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From the Danantara Indonesia Investor Relations Team

INVESTING AT DANANTARA INDONESIA

Why DIM Does Not Invest Alone

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Good investing, like good craft, is knowing exactly which part is yours to hold /
Photo credit: Irine Wiguno

Written by **Adiputra Tjengdinata** with contributions from **Putra Muskita** and **Wuddy Warsono**

"The secret of success lies **not in doing your own work,**
but in **recognizing the right man to do it.**"

ANDREW CARNEGIE, Scottish-American industrialist and philanthropist

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In Indonesia, there is a word we hear everywhere: *palugada*.

“*Apa yang lu mau, gua ada.*” Whatever you want, we have. It is the kind of promise that feels reassuring at first, the idea that everything we might need is already within reach. And in some contexts, it works.

Late at night in a hotel room, room service menus tend to stretch that idea to its limit. What begins as a simple list quickly turns into something else entirely: *nasi goreng* next to club sandwiches, pasta alongside dim sum. No matter what we feel like eating, someone in the kitchen can make it happen.

It makes sense. Hotels are built that way, designed to accommodate different guests, different preferences, and different hours. But aside from the uniformly great *nasi goreng kampung*, offering everything on the menu does not mean doing it well.

For instance, *palugada* is definitely not how most people build a house. Instead, we get an architect to design it, civil engineers to make sure it stands, and builders who understand the craft. The outcome depends not on doing everything at once, but on knowing how each part fits together.

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*Good harvests, like good returns, are the product of patience and the right conditions /
Photo credit: Irine Wiguno*

The Public Investments team at Danantara Investment Management (DIM) follows a similar logic.

Led by Rani Piputri, formerly of Goldman Sachs Asset Management in New York, the team works with external investment managers to deploy capital across public markets, combining internal portfolio design with external execution.

When Ownership Changes the Market

How Indonesia's capital market is structured is one of the clearest constraints. Danantara Indonesia companies, the state-owned enterprises owned by Danantara Asset Management (DAM), account for roughly 30% of the market's capitalization, with DAM holding majority stakes across many of them.

In that context, direct investing can change the market's structure. Leonard Setiadi, DIM's Director of Total Portfolio Solutions and a member of Rani's team, explained that certain global index providers treat sovereign fund holdings in their home market as non-free float.

In other words, "if we invest directly in domestic equities, we risk reducing free float," Leo added. Over time, that affects index composition, liquidity, and how investable Indonesia is for international investors.

By working through external managers, DIM's capital can enter the market without creating the same structural effects. The flow of funds remains, but the depth of the market is preserved.

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*A good performance runs on many engines: those who build and those who perform.
DIM's public investments team and their external managers
are no different. / Photo credit: Irine Wiguno*

Market structure is only part of the picture.

Danantara Indonesia plays multiple roles at once: as an asset manager, as a steward of its portfolio companies, and as a long-term investor in the same market. Even with clear governance frameworks, there is a degree of complexity that is hard to fully erase.

"The challenge is not just actual conflicts of interest," Leo noted, "but even the perception of potential conflict of interest."

A direct investment, particularly in public markets, is rarely seen as just a portfolio decision. It can raise questions about why one company is chosen over another, or whether certain decisions reflect privileged information.



The real problem is not always conflict of interest, but conflict of interpretation. In markets, perception travels faster than Bloomberg alerts.

To manage that, and in line with best practices in global markets, DIM retains key investment decisions internally, including benchmarks, market exposure, and risk parameters.

Areas more exposed to conflicts of interest, such as stock selection, are delegated to external managers, to maintain clean governance in accordance with global standards.

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Building Capability, Not Just Capital

There is also a more practical constraint: timing. Formally established in August 2025, DIM is still at an early phase, with a mandate that is both broad and immediate.

Capital needs to be deployed, portfolios need to be built, and returns need to be generated. At the same time, internal systems, governance frameworks, operating procedures, and conflict management policies take time to fully mature. Building these properly cannot be rushed.

In that context, external managers provide something practical: speed without compromising discipline.

They also provide access to specialization that, at the early stages, is difficult to replicate internally. Building internal expertise in Japanese bond markets takes years. A veteran who already dreams about yield curves is one call away. Better outcomes, faster delivery, and far less time spent staring at the ceiling.



Mastery is not built in a quarter. The right expertise, in the right hands, takes time to build. / Photo credit: Irine Wiguno

Plus, the world is moving faster than any single investment team can fully track. Whether it is the volatility of AI-driven tech sectors or the complexities of Chinese and US equities, there are firms that operate deeply within these specific niches.

“There’s no one manager that’s good at everything,” Rani noted.

In these areas, experience compounds over time. Rather than rebuilding that expertise from scratch, DIM chooses to partner with managers who already operate at scale, with established track records, deep teams, and clear investment philosophies.



These managers are not selected lightly. Before awarding any mandate, DIM conducts in-depth due diligence, including engaging directly with investment teams, assessing their edge and its durability, and evaluating their risk management practices. Past performance is never a guarantee, making consistency, discipline, and institutional strength the most important considerations.

Concentration also matters at the portfolio level. When decision-making is fully centralized, it often leads to a single way of seeing the world, a single interpretation of risk, and a single approach to opportunity. Over time, that can become a vulnerability.

By working with multiple external managers, DIM introduces diversity in thinking. Different styles, different approaches, and different ways of managing risk come together into what is, in effect, a diversification of judgment.

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A Mandate to Perform

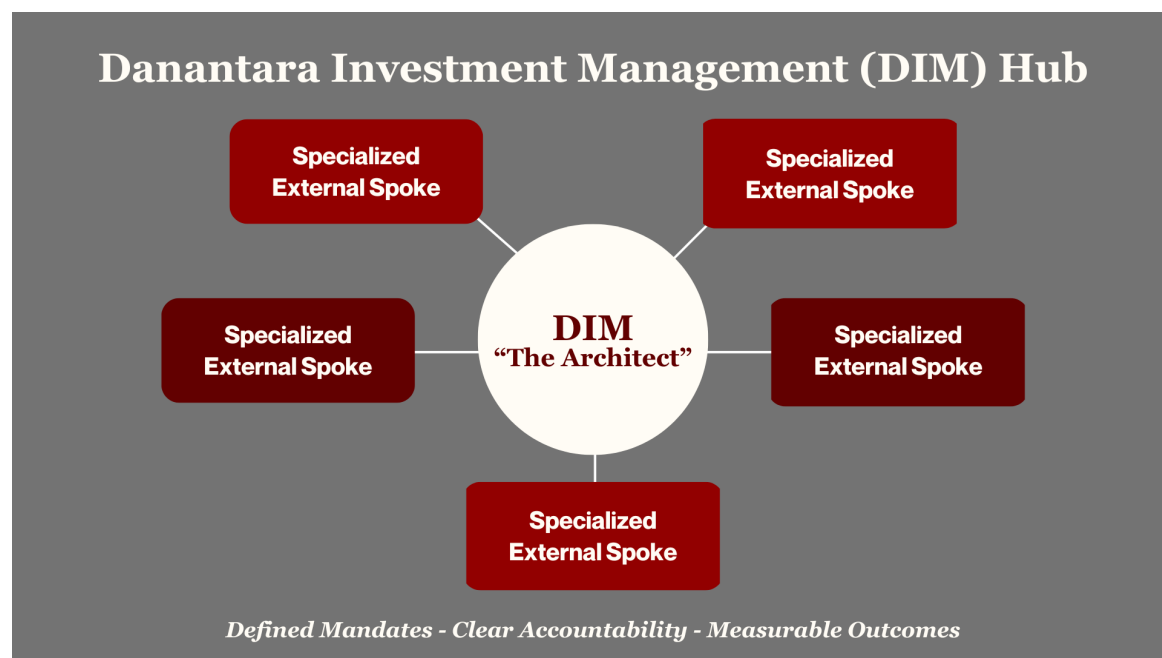
External fund managers work with DIM not as support, but as specialists expected to deliver alpha: that elusive excess return that comes from a deep, localized edge. Each mandate is defined against a benchmark, with clear expectations around risk and return, and a relationship structure that is measurable and accountable.

“Choosing the right manager is a skill in itself,” said Rani. “Pick the wrong one, and the opportunity cost can be significant.”

The approach itself is not unique. Norges Bank Investment Management, for example, uses external managers to access specialized strategies, improve returns, and cover markets where building internally would be inefficient. The principle is consistent across institutions: build internally where scale and control matter, and partner externally where specialization and flexibility add value.

In that sense, this is not about reducing control, but about allocating it more effectively. Control does not disappear. It is distributed, structured, and exercised through design rather than execution.

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DIM sets the design. External managers handle the execution.

“We see our role as the architect,” Rani noted. “We design the portfolio and choose the right builders to execute it.”

A fund that claims to do everything well is like a hotel menu that lists both heritage *nasi goreng* and authentic Neapolitan pizza. Technically possible, but gastronomically suspicious.

What matters, ultimately, is not whether every part of the system is built in-house, but whether the system itself is coherent. Clarity of design, defined roles, and disciplined execution become more important than ownership of every individual decision.



In capital markets, discipline is not about what we can do. It is about what we refuse to pretend we can do well.

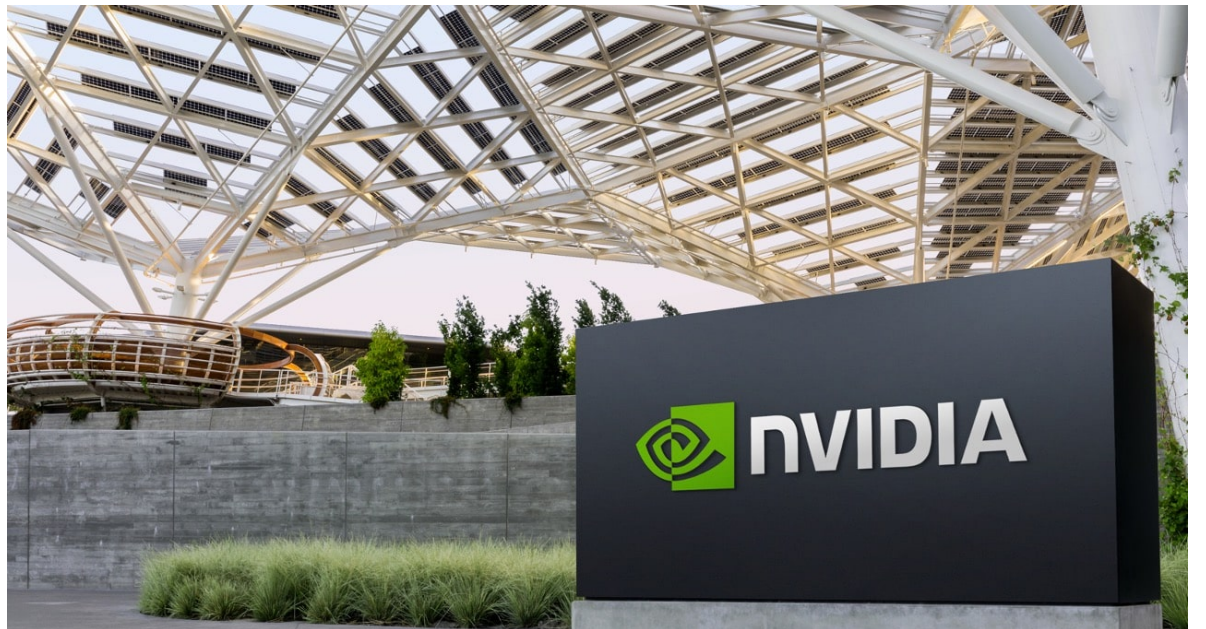
And in that sense, strength lies not in how much the system contains, but in how well it is put together. When the stakes are high, this is not the place for *palugada*.

“When I started my hedge fund in Europe, it took a year, and that was in the private sector,” said Rani. “If we want to deploy quickly, and broadly, we have to use external managers.”

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Did You Know?



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Nvidia Corp, one of more than 9,000 companies in the portfolio of Norway's Government Pension Fund / Photo credit: Nvidia

In *wayang* tradition, the *dalang* is the master puppeteer: the one who holds the story together, gives voice to every character, and controls the arc of the night. But behind every great *dalang* is a *gamelan* ensemble, a screen, a light source, and years of inherited craft. The performance is never truly solo.

Norway's Government Pension Fund, managed by Norges Bank Investment Management, is the closest thing global finance has to a *dalang* operating at full scale. It owns, on average, 1.5% of every listed company in the world. And still, for the strategies that demand the deepest specialization, it relies on external managers to execute.

Scale is not the same as omniscience. Even the world's most diversified investor knows where its own expertise ends.

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

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