

GROUP LINK EQUITY FUND

September 2018

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).

Return Performance

Last 1-year Period		-4.15%
Best Month	Sep-10	10.56%
Worst Month	May-12	-9.51%

Portfolio Breakdown

Mutual Funds - Equities	89.62%
Cash/Deposit	10.38%

Key Fund Facts

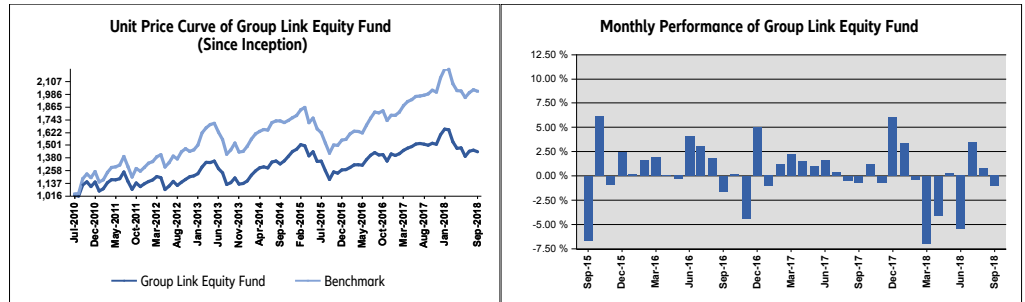
Fund Size (in bn IDR)	IDR 0.89
Risk Profile	Aggressive
Launch Date	12 Jul 2010
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

Price per Unit	
(As of Sep 28, 2018)	IDR 1,438.66

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Equity Fund	-1.04%	3.13%	-6.17%	-4.15%	22.54%	-10.12%	43.87%
Benchmark*	-0.70%	3.06%	-3.43%	1.28%	41.49%	-5.96%	101.63%

*Jakarta Composite Index (JCI)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced September 2018 deflation at -0.18% mom (vs consensus inflation -0.03%, -0.05% in Aug 2018). On yearly basis, inflation was +2.88% yoy (vs consensus inflation +3.09%, +3.20% in Aug 2018). Core inflation was printed at +2.82% yoy (vs consensus inflation +2.86%, +2.90 in Aug 2018). The deflation was caused by decrement of food prices (especially, chicken meat price), and the other contributor of deflation was from transportation, communication, and financial services component. In the Board of Governors' Meeting on 26-27 September 2018, Bank Indonesia raised the BI 7-day Reverse Repo Rate by 25 bps to 5.75%, while also raising the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to 5.00% and 6.50% respectively. Rupiah depreciated by -1.31% to 14,902/USD at end of September 2018 from 14,710/USD in previous month. Indonesia's trade balance recorded a USD -1.021 billion deficit in Aug 2018 vs consensus USD -0.674 billion deficit. Non-oil and gas trade balance in Aug 2018 recorded surplus USD 0.639bn, better than the previous month which was deficit amounting to USD -0.84bn. Meanwhile, oil and gas trade balance recorded deficit to USD -1.66bn in Aug 2018, higher than deficit on Jul 2018 amounting to USD -1.18bn. Indonesia's official reserve assets at the end of September 2018 were at USD 114.85 billion, slightly lower than the end of August 2018 which stood at USD 117.90 billion. The decline in the reserve assets in September 2018 was mainly due to government external debt repayment and rupiah stabilization in the middle of increasing global financial market uncertainty.

The JCI ended the month lower at 5976.55 (-0.7% MoM). Market laggards were BBCA, TPIA, BMRI, INKP, and BBNI as they fell -2.62%, -10.55%, -2.54%, -9.16% and -5.13% MoM respectively. The JCI returned to negative territory as US-China trade war tension began heating up again. In addition, there was pressure from the FED governor, which stated that they will increase interest rate 3 times and another in 2019 and 2020 respectively to manage U.S economy overheating risk. This policy will have an impact on the dollar which continues to strengthen against the emerging market currencies. On the domestic front, the acceleration in corporate spending and stable demand from car and retail sales has somewhat provides positive indicator of improvement in domestic growth. From a valuation perspective, market valuation is not inflated at 14x P/E 2018 foreign investors mostly on the sideline, however we expect volatility to remain as emerging currencies remain volatile. External factors such as tightening monetary policy, rising interest rates and also rising oil prices can't be ruled out which will potentially soften the overall growth prospect in twin deficit emerging economies. Sector wise, the Construction, Property and Real Estate Sector was the worst performing sector during the week, declining 5.78% MoM. Ticker wise, COWL (Cowell Development) and ACST (Acset Indonusa) were the laggards, depreciating 29.92% and 25.3% MoM respectively. This was followed by the Agriculture Sector which dropped 3.14% WoW. Ticker wise, UNSP (Bakrie Sumatera Plantations) and TBLA (Tunas Baru Lampung) posted 18.25% and 10.3% MoM losses respectively. On the other hand, the best sector during the week was the Consumer Sector, which recorded a gain of 2.78% MoM. Ticker wise, INAF (Indofarma Persero) and RMBA (Bentoel Internasional Investama) were the movers which rose 96.67% and 19.48% MoM respectively.

Disclaimer:

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