- Indonesia’s GDP expanded by 5.12% YoY in 2Q25, accelerating from 4.87% in Q1, underpinned by robust fixed investment and resilient private consumption.
- In the US, annual core inflation rose to 3.1% YoY from 2.9%, mainly driven by higher shelter costs, followed by medical care and other categories.
- Domestically, Bank Indonesia surprised markets with a rate cut, lowering the BI-Rate from 5.25% to 5.00% to support growth, as the Rupiah steadied near 16,200 per US Dollar.
- The US simultaneously reported 2Q25 GDP growth of 3.3% YoY, rebounding sharply from a 0.5% Q1 contraction, also led by strong investment and consumption momentum.
- Toward the end of August, Indonesia was hit by sudden political and social unrest, sparking heavy sell-offs in equities and bonds as investors grew jittery, while the Rupiah unexpectedly firmed against the US Dollar.

Portfolio Positioning

In Fixed-Income, we are implementing a medium-to-long duration strategy to capture attractive yields and potential capital gains. Our focus remains on mid-tenor bonds, which provide a favorable balance between risk and return, while we maintain a selective and cautious approach toward longer-dated maturities.

In Equities, we continue to realign the fund toward foreign-proxy names, focusing on high-quality blue-chip stocks, as foreign investors’ aggressive buying is expected to drive valuations higher. While momentum-driven names remain appealing, we see the need for greater selectivity given the gradual rotation of domestic liquidity toward blue-chip counters.

Asset Class Breakdown

Equities:

- **BLF:** Equities contributed to -1.68% of overall performance (vs. JCI’s effective benchmark of 1.62%). The top three performance attributors were BBRI, RAJA, and TKIM. While top detractors included RATU, PANI, and PGEO.
- **ASF:** Equities contributed -2.15% to overall performance (vs. ISSI’s effective benchmark of 0.88%). TKIM, INKP, and RAJA were the top performance attributors. Meanwhile, RATU, PANI, and WIFI were the month’s top-performance detractors.
- **SEF:** Equities contributed a Mark to Market (MTM) gain of -0.50% to overall performance and an absolute return of -1.23% (vs. MSCI Custom benchmark of 3.35%). The top three contributors to the performance were BBRI, BMRI, and INDF. While top detractors included PTRO, PANI, and MBMA.

Fixed Income:

- **BLF:** The bond portfolio delivered a return of 0.47%, supported by positive contributions from both price appreciation and accrued interest.
- **ASF:** The Sukuk portfolio posted a gain of 0.39%, primarily the accrued interest contributing positively.
- **BF:** The portfolio recorded an absolute return of 1.18%, driven by price gains as well as the accrued interest, particularly from the FR68 and FR50, and supported by price gains from the other bonds in the portfolio.

Key Trades

Amman Mineral AMMN	EXIT SEF	Telkom TLKM	INCREASED SEF	Medco Energi MEDC	EXIT BLF ASF SEF
Indah Kiat INKP	INCREASED BLF ASF SEF	Adi Sarana Arm. ASSA	EXIT BLF ASF SEF	Merdeka Battery MBMA	INCREASED BLF ASF SEF

Industrials – Basic Materials: Indonesia’s basic materials sector continues on a steady growth path, supported by resilient demand for paper-based products. Within this space, we find Indah Kiat Pulp and Paper (INKP) particularly attractive given its compelling valuation and strong fundamentals. Meanwhile, for Amman Mineral Indonesia (AMMN), which produces gold and copper, we realized profits and exited our position following the US announcement of tariff exemptions on copper imports.

Infrastructure – Telecommunications: The telecommunications sector remains under pressure from ongoing consolidation and persistent price competition. However, we continue to favor Telkom Indonesia (TLKM), whose defensive business model and solid financial profile make it a preferred choice for foreign investors. We have been steadily increasing our exposure to TLKM, viewing it as a key foreign proxy with robust fundamentals and relatively attractive valuation.

Market Outlook

Looking ahead, we expect Indonesia’s domestic uncertainty from the recent social unrest to gradually ease as government measures help stabilize the situation. While the economy should remain broadly stable, we note the absence of strong catalysts for acceleration. That said, we anticipate one additional rate cut by Bank Indonesia to support Rupiah stability and provide further stimulus for growth.

On the global front, we expect the Federal Reserve to initiate its easing cycle in 3Q25, with consensus pointing to two rate cuts by year-end. At the same time, we are closely watching the potential impact of Trump’s proposed tariffs on the U.S. economy, as this may influence the Fed’s policy stance and add clarity to the broader global trade outlook.

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