

# Group Link Fixed Income Fund

## October 2013



### INVESTMENT OBJECTIVE

The objective of the fund is to provide relatively stable income with capital preservation for the long term.

### 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 medium or long term interest bearing instruments (such as bonds and/or fixed income mutual fund).

### PERFORMANCE INDICATOR

#### Return Performance

Last 1-year period	<b>-3.68%</b>
Best Month	<b>5.52% Oct-13</b>
Worst Month	<b>-5.83% Jun-13</b>

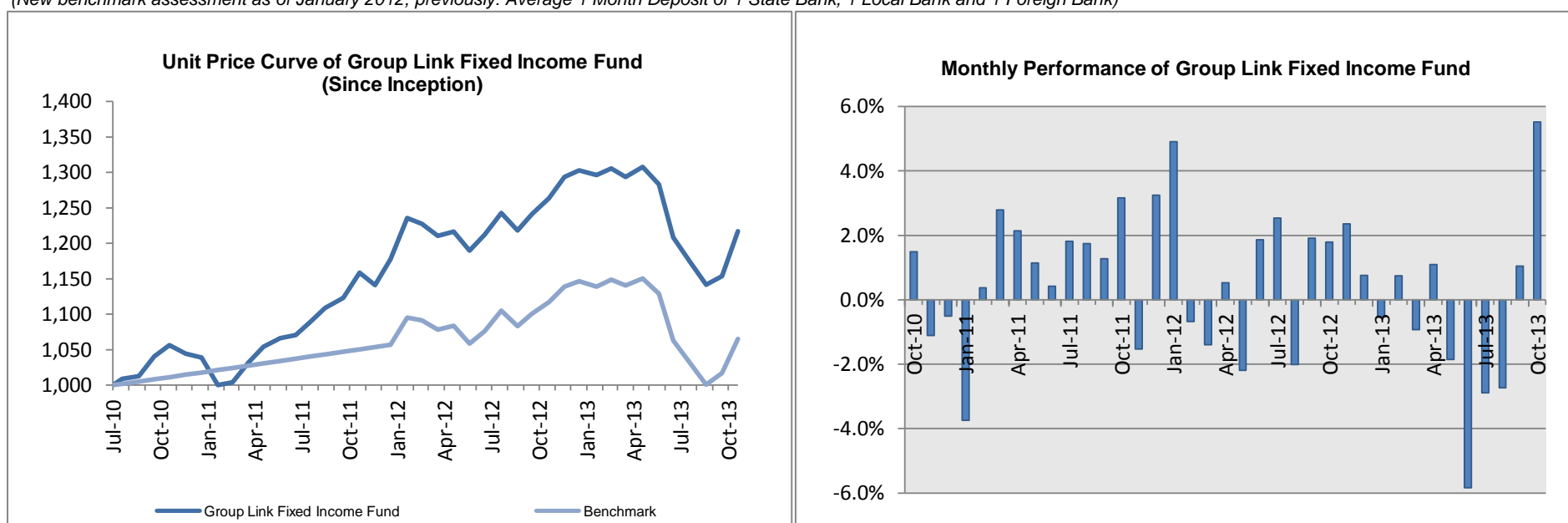
#### Portfolio Breakdown

Mutual Fund-Fixed Income	<b>85.85%</b>
Cash/Deposit	<b>14.15%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	<b>5.52%</b>	<b>3.71%</b>	<b>-6.92%</b>	<b>-3.68%</b>	<b>15.22%</b>	<b>-6.59%</b>	<b>21.72%</b>
Benchmark*	<b>4.73%</b>	<b>3.35%</b>	<b>-7.40%</b>	<b>-4.63%</b>	<b>5.33%</b>	<b>-7.09%</b>	<b>6.53%</b>

\*80% HSBC Bond Index & 20% Average Time Deposit (1 month) dari BNI, BCA and Citibank

(New benchmark assessment as of January 2012; previously: Average 1 Month Deposit of 1 State Bank, 1 Local Bank and 1 Foreign Bank)



### KEY FUND FACTS

<b>Fund Size (in bn IDR)</b>	: IDR 43.83	<b>Pricing Frequency</b>	: Daily
<b>Risk Profile</b>	: Moderate Investor	<b>Price per Unit</b>	
<b>Launch Date</b>	: 12 July 2010	<b>(As of Oct 31, 2013)</b>	: IDR 1,217.15
<b>Fund Currency</b>	: Indonesian IDR		
<b>Managed by</b>	: PT. Asuransi Allianz Life Indonesia		

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in Oct at 0.09% mom (vs consensus 0.20%, deflation -0.35% in Sept). On yearly basis, inflation printed at 8.32% yoy (vs consensus 8.44%, lower than 8.40% in Sept), caused by lower food and clothes prices. Core inflation was slightly rose to 4.73% yoy (vs consensus 4.78%, 4.72% in Sept). In the Board of Governors' Meeting on Oct 8<sup>th</sup>, 2013, BI kept its reference rate at 7.25%, Lending Facility at 7.25%, and the deposit facility rate (FASBI) at 5.5%. Rupiah appreciated against USD by +3.37% to 11,234 at end of October compared to previous month 11,613. Trade balance was deficit -US\$ 0.657bn in Sept (vs consensus surplus US\$0.096bn, surplus US\$0.133bn in Aug) on the back of higher import. Export increased by 13.19% MoM while imports increased by 18.86% MoM. Deficit was caused by the decreasing surplus of non-oil and gas trade balance to USD 0.5bn and the increasing deficit of oil and gas trade balances to USD 1.2 bn. Indonesia Parliament has approved 2014 budget, with the following assumptions: GDP Growth 6.00%, Inflation 5.50%, USD/IDR average 10,500, Budget Deficit 1.69% of GDP, Target net bond issuance IDR 205.07 Tn, and Energy subsidy is IDR 282.1 Tn (Oil subsidy is IDR 210.7 Tn and Electricity subsidy is IDR 71.40 Tn).

IDR gov't bond yields closed lower all across the curve in October. Global positive sentiments came post President Barack Obama signed a bill that ends the 16-day partial government shutdown and raises the temporary debt ceiling (The debt cushion now extends through February 7, with current spending levels being authorized through January 15), the Fed decision to keep on with USD 85bn in monthly bond purchases, and stable rating from R&I. Rating and Investment Information, Inc. (R&I), a rating agency from Japan, held Indonesia's Sovereign Credit Rating at BBB-/stable outlook on October 11, 2013. From domestic side, IDR currency appreciation and huge demand on MOF auction which indicated higher market confidence made prices rally. Offshore accounts increased their holding by IDR 23.97Tn in October 2013 (+8.15% MoM), from IDR 294.14Tn as of September 30, 2013 to IDR 318.11Tn as of October 31, 2013, which brought their holding to 32.33% of total outstanding tradable government bond (from 31.2% in the previous month). The 5Y yield October lowered by 97bps to 6.95% (7.92% in September 2013), 10Y yield October lowered by 103bps to 7.47% (8.50% in September 2013), 20Y yield October lowered by 79bps to 8.12% (8.91% in September 2013), and 29Y yield October lowered by 80bps to 8.28% (9.08% in September 2013).

#### Disclaimer:

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