

Group Link Fixed Income Fund January 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 | -11.37% |
| Best Month | 5.52% Oct-13 |
| Worst Month | -5.83% Jun-13 |

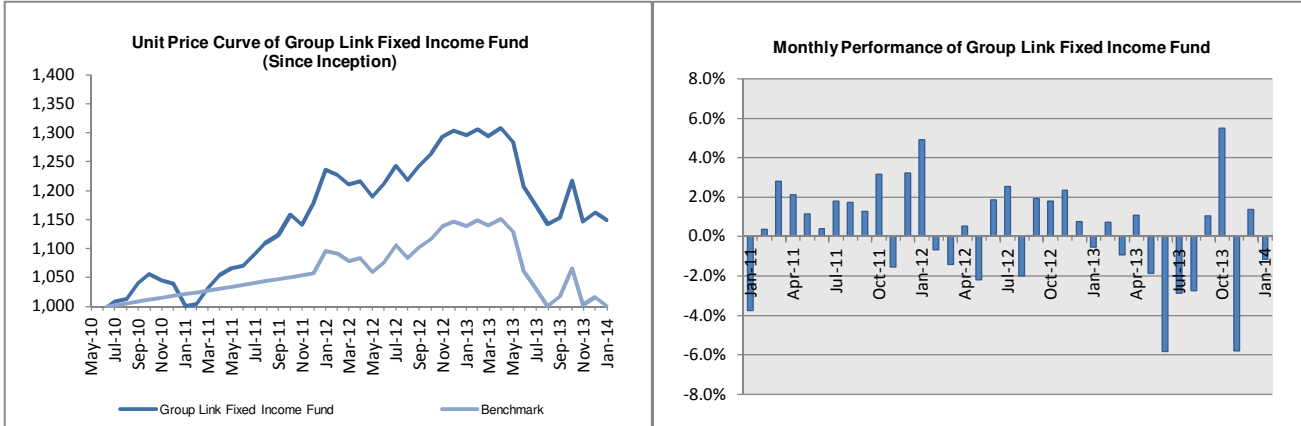
Portfolio Breakdown

| | |
|--------------------------|--------|
| Mutual Fund-Fixed Income | 79.90% |
| Cash/Deposit | 20.10% |

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | YTD | Since Inception |
|------------------------------|---------|----------|----------|---------|---------|--------|-----------------|
| Group Link Fixed Income Fund | -1.15% | -5.63% | -2.13% | -11.37% | 14.83% | -1.15% | 14.87% |
| Benchmark* | -1.51% | -6.05% | -2.91% | -12.14% | -2.01% | -1.51% | 0.08% |

*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 58.86 | Pricing Frequency | : Daily |
| Risk Profile | : Moderate Investor | Price per Unit | |
| Launch Date | : 12 July 2010 | (As of Jan 30, 2013) | : IDR 1,148.68 |
| Fund Currency | : Indonesian IDR | | |
| Managed by | : PT. Asuransi Allianz Life Indonesia | | |

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in Jan at 1.07 % mom (higher than 0.55% in Dec). The rising inflation in January was mostly due to higher foodstuff prices since floods disrupt food supply and distribution networks, as well as 12kg LPG price hike. On yearly basis, inflation printed at 8.22% yoy (lower than 8.38% in Dec on the back of changes in the basis for calculation and deduction in weight of raw and processed food). Core inflation is at 4.53% yoy (vs consensus 5.1%, lower than 4.98% in Dec) on the back of changes in the basis for calculation. In the Board of Governors' Meeting on Jan 9th, 2014, BI maintained its reference rate at 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah appreciated against USD by +0.36% to 12,226 at end of January compared to previous month 12,270. Trade balance was surplus US\$1.53bn in Dec (vs consensus surplus US\$0.729bn, revised surplus US\$0.789bn in Dec) on the back of positive strong growth in exports and slow growth in imports. 4Q13 Gross Domestic Product (GDP) increased to 5.72% YoY from 5.62% YoY in 3Q13 on the back of net exports. Foreign reserves in January increased by USD1.313bn (+1.32% MoM) from USD99.387bn in Dec to USD100.7bn in Jan.

IDR government bond yields bearish steepened, closed higher all across the curve in January. Market opened with better offer tone on the back of supply concern from auction and USD bonds issuance as well as higher inflation as result of flood all over region, 12kg LPG price hike, Electricity tariff for industrial categories I3 and I4 which will be started on May and news regarding subsidized fuel which will probably be gradually adjusted. Global news such as unsupported economic data from China, asset selling in emerging market especially in Turkey and Argentina, and reduction USD10bn tapering decision by the Fed from USD75bn/month to USD65/month added negative sentiment to the market. Buying action from Bank Indonesia coupled with buy-back action from MOF managed to support the market. Offshore accounts increased their holding by IDR 4.82Tn in January 2014 (+1.49% mom), from IDR 323.83Tn as of December 30, 2013 to IDR 328.65Tn as of January 30, 2014, which brought their holding to 32.45% of total outstanding tradable government bond (from 32.54% in the previous month). Yields in January were higher, the 5Y tenor by 3bps to 8.1% (8.07% in December 2013), 10Y tenor by 49bps to 8.97% (8.48% in December 2013), 15Y tenor by 52bps to 9.49% (8.97% in December 2013) and 20Y tenor by 54bps to 9.58% (9.04% in December 2013).

Disclaimer:

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