



Danantara Indonesia Investor Relations Team

Introducing

Investing at Danantara Indonesia

“Writing is thinking on paper.” This saying resonates with us at Danantara Indonesia’s Investor Relations team.

Writing compels us to grapple with complex ideas, slow down, and organize our thoughts. Facing a blank page is never easy, but taking the hard way is often the right choice. We believe in avoiding shortcuts (except at 6pm on a Friday when we are trying to escape Jakarta’s SCBD traffic).

Still, we persist, because in a world filled with noise and distractions, writing is meditative. At the very least, it is cheaper than therapy, and perhaps more effective than coffee.

The effort matters, because trust is built through openness. Indonesia today is full of promise, but also full of questions. Growth is evident and investments are present, yet many still wonder: who is it really for? How does it shape my everyday life?

People would rather we write too much than sit in silence. In investing, as in life, silence leaves room for doubt.

This understanding is the spirit behind our new series: Investing at Danantara Indonesia. We will share not just what Danantara Indonesia invests in, but also why and how our Investments team approaches investing.

At times, our reflections will be philosophical, offering our view on what responsible, long-term capital should do. Other times, they will be pragmatic, outlining our dual mandate of commercial returns and national impact. And yes, sometimes they will be tactical; like pointing out when it makes sense to reduce risk if there are plenty of potential catalysts but no clear view on how they will play out.

That is why we do not adhere to a single playbook. Diversification, often said to be the closest thing to a free lunch in finance, is our shock absorber, the thing that keeps us standing when markets stumble. We think long term, and we keep our feet planted: preferably on Indonesian soil.

When we invest, we do not wager on just one shiny project. Instead, we back the whole system, from mine to market. We team up with smart partners, plug the gaps, and make sure the left hand talks to the right.

One of our key plays? Full value-chain platforms. Minerals are a prime example: Indonesia is sitting on a gold mine (well, more like nickel and bauxite, but you get the point).

It is a simple idea, hard to execute. But once it runs, it runs.

Let’s get started.

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"Personally, I prefer **subtle and simple** things that hold deep meaning. They may appear ordinary on the surface, but they reveal complexity and depth upon closer examination."

Renowned Indonesian architect **ANDRA MATIN**
June 2024

From Unknown Unknowns to Known Unknowns: A Journey

A nation's story does not end. It flows.

Today in Indonesia, that story takes form at Negeri Elok: 80 Years of Diversity, a quietly powerful exhibition co-curated by two of the country's creative forces, architect Andra Matin and photographer Davy Linggar, with Danantara Indonesia as a sponsor.

The exhibition, whose title translates to "beautiful country," is showing at the National Museum of Indonesia. It is the nation told through a series of vivid vignettes taken by leading Indonesian photographers.



The humble bamboo plays a pivotal part in Indonesian culture. A single bamboo stalk can easily break, but they typically grow in clumps, making them difficult to separate or cut down – reminiscent of Indonesia's collectivist *gotong royong* mindset. Bamboo spears, or *bambu runcing*, were also the grassroots weapon of choice during the war of independence. All exhibition photos courtesy of Davy Linggar.

Upon entering the exhibition space, visitors walk through a forest of 1,945 bamboo poles, a nod to Indonesia's year of independence. Simple, rooted, and resonant.

This minimalist symbolism is Andra Matin's signature. "Bamboo is the symbol we chose because it grows from our own soil, simple yet strong. Just like the spirit of independence: not always boisterous, but rooted and alive in our daily lives."

Inside, vignettes of Indonesia unfold: girls in *kain sumba*, wild horses, vernacular homes, laughter frozen in movement. The architecture frames without stealing focus; a principle of restraint. In Andra Matin's words, "Subtle and simple things can hold deep meaning."

We think investing should feel the same way.



From Culture to Capital

Indonesia's story is still being written: through its people, its creative pulse, and increasingly, its economy. With a young population, abundant natural riches, and a deep-rooted entrepreneurial spirit, the ingredients for greatness are already in place.

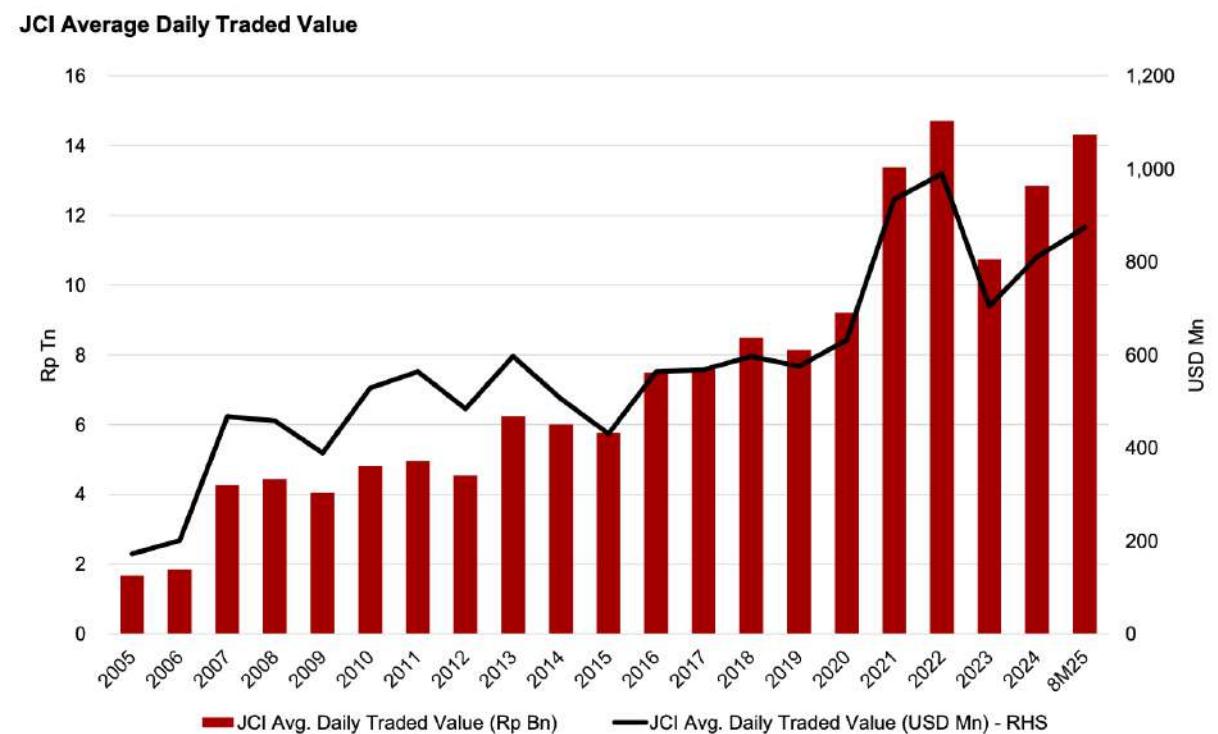
For investors, Danantara Indonesia offers a compass: a steady sense of direction toward building a more prosperous nation. But progress is never drawn on a perfect map. Each decision, each step forward, is part of an ongoing exploration.

That exploration requires transforming uncertainty into risk. Capital thrives on risk, yet recoils from uncertainty. The challenge before us is to shift the “unknown unknowns” into the realm of “known unknowns,” where risk can be measured, managed, and turned into opportunity.

Not glamorous, but so vital that it has real consequences.

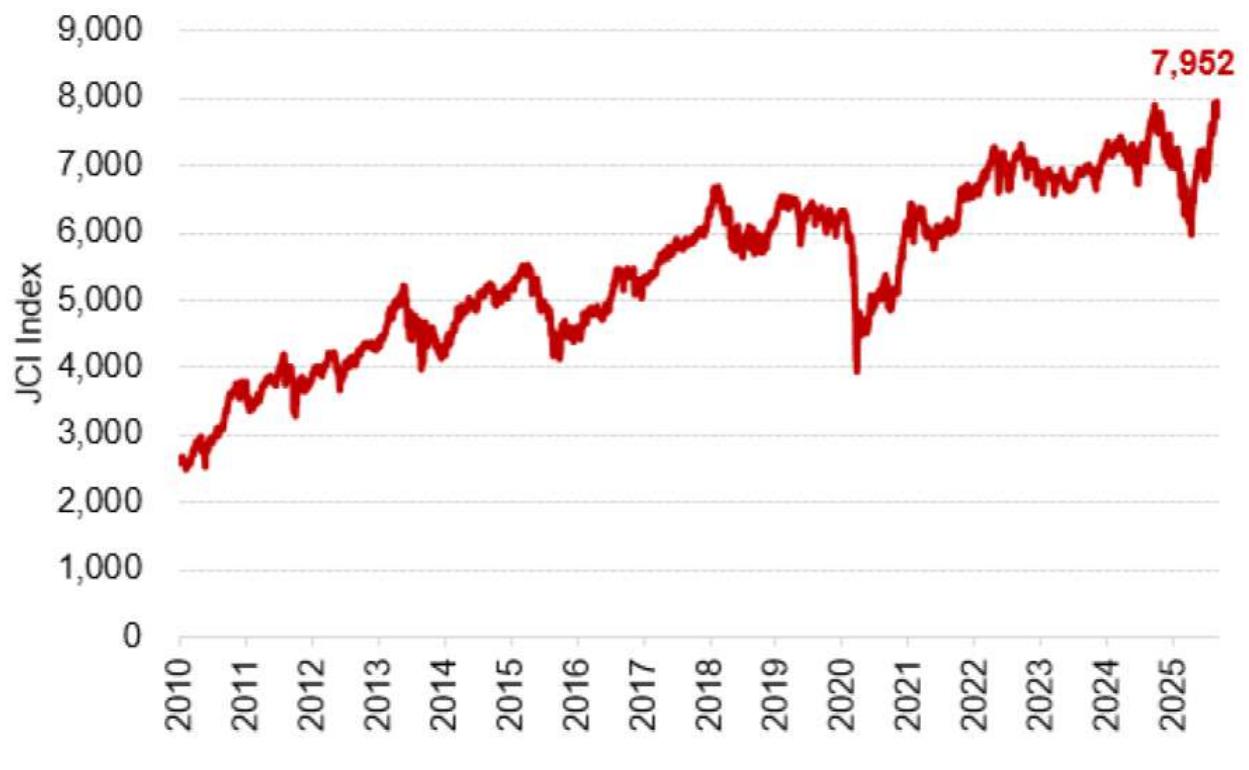
Consider our stock market, the largest in Southeast Asia by market capitalization. As the following charts show, the long-term liquidity and index levels are trending upwards.

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Source: IDX, Bank Indonesia

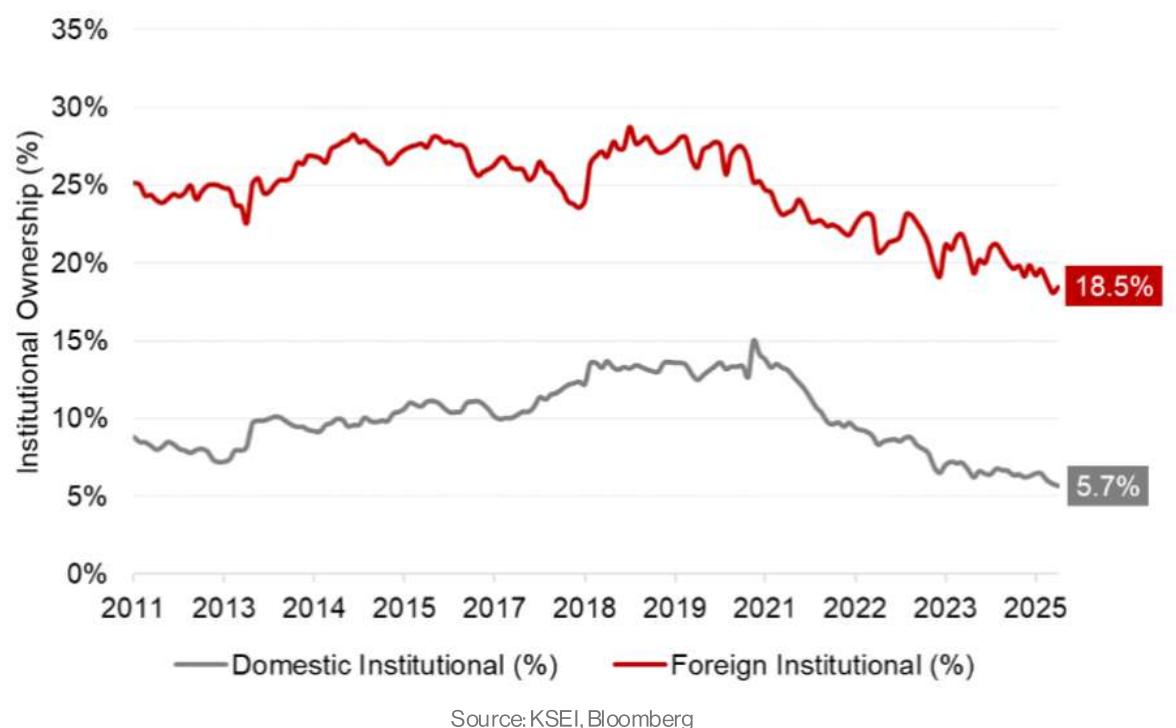
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On the surface, all is well. Beneath, though, lies a ledger of unfinished business. Chief among these is the need to confront the market's relative shallowness and limited liquidity, both of which fall short of its true potential.

Next up are four charts that highlight those challenges.

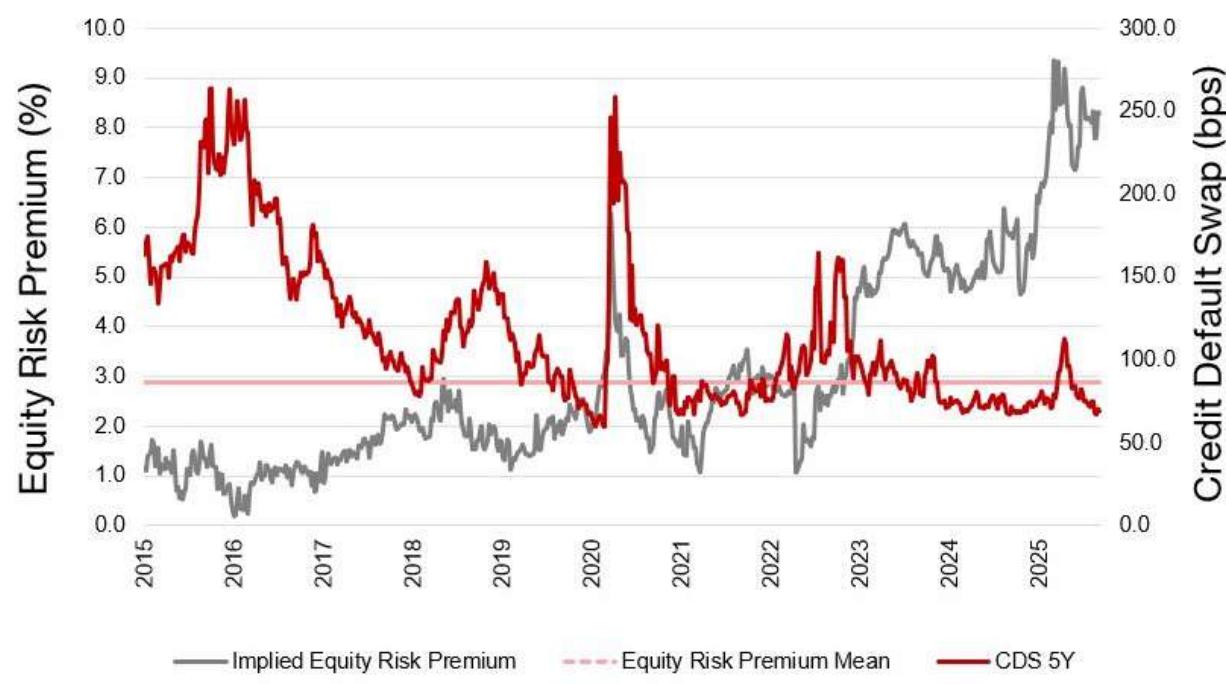
1. The JCI is losing institutional depth



Institutional ownership has been shrinking since the pandemic. Foreign stakes in the JCI peaked at 29% in April 2019, sliding to 18.5% by August 2025. Local institutions followed a similar path, from a 15% high in February 2021 to just 5.7% today.

The void has been filled by local individual investors. But with one-way outflows from both domestic and foreign institutions, the market has endured repeated sell-downs, structural de-rating, and a rising cost of equity as volatility demands a higher risk premium.

2. JCI's equity risk premium (ERP) breaks away from bonds



Source: Bloomberg

The bond market says all is well, but equities keep demanding an elevated risk premium.

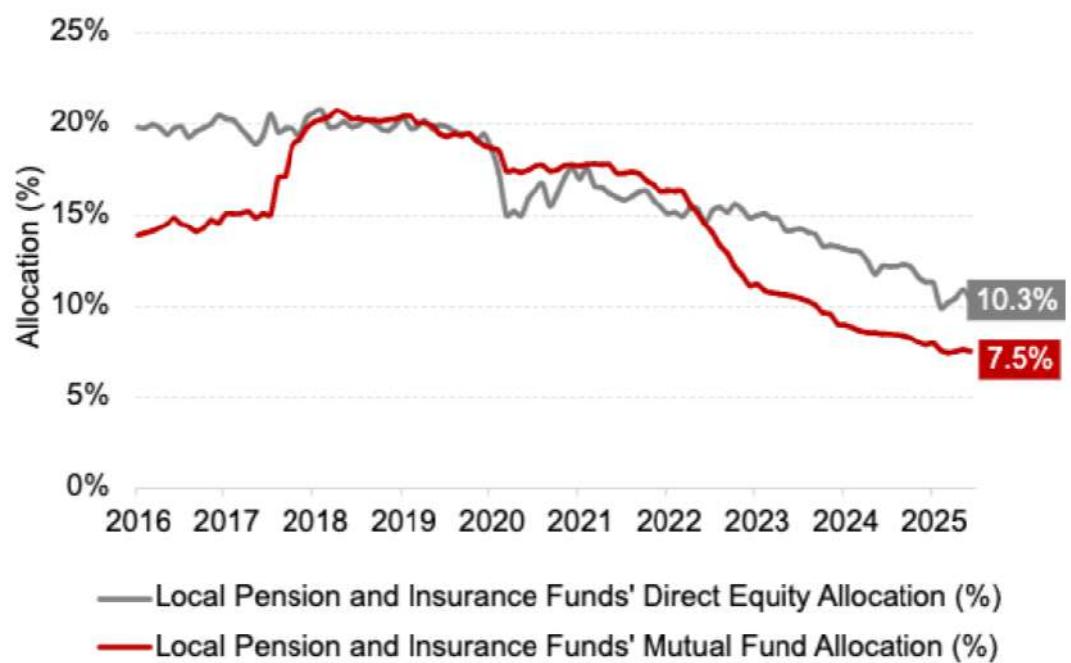
Over the past decade, sovereign credit risk has eased, 5-year credit default swap (CDS) spreads have steadily declined, but equities haven't shared the joyride.

The JCI has been stuck in a structural de-rating, with equity risk premiums (ERP) spiking during the pandemic and staying stubbornly high since, decoupling from bonds.

The result: a higher cost of equity that dulls incentives for entrepreneurs, private equity, and foreign investors to commit capital or list in Indonesia.

3. Shrinking institutional assets under management (AUM) fuels volatility and valuation risk

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Source: Bloomberg

Since the pandemic, Indonesian pension and insurance funds have steadily pulled back from the domestic stock market, both direct and via mutual funds, shifting their allocations to fixed income.

The retreat of domestic institutions has left the market more volatile, with weaker price discovery, softer governance pressure, and outsized influence from index rebalancing flows.

The result is a vicious loop: falling institutional interest drives down valuations and liquidity in quality stocks, triggering de-ratings and raising the risk of global index downgrades—fuelling yet more foreign outflows.

4. The Indonesian market now holds a reduced role in global allocations

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MSCI is the benchmark for global equity managers, with inclusion driven by liquidity, free-float, and market cap. Indonesia's weight peaked at 3.18% in 2013 but has since slipped to barely 1–2%, eroded by China A-share inclusion and India's growth-fueled rise.

At low 1.22%, Indonesia risks global irrelevance. For investors, such a small weight is a tracking error, easier to ignore than to hold. Despite the good stories ahead, the lack of investable proxies means neglect feeds a loop: less investor attention, more valuation de-rating, lower index weight, and the cycle continues.

What Deep Markets Make Possible

A deeper capital market does more than improve price discovery. It means the system succeeded in converting some uncertainties into risks; that those “unknown unknowns” have become “known unknowns.”

A deeper market is also a safer, more resilient market. When more companies are listed, when more investors are active, and when a broader set of instruments is available, the system becomes less vulnerable to shocks.

Sovereign capital, deployed thoughtfully, can help build this resilience.

Danantara Indonesia's Structure, Explained

Danantara Indonesia was not born out of resource windfalls, but from a strategic desire to consolidate, catalyse, and deliver. This is clear from our twin-engine structure.

Government of Indonesia



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Our Operational Holding, **Danantara Asset Management**, serves as the asset executor. It consolidates the ownership of state-owned enterprises (SOEs), drives constructive interaction and performance, and leads the restructuring of legacy institutions.

Our Investment Holding, **Danantara Investment Management**, acts as the capital allocator. It builds investment platforms, brings in global co-investors, and channels capital into strategic sectors such as energy transition, industrial downstreaming, and digital infrastructure.

Together, this structure allows us to orchestrate transformation, not simply manage portfolios.



Because when sovereign capital shows up consistently and visibly, it builds confidence. Liquidity attracts liquidity. Governance standards rise. And as trust grows, so does participation from pension funds, insurers, and international investors.



Matin's bamboo installation encircles the exhibition's core, forming a protective structure around an enclosed space boasting images of Indonesia's natural wealth; as if guarding the stories within.

This is not a theory. Singapore had Temasek, building national champions and equity market confidence; Malaysia had Khazanah, backing strategic sectors from healthcare to telecoms. Even Norway's globally diversified fund has set the benchmark for governance and stewardship felt worldwide.

They did not just invest; they deepened, broadened, and legitimized.



And as capital flows more freely, so do ideas. Public markets become a place not just for profit, but for accountability and innovation.

Today, many Indonesian companies remain outside the public market, relying instead on banks or private funding. By working with regulators and exchanges, Danantara Indonesia can help create pathways for new listings – not just in traditional sectors, but in areas such as technology, healthcare, and the green economy.



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The exhibition speaks to shades of Indonesian independence through eight themes: the past, faces, landscapes, culinary delights, fauna, architecture, culture, and film.

This diversification makes the market more representative of Indonesia's economic future, not just its past. Danantara Indonesia does not just invest in the market. We will help build it.

"Lighthouses do not go running all over an island for boats to save; they just **stand there shining.**"

American author and activist **ANNE LAMOTT**



The End Goal

Danantara Indonesia exists to serve two mandates: national impact and commercial returns.

In public markets, that means helping improve the stock market by raising standards, such as through ESG screenings or risk management principles, the quiet hero of the story.

In private markets, it means backing platforms that do not only perform, but also transform. They can deliver returns today, but also reshape industries for tomorrow.



For Danantara Indonesia, development and returns are two sides of the same coin.

Across both, we remain diversified, patient, and risk-aware, because national wealth is not something you gamble with.

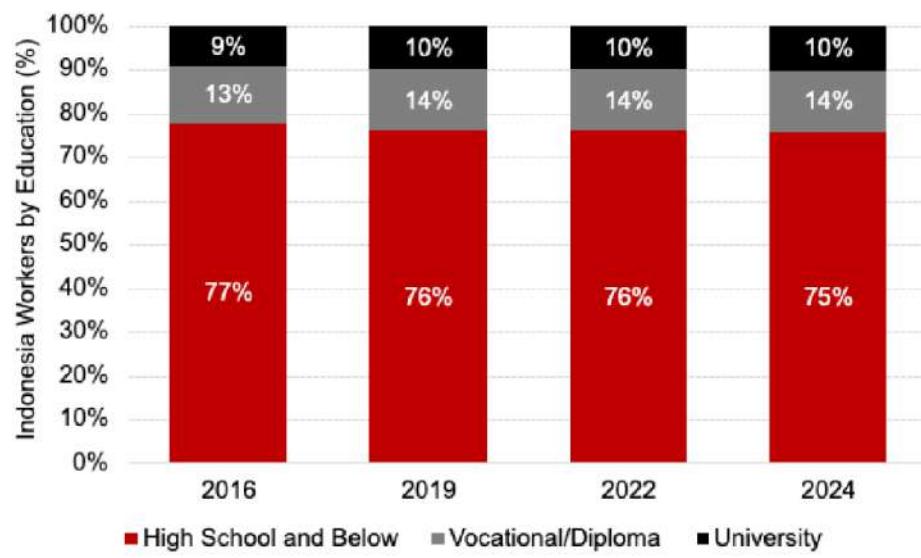
Money, capital, and returns are essential to ensuring Danantara Indonesia's sustainability. Yet private investments must go beyond performance and deliver transformation.

In business and entrepreneurship, not every venture thrives equally. Still, to truly orchestrate national transformation, Danantara Indonesia must prioritize long-term perspectives while carefully balancing them with shorter-term results.

Every rupiah we invest is expected to nudge the country forward. That means boosting economic growth, creating jobs, and shoring up national security in energy, food, and healthcare.

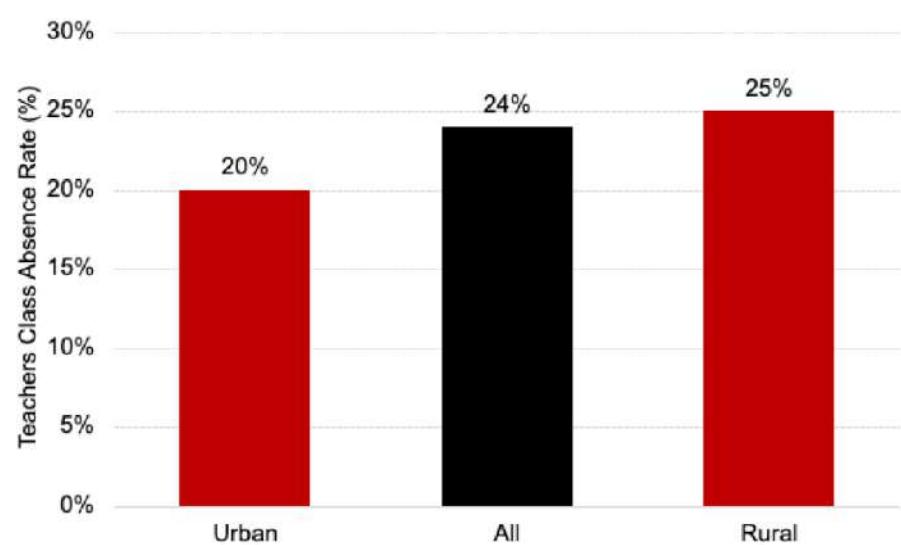
It also means making Indonesia more competitive, so we do not lag behind on technology, R&D, and skills. It is about building industries tough enough to take a hit and keep going.

Central to this transformation is education. Indonesia must invest in deeper cognitive development. Too many, from heads of households to voters, get by with only the bare minimum of schooling.



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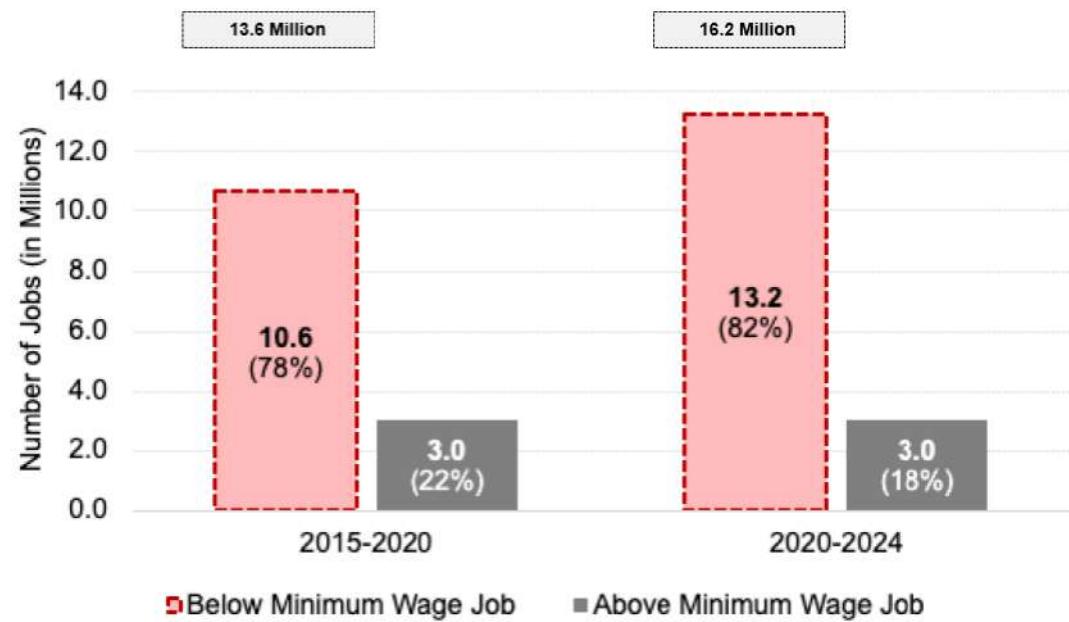
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Source: BPS, Verdhana

Equally pressing is the need to create more high-quality jobs. Between 2020 and 2024, most new jobs paid below minimum wage. At 82%, this share is even higher than in 2015–2020, and it has likely contributed to Indonesia's weakening purchasing power.

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Source: BPS, Verdhana

As we climb further up the value chain, knowledge transfer matters most. We seek not merely partners who arrive with their gleaming innovations in hand, but those who open the workshop door; who let us see the scaffolding, the craft, the “how” behind the “what.”

Nation-building is not a straight road, but it does not have to be a blind one either. We are here to keep Indonesia on course, through each twist and turn.

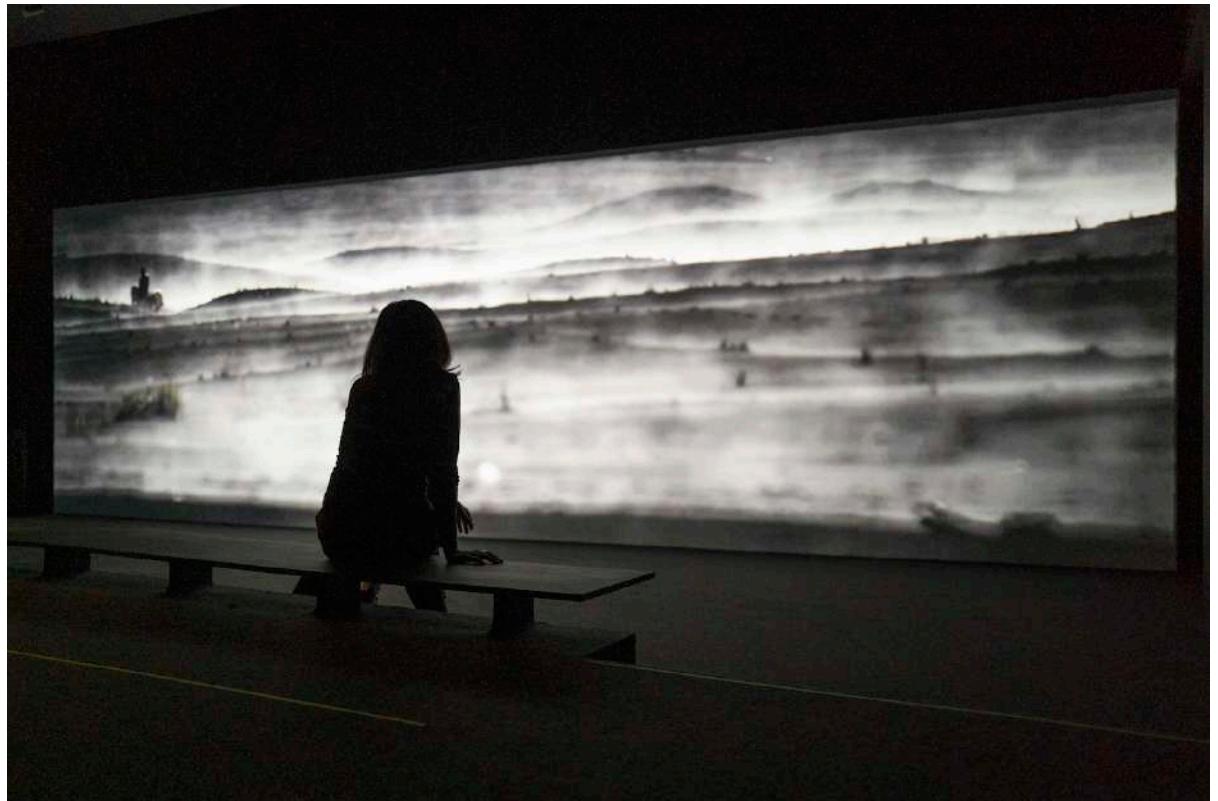
Indonesia has long sold raw rice. The future lies in cooking it into fried rice, plating it beautifully, and sharing the meal. We are not there yet, but the signature dishes are coming together.



That is the future meal Danantara Indonesia is crafting: an Indonesia where capital flows with confidence, talent thrives, and markets mirror the economy's vibrant diversity.

Like Andra Matin's architecture, its strength lies in simplicity. Quiet conviction. And the belief that, with care and clarity, even a sovereign wealth fund can shape something enduring.

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Visitors enter the exhibition in reflection, but leave with a sense of hope.

And like a bamboo pole—rooted, resilient, and growing.

Indonesia's story is one not just to be read, but to be felt. "Negeri Elok: 80 Years of Diversity," brings it to life at the National Museum of Indonesia until 31 October 2025.

Did You Know?

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Photo credit: Ibuku

Bali-based architect Elora Hardy and her firm Ibuku have crafted over 200 breathtaking bamboo structures; from treehouse homes to entire school campuses; using bamboo's natural curves to create airy, asymmetrical forms that are as sustainable as they are poetic.

Her vision of “magical houses, made of bamboo” has captivated millions worldwide through her viral TED Talk.

Danantara Indonesia Diaries is a newsletter produced by Danantara Indonesia's investor relations team.

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