

Group Link Fixed Income Fund

August 2014



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	7.52%
Best Month	5.52% Oct-13
Worst Month	-5.83% Jun-13

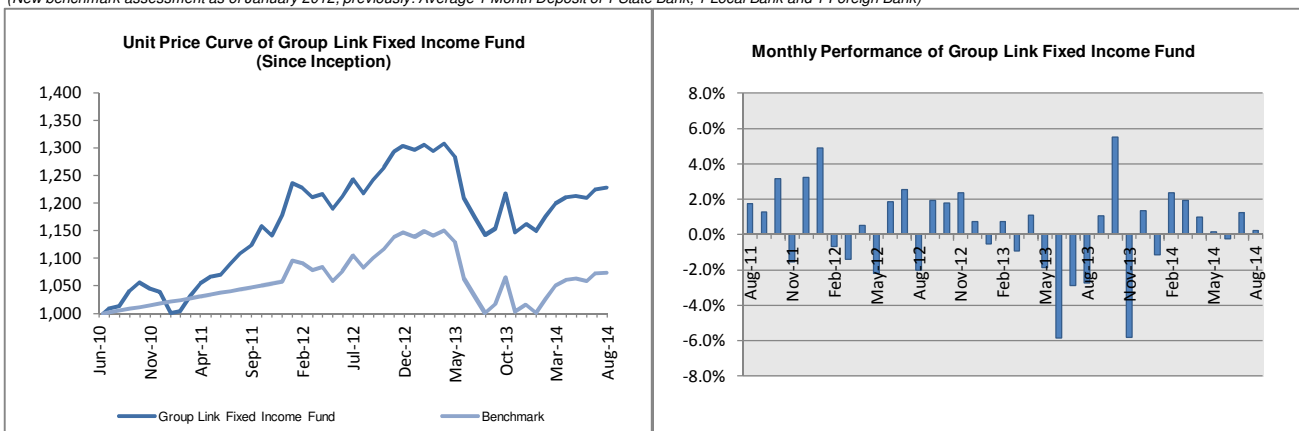
Portfolio Breakdown

Mutual Fund-Fixed Income	93.01%
Cash/Deposit	6.99%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	0.21%	1.21%	4.37%	7.52%	10.68%	5.62%	22.74%
Benchmark*	0.08%	0.96%	4.61%	7.21%	2.84%	5.61%	7.32%

*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

Fund Size (in bn IDR)	: IDR 61.14	Pricing Frequency	: Daily
Risk Profile	: Moderate Investor	Price per Unit	
Launch Date	: 12 July 2010	(As of Aug 29, 2014)	: IDR 1,227.41
Fund Currency	: Indonesian IDR		
Managed by	: PT. Asuransi Allianz Life Indonesia		

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in Aug at 0.47% mom (vs consensus 0.42%, inflation 0.93% in Jul) caused by higher food ingredients, processed food, beverages, tobacco, houses, fuel and electricity prices. On yearly basis, inflation printed at 3.99% YoY (vs consensus 4.08%, 4.53% in Jul). Core inflation fell to 4.47% YoY (vs consensus 4.08%, 4.64% in Jul). In the Board of Governors' Meeting on Aug 14th, 2014, BI maintained its reference rate at 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah depreciated against USD by -1.09% to 11,717 at end of Aug compared to previous month 11,591. Trade balance was surplus +0.13bn USD (non-oil and gas surplus +1.73bn, oil and gas deficit -1.60bn USD) in Jul (vs consensus deficit -0.41 USD, deficit -0.31bn USD in Jun). Export decreased by -6.03% YoY, while imports decreased by -19.31% YoY. FX Reserves was increased +0.7bn USD from 110.5bn USD in Jul to 111.2bn USD in Aug.

IDR government bond yields curve closed higher across all tenor in August. Negative sentiments came from global news such as Argentina's default, effect of Russia sanction and conflict, Portugal Banco Santo's trouble and released of July US NFP which smaller than forecasted also Obama's authorization on Iraq air strikes. Market continued under pressure due to the possibility of fuel price impact (probably start in 1Q15) and BI's announcement that downgrade of its 2014 growth forecast to 5.15% from 5.5-5.9% range and raised the FY current account deficit forecast to 2.8-2.9% of GDP from 2.5%. Market turned firmer on the back of good result from constitutional court's final decision on presidential election dispute which decline all Prabowo's petition. Joko Widodo officially will become Indonesia's next president. Offshore accounts increased their holding by IDR 15.94Tn in Aug 2014 (+3.81% MoM), from IDR 418.26Tn as of Jul 31, 2014 to IDR 434.20Tn as of Aug 29, 2014, which brought their holding to 37.00% of total outstanding tradable government bond (from 36.33% in the previous month). The 5Y yield Aug was higher by +11bps to 7.97% (7.86% in Jul 2014), 10Y tenor higher by +13bps to 8.17% (8.04% in Jul 2014), 15Y tenor higher by +4bps to 8.53% (8.49% in Jul 2014) and 20Y tenor higher by +4bps to 8.72% (8.68% in Jul 2014).

Disclaimer:

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