

Group Link Fixed Income Fund

December 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	2.47%
Best Month	5.82% Jan-15
Worst Month	-5.83% Jun-13

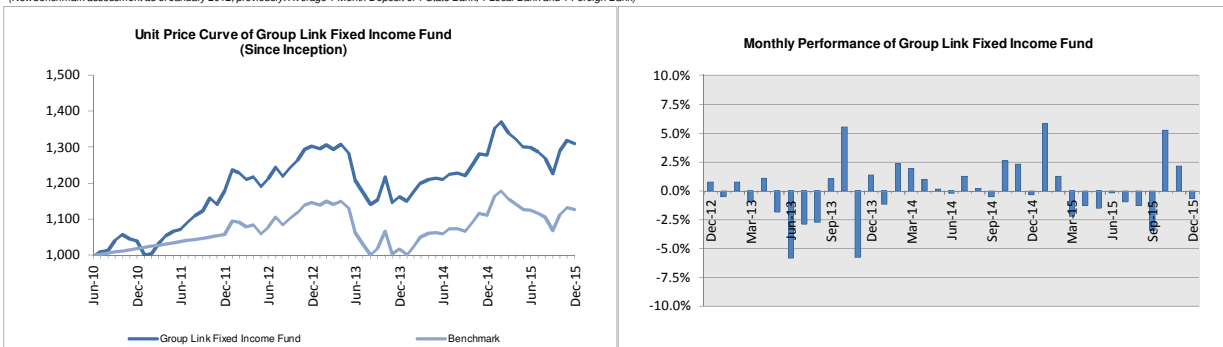
Portfolio Breakdown

Mutual Fund Fixed Income	94.57%
Cash/Deposit	5.43%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	-0.66%	6.83%	0.78%	2.47%	0.46%	2.47%	30.91%
Benchmark*	-0.53%	5.41%	0.05%	1.34%	-1.83%	1.34%	12.56%

*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 86.29	Pricing Frequency	: Daily
Risk Profile	: Moderate Investor	Price per Unit	
Launch Date	: 12 July 2010	(As of Dec 30, 2015)	: IDR 1,309.07
Fund Currency	: Indonesian IDR		
Managed by	: PT. Asuransi Allianz Life Indonesia		

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced December's inflation at 0.96% mom (vs consensus +0.61%, +0.21% in Nov 2015) mostly were caused by higher food ingredients, processed food, beverages, cigarette and tobacco. On yearly basis, inflation printed at 3.35% YoY (vs consensus 3.00%, 4.89% in Nov 2015). Core inflation printed at +3.95% YoY, lower compared to previous month (+4.77% in Nov 2015). In the Board of Governors' Meeting on Dec 17th, 2015, Bank Indonesia maintained its reference rate at 7.50%, Lending Facility at 8.0%, and also facility rate (FASBI) to 5.50%, however cut reserve requirement by 50bps effective per December 2015. Rupiah appreciated against USD by +0.33% to 13,795 at end of December compared to previous month 13,840. Trade balance was deficit -0.35bn USD (non-oil and gas deficit 0.29bn, oil and gas deficit 0.06bn USD) in Nov 2015. Export decreased by -17.58% YoY mostly driven from export in natural oil, while imports decreased by -18.03% YoY. FX Reserves increased +5.69bn USD from 100.24bn USD in Nov 2015 to 105.93bn USD in Dec 2015 mostly from Global MTN issuance USD3.5bn in early December 2015.

IDR government bond yields closed higher all across the curve in Dec 2015 on the back of market sell-off despite of strong market during the auction and global MTN issuance in early week of December 2015. Negative sentiment came from higher NDF USD/IDR and Nov trade balance result which far away deficit from market expectation, recorded deficit USD 350mn while market expect surplus USD 900mn. Rupiah depreciation and concern regarding increasing government budget deficit haunted domestic market. Market bounced post Fed rate hike decision and BI decision to left its reference rate unchanged. USD 3.5 billion of global MTN was issued by the Indonesian government, with detail of USD 2.25bn RIO126 at 4.8% (coupon at 4.75%) and USD 1.25bn RIO146 at 6% (coupon at 5.95%). Total subscribe of USD 8.1bn which dominated from US followed by Europe and Asia region. Asset managers were the biggest distributed to over 70% of total issuance, followed by banks, insurance, private banks and sovereign wealth funds. The US policymakers raised the Fed Funds Rate (FFR) target range to 0.25-0.50% from prior range of 0.00-0.25%. This marks the end of the zero interest rate policy of the Fed since 2008 and the first hike in FFR since 2006. MoF announced private placement done on Dec 29 2015, issued IDR 7tn FR46 at 8.68%. They also announced another private placement done on Dec 30 2015 for conventional with total of IDR 11.1tn which consist of IDR 1.5tn 13mo SPN at 7.10%, IDR 8.75tn 14mo SPN at 7.15% and IDR 860bn FR38 at 8.67%, also IDR 553bn PBS06 at 8.99% for the Sukuk. 2016 bond calendar issuance has been released by MoF with target bond issuance IDR 97tn in the first quarter (18.28% of total gross issuance target, 29.75% of total net issuance target). Offshore accounts increased their holding by IDR 10Tn in Dec 2015 (+1.82% MoM), from IDR 548.52Tn as of Nov 30, 2015 to IDR 558.52Tn as of Dec 31, 2015, which brought their holding to 38.21% of total outstanding tradable government bond (from 38.15% in the previous month). The 5Y yield Dec was higher by +32bps to 8.82% (8.50% in Nov 2015), 10Y tenor higher by +13bps to 8.75% (8.62% in Nov 2015), 15Y tenor higher by +22bps to 8.97% (8.75% in Nov 2015) and 20Y tenor higher by +15bps to 8.96% (8.81% in Nov 2015).

Disclaimer:

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