

Monthly Investor Update

May 2026

Dear Simpan Client,

Market Update

May proved to be another volatile month for Indonesian equity markets, with monthly performance deteriorating sharply from April's -1.30% to May's -11.92%. The underperformance was primarily driven by domestic factors, particularly heightened uncertainty stemming from government policy dynamics and regulatory changes, which weighed on both domestic and foreign investor sentiment. One notable development was the introduction of new export regulations for certain commodities, whereby export activities can now only be conducted by government-appointed authorities rather than private sector participants.

Foreign investors remained persistent net sellers throughout the month, recording net outflows of approximately IDR 19.44 trillion against the MSCI Indonesia universe. These sustained capital outflows exerted additional pressure on the Rupiah, with USD/IDR breaching the ~17,800 level. Against this backdrop, Bank Indonesia raised the BI-Rate by 50 basis points. This move surprised market participants, who had largely anticipated a 25-bps hike, and was primarily aimed at stabilizing the Rupiah amid ongoing US Dollar strength.

AMP Performance

Across AMP portfolios, we maintained a relatively defensive stance by keeping asset allocations unchanged. All AMP portfolios preserved the positioning established during April's rebalancing, characterized by lower equity exposure and higher allocations to cash and fixed income instruments. This approach helped to partially insulate portfolios from the heightened volatility experienced during the month.

Fund Performance

During May, all funds under our management, except Simpan Bond Fund and Simpan Cash Fund, underperformed their respective benchmarks. This outcome was broadly in line with market conditions, as sharp equity market corrections and sustained foreign outflows negatively impacted risk assets across the board.

Outlook & Portfolio Positioning

Looking ahead to June, we maintain a neutral outlook on Indonesian equities. While much of the negative sentiment appears to have been priced in during May and the MSCI rebalancing has already taken place, resulting in reduced selling pressure and markets remain cautious. Key areas of focus include the upcoming sovereign outlook decision by S&P Global Ratings, as well as MSCI's market accessibility assessment scheduled for June. In addition, the elevated USD/IDR level and concerns surrounding Indonesia's fiscal sustainability continue to weigh on investor confidence.

In this challenging environment, portfolio positioning remains disciplined. Within equities, we continue to emphasize diversification across sectors, prioritizing companies with resilient fundamentals, strong balance sheets, and clear earnings visibility, which we believe are better positioned over the longer term. In fixed income, we remain cautious on duration while actively monitoring opportunities to gradually extend duration as yields become more attractive.

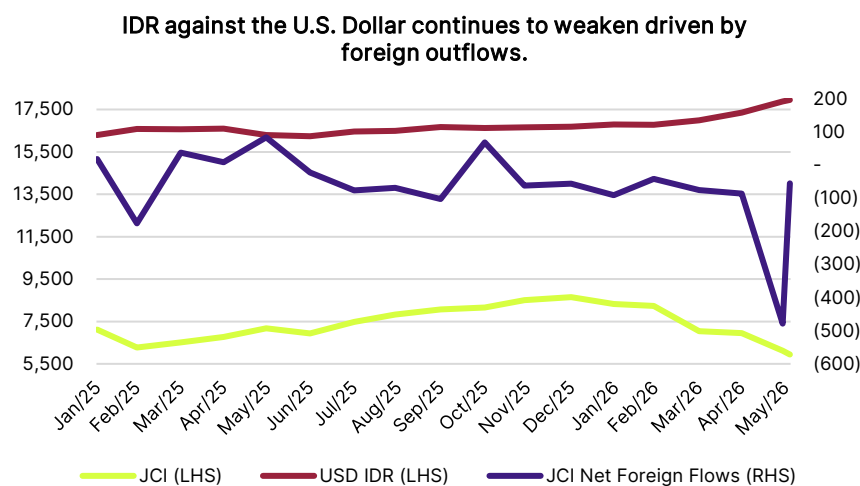
We will continue to monitor market developments closely and remain fully committed to managing your investments with diligence and prudence. We thank you, as always, for your continued trust and confidence.

1. Equity Market Performance & Domestic Policy Developments

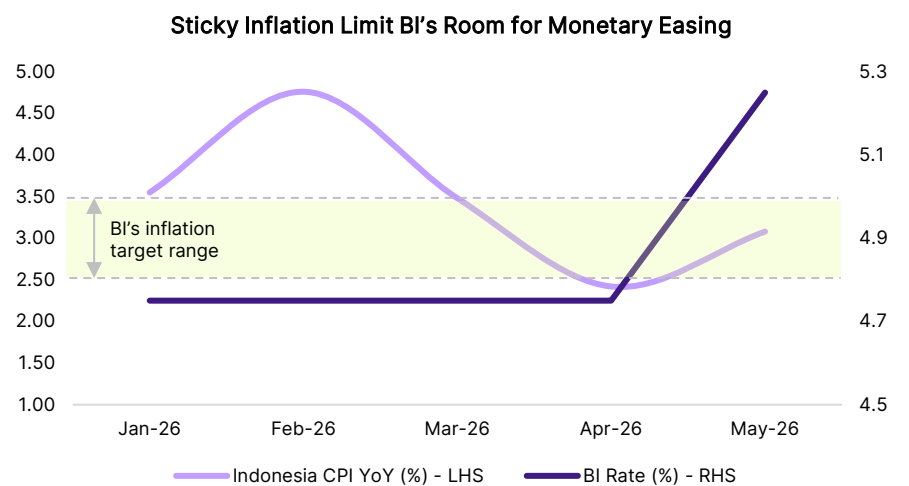
- Indonesian equity markets remained highly volatile in May, with monthly performance deteriorating sharply from -1.30% in April to -11.92%.
- The Jakarta Composite Index (JCI) came under significant pressure due to aggressive foreign selling triggered by the MSCI rebalancing, with selling observed across the broader market and concentrated mainly in momentum-driven stocks and conglomerate names.
- Foreign investor outflows reached approximately IDR 19.44 trillion across the MSCI Indonesia universe, reinforcing downside pressure on equities.
- The government introduced new export regulations for selected commodities, whereby export activities can now only be conducted by government-appointed authorities, reducing private sector participation and adding to regulatory uncertainty.

2. Currency Pressure & Monetary Policy Response

- Sustained foreign outflows exerted additional pressure on the Rupiah, with USD/IDR breaching the ~17,800 level.
- In response to currency pressures, Bank Indonesia raised the BI-Rate by 50 basis points, exceeding market expectations of a 25-bps hike and aimed primarily at stabilizing the Rupiah amid continued US Dollar strength.
- Beyond the policy rate adjustment, Bank Indonesia also intervened in the fixed income market through purchases of mid-to-long tenor government bonds and implemented capital flow management measures to support domestic bond yields and mitigate capital flight risks.



Source: Bloomberg, Simpan Asset Management



Source: Bloomberg, Simpan Asset Management

Tracking Our Projections

What We Said Last Month

- We expected foreign outflows related to the MSCI rebalancing to exert pressure on both the JCI and the rupiah as passive funds adjusted their portfolios.
- We maintained concerns over Indonesia's fiscal trajectory, particularly the potential implications for investor sentiment and macroeconomic stability.

What Happened This Month

- The MSCI rebalancing triggered foreign outflows, contributing to an 11.92% decline in the JCI and a weakening of the rupiah to IDR 17,800 per USD.
- The government reduced the budget allocation for its flagship Free Nutritious Meal Program by IDR 67 trillion, bringing the total budget to IDR 268 trillion.

Market Outlook

Looking ahead to June, we maintain a neutral outlook on Indonesian equities. While a significant portion of negative sentiment appears to have been priced in during May and the completion of the MSCI rebalancing has helped ease near-term selling pressure, overall market sentiment remains cautious amid persistent macroeconomic and policy-related uncertainties. The Jakarta Composite Index (JCI) has declined to year-to-date low levels, which from a valuation perspective begins to offer selective and attractive entry opportunities. In this environment, we view current conditions as conducive to a phased and disciplined deployment of capital, allowing portfolios to gradually increase exposure while maintaining prudent risk management.

Key areas of focus in the coming month include the upcoming sovereign outlook decision by S&P Global Ratings, as well as MSCI's market accessibility assessment scheduled for June. In addition, the persistently elevated USD/IDR level and ongoing concerns surrounding Indonesia's fiscal sustainability continue to weigh on investor confidence and may limit the pace of any near-term market recovery.

Actively Managed Portfolio (AMP)

Actively Managed Portfolio (AMP) is an automatic rebalancing strategy which 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 gained in May driven by bond holdings, particularly due to accrued interests from FR0068 and FR0050.

Risk 2 – 5 portfolios also posted gains in May and outperformed their respective benchmarks, primarily driven by the equity holdings which saw positive returns despite volatility in the JCI.

Asset Allocation Changes and Rationale

We view the equity market as remaining in a bearish phase. This assessment is driven by several factors, including uncertainty surrounding the MSCI rebalancing, concerns over a potential widening of Indonesia's fiscal deficit, and the continued escalation of global geopolitical tensions. These conditions have triggered significant selling pressure, particularly from foreign institutional investors, resulting in sizeable capital outflows from the domestic equity market.

These pressures have also contributed to the weakening of the Rupiah against the US Dollar, which carries the risk of further spillover effects in the form of imported inflation. Over the past month, the combination of uncertainty surrounding commodity export policies and negative global sentiment has led to aggressive corrections in equity prices, despite the fact that the underlying fundamentals of several listed companies remain solid.

Against this backdrop, we have undertaken a measured adjustment to portfolio allocations by gradually increasing exposure to equities while reducing allocations to bonds and cash instruments. This strategy is implemented selectively, with a focus on companies that exhibit strong fundamentals and resilience amid elevated market volatility. Our approach reflects an opportunistic effort to capitalize on price dislocations, while maintaining strict risk discipline in an environment where uncertainty remains high.

	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
May 26	48%	52%	0%	49%	49%	3%	47%	47%	6%	46%	46%	9%	44%	44%	12%
June 26	39%	61%	0%	41%	41%	18%	33%	33%	34%	24%	24%	52%	16%	16%	69%

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

Fund Performance per Risk Level

	May 2026	3M	YTD	1Y	Since Inception (p.a.)*
AMP Portfolio Risk 1	0.08%	-0.47%	-0.16%	4.46%	-0.19%
Benchmark	0.20%	-0.10%	0.26%	4.62%	0.2%
AMP Portfolio Risk 2	-0.29%	-1.62%	-1.18%	4.08%	-1.90%
Benchmark	-1.42%	-2.80%	-2.51%	2.81%	-3.35%
AMP Portfolio Risk 3	-0.8%	-3.44%	-2.99%	3.14%	-4.34%
Benchmark	-3.03%	-5.46%	-5.26%	0.93%	-6.82%
AMP Portfolio Risk 4	-1.16%	-4.83%	-4.33%	2.67%	-6.29%
Benchmark	-4.62%	-8.08%	-7.99%	-1.01%	-10.22%
AMP Portfolio Risk 5	-1.66%	-6.28%	-5.82%	1.96%	-8.35%
Benchmark	-6.19%	-10.66%	-10.70%	-3.01%	-13.55%

Notes: The benchmark used is a Strategic Asset Allocation (SAA) portfolio with a fixed asset mix per risk level (Risk Level 1: 0% equity, Risk Level 2: 12.5% equity, Risk Level 3: 25% equity, Risk Level 4: 37.5% equity, Risk Level 5: 50% equity). The remaining allocation is split evenly between bonds and money market instruments. Unlike AMP, the SAA benchmark does not adjust allocations based on market conditions.

Fund Performance Commentary

- **During May, all funds under our management, except Simpan Bond Fund and Simpan Cash Fund, underperformed their respective benchmarks.** This outcome was broadly in line with market conditions, as sharp equity market corrections and sustained foreign outflows negatively impacted risk assets across the board.
- **In Equities, our equity portfolios saw negative returns in May which was driven by heightened volatility in the equity market.** Our equity portfolios recorded negative returns in May, primarily driven by heightened market volatility amid aggressive foreign selling following the MSCI rebalancing, policy uncertainty related to government regulatory changes, and continued pressure on the Rupiah, all of which weighed on broader equity market performance.
- **In Fixed Income, The government bond market performed positively in May, with yields trending lower over the course of the month.** The 10-year government bond yield declined from 6.85% at the beginning of May to 6.72% by month-end, having briefly fallen to as low as 6.60% during the period. Despite the rally, several segments of the yield curve continue to exhibit signs of inversion, reflecting ongoing uncertainty in the interest rate outlook. We therefore maintain a cautious approach to duration positioning while actively monitoring opportunities, particularly at the shorter end of the curve where yield spreads have become increasingly attractive. Geopolitical developments in the Middle East remain a key area of focus, given their potential impact on oil prices, global bond markets, and the Rupiah, which experienced notable weakness during the month. We are also closely assessing the broader implications for global liquidity conditions, including petrodollar flows, as well as potential policy responses in Indonesia. Key areas to watch include the fiscal deficit trajectory, inflation dynamics, and the overall resilience of Indonesia's macroeconomic fundamentals.

Key Trades of the Month – Equities

Commodities – Coal, Copper, and Oil & Gas: Following government-led export control regulations, we adjusted our commodities exposure across equity portfolios. We increased our allocation to AMMN as a copper proxy after its removal from the MSCI Index led to a sharp share price correction, while fundamentals remain intact and valuations attractive. We also initiated a position in RATU as an Oil & Gas proxy, supported by ongoing value-accretive corporate actions despite weak market sentiment. Conversely, we reduced exposure to AADI, as coal remains directly impacted by export control measures, increasing policy-related uncertainty.

Infrastructure – Telecommunication: Within the infrastructure sector, we reduced our position in TLKM, one of our telecommunications holdings. While the company's fundamentals remain relatively resilient, the stock experienced notable foreign selling pressure during the MSCI rebalancing period. Coupled with limited near-term upside in price action, we viewed this as an appropriate opportunity to reallocate capital more efficiently toward names with clearer catalysts and stronger return potential.

Increased

Amman Mineral Indonesia (AMMN)
Raharja Energi Cepu (RATU)

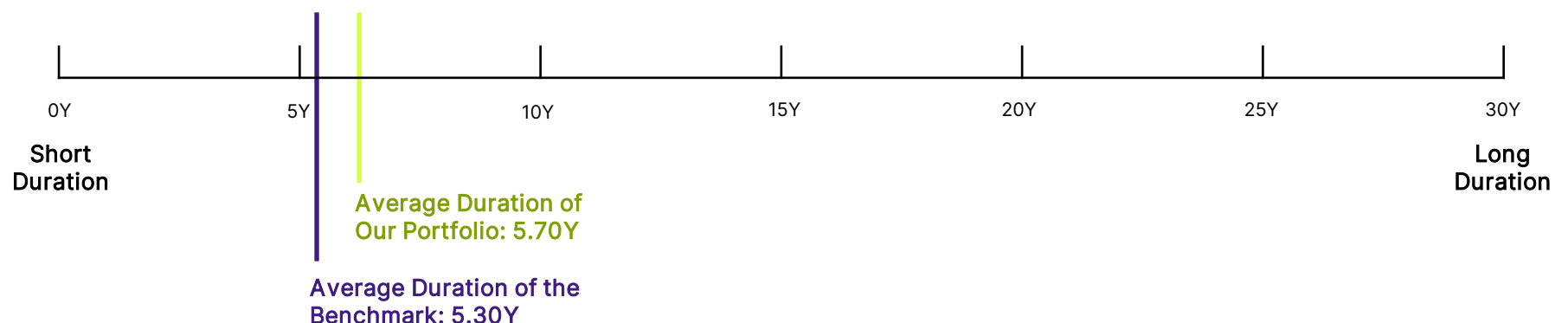
Decreased / Exited

Adaro Andalan Indonesia (AADI)
Telkom Indonesia (TLKM)

Key Trades of the Month – Fixed Income

Our open-ended fixed income funds maintained an average portfolio duration of 5.70 years, slightly above the benchmark duration. During the month, the funds generated a return of +0.43%, outperforming the benchmark return of +0.29%. As we move into June, we continue to adopt a cautious approach toward duration positioning. At the same time, we are actively monitoring opportunities to selectively add exposure, particularly at the shorter end of the yield curve, with better risk-reward dynamics.

Duration Positioning



IDR Reksa Dana Performance	May 2026	3M	YTD	1Y	3Y (p.a.)	Since Inception (p.a.)*
Cash Fund	0.25%	0.87%	1.48%	4.13%	4.29%	4.19%
Benchmark (100% 3 Month Deposit Rates)	0.24%	0.76%	1.25%	3.18%	3.14%	3.13%
Bond Fund	0.43%	-1.15%	-0.95%	5.09%	-	5.04%
Benchmark (100% IndoBex Total Return Index, Net Tax)	0.29%	-1.03%	-0.79%	6.15%	-	6.44%
Sustainable Equity Fund	-11.47%	-21.00%	-19.26%	-9.60%	-	-5.48%
Benchmark (MSCI Indonesia IMI Value Weighted Ex)	-7.37%	-18.53%	-14.44%	-8.15%	-	-1.63%
Balanced Fund	-6.62%	-11.35%	-12.26%	-2.60%	0.94%	1.43%
Benchmark (65% IndoBex Total Return Index, Net Tax + 35% IHSG)	-3.98%	-9.63%	-10.71%	-1.10%	2.74%	2.92%

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

Cash Syariah Fund	0.12%	0.73%	1.34%	3.95%	-	4.26%
Benchmark (100% 1 Month Deposit Rates)	0.23%	0.72%	1.18%	3.00%	-	3.06%

USD Reksa Dana Performance	May 2026	3M	YTD	1Y	3Y (p.a.)	Since Inception (p.a.)*
Dollar Bond Fund	-	-	-	-	-	-0.09
Benchmark (100% 3 Month Deposit Rates)	-	-	-	-	-	0.25%

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