

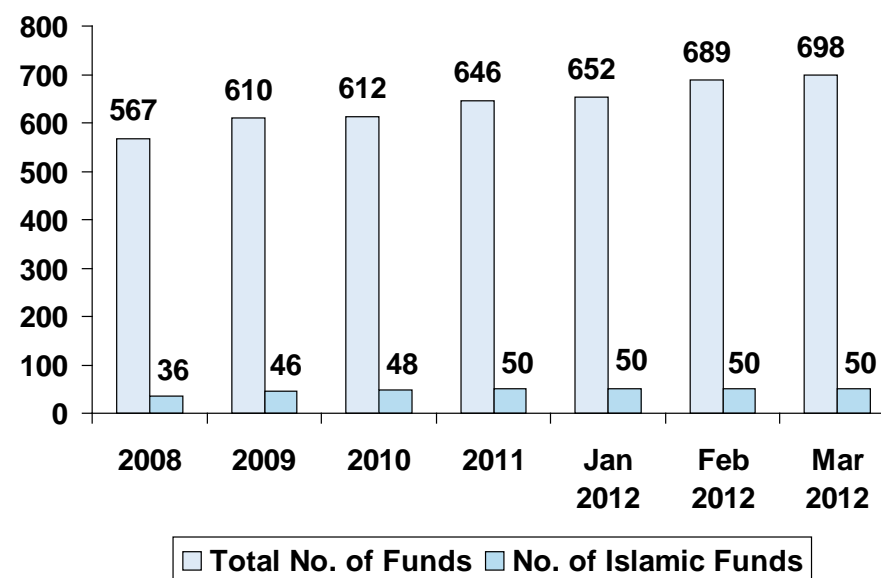
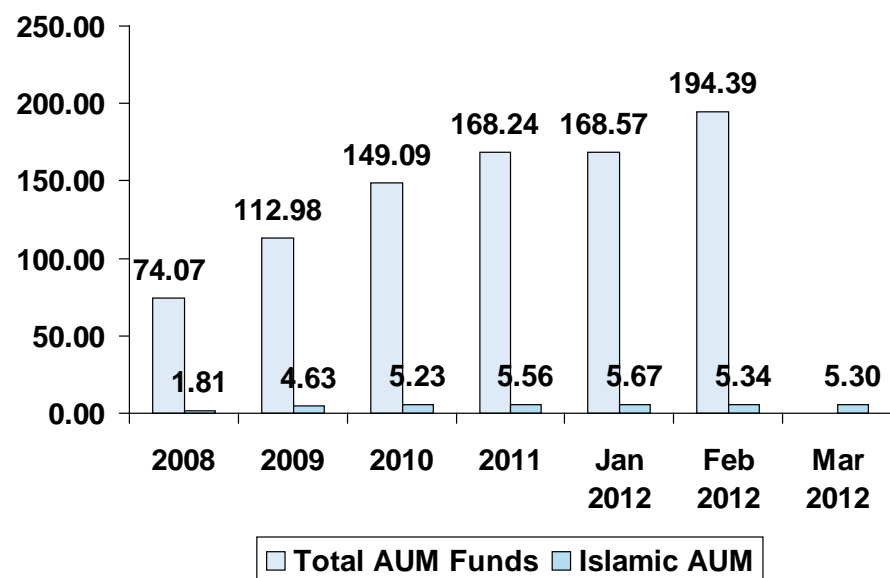
April 2012

IFN Indonesia Forum 2012

Islamic Fund Management in Indonesia



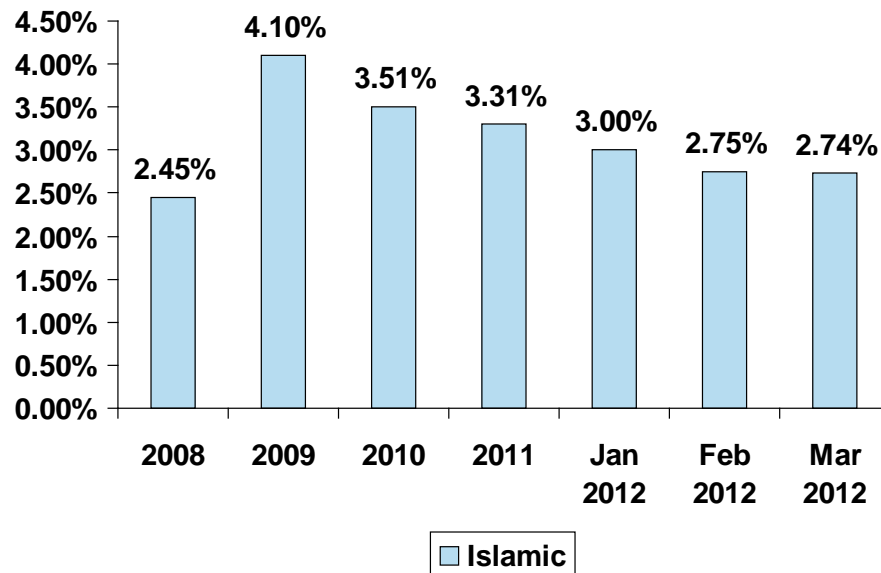
Islamic Funds in Indonesia: Size & Number



*in IDR trillion

**Source: BAPEPAM

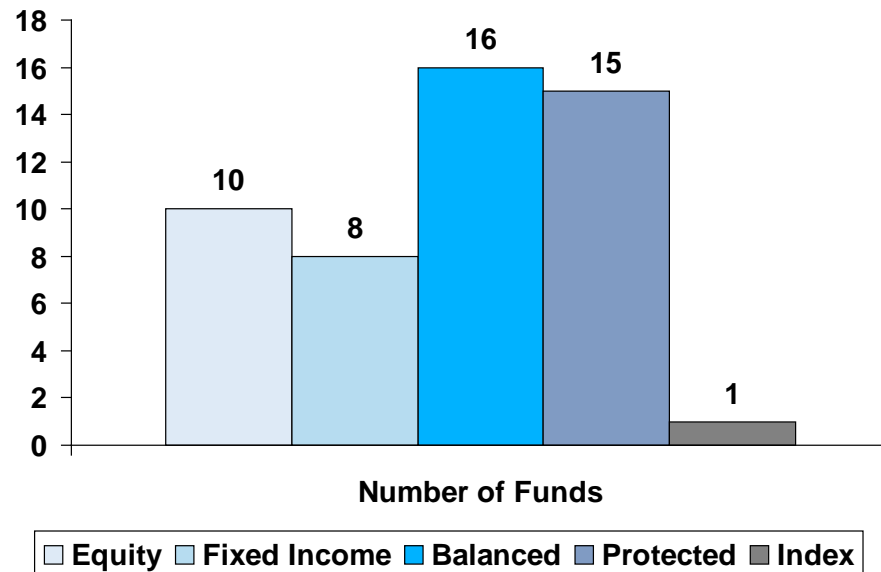
Islamic Funds in Indonesia: Facts and Figures



Source: BAPEPAM

- Big Potential Market for Islamic Finance development in Indonesia
- >80% Muslim out of >230 mio Indonesian citizens (Source: Central Bureau of Statistic)
- Less than 3% Islamic Funds compare out of total AUM within the fund management industry in Indonesia
- Total AUM of Islamic Funds is down less than 3% out of total industry AUM compare to more than 4% from the highest figure in 2009

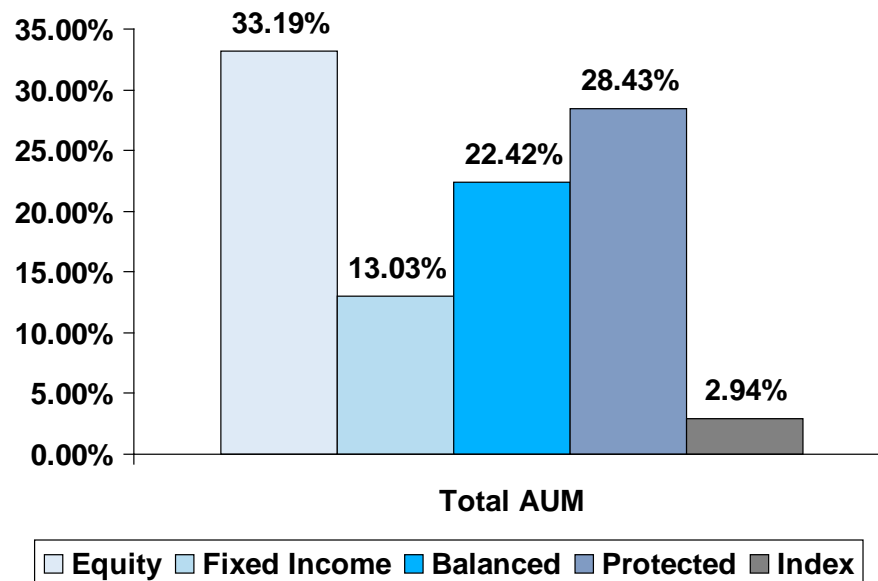
Islamic Funds Breakdown



- In term of number of funds, AUM of Islamic Balanced Funds is the biggest followed by Islamic Capital Protected Funds.
- There are 10 Islamic Equity Funds compare to 8 Islamic Fixed Income Funds
- There is only 1 Islamic Index Fund, since there are only 2 Islamic Index available in Indonesia (Jakarta Islamic Index & Indonesia Sharia Stock Index)

Source: BAPEPAM

Islamic AUM Breakdown

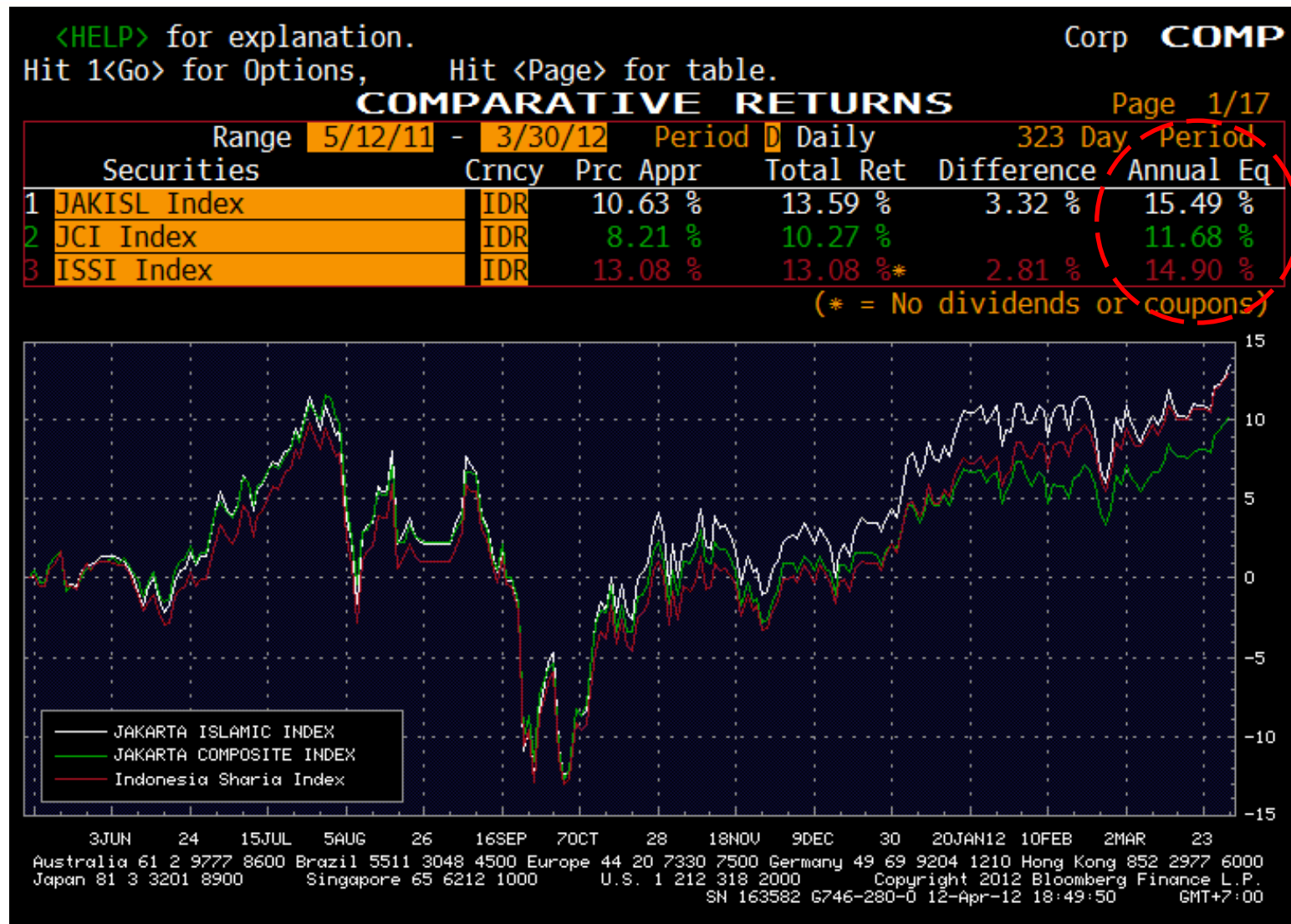


- Although in term of number, Islamic Balanced Funds is the biggest but it only represent 22.42% out of total Islamic Funds AUM compare to 33.19% AUM in Islamic Equity Funds.
- AUM of Islamic Equity Funds is bigger than all of other Islamic Funds even though in term of number is only 10 funds out of total 50 Islamic Funds in Indonesia.

*As of 30 Mar 2012 (in IDR mio)

**Source: BAPEPAM

JCI, JII & ISSI



Outperformed

JCI vs JII: Members & Market Cap

JII = 40% JCI

JCI ↓ 4119.117 -30.682 i

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Index DES

INDEX DESCRIPTION PAGE

JCI - JAKARTA COMPOSITE INDEX

BBGID: BBG000K1QP28

The Jakarta Stock Price Index is a modified capitalization-weighted index of all stocks listed on the regular board of the Indonesia Stock Exchange.

The index was developed with a base index value of 100 as of August 10, 1982.

Please look at CDR JA<GO> for exchange trading days.

<div> <div>1)GIP Prices</div> <div>Year_to_Date</div> <div>2)TRA 52 Weeks Ago</div> <div>3)GPO 52 Week High</div> <div>52 Week Low</div> <div>Trading Hours</div> <div>4)FA Fundamental Information</div> <div>Price/Earnings</div> <div>Dividend Yield</div> <div>Index Information</div> <div>Currency</div> <div>Volume</div> <div>* Market Cap</div> <div>Divisor</div> </div> <div> <div>Value</div> <div>3821.99</div> <div>3745.83</div> <div>4232.92</div> <div>3217.95</div> <div>09:28-16:15</div> <div>Local</div> <div>21.35</div> <div>1.86</div> <div>Ex-Dvd</div> <div>-.0288</div> <div>on 04/11/12</div> <div>IDR</div> <div>3.72BLN</div> <div>on 04/10/12</div> <div>3,630TRI</div> <div>875105.5607</div> </div> <div> <div>% Chg</div> <div>+7.816</div> <div>+10.008</div> <div>on 04/03/12</div> <div>on 09/26/11</div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div> <div> <div>Net Chg</div> <div>+298.72</div> <div>+374.87</div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>

5)GRPS 9 Industry Groups

6)MEMB 443 Members

7)MOV Today's Movers by Index Pts

8) HERO SUPERMARKET

Leading 9) GUDANG GARAM TBK

Movers 10) UNILEVER IND TBK

11) BEKASI FAJAR IND

12) ASTRA INTERNATIO

Lagging 13) TAMBANG BATUBARA

Movers 14) TELEKOMUNIKASI

15) BUMI RESOURCES

16)CN News on Today's Movers

No Futures Available

No Options Available

174 ↓190 +179

+4.329

+3.078

+1.308

+1.701

-4.164

-2.896

-2.304

-1.780

* Index Market Cap

Composite Volume 3.570 BLN {JCVOLC Index}

Australia 61 2 9777 8600

Brazil 5511 3048 4500

Europe 44 20 7330 7500

Germany 49 69 9204 1210

Hong Kong 852 2977 6000

Japan 81 3 3201 8900

Singapore 65 6212 1000


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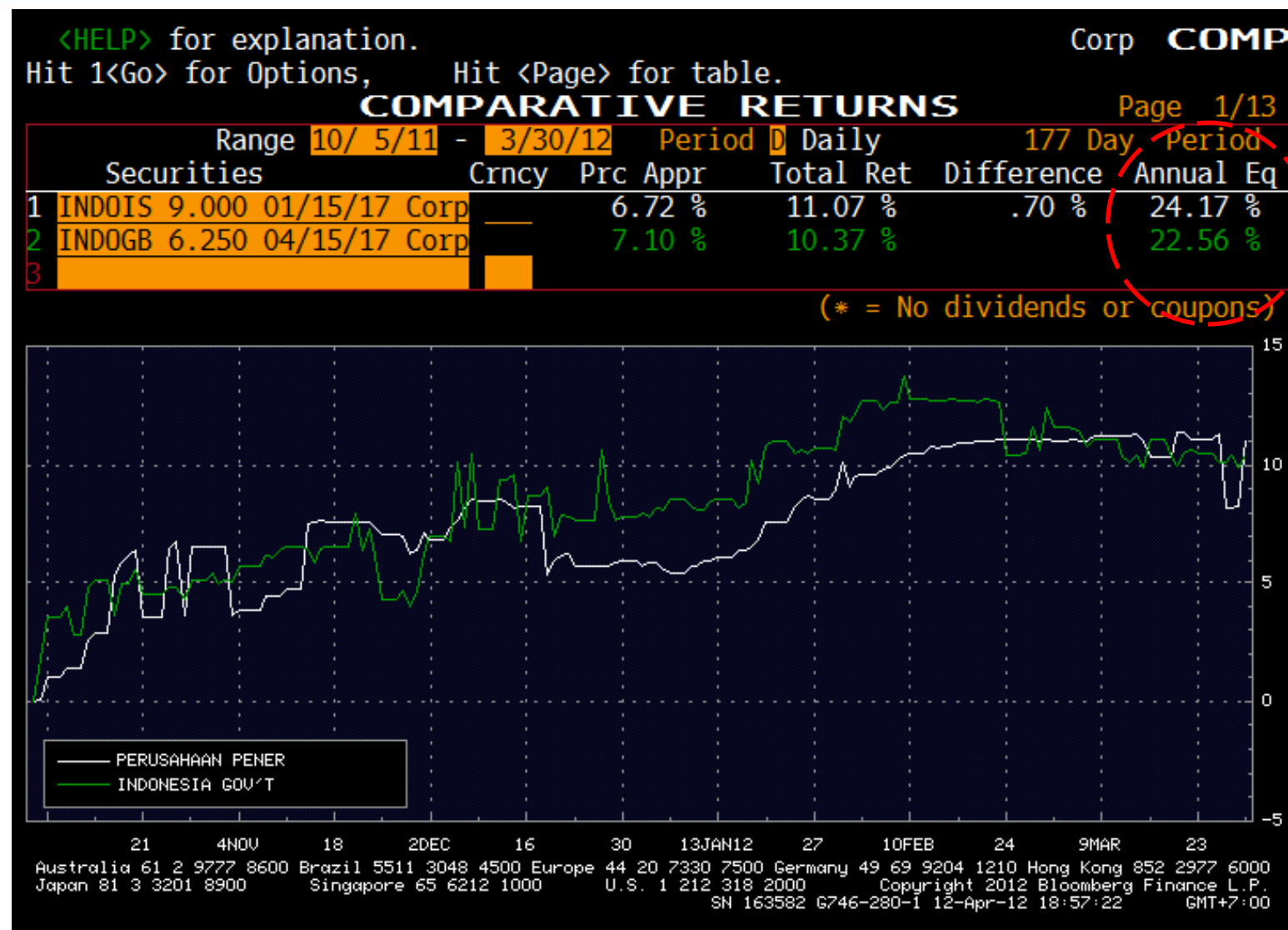
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The Jakarta Stock Exchange Islamic Index is constructed in cooperation with Danareksa Investment Management or DIM. The index consists of 30 stocks in accordance with Shari'ah Law. The index was developed with a base value of 100 as of January 1, 1995. The index begins to trade on July 3, 2000.																																																																																									
<table><tr><td>1)GIP Prices</td><td>Value</td><td>% Chg</td><td>Net Chg</td><td>No Industry Groups</td><td></td></tr><tr><td>Year-to-Date</td><td>537.031</td><td>+7.110</td><td>+38.181</td><td>5)MEMB 30 Members</td><td>121 ↓1 +8</td></tr><tr><td>2)TRA 52 Weeks Ago</td><td>518.973</td><td>+10.837</td><td>+56.239</td><td>6)MOV Today's Movers by Index Pts</td><td></td></tr><tr><td>3)GPO 52 Week High</td><td>597.65</td><td>on 04/03/12</td><td></td><td>7) SEMEN GRESIK TBK</td><td>+1.562</td></tr><tr><td>52 Week Low</td><td>437.95</td><td>on 09/26/11</td><td></td><td>Leading 8) UNILEVER IND TBK</td><td>+1.289</td></tr><tr><td>Trading Hours</td><td>08:00-16:30</td><td>Local</td><td></td><td>Movers 9) ADARO ENERGY TBK</td><td>+1.243</td></tr><tr><td>4)FA Fundamental Information</td><td></td><td></td><td></td><td>10) ASTRA INTERNATIO</td><td>+1.230</td></tr><tr><td>Price/Earnings</td><td>16.01</td><td>Ex-Dvd</td><td>-.7831</td><td>11) INDO TAMBANGRAYA</td><td>-.300</td></tr><tr><td>Dividend Yield</td><td>2.66</td><td>on 12/07/11</td><td></td><td>Lagging 12) UNITED TRACTORS</td><td>unch</td></tr><tr><td>Index Information</td><td></td><td></td><td></td><td>Movers 13) TRADA MARITIME</td><td>unch</td></tr><tr><td>Currency</td><td>IDR</td><td></td><td></td><td>14) TELEKOMUNIKASI</td><td>unch</td></tr><tr><td>Volume</td><td>877,859,520</td><td>on 04/12/12</td><td></td><td>15)CN News on Today's Movers</td><td></td></tr><tr><td>* Market Cap</td><td>1,510TRI</td><td></td><td></td><td>No Futures Available</td><td></td></tr><tr><td>Divisor</td><td>2637367.91597275</td><td></td><td></td><td>No Options Available</td><td></td></tr></table>						1)GIP Prices	Value	% Chg	Net Chg	No Industry Groups		Year-to-Date	537.031	+7.110	+38.181	5)MEMB 30 Members	121 ↓1 +8	2)TRA 52 Weeks Ago	518.973	+10.837	+56.239	6)MOV Today's Movers by Index Pts		3)GPO 52 Week High	597.65	on 04/03/12		7) SEMEN GRESIK TBK	+1.562	52 Week Low	437.95	on 09/26/11		Leading 8) UNILEVER IND TBK	+1.289	Trading Hours	08:00-16:30	Local		Movers 9) ADARO ENERGY TBK	+1.243	4)FA Fundamental Information				10) ASTRA INTERNATIO	+1.230	Price/Earnings	16.01	Ex-Dvd	-.7831	11) INDO TAMBANGRAYA	-.300	Dividend Yield	2.66	on 12/07/11		Lagging 12) UNITED TRACTORS	unch	Index Information				Movers 13) TRADA MARITIME	unch	Currency	IDR			14) TELEKOMUNIKASI	unch	Volume	877,859,520	on 04/12/12		15)CN News on Today's Movers		* Market Cap	1,510TRI			No Futures Available		Divisor	2637367.91597275			No Options Available	
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ISSI ↑ 138.026 -1.133 i				Index DES	
At 15:27 Vol 0 Op 139.149 Hi 139.149 Lo 137.836 Prev 139.159				Page 1/ 8	
					
INDEX DESCRIPTION PAGE					
ISSI - Indonesia Sharia Index					
BBGID: BBG001P8Q5Q4					

ISSI = 60% JCI

Conventional & Islamic Bonds



Outperformed

Islamic Funds in Indonesia: Highlights

- Asset under management Islamic funds in Indonesia is not growing compare to the total asset under management within the industry both based on:
 - Total size of asset under management
 - Total number of funds
- There is less than 3% asset under management on Islamic funds compare to total asset under management within the industry which can be seen as the big opportunity for the development of Islamic funds in Indonesia.
- Equity Islamic funds are still dominating the total asset under management of Islamic funds although these only represent 20% out of the total number of Islamic funds.

Islamic Funds in Indonesia: Highlights

- Jakarta Islamic Index (JII) outperformed Jakarta Composite Index (JCI) in some period, specifically when commodities prices are up since most members of JII are commodity based companies.
- Indonesia Sharia Stock Index (ISSI) also outperformed Jakarta Composite Index (JCI) in some period, specifically when big and mid caps prices are up since members of ISSI are big and mid caps.
- 5 yrs Islamic government bond outperformed 5 yrs conventional government bond because of it has less price volatility compare to the conventional since most of investors are doing the buy-and-hold strategy which also caused less liquidity on it.
- Based on summaries above, Islamic capital market has more opportunities to outperform the conventional both in term of rate of return as well as its potential growth going forward.

Current Development in Indonesia Islamic Fund Management

Equity

- BAPEPAM has already adjusted the screening methodology in order to be able to fit in with global sharia-compliant standard so that foreign based Islamic funds are able to invest in Indonesia sharia stocks which will make it more liquid going forward.
- BAPEPAM has launched a new sharia stock index end of 1H11 (Indonesia Sharia Stock Index - ISSI) which made life easier for fund managers who managed Islamic equity based funds to beat the benchmark.
 - Before ISSI launched, all fund managers were using JII as the benchmark which has 30% weighting in only of its 2 stocks component.
 - After ISSI launched, fund managers can switch their Islamic equity funds benchmark into ISSI which has 20% weighting in its 2 stocks component.

Current Development in Indonesia Islamic Fund Management

Fixed Income

- Limited new Islamic bonds/sukuk issued in the last couple of years. Even if there are some of new issuance, it was only a refinancing of the last issuance. In other words, there is no new company which issued new Islamic bonds/sukuk.
- There are also very limited Islamic fixed income funds launched recently. Since there are very limited Islamic bonds/sukuk that can be bought as the underlying assets.

Challenges

Equity

- Although ISSI has overcome the concentration problems on the benchmark stock component, but it only reduced from 30% to 20% concentration percentage on 2 of their biggest market cap stocks.
- Therefore, fund managers still need to be provided by more alternative index to be their funds benchmark.
- More Islamic index are very welcome both from domestic index providers as well as foreign based providers to be listed in Jakarta Stock Exchange.

Challenges

Fixed Income

- Difficulties in finding sukuk's underlying assets as collateral in Ijarah contracts both for corporate or government issuances maybe one of the main reasons why there are limited Islamic bonds/sukuk issuances.
- There must be some new policies to be made on the regulation of the new issuances in order to have more developing and growing Islamic capital market as well as Islamic fund management.
- Tax exemption can be one of alternative new policy in order to develop Sukuk market, excluded from the gradual application of tax on conventional bonds (up to 15% in 2014).

Challenges

Summaries

- Despite of the new development on the regulation of the Islamic capital market as well as the Islamic fund management, this must also be supported by some more policies from government.
- This can be done by establishment of government-sponsored Islamic financial institution that can create demand and liquidity on both Islamic capital market and fund management, for example:
 - Dana Haji Indonesia – independently managed by professional
- Other than government, the existing Islamic banks and financial institutions (insurance companies) can also create some or more new Islamic based financial products in order to create more demand and liquidity, for example:
 - Tabungan Haji & Tabungan Umrah

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Thank You