Simpan ASSET MANAGEMENT

Monthly Investor Update

October 2026

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Monthly Investor Update – October 2026
Commentary

Simpan ASSET MANAGEMENT

Dear Simpan Client,

Market Update

In October, the IHSG fell -16.70% to close at 5,057, while the INDOBeX index fell -1.84% over the same period. On 15 October, MSCI proposed reclassifying Indonesia from Emerging to Standalone Market, skipping Frontier, with a decision due by 30 June 2027. The IHSG fell 11.57% the next day, its worst session since January 1998. Foreign investors were net sellers of Indonesian Equities, withdrawing Rp 16.9 trillion. Year-to-date, the IHSG is down 41.52%, with cumulative net foreign outflows of Rp 97.9 trillion.

In Fixed Income, government bond yields rose across tenors, with the 5Y up 59 bps to 7.59%, and the 10Y up 58 bps to 7.72%, its highest close of 2026. The 27 October SUN auction missed its Rp 30 trillion target, on its lowest bids since November 2024. Indonesia's US Dollar bonds moved the other way, with the INDON 3Y yield down 11 bps to 5.17%. Foreign ownership of government bonds ended at Rp 914.8 trillion. The Rupiah weakened from 17,870 to 18,127. Bank Indonesia held the BI-Rate at 5.75% on 21 October.

In the US, the Federal Reserve held its policy rate at 3.75% - 4.00% on 28 October, with two officials voting for a hike. Concerns over AI financing drove sell-offs in US tech stocks and sent money into US Treasuries. The 10Y US Treasury yield fell from 5.28% to 4.93%. Brent crude ended the month above USD 110 a barrel amid attacks around Hormuz and Saudi Arabia. The premium for holding Indonesian bonds widened from 186 bps to 279 bps, as the selling came from home rather than from US rates.

AMP Performance

In October, Risk Levels 2 through 5 posted negative returns as Indonesian Equities fell, with losses in proportion to each tier's Equity weight, which we had raised before MSCI's proposal. Risk Level 1 returned -0.58% as government bond prices fell, with its larger Cash Fund weight limiting the decline.

Fund Performance

In October, Simpan Cash Fund outperformed its benchmark and Simpan Bond Fund finished level with its benchmark, while Simpan Sustainable Equity Fund, Simpan Balanced Fund, Simpan Cash Syariah Fund and Simpan Dollar Bond Fund finished behind.

The Equity Fund and Balanced Fund declined with the equity market, with commodity holdings dragging on the Equity Fund. The Dollar Bond Fund returned 0.52% as yields fell, behind its benchmark's 0.65%.

Outlook & Portfolio Positioning

In Fixed Income, the selling came domestically, after a weak SUN auction. We are keeping the Simpan Bond Fund and the Simpan Dollar Bond Fund as they are until the next SUN auction shows whether demand is truly low.

In Equities, MSCI's proposal was unexpected across the market, resulting in heavy selling pressure. We still see valuations as attractive, but index-fund selling pressure offers limited protection.

Across our AMP strategies, we halved our Equity weighting across AMP Risk Levels 2 through 5 for November. For example, AMP Ultra Growth’s equity weight halved from 70% to 35%, moving the difference evenly into our Cash and Fixed Income Fund. In Risk Level 1, we moved fully into our Cash Fund and will rebuild our Fixed Income position once yields stabilize. The main risks are a second weak SUN auction and MSCI's response to the reforms.

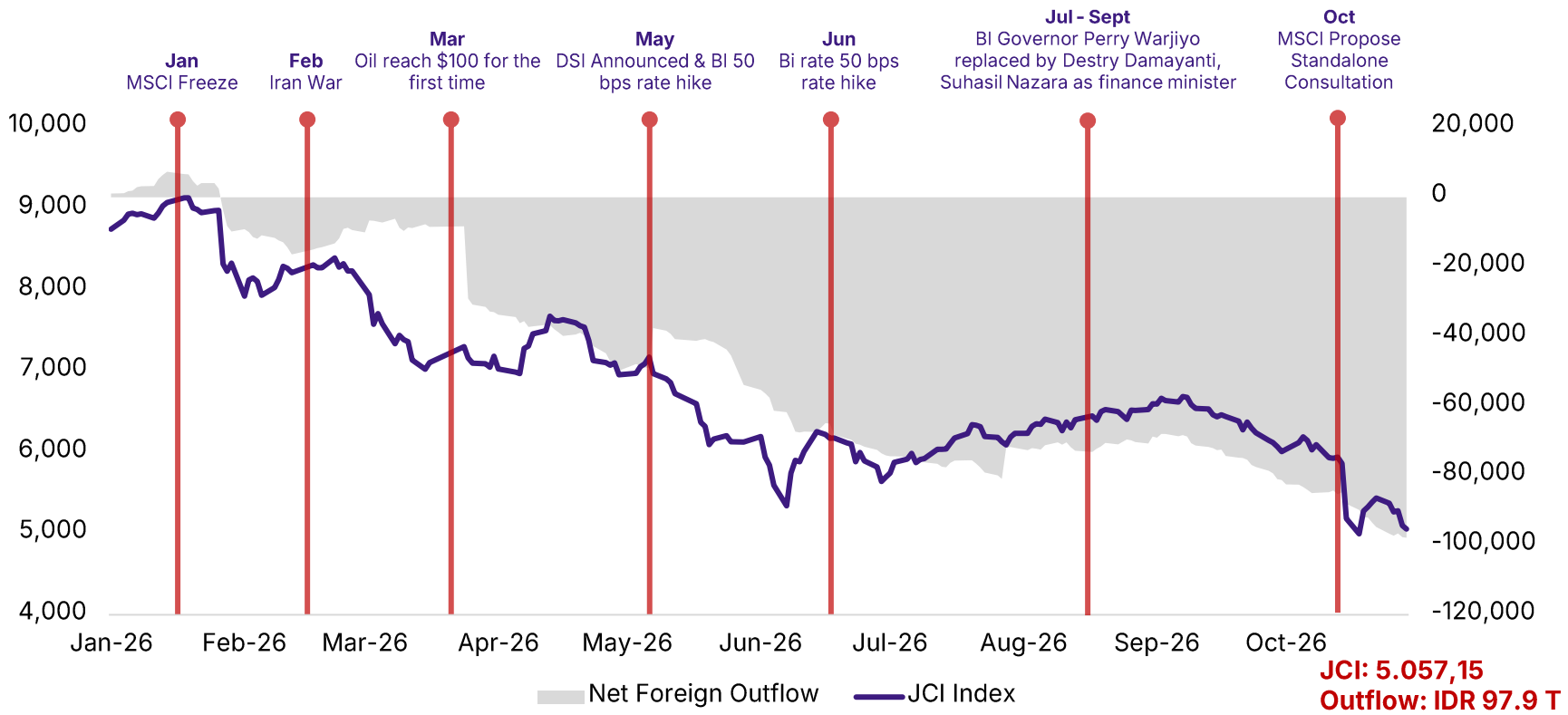
Key watchpoints: Indonesia's Q3 GDP on 5 November, the next SUN auction, the MSCI review on 11 November, Bank Indonesia's 17 – 18 November meeting, the FOMC on 8 – 9 December, the Rupiah, and oil prices

1. MSCI's Standalone Proposal Hits Indonesian Equities

- MSCI proposed moving Indonesia from Emerging to Standalone Market on 15 October, skipping Frontier. Foreign investors sold Rp 16.9 trillion of Indonesian Equities in October. Outflows since January reached Rp 98.8 trillion.
- IHSG fell 11.57% on 16 October, its worst session since January 1998, and reached a 2026 low of 4,997 on 19 October. It ended October down 16.70% at 5,057.
- OJK imposed Rp 2.1 trillion in fines, and IDX is removing high-concentration stocks from the IHSG from 2 November.

2. Rupiah Bonds Sold Off as US Yields Fell

- The Federal Reserve held rates at 3.75% - 4.00% on 28 October, with two officials voting for a hike. 10Y Treasury yield fell 35 bps to 4.93%.
- Rupiah government bonds sold off. The 10Y yield rose 58 bps to 7.72%, its highest close of 2026, and the 27 October SUN auction missed its Rp 30 trillion target on its lowest bids since November 2024.
- Indonesia's US Dollar bonds rallied, with the INDON 3Y down 11 bps to 5.17%. The 10Y yield premium over US Treasuries widened from 186 bps to 279 bps.
- The Rupiah weakened from 17,870 to 18,127, after its weakest close of 2026 at 18,183 on 28 October. Bank Indonesia held the BI-Rate at 5.75% on 21 October, raised its Deposit Facility rate to 5.00%, and is cutting reserve requirements from 9% to 7% over November and December.



Tracking Our Projections

What We Said Last Month	What Happened This Month
❑ We were adding Equity gradually for October and named the 27 – 28 October FOMC as the main risk.	✅ The Fed held. The damage came from elsewhere: MSCI proposed Standalone status on 15 October and the IHSG fell 16.70%. We are halving Equity for November.
❑ We preferred Indonesia's US Dollar bonds to Rupiah bonds, through the Simpan Dollar Bond Fund.	✅ The Dollar Bond Fund returned +0.52% against -1.64% for the Bond Fund, as the INDON 3Y fell 11 bps and the 10Y Rupiah yield rose 58 bps.

Market Outlook

In Equities, we turned more cautious. Last month, we saw the decline due to asset repricing from MSCI's unexpected consultation to move Indonesia to Standalone surprised market participants. Analysts estimate passive outflows of USD 3 billion or more if MSCI makes no decision by June 2027, weighing further on the IHSG. While we still see valuations as attractive, heavy selling by index and foreign funds offers limited downside protection. We therefore halved Equity across AMP Risk Levels 2 through 5. The main risk to this view is a recovery, with the IHSG already 41.52% lower year to date.

In Fixed Income, the Federal Reserve held benchmark rates, US Treasury yields fell, and Indonesia's US Dollar bonds rallied, with the INDON 3Y at 5.17%. Rupiah yields rose instead, with the 10Y at 7.72% after a SUN auction that drew its lowest bids since November 2024. The 10Y now pays 279 bps over US Treasuries, its widest premium since June. We are keeping the Simpan Bond Fund and the Simpan Dollar Bond Fund as they are until the next SUN auction shows whether demand is truly low.

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 returned -0.58% in October as government bond prices fell, with the larger Cash Fund weight we held through the month limiting the impact of that decline.

Risk 2 through 5 portfolios returned between -3.12% and -10.52%, scaling in line with each tier's Equity weighting as the IHSG fell 16.70%. Because we had raised Equity across these tiers entering October, each carried more Equity than its strategic weight into the decline.

Asset Allocation Changes and Rationale

In October, we raised Equity across Risk Levels 2 through 5 and raised Fixed Income in Risk Level 1. During the month, MSCI proposed reclassifying Indonesia to Standalone Market, the IHSG fell 16.70%, and foreign investors sold Rp 16.9 trillion of Indonesian Equities.

MSCI's announcement came as an unexpected shock across the market. Given heavy selling pressure from index and foreign funds, we halved Equity across Risk Levels 2 through 5 for November, moving the difference evenly into our Cash and Fixed Income Funds. In Risk Level 1, we are moving fully into our Cash Fund and out of our Bond Fund, given more volatile Rupiah bonds and the unresolved MSCI outcome. We will look to rebuild that position once yields stabilize.

	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
Oct 26	53.5%	46.50%	-	41.3%	41.3%	17.5%	32.5%	32.5%	35.0%	23.8%	23.8%	52.5%	15.0%	15.0%	70.0%
Nov 26	100.0%	-	-	45.6%	45.6%	8.8%	41.3%	41.3%	17.5%	36.9%	36.9%	26.3%	32.5%	32.5%	35.0%

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

Fund Performance per Risk Level

	October 2026	Q1 2026	Q2 2026	Q3 2026	Q4 2026	YTD	1Y	Since Inception (21 Jan 2026)
AMP Portfolios								
AMP Core (Risk 1)	-0.58%	-0.81%	-0.24%	1.36%	-	-0.29%	0.14%	-0.32%
AMP Focused (Risk 2)	-3.12%	-1.57%	-2.33%	3.39%	-	-3.71%	-2.28%	-4.38%
AMP Enhanced (Risk 3)	-5.59%	-3.07%	-4.55%	5.25%	-	-8.04%	-5.74%	-9.29%
AMP Progressive (Risk 4)	-8.05%	-4.21%	-6.84%	7.17%	-	-12.04%	-8.92%	-13.80%
AMP Ultra Growth (Risk 5)	-10.52%	-5.34%	-9.25%	9.14%	-	-16.03%	-12.23%	-18.28%
Market Indices								
Jakarta Composite Index	-16.70%	-18.49%	-19.87%	7.58%	-	-41.52%	-38.21%	-43.87%
Average 3M Deposit Rate	0.37%	0.95%	0.99%	1.09%	-	3.38%	3.94%	3.17%
Government Bond Index	-1.84%	-1.95%	-0.83%	2.10%	-	-2.54%	-1.82%	-2.22%
Balanced (50% JCI + 50% Government Bond Index)	-9.27%	-10.22%	-10.35%	4.84%	-	-22.03%	-20.01%	-23.04%

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

October was a challenging month for Indonesia's capital markets. All funds underperformed their benchmarks except Simpan Cash Fund, Simpan Cash Syariah Fund, and Simpan Dollar Bond Fund. The main cause was MSCI's surprise proposal on 15 October to reclassify Indonesia from Emerging Market to Standalone status. Global investors pulled capital from Indonesian equities and bonds, putting heavy pressure on asset prices and pushing the Rupiah 1.41% weaker, to Rp18,147 per US Dollar.

In Equities, the JCI fell 16.70% in October to 5,057, including an 8% drop on 16 October that triggered a trading halt. Foreign investors were net sellers of roughly Rp15.4 trillion of equities over the month. Our equity portfolios posted negative returns but outperformed the JCI. The main detractors were BRPT, ISAT and MDKA, while the main contributors were PTBA, EXCL and BBNI. Our holdings remain concentrated in commodities and banking sectors. We stay cautious on equities as the MSCI proposal and the regulators' crackdown on market misconduct will test global investors' confidence in Indonesia, even though both should build a healthier domestic market in the long run.

In Fixed Income, our Rupiah-denominated bond portfolios came under the same pressure as foreign investors cut their exposure to Indonesian government bonds. The 10-year yield rose about 50 bps to around 7.6%, and touched 7.71% on 29 October, its highest level since 2020. US Treasuries moved the other way. The 10-year Treasury yield fell about 36 bps, from 5.29% to 4.93%, in the strongest monthly rally since 2024, as investors moved into safe assets. Because Indonesian yields rose while US yields fell, the spread between the two widened sharply. That shows the sell-off was driven by Indonesia-specific risk rather than global rates. In contrast, our US Dollar-denominated portfolios remained resilient as lower US Treasury yields supported their performance, and their US Dollar base shielded them from the Rupiah's weakness.

Key Trades of the Month – Equities

Conglomerates – Diversified: We exited our positions in diversified conglomerates, including Petrindo Jaya Kreasi (CUAN), Dian Swastika Sentosa (DSSA) and Chandra Asri Pacific (TPIA). This let us lock in gains on some names and cut losses on others to protect capital, as market rumors drove sharp price swings and we expected sentiment toward the group to turn more negative.

Blue Chips – Banking & Coal: We added to our positions in Bank Mandiri (BMRI) and Bank Negara Indonesia (BBNI). The sharp sell-off in banking stocks after the MSCI announcement pushed their dividend yields to compelling levels. We also increased our holdings in Bukit Asam (PTBA), as the company continues to deliver resilient financial results and domestic demand for coal remains solid.

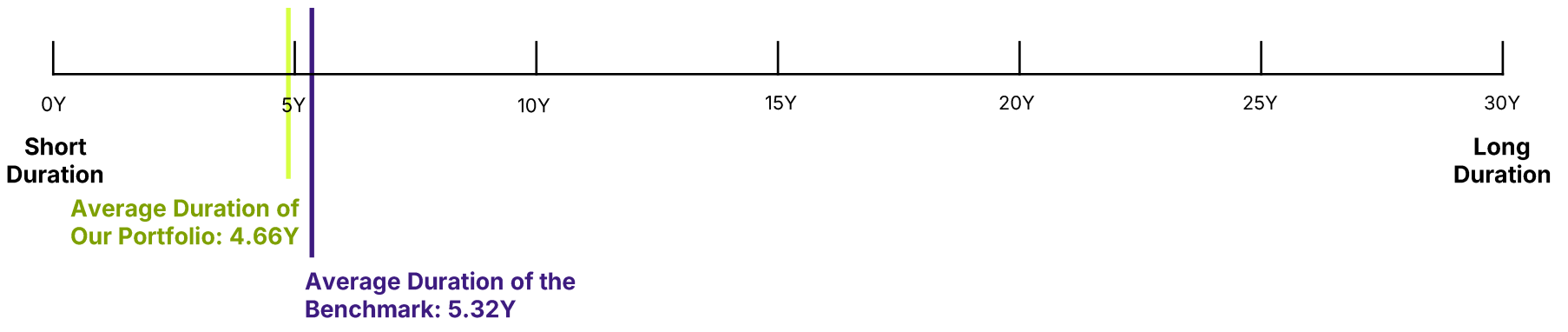
Increased / New Entry	Decreased / Exited
Bank Mandiri (BMRI)	Petrindo Jaya Kreasi (CUAN)
Bank Negara Indonesia (BBNI)	Dian Swastika Sentosa (DSSA)
Bukit Asam (PTBA)	Chandra Asri Pacific (TPIA)

Key Trades of the Month – Fixed Income

As of the end of October, our Fixed Income funds had an average portfolio duration of 4.66 years, below the benchmark duration. This shorter positioning helped limit the impact of rising yields, driven by the MSCI announcement, a weak government bond auction, and growing fiscal concerns. Bank Indonesia has responded by intervening in the currency market and signaling bond purchases.

Going into November, we remain cautious on duration. Short- and mid-tenor bonds offer a better risk-return profile, keeping our duration positioning short. That said, a 10-year yield of around 7.6% offers an attractive real yield, and we will consider adding duration once volatility eases. We are monitoring Bank Indonesia's policy, the Rupiah, and the upcoming auction.

Duration Positioning



IDR Reksa Dana Performance	October 2026	3M	YTD	1Y	3Y (p.a.)	Since Inception (p.a.)*
Cash Fund	**0.35%**	**1.19%**	**3.42%**	**4.09%**	**4.43%**	**4.23%**
Benchmark (100% 3 Month Deposit Rates)	0.29%	0.89%	2.74%	3.27%	3.38%	3.33%
Bond Fund	**-1.64%**	**0.04%**	**-2.80%**	**-2.46%**	**-**	**3.34%**
Benchmark (100% IndoBex Total Return Index, Net Tax)	-1.65%	0.18%	-2.17%	-1.64%	-	4.66%
Sustainable Equity Fund	**-14.77%**	**-16.28%**	**-30.39%**	**-23.91%**	**-**	**-10.30%**
Benchmark (MSCI Indonesia IMI Value Weighted Ex)	-8.21%	-11.56%	-23.70%	-22.89%	-	-5.96%
Balanced Fund	**-8.96%**	**-10.03%**	**-20.67%**	**-15.86%**	**-2.93%**	**-0.91%**
Benchmark (65% IndoBex Total Return Index, Net Tax + 35% IHSG)	-6.92%	-6.27%	-15.94%	-14.44%	0.83%	1.49%

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

Cash Syariah Fund	**0.19%**	**0.64%**	**2.52%**	**3.22%**	**-**	**3.96%**
Benchmark (100% 1 Month Deposit Rates)	0.27%	0.84%	2.58%	3.08%	-	3.16%

USD Reksa Dana Performance	October 2026	3M	YTD	1Y	3Y (p.a.)	Since Inception (p.a.)*
Dollar Bond Fund	**0.52%**	**0.84%**	**-**	**-**	**-**	**0.28%**
Benchmark (100% GIDU3YR Index)	0.65%	0.37%	-	-	-	0.74%

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