Simpan ASSET MANAGEMENT

Monthly Investor Update

July 2026

Dear Simpan Client,

Market Update

July marked a meaningful turnaround for Indonesian equities after a difficult first half. The IHSG rallied from around 5,800 to approximately 6,200 over the month, a gain of roughly 6.8%, as the negative sentiment that had weighed on the market through June began to unwind. Foreign outflows were limited to Rp 7 trillion in July compared to Rp 23 trillion in June. **This validates the turning-point call we made at the start of the month: depressed valuations, confirmation of Indonesia's MSCI Emerging Market status, the Q2 earnings catalyst, and early signs of fiscal discipline via MBG/Kopdes budget cuts.** On the credit front, S&P Global Ratings affirmed Indonesia's sovereign rating at BBB/A-2 with a Stable outlook on 13 July, which signaled a more constructive outcome than the outlook downgrade we had flagged as our base case last month. However, S&P's Stable outlook is based on the government maintaining a fiscal deficit of under 3% (current projection: -2.9%). Moody's and Fitch continue to carry Negative outlooks (Baa2/BBB, unchanged) from earlier in the year.

On the monetary policy front, Bank Indonesia held the BI-Rate steady at 5.75% through July, pausing after 2 consecutive hikes in May and June; the consensus 25bps move toward 6.00% we had flagged did not materialize this month. Separately, **Bank Indonesia Governor Perry Warjiyo resigned, a development that introduces fresh uncertainty around policy continuity and central bank independence.**

Globally, the Federal Reserve maintained its policy rate at 3.50% - 3.75%, leaving the BI-Fed spread at roughly 200 basis points. With US inflation still running at 3.5% against a target of below 2%, the gap between policy settings and the inflation objective remains unresolved, and we see this as a potentially growing problem for the US bond market. In the near term, however**, we read it as a constructive development for Indonesia, limiting the pull of capital toward US assets and reducing the scope for further outflows from the domestic market.**

AMP Performance

In July, we increased our equity exposure across Risk Levels 2 through 5 on the view that June's correction had largely priced in negative sentiment, while continuing the rotation from cash into fixed income in Risk Level 1 to capture increasingly attractive short-tenor government bond yields. **That positioning paid off, with AMP Risk Levels 2 through 5 posting strong monthly gains.** AMP Core (Risk 1), which carries no strategic equity allocation, also posted a modest positive return for the month, reflecting its more defensive cash-to-bond positioning.

Fund Performance

During July, Simpan Sustainable Equity Fund and Simpan Balanced Fund posted strong gains and outperformed their respective benchmarks. Money Market Funds again delivered steady positive returns ahead of the benchmark, while Simpan Bond Fund was broadly flat for the month, in line with its benchmark, as Bank Indonesia held rates steady and increased volatility from the resignation of Bank Indonesia’s Governor.

Outlook & Portfolio Positioning

Looking ahead, we take a more measured view on Indonesian equities following July's recovery. With much of the earlier drawdown now retraced, we see the market consolidating through August and offering more limited upside than the setup a month ago. However, valuations remain below the long-run average. The Federal Reserve’s decision to hold rates has minimized emerging market outflows in the short term.

In fixed income, Bank Indonesia's decision to hold the BI-Rate steady and the change in leadership increased uncertainty, leading us to adopt a more defensive stance. We favor money market instruments against fixed income and continue to view short-tenor government bond yields as attractive over medium to long-term bonds. We prefer to preserve flexibility until the policy direction becomes clearer.

Key watchpoints: leadership transition at Bank Indonesia, the MSCI November review, and the fiscal deficit trajectory.
We thank you, as always, for your continued trust and confidence.

Key Highlights

Simpan ASSET MANAGEMENT

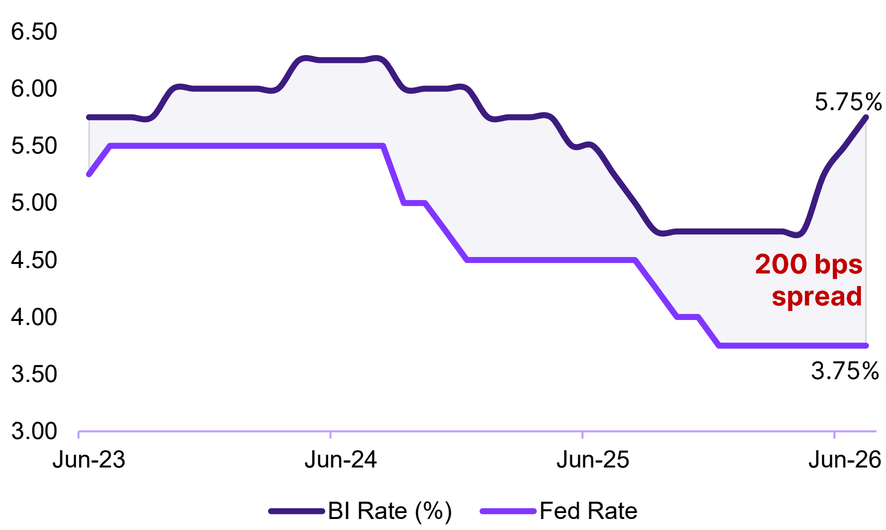
1. Indonesian Equities Rebound as Our Turning-Point Call Plays Out

- Indonesian equity markets recovered meaningfully in July, with the IHSG rallying from approximately 5,800 to 6,200 over the month, a gain of roughly 6.8%, with net foreign outflow of around Rp 7 trillion.
- S&P Global Ratings affirmed Indonesia's sovereign rating at BBB/A-2 with a Stable outlook on July 13, a positive surprise against our base case and confirmation of our call that Indonesia would avoid a rating downgrade. Moody's and Fitch both remain on Negative outlook.
- Q2 earnings have now largely been reported, with bottom-line results remaining robust and posting slight growth, consistent with the fundamental trajectory we underwrote across our portfolio holdings.

2. Bank Indonesia Holds Rates as a Leadership Transition Adds Uncertainty

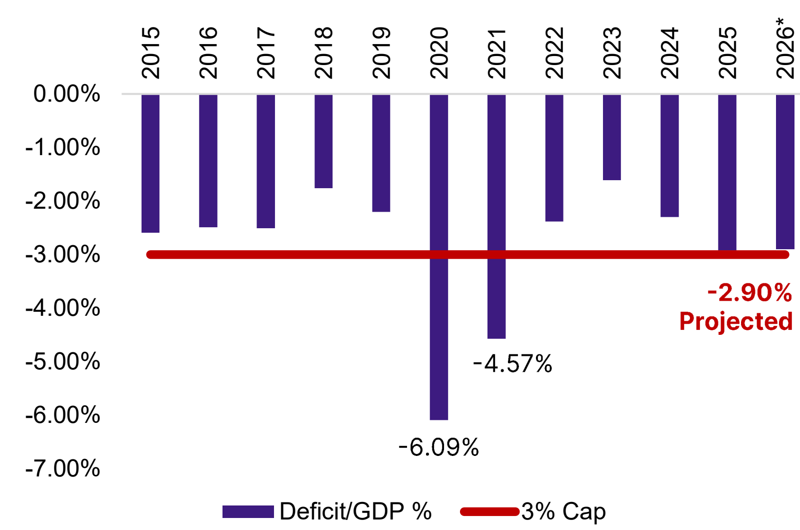
- Bank Indonesia held the BI-Rate steady at 5.75% through July, pausing after consecutive 50 basis point hikes in May and June, with the anticipated move toward 6.00% not materializing during the month.
- The Federal Reserve also held its policy rate at 3.50 – 3.75% with US inflation still at 3.5% against a 2% target. A gap we view as a potentially growing problem for the US bond market but a near-term positive for Indonesian flows.
- Bank Indonesia Governor Perry Warjiyo resigned, introducing uncertainty around the continuity of monetary policy independence and the rate path itself, with Bu Destry Damayanti as Interim and no successor yet announced.
- Government bond markets were broadly stable over the month, a marked contrast to the sharp repricing across the curve seen through the first half of the year.

BI Rate - Fed Rate spread



Source: Bloomberg, Simpan Asset Management

Deficit to GDP Ratio



Source: Bloomberg, Simpan Asset Management

Tracking Our Projections

What We Said Last Month	What Happened This Month
❑ We believe much of the negative sentiment in JCI had been priced in shown with COVID-era trough valuations (PE 14.50x)	✅ The IHSG rallied from approximately 5,800 to 6,200, a gain of roughly 6.8% month-to-month.
❑ We anticipated an outlook downgrade from S&P Global Ratings, though not a rating downgrade.	✅ S&P affirmed Indonesia at BBB/A-2 with a Stable outlook on July 13. The rating held as we expected, with the Stable outlook a positive surprise

Market Outlook

Looking ahead to August, we take a more measured view on Indonesian equities following July's recovery. With the IHSG having retraced much of its earlier drawdown and Q2 earnings now largely delivered, we see the market as more likely to consolidate through the month. The longer-term valuation case nonetheless remains intact: the JCI continues to trade more than two standard deviations below its twenty-year average, a discount previously seen only in 2008 and 2020, and our internal Opportunity Score sits in the top quintile of the past two decades. Blue-chip proxies such as LQ45 and IDX30 trade at an unusually wide discount to the broader index and, in our view, hold the most room to re-rate should foreign flows continue to return.

In fixed income, the Fed rate maintained at 3.50- 3.75% provides short-term stability for Indonesian government bond yields due to limited outflows. We are nonetheless positioned defensively into August, preferring flexibility until Bank Indonesia's leadership is settled. Key areas of focus include the appointment of a permanent Governor, the November MSCI checkpoint, and the fiscal deficit outlook underpinning S&P's Stable outlook.

Actively Managed Portfolio (AMP)

Actively Managed Portfolio (AMP) is an automatic rebalancing strategy that combines data-driven technology and the expertise of our Investment Team to form a forward-looking view of market conditions and adjust portfolio asset allocation accordingly at the mutual fund allocation level.

Portfolio Performance Commentary

Risk 1 portfolios posted a modest positive return in July, as government bond yields stabilized following Bank Indonesia's decision to hold the BI-Rate steady.

Risk 2 through 5 portfolios delivered strong positive returns in July, with gains scaling in line with each tier's equity weighting as the IHSG rallied over the month.

Asset Allocation Changes and Rationale

Our July call that the market had reached a turning point has played out, and we now see more limited near-term upside. The IHSG rallied from approximately 5,800 to 6,200 over the month, a gain of roughly 6.8%, while net foreign outflows eased sharply to around Rp7 trillion compared to Rp 23 trillion last month. Following a move of that scale, we expect the market to trade sideways through August rather than extend at the same pace.

Bank Indonesia held the BI-Rate steady at 5.75% through July, against our expectation of a further 25 basis point move toward 6.00%. More significantly, the resignation of Governor Perry Warjiyo has introduced a new source of uncertainty around the direction of monetary policy and bond market sentiment, with Destry Damayanti serving as interim Governor and no permanent successor yet announced.

Taking these factors together, we reduced equity allocation proportionally across Risk Levels 2 through 5, reallocating the difference evenly into cash and fixed income to lock in part of July's gain. We nonetheless retain a meaningful equity weighting, reflecting our continued conviction in the medium-to-long-term outlook for Indonesian equities, supported by valuations that remain more than two standard deviations below their twenty-year average. For Risk Level 1, we adopted a more defensive stance, raised the cash allocation, and reduced bond exposure to preserve flexibility until Bank Indonesia's leadership and policy direction become clearer.

	Risk 1			Risk 2			Risk 3			Risk 4			Risk 5		
	CF	BF	SEF	CF	BF	SEF	CF	BF	SEF	CF	BF	SEF	CF	BF	SEF
July 26	36%	64%	0%	41%	41%	19%	32%	32%	37%	22%	22%	56%	13%	13%	74%
Aug 26	57%	44%	0%	45%	45%	10%	40%	40%	20%	35%	35%	30%	30%	30%	40%

Notes: CF is Simpan Cash Fund, BF is Simpan Bond Fund, SEF is Simpan Sustainable Equity Fund

Fund Performance per Risk Level

	July 2026	Q1 2026	Q2 2026	Q3 2026	Q4 2026	YTD	1Y	Since Inception (21 Jan 2026)
AMP Portfolios								
AMP Core (Risk 1)	0.14%	-0.81%	-0.24%	-	-	-0.89%	2.10%	-0.92%
AMP Focused (Risk 2)	2.75%	-1.57%	-2.33%	-	-	-0.87%	3.18%	-1.60%
AMP Enhanced (Risk 3)	5.32%	-3.07%	-4.55%	-	-	-1.89%	3.40%	-3.25%
AMP Progressive (Risk 4)	7.94%	-4.21%	-6.84%	-	-	-2.70%	3.89%	-4.69%
AMP Ultra Growth (Risk 5)	10.59%	-5.34%	-9.25%	-	-	-3.70%	4.04%	-6.29%
Market Indices								
Jakarta Composite Index	9.50%	-18.49%	-19.87%	-	-	-27.82%	-16.61%	-30.73%
3M Deposit Rate	0.38%	0.95%	0.99%	-	-	2.34%	4.10%	2.13%
Goverment Bond Index	0.09%	-1.95%	-0.83%	-	-	-2.66%	2.63%	-2.34%
Balanced (50% JCI + 50% Government Bond Index)	4.79%	-10.22%	-10.35%	-	-	-15.24%	-6.99%	-16.53%

Note: Performance data shown in IDR. AMP portfolio returns before 21-Jan-2026 include back test performance. 1Y and YTD performance includes partial back test performance returns, while Since Inception uses live AMP portfolio returns.

Fund Performance Commentary

- **During July, all funds under our management outperformed their respective benchmarks, except Simpan Dollar Bond Fund.** This performance was driven by improving domestic sentiment as the equity market found a bottom, with domestic investors remaining key buyers even as foreign investors continued to sell.

- **In Equities, our portfolios delivered a positive month and outperformed the JCI.** Sentiment improved early in the month after S&P's credit outlook commentary struck a positive tone, further supported by the government's decision to trim budget allocations for several key programs, a move seen as easing pressure on Indonesia's fiscal position. Additionally, the 25 basis point rate hike by Bank Indonesia indicated the central bank's participation to stabilize the Rupiah against the US Dollar.

- **In Fixed Income, the government bond market also experienced a challenging month, with yields rising across the curve.** The 10-year government bond yield increased from 6.72% at the end of May to 7.16% by the end of June, reflecting persistent selling pressure and a repricing of interest rate expectations. During the month, investors continued to adjust portfolio duration in response to evolving market conditions, resulting in heightened volatility within the bond market. Bank Indonesia implemented measures aimed at stabilizing the Rupiah and maintaining orderly market conditions, including selling shorter-tenor government bonds while purchasing longer-tenor securities to encourage investor participation and lock in attractive yields at the longer end of the curve. In addition, Bank Indonesia raised its policy rate to support currency stability, which further contributed to the upward movement in bond yields across both short- and long-dated maturities.

Key Trades of the Month – Equities

Financials – Banking: We trimmed our exposure to SOE banks, anticipating that Net Interest Margins will come under pressure from Bank Indonesia's rate hikes, which are expected to push up banks' Cost of Funds. This was compounded by continued foreign investor sell-off, which weighed on share prices. As a result, we trimmed our positions in BBRI, BBNI, and BMRI.

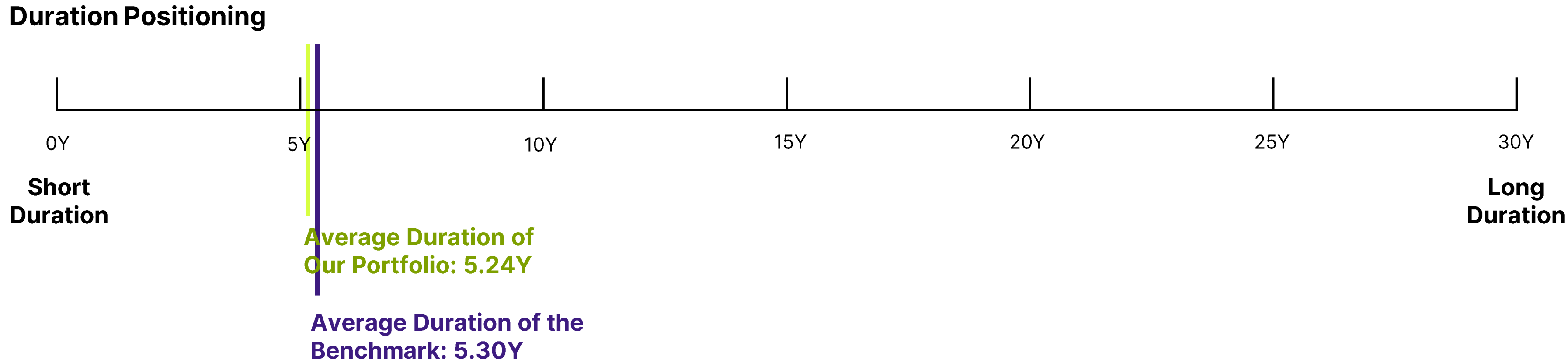
Transportation – Shipping: Geopolitical tension between the US and Iran has impacted the Strait of Hormuz, a key route for global trade, driving global shipping rates sharply higher. As a result, we added to our position in BULL, as the company remains a key proxy for global energy shipping. We expect it to be a primary beneficiary of elevated freight rates, which should support its earnings.

Increased	Decreased / Exited
Buana Lalu Lintas (BULL)	XLSMART Telecom Sejahtera (EXCL)

Key Trades of the Month – Fixed Income

Our open-ended fixed income funds maintained an average portfolio duration of 5.24 years, broadly aligned with the benchmark throughout the month. Portfolio performance remained resilient despite increased volatility in the government bond market, with the 10-year benchmark yield fluctuating between 7.13% and 7.37%. As we enter August, we remain cautious on duration positioning given the uncertain bond market environment. Nevertheless, we continue to evaluate opportunities to selectively add duration, particularly in the front end of the yield curve, where valuations offer a more compelling balance between return potential and downside risk.

Duration Positioning



IDR Reksa Dana Performance	July 2026	3M	YTD	1Y	3Y (p.a.)	Since Inception (p.a.)*
Cash Fund	**0.46%**	**0.97%**	**2.21%**	**3.99%**	**4.31%**	**4.19%**
Benchmark (100% 3 Month Deposit Rates)	0.00%	0.81%	1.83%	3.19%	3.35%	3.31%
Bond Fund	**0.00%**	**-1.40%**	**-2.75%**	**0.92%**	**-**	**3.75%**
Benchmark (100% IndoBex Total Return Index, Net Tax)	0.03%	-1.28%	-2.34%	2.29%	-	5.12%
Sustainable Equity Fund	**16.38%**	**-7.97%**	**-16.07%**	**-6.33%**	**-**	**-3.31%**
Benchmark (MSCI Indonesia IMI Value Weighted Ex)	10.04%	-6.59%	-13.73%	-5.84%	-	-1.11%
Balanced Fund	**7.33%**	**-5.50%**	**-11.21%**	**-5.62%**	**-0.04%**	**1.65%**
Benchmark (65% IndoBex Total Return Index, Net Tax + 35% IHSG)	3.39%	-4.71%	-11.48%	-4.58%	1.84%	2.75%

Notes: *Inception for Balanced Fund is as of 31 March 2022 following rebrand to Simpan Asset Management.

Cash Syariah Fund	**0.31%**	**0.64%**	**1.87%**	**3.67%**	**-**	**4.15%**
Benchmark (100% 1 Month Deposit Rates)	0.00%	0.77%	1.73%	3.02%	-	3.13%

USD Reksa Dana Performance	July 2026	3M	YTD	1Y	3Y (p.a.)	Since Inception (p.a.)*
Dollar Bond Fund	**-0.09%**	**-**	**-**	**-**	**-**	**-**
Benchmark (100% GIDU3YR Index)	0.40%	-	-	-	-	0.46%

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