

Group Link Fixed Income Fund

August 2017



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	8.44%
Best Month	5.82% Jan-15
Worst Month	-5.83% Jun-13

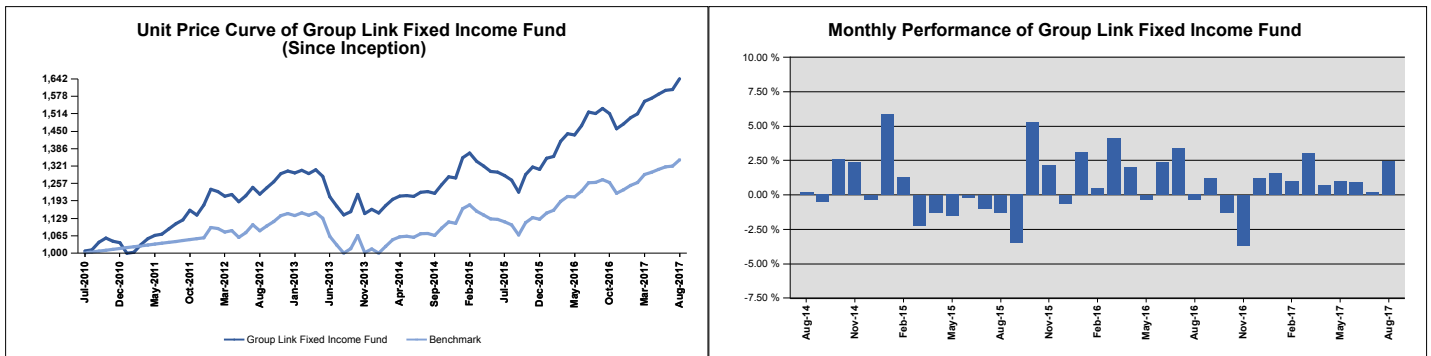
Portfolio Breakdown

Mutual Funds - Bonds	98.10%
Cash/Deposit	1.90%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	2.46%	3.57%	8.51%	8.44%	33.82%	11.25%	64.25%
Benchmark*	1.73%	2.68%	6.61%	6.57%	25.24%	8.91%	34.41%

*80% Bloomberg Indonesia Local Sovereign Bond (BINDO) Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank

(Benchmark assessment; before Mar 2016: 80% HSBC Indonesia Local Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; before Jan 2012: Average 1 Month Deposit of 1 State bank, 1 Local bank and 1 Foreign bank)



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 117.58
Risk Profile	: Moderate
Launch Date	: 12 Jul 2010
Fund Currency	: Indonesian Rupiah
Managed by	: PT Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily
Price per Unit (As of Aug 31, 2017)	: IDR 1,642.49

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Aug 2017 deflation at -0.07% mom (vs consensus inflation +0.06%, inflation +0.22% in Jul 2017). On yearly basis, inflation was slightly lower to +3.82%yoy (vs consensus inflation 3.99%, +3.88% in Jul 2017). Core inflation was printed at +2.98% yoy (vs +3.05% in Jul 2017). Deflation was mainly caused by lower food ingredients prices, also transportation and communication. In the Board of Governors' Meeting on 22 Aug 2017, Bank Indonesia cut its 7-day Reverse Repo Rate by 25bps from 4.75% to 4.50%, also Deposit Facility (DF) from 4.00% to 3.75% and Lending Facility (LF) from 5.50% to 5.25%. Rupiah depreciated by -0.21% to 13,351/USD at end of Aug 2017 from 13,323/USD in previous month. Trade balance booked a deficit of USD 0.27bn (non-oil and gas surplus USD 0.33bn, oil and gas deficit USD 0.60bn) in Jul 2017. Export rose by +41.12% YoY mostly driven by mineral fuel, while imports rose by +54.02% YoY. Indonesia's foreign reserves increased USD 4.67bn to USD 127.76bn in Jul 2017 from USD 123.09bn in Jun 2017. The increase was primarily attributable to foreign exchange receipts, among other from global bond issuance, tax revenues, government oil and gas export proceeds, as well as auction of Bank Indonesia foreign exchange bills.

IDR government bond yields closed lower across the curve in Aug 2017 on the back of expectation that Bank Indonesia will start do easing monetary policy this month which was actually happened. MoF started to issue the new FR75 20yr benchmark series for next year which is reflected in high demand since its first auction on August 8. BI's plan to roll out macro-prudential policy to boost funding also gave positive sentiment to the market. Despite lots of profit takers happened, market still well supported by the strong bids from both side offshore and onshore accounts. Bond players seem ignored the global risk-off on US-North Korea tensions for now on. Indonesia 2Q 2017 GDP number which announced in first week of August did not give significant impact to the market as players already expect the result. On Aug 30, MoF approved IDR 61.209tn early redemption for sukuk saving of ST01 with settlement date at 7 Sept 2017 (originally mature at 7 Sept 2018). Offshore accounts increased their holding by IDR +9.61tn in Aug 2017 (+1.24% MoM), from IDR 775.54tn as of Jul 2017 to IDR 785.14tn as of Aug 2017, which brought their holding to 39.01% of total outstanding tradable government bond (from 39.35% in the previous month). The 5Y yield Aug 2017 ended -50bps lower to 6.28% (6.78% in Jul 2017), 10Y tenor ended -25bps lower to 6.70% (6.95% in Jul 2017), 15Y tenor ended -25bps lower to 7.14% (7.39% in Jul 2017) and 20Y tenor ended -35bps lower to 7.28% (7.63% in Jul 2017).