

In July, most of our funds did well, outperforming their respective benchmarks and generating positive returns. The outperformance was attributed to our equity strategy driven by our momentum-driven stock selection.

Equities delivered positive returns as we observed a significant price rally in the momentum stocks driven by domestic liquidity. We also observed a few blue-chip stocks generating swing returns as foreign investors continue to trade these high-quality stocks and are not fully invested due to the current economic structural challenges in the domestic economy. **While we continue to witness some volatility going ahead in the global markets caused by Trump’s tariff implementation, we remain confident with our equity selection across companies with solid domestic fundamentals (high-quality blue-chip stocks) and high-growth characteristics (momentum-driven stocks).**

In the broader Fixed-Income market, government bond yields continued rallying throughout the month, contributing to performance. The 10-year yield tightened from 6.63% to 6.57%, while the 5-year yield dropped by roughly 14 basis points. Foreign investors bought approximately IDR 17 trillion worth of Indonesian government bonds, though their overall ownership remained stable at around 15% of the total outstanding issuance. In response to current market conditions, **we have opted for a medium-to-long duration strategy, aiming to capture attractive yields and position the portfolio for potential capital gains. We maintain a preference for mid-tenor bonds due to their favorable risk-return characteristics, while taking a selective stance on longer-dated instruments.**

| | | | Fund Performance (vs. Benchmark) | | | | |
|-------------------------------|--|--------------------------------------|----------------------------------|------------------|--------------------|--------------------|---------------------------|
| Fund Performance | Fund Strategy | Management Fees (p.a., excl. VAT) | Jul-25 | 3M | YTD | 1Y | Since Incept. (p.a.) * |
| Conventional Mutual Funds | | | | | | | |
| Cash Fund (CF) | Liquidity Management (100% Deposits & Bonds below 1 Year) | 0.50% | 0.39% (0.29%) | 1.24% (0.86%) | 2.92% (2.00%) | 4.72% (3.42%) | 4.27% (3.21%) |
| Bond Fund (BF) | Fixed Income Strategy (100% Government Bonds) | 0.50% | 1.01% (1.06%) | 2.85% (2.85%) | 5.67% (5.96%) | 5.93% (7.89%) | 6.21% (7.63%) |
| Balanced Fund (BLF) | All Weather Strategy (65% Bonds + 35% Equity) | 1.00% | 6.45% (3.50%) | 7.23% (5.57%) | 6.97% (5.88%) | 5.51% (6.25%) | 3.93% (4.93%) |
| Sustainable Equity Fund (SEF) | Equity Strategy (100% Equities) | 2.00% | 5.68% (2.88%) | 5.83% (4.83%) | -1.19% (-0.93%) | -7.44% (-4.91%) | -0.27% (2.02%) |
| Syariah Compliant Funds | | | | | | | |
| Cash Syariah Fund (CSF) | Liquidity Management (100% Syariah Deposits below 1 Year) | 0.25% | 0.39% (0.27%) | 1.13% (0.81%) | 4.77% (7.27%) | - - | 3.97% (2.73%) |
| Amanah Syariah Fund (ASF) | Flexible Fixed Income Strategy (80% Bonds + 20% Equity) | 1.00% | 7.02% (3.11%) | 7.05% (5.48%) | 4.77% (7.27%) | 3.63% (8.84%) | 4.32% (4.91%) |

*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

- June’s inflation data in the US indicated an increase in prices of goods and services. Experts believe that the impact of Trump’s tariffs is starting to be felt by consumers as companies pass on the cost to them.
- Bank Indonesia delivered its third rate cut of the year, trimming the BI rate by 25 bps to 5.25% during the July meeting. It’s a move that caught many by surprise, as most were expecting the central bank to hold steady this round. But with inflation under control, the Rupiah relatively stable, and domestic growth indicators flashing some early warning signs, BI decided to act.
- On the other hand, the Fed also maintained the key interest rates as they believe the unemployment rate remains low while inflation remains somewhat elevated, and uncertainty about the economic outlook persists. The Fed reinforced that additional adjustments to the interest rate will depend on incoming data, the evolving outlook, and the balance of risks.
- The US economy grew an annualized 3% in Q2 2025, rebounding from a 0.5% contraction in Q1. This was supported by the significant decline in imports, followed by resilient consumer spending.

Portfolio Positioning

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

In Equities, we aim to maintain the same performance trajectory where the fund’s core strategy remains intact, balancing momentum-driven names with high-quality blue-chip stocks. We continue to take a more proactive approach in identifying opportunities and place focus on stocks with relatively stable flows and consistent growth potential. This dual strategy positions the fund for both resilience and long-term upside.

Asset Class Breakdown

Equities:

- **BLF:** Equities contributed to 6.09% of overall performance (vs. JCI’s effective benchmark of 3.54%). The top three performance attributors were CUAN, PANI, and PTRO. While top detractors included BBKA, BMRI, and ADRO.
- **ASF:** Equities contributed 6.04% to overall performance (vs. ISSI’s effective benchmark of 5.10%). CUAN, PANI, and PTRO were the top performance attributors. Meanwhile, ADRO, MDKA, and INKP were the month’s top-performance detractors.
- **SEF:** Equities contributed a Mark to Market (MTM) gain of 5.76% to overall performance and an absolute return of 5.68% (vs. MSCI Custom benchmark of 2.88%). The top three contributors to the performance were CUAN, PANI, and PGEO. While top detractors included BBNI, BMRI, and BBKA.

Fixed Income:

- **BLF:** The bond portfolio delivered a return of 0.43%, supported by positive contributions from both price appreciation and accrued interest.
- **ASF:** The Sukuk portfolio posted a gain of 0.58%, primarily the accrued interest contributing positively.
- **BF:** The portfolio recorded an absolute return of 1.01%, 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

| | | |
|--|---|---|
| Bank Jago ARTO EXIT SEF | Astra Inter. ASII INCREASED SEF | Darma Henwa DEWA INCREASED BLF ASF SEF |
| Saratoga Inv SRTG INCREASED BLF ASF SEF | Adi Sarana Arm. ASSA INCREASED BLF ASF SEF | Bangun Kosambi. CBDK EXIT BLF ASF SEF |

Industrials – Automotive & Diversified: Indonesia’s automotive sector, particularly the Internal Combustion Engine (ICE) segment, continues to face notable headwinds as consumer preferences shift toward Electric Vehicles (EVs), largely driven by Chinese brands. While this trend poses a challenge for Astra International Indonesia (ASII), we believe the company’s strong fundamentals and resilient business model remain intact. Moreover, ASII continues to pursue strategic corporate actions, including share buybacks and Mergers & Acquisitions, as part of its diversification strategy beyond the automotive sector. We also continue to view ASII as a key proxy for foreign investor inflows into Indonesia.

Logistics – Transportation: Indonesia’s logistics and transportation sector maintains a steady growth trajectory. Within this space, we highlight Adi Sarana Armada (ASSA) as a compelling stock pick. The company is currently undergoing a transformative phase, and we believe its ongoing expansion initiatives will ultimately support long-term value creation and drive share price performance.

Market Outlook

Looking ahead, we expect Indonesia’s domestic economy to remain relatively stable but lack strong catalysts for acceleration. We anticipate that Bank Indonesia will maintain its pro-growth stance by continuing with gradual interest rate cuts, while balancing the need to support Rupiah stability.

On the global front, we expect the Federal Reserve to begin cutting rates in 3Q25, with economists forecasting two rate reductions by the end of the year. We are also closely monitoring the real impact of Trump’s proposed tariffs on the U.S. economy, as this could influence the Fed’s policy direction and provide greater clarity on the evolving global trade landscape.

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