

Group Link Equity Fund

May 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

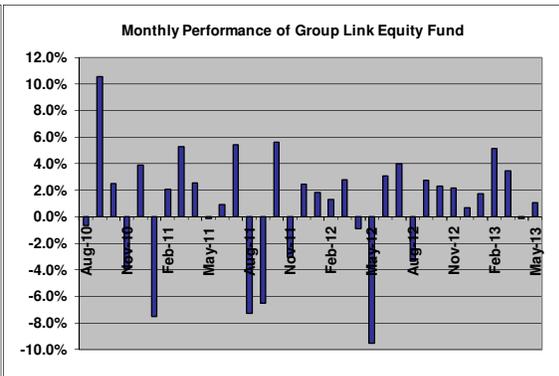
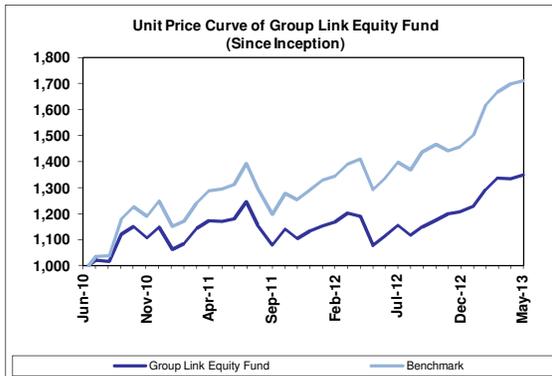
Last 1-year period	25.20%
Best Month	10.56% Sep-10
Worst Month	-9.51% May-12

Portfolio Breakdown

Mutual Fund - Equity	78.05%
Cash/Deposit	21.95%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception	Simple Average Growth Rate Since Inception
Group Link Equity Fund	1.05%	4.40%	12.46%	25.20%	NA	11.68%	34.95%	12.10%
Benchmark*	0.69%	5.69%	18.53%	32.24%	NA	17.42%	71.00%	24.59%

*Jakarta Composite Index (JCI)



KEY FUND FACTS

Fund Size (in mn IDR)	IDR 579.09	Pricing Frequency	: Daily
Risk Profile	: Aggressive Investor	Price per Unit	
Launch Date	: 12 July 2010	(As of May 31, 2013)	1,349.48
Fund Currency	: Indonesian IDR		
Managed by	: PT. Asuransi Allianz Life Indonesia		

MANAGER COMMENTARY

Indonesia May's Inflation was lower compared to market consensus i.e. May CPI YoY 5.47% (consensus 5.61%) vs April 5.57%, May MoM -0.03% (consensus +0.11%) vs April -0.10%; due to deflation in food and clothes as horticulture import restrictions were loosened, and prices of personal accessories fell due to downtrend in gold prices. April's Core inflation was also lower compared to previous month figure, YoY 3.99% (consensus 4.08%) vs Apr 4.12%. BI maintained its reference rate unchanged at 5.75% on 14 May 2013's meeting due to manageable inflation. Rupiah depreciated against USD by -1.45% to 9877 at end of May from 9734 compared to previous month. Indonesia's April trade balance posted deficit at - USD 1.61bn compared to surplus USD 305 million in March 2013. Export decreased by -2.18% MoM while imports increased by 9.59% MoM. May's foreign reserves decreased by -USD2.12bn from USD107.27bn in April to USD105.15bn in May on the back of Bank Indonesia's intervention in foreign exchange market. Target deficit of 2013's Revised Budget widened by IDR 80.4T from initial budget. Overall, budget deficit widened to IDR 233.7T (2.48% of GDP).

The JCI (Jakarta Composite Index) closed higher in May gaining +0.69% MoM, once again hitting an all time high of 5,068.63. On the contrary the LQ45 Index (index which represent the most largest and active 45 stocks) saw a decline of -2.06% MoM. Investors globally were anticipating potentially slower global growth rates as the FED's stimulus measures may have triggered risk aversion on emerging markets. Indonesia money flow wise, foreign investors recorded a net sell of IDR 621.69bn from equities in the month of May. Ticker wise, big cap stocks led the way down as BMRI, PGAS, TLKM, BBRI and ASII fell by -7.62%, -12.00%, -5.04%, -5.32%, and -4.08% MoM respectively. However, several stocks managed the index into positive territory which includes UNVR, LPKR, ICBP, BSDE, and GGRM appreciating +16.19%, +36.30%, +14.41%, +27.17% and +8.30% MoM respectively. Mid-cap stocks such as MLBI, TSPC, BMTR, MYOR, and ULTI which appreciated by +38.10%, +39.71%, +19.54%, +20.63% and +31.62% respectively also helped support the JCI. On the domestic front, the subsidize fuel price hike progress which had postponed last year, will be implemented soon. Minister of Finance, Chatib Basri, mentioned that the government would raise fuel prices in mid June. Subsidized fuel (premium) price will increase from IDR 4,500 to IDR 6,500 (+44%)/litre and diesel from IDR 4,500 to IDR 5,500 (+22%) / litre should the parliament approve the temporary direct aid program and revised 2013 State budget. The temporary direct aid program amounting IDR 11.6tn for 6 month would act as compensation to maintain middle-low segment purchasing power. In the short run, the fuel price hike would have an impact on higher inflation environment, where the central bank expects that 2013 CPI would have a one-off spike at 7.76% YoY. However, the longer term benefit is that the country's balance of payments would drastically improve and thus reduce the fiscal and external vulnerabilities. Sector wise, the Property Sector recorded the highest appreciation this month where it appreciated by +17.08% MoM. The largest contribution came from LPCK (Lippo Cikarang) and KJA (Jababeka Industrial Estate), which rose by +50.36% and +36.67% MoM. New toll exit access to Cikarang area at km 34 +700 in June and the agreement between the the industrial estate companies which Marubeni, Deltamas, Hyundai, Lippo Cikarang, and JICA (Japan International Cooperation Agency) to establish interconnection industrial estate from West to the East became a catalysts for the above mentioned property stocks. On the other hand, Mining Sector suffered the biggest decline this month by -12.51% MoM. Several negative sentiments still blanketed this sector, such as the government plans to increase mining tax royalties from the current 3%-7% to 10%, weak manufacturing PMI data in China, and China's coal import restriction to forbid any imports for coal with less than 5,000 CV. In addition, around 20% of Indonesia's total exports are below 4,800 CV (GAR) and 30% of Indonesia's total exports in 2012 were sold off to China. These factors make Indonesian coal companies continue to be under pressure. ADRO (Adaro Energy), PTRO (Petrosea), PTBA (Bukit Asam Coal Mine), and ITMG (Indo Mines) posted -24.39%, -23.84%, -20.00%, and -18.37% MoM losses respectively.

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