

**RULE NUMBER IV.C.2 : FAIR MARKET VALUE OF SECURITIES IN
THE PORTFOLIO OF AN INVESTMENT FUND**

Attachment :

Decision of the Chairman of Bapepam

Number : Kep-44/PM/1997

Date : December 26, 1997

Substitute Prior Decision

Number : Kep-96/PM/1996

Date : May 28, 1996

1. The fair market value of Securities in an Investment Fund portfolio must be submitted by the Investment Manager to the Person who is responsible to calculate the net asset value of the Investment Fund, not later than at 17.00 (5:00 p.m.) of each work day, with the following provisions:
 - a. the calculation of the net asset value of the Investment Fund must be based on the fair market value submitted by the Investment Manager;
 - b. the net asset value per share or Unit shall be calculated based on the net asset value as of the end of work day, after the bookkeeping entries of the Investment Fund are closed, but such entries do not include purchase orders and or redemptions accepted by the Custodian during that same day;
 - c. the Investment Manager shall use the closing prices on the Securities Exchange to indicate the fair market value for Securities that are actively traded on the Securities Exchange;
 - d. in a situation where the closing price is not believed to represent the fair market value at that time, other comparable prices of similar Securities, or previous trading prices may be used as factors in evaluating the Securities;
 - e. for debt Securities that have a maturity of less than 1 (one) year and are expected to be paid at maturity, the fair market value must be the same as the purchase price;
 - f. for Securities of companies that are bankrupt or are in default, the fair market value must be based on the Investment Manager's best judgment. Among the facts that the Investment Manager must consider in making such an evaluation are:
 - 1) the closing price, the trend in share prices and the general level of interest rates since the last trade;
 - 2) material information disclosed with respect to the Securities since the last trade;
 - 3) in the case of shares, the estimated price earnings ratio, must be compared with the price earnings ratios of similar Securities;
 - 4) in the case of debt Securities, the current interest rate of the debt Securities must be compared with other debt Securities with a similar credit rating; and
 - 5) in the case of warrants, rights or convertible bonds, the recent market price of the related equity Securities.

- g. Securities issued by companies that are Indonesian legal entities that are denominated in foreign currencies must be evaluated in Rupiahs based on the current rate of exchange; and
 - h. an Investment Manager that evaluates Securities as provided in letter d and f of this rule, must maintain records and describe the procedures used in the evaluation. Such evaluations may be done only to act fairly and to protect the interests of shareholders or Unit holders.
2. The fair market value of Asset Backed Securities in an Investment Fund portfolio must be determined as follows:
- a. Fixed Cash Flow Asset Backed Securities must be valued in the same way as is used for fixed income Securities such as bonds with the same rate of return and time to maturity;
 - b. Variable Cash Flow Asset Backed Securities must be valued in the same way as is used for equity Securities; and
 - c. if the Asset Backed Securities are not actively traded so that fair market value cannot be the basis for the determination, the fair market value of the Asset Backed Securities must be based on the level of market rates of return, the rating of the Asset Backed Securities and an estimate of the expected rate of return on such Asset Backed Securities.