

Group Link Fixed Income Fund

August 2015



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	3.43%
Best Month	5.82% Jan-15
Worst Month	-5.83% Jun-13

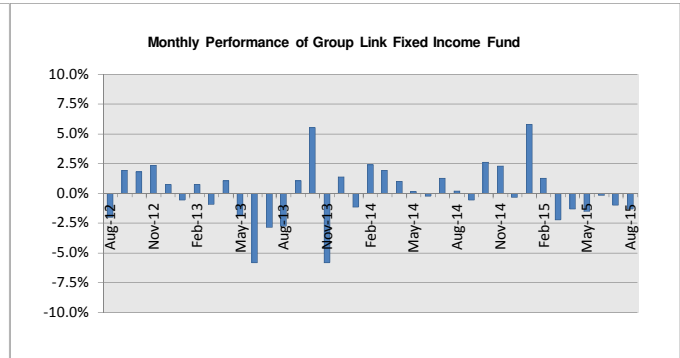
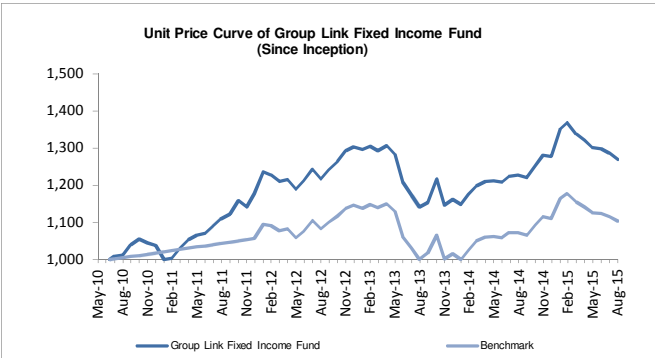
Portfolio Breakdown

Mutual Fund Fixed Income	85.31%
Cash/Deposit	14.69%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	-1.31%	-2.46%	-7.29%	3.43%	4.22%	-0.63%	26.95%
Benchmark*	-1.02%	-1.96%	-6.25%	2.94%	2.00%	-0.54%	10.48%

*80% HSBC Indonesian Local 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 65.11
Risk Profile	: Moderate Investor
Launch Date	: 12 July 2010
Fund Currency	: Indonesian IDR
Managed by	: PT. Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily
Price per Unit	
(As of Aug 31, 2015)	: IDR 1,269.47

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced August's inflation at 0.39% mom (vs consensus 0.55%, inflation 0.93% in Jul 2015). Food prices and education tuition fees were the main sources for August 15 inflation despite the increase magnitude lowered by lower transportation tariff. On yearly basis, inflation printed at 7.18% YoY (vs consensus 7.37%, 7.26% in Jul 2015). Core inflation printed at 4.92% YoY, higher compared to previous month (vs consensus 4.86%, 4.86% in Jul 2015) on the back of exchange rate depreciation and higher processed food prices. In the Board of Governors' Meeting on Aug 18th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%. Rupiah depreciated against USD by -4.05% to 14,027 at end of August compared to previous month 13,481. Trade balance was surplus +1.33bn USD (non-oil and gas surplus 2.20bn, oil and gas deficit 0.87bn USD) in Jul 2015. Export decreased by -19.23% YoY mostly driven from export in natural oil, while imports decreased by -28.44% YoY. FX Reserves decreased -2.21bn USD from 107.55bn USD in Jul 2015 to 105.35bn USD in Aug 2015 on the back of the use for foreign exchange to stabilize the IDR exchange rate.

IDR government bond yields curve continued higher all across the curve in Aug 2015 on the back of offshore outflows triggered by China's RMB devaluation thus resulting in regional and currency weakness. Despite several reverse auctions conducted by BI and MoF, it failed to push yields lower, as well as better than expected July's BOP result – people still on defensive mode. From three BI and two MoF reverse auctions, only one from each of them successfully manage to pushed the yields down. The cabinet reshuffle and 2016 state budget's draft also did not give significant movement in the market. Market got support from aggressive BI intervention in Rupiah as well as stimulus packages announced by the government. The People's Bank of China (PBOC) effectively devalued the yuan by a total of around 3% on August 11th and 12th. Offshore accounts decreased their holding by IDR 7.96Tn in Aug 2015 (-1.48% MoM), from IDR 533.63Tn as of Jul 31, 2015 to IDR 525.68Tn as of Aug 31, 2015, which brought their holding to 37.75% of total outstanding tradable government bond (from 38.96% in the previous month). The 5Y yield Aug was higher by +13bps to 8.56% (8.43% in Jul 2015), 10Y tenor higher by +19bps to 8.76% (8.57% in Jul 2015), 15Y tenor higher by +43bps to 9.25% (8.82% in Jul 2015) and 20Y tenor higher by +26bps to 9.11% (8.85% in Jul 2015).

Disclaimer:

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