

# Group Link Equity Fund

## August 2013



### INVESTMENT OBJECTIVE

The objective of the fund is to provide maximum long term investment yield.

### INVESTMENT STRATEGY

The fund seeks to attain its objectives by investing in short term interest bearing instruments (such as deposits, SBI or money market mutual funds) and in equity instruments (whether directly through stocks or indirectly through mutual funds).

### PERFORMANCE INDICATOR

#### Return Performance

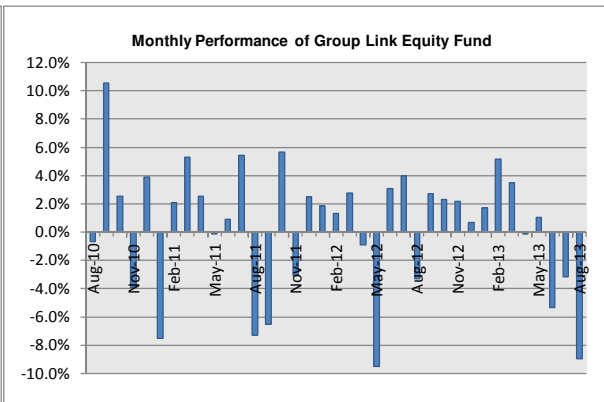
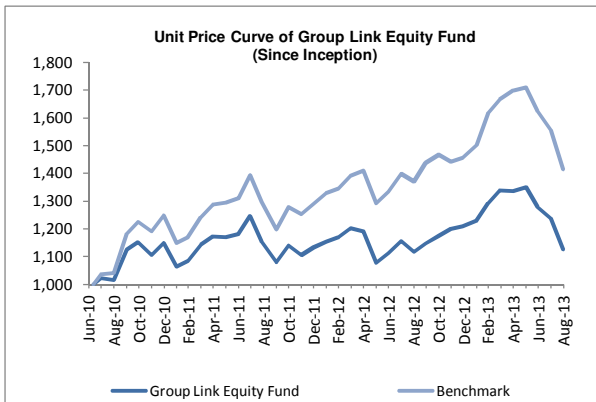
Last 1-year period	0.81%
Best Month	10.56% Sep-10
Worst Month	-9.51% May-12

#### Portfolio Breakdown

Mutual Fund - Equity	79.35%
Cash/Deposit	20.65%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Equity Fund	-8.98%	-16.54%	-12.87%	0.81%	10.88%	-6.79%	12.62%
Benchmark*	-9.01%	-17.23%	-12.53%	3.32%	36.12%	-2.82%	41.53%

\*Jakarta Composite Index (JCI)



### KEY FUND FACTS

<b>Fund Size (in mn IDR)</b>	: IDR 513.25	<b>Pricing Frequency</b>	: Daily
<b>Risk Profile</b>	: Aggressive Investor	<b>Price per Unit</b>	
<b>Launch Date</b>	: 12 July 2010	<b>(As of Aug 30, 2013)</b>	: IDR 1,126.23
<b>Fund Currency</b>	: Indonesian IDR		
<b>Managed by</b>	: PT. Asuransi Allianz Life Indonesia		

### MANAGER COMMENTARY

Inflation in August was lower than market expectation, printed at 1.12% mom (vs consensus 1.20%, 3.29% in July). However in yearly basis, it was higher compared to previous month at 8.79% yoy (vs consensus 8.95%, 8.61% in July) which was driven by staple food price due to the Eid Mubarak holiday, and educational cost caused by start of new school term. Core inflation rose 4.48% yoy (vs consensus 4.43%, 4.44% in July). In the Board of Governors' Meeting on Aug 29th, 2013, Bank Indonesia increased its reference rate by 50 bps to 7.00%. Lending Facility by 25 bps to 7% and the deposit facility rate (FASBI) by 50bps to 5.25%. Rupiah depreciated against USD by -6.29% to 10,924 at end of August compared to previous month 10,278. Indonesia's July trade balance posted higher deficit at USD -2.31bn (vs consensus USD -0.4bn) compared to deficit at USD -0.847bn in June 2013. Export increased by 2.37% MoM while imports sharply increased by 11.4% MoM. Government announced policy package to address widening current account deficit, rising inflation and slowing growth. There are 4 packages: 1. to address current account deficit, 2. to maintaining economic growth, 3. to maintain consumer's purchasing power and lower inflation 4. to speed up investment. Bank Indonesia also announced some action plan: 1. Extend the allowed maturity of forex term deposits from max 30 days to maximum of 1 year, 2. Allow exporters to purchase foreign currency onshore in the amounts that they have previously converted into IDR, 3. Allow banks to "pass on" derivative positions held with third parties to BI, 4. Fund from the sale of assets by non-residents may now be kept in Indonesia and these deposits will be exempted from bank's foreign liability limit, 5. BI to issued deposit certificate of Bank Indonesia (SDBI).

The JCI (Jakarta Composite Index) ended lower in August by -9.01% MoM. Most of the large cap stocks, mainly on Banking names, led the decline such as BMRI, BBRI, BBCA, ASII and TLKM that decreased by -20.22%, -20.00%, -12.98%, -6.92%, and -7.56% MoM respectively. On the other hand, there were several stocks moved positively, i.e. from Commodity name such as ITMG, ADRO, AALI, INCO, and PTBA which appreciated by +32.44%, +32.86%, +27.01%, +29.94%, and 21.61% MoM respectively. Investors booked an overall net sell in transaction in the mid of August after Indonesia's Current Account Deficit (CAD) numbers was at its worst at -US\$9.8bn (-4.4% of total GDP), higher non-oil and gas import and a relatively much lower export was the main culprit. Volatility in equity instrument increased in August. In order to reduce volatility in financial market, government announced several policy response, which includes changing trade procedure for cow meat and horticulture import goods from quota system to price mechanism. In regards to the sector, Property Sector was the lowest performing sector this month where it depreciated by -16.27% MoM. The largest contribution came from ADHI (Adhi Karya) and WSKT (Waskita Karya) which fell by -35.61% and -30.38% MoM respectively. Lower government infrastructure budget in 2014 that only grew by 2.5% YoY and worries over USD appreciation could potentially increase the housing and building material costs. Second lowest contribution came from Financial Sector that also depreciated by -15.26% MoM, driven by BDMN (Bank Danamon), and BMRI (Bank Mandiri) posted -22.12% and -20.22% MoM losses respectively. Bank's liquidity tightened where Loan to Deposit (LDR) ratio already reached 80-85%. Fear that the higher lending yield and cost of funds as a result of the interest rate hike would potentially slower bank loans and earnings growth.

#### Disclaimer:

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