

Group Link Fixed Income Fund

July 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	5.03%
Best Month	5.82% Jan-15
Worst Month	-5.83% Jun-13

Portfolio Breakdown

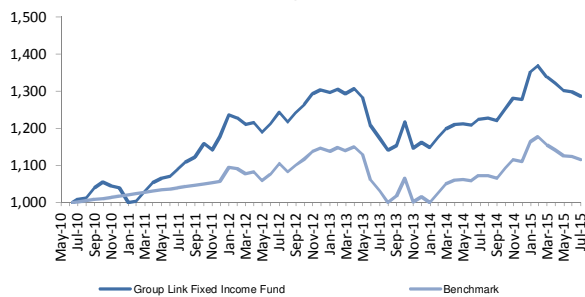
Mutual Fund Fixed Income	92.17%
Cash/Deposit	7.83%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	-0.97%	-2.66%	-4.85%	5.03%	3.49%	0.69%	28.63%
Benchmark*	-0.80%	-2.19%	-4.17%	4.09%	0.98%	0.48%	11.61%

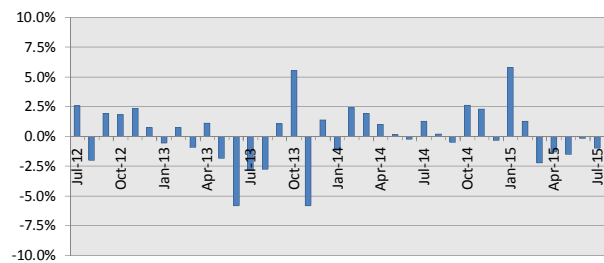
*90% HSBC Indonesian Local Bond Index & 20% Average Time Deposit (1 month) dari BNI, BCA and Citibank

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

Unit Price Curve of Group Link Fixed Income Fund (Since Inception)



Monthly Performance of Group Link Fixed Income Fund



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 66.55	Pricing Frequency	: Daily
Risk Profile	: Moderate Investor	Price per Unit	
Launch Date	: 12 July 2010	(As of July 31, 2015)	: IDR 1,286.33
Fund Currency	: Indonesian IDR		
Managed by	: PT. Asuransi Allianz Life Indonesia		

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced July's inflation at 0.93% mom (vs consensus 0.74%, inflation 0.54% in Jun 2015) which mostly were caused by higher food ingredients, processed food, beverages, tobacco prices and transportation cost during the fasting month and Hari Raya. On yearly basis, inflation printed steady at 7.26% YoY (vs consensus 7.06%, 7.26% in June 2015). Core inflation printed at 4.86% YoY, lower compared to previous month (vs consensus 5.00%, 5.04% in Jun 2015). In the Board of Governors' Meeting on Jul 14th, 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 -1.12% to 13,481 at end of Jul compared to previous month 13,332. Indonesia economic growth in second quarter 2015 eased to 4.67% YoY compared to previous quarter at 4.71% YoY. The major driven of the slowdown was the fixed investment and the government spending. Trade balance was surplus +0.47bn USD (non-oil and gas surplus 1.59bn, oil and gas deficit 1.12bn USD) in Jun 2015. Export decreased by -12.78% YoY mostly driven from export in natural oil, while imports decreased -17.42% YoY. FX Reserves decreased -0.48bn USD from 108.03bn USD in June 2015 to 107.55bn USD in July 2015 on the back of Government foreign debt payments and the use of foreign exchange to stabilize the IDR exchange rate.

IDR government bond yields curve steepened in Jul 2015 on the back of market risk-off due to negative global sentiment such as triggered by Greece referendum result and slumped in Chinese stock market. Profit taking emerged post Greece deal news and continued slowing down ahead Idul Fitri holiday as everyone stayed on the side line and don't want to take any risk. Rupiah depreciation also gave negative sentiment to the market. Financial Minister statement that the government will not increase the sales of local bonds gave positive sentiment to the market and expected will continue bullish due to favorable supply. Greece vote NO on the referendum (Sunday, Jul 5). Market projected probability of a Grexit will increase to 75% from 33% and there is only a one in three chance of a Grexit turning into a systemic crisis (i.e. a 25% overall). In fact, Greece reached an agreement with its creditors over the reforms needed to start talks for a third bailout in five years and remain in the euro. Offshore accounts decreased their holding by IDR 3.90Tn in Jul 2015 (-0.73% MoM), from IDR 537.53Tn as of Jun 30, 2015 to IDR 533.63Tn as of Jul 31, 2015, which brought their holding to 38.96% of total outstanding tradable government bond (from 39.63% in the previous month). The 5Y yield Jul was higher by +14bps to 8.43% (8.29% in Jun 2015), 10Y tenor higher by +22bps to 8.57% (8.35% in Jun 2015), 15Y tenor higher by +34bps to 8.82% (8.48% in Jun 2015) and 20Y tenor higher by +36bps to 8.85% (8.49% in Jun 2015).

Disclaimer:

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