

Group Link Fixed Income Fund

December 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 **15.49%**
Best Month **5.82%** Jan-15
Worst Month **-5.83%** Jun-13

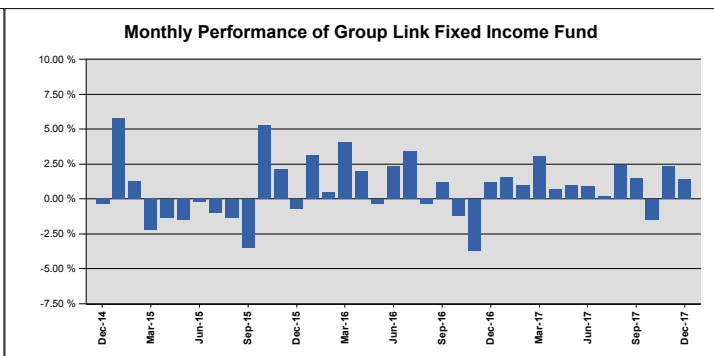
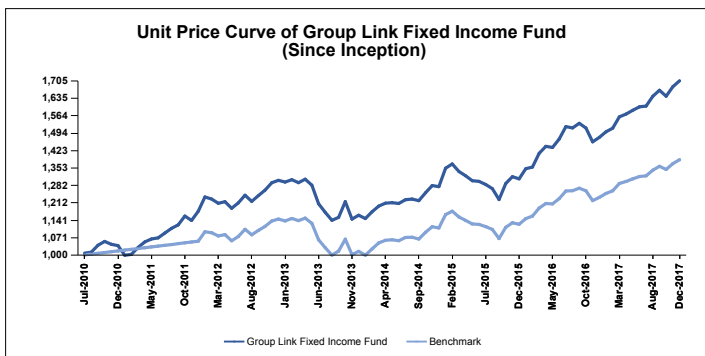
Portfolio Breakdown

Mutual Funds - Bonds **95.01%**
Cash/Deposit **4.99%**

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | YTD | Since Inception |
|------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|-----------------|
| Group Link Fixed Income Fund | 1.42% | 2.29% | 6.57% | 15.49% | 33.46% | 15.49% | 70.51% |
| Benchmark* | 1.16% | 1.95% | 5.15% | 12.33% | 24.80% | 12.33% | 38.63% |

*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 148.37
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 Dec 29, 2017) : IDR 1,705.06

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Dec 2017 inflation at +0.71% mom (vs consensus inflation +0.45%, +0.20% in Nov 2017). On yearly basis, inflation was higher to +3.61%yoy (vs consensus inflation +3.35%, +3.30% in Nov 2017). Core inflation was printed at +2.95%yoy (vs consensus inflation +3.07%, +3.05% in Nov 2017). The increasing inflation is primarily attributable to inflation of volatile food group and administered prices group amidst the low core inflation. In the Board of Governors' Meeting on 14 Dec 2017, Bank Indonesia maintained the BI 7-day Reverse Repo Rate at 4.25%, while maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 3.50% and 5.00% respectively. Rupiah depreciated by -0.25% to 13,548/USD at end of Dec 2017 from 13,514/USD in previous month. Trade balance booked surplus of USD 0.13bn (non-oil and gas surplus USD 1.27bn, oil and gas deficit USD 0.96bn) in Nov 2017. Export rose by +13.18% YoY mostly driven by animal fats and vegetable oil, while imports rose by +19.62% YoY. Indonesia's foreign exchange reserve in Dec 2017 reached the highest recorded in 2017 at USD130bn. This significant increase in foreign exchange reserves from Nov 2017 (USD125.97bn) and Dec 2016 (USD116.4bn) is attributed to the issuance of Global Bonds, which was used for 2018 pre-funding that reached USD4bn.

IDR government bond yields closed lower across the curve in Dec 2017 on the first and second week the back of foreign buying following the rating upgrade by Fitch after the credit rating agency upgraded Philippines to BBB (stable outlook). Market then went unchanged at the last working week of the year. Fitch Ratings (Fitch) upgrades the Sovereign Credit Rating of the Republic of Indonesia from BBB-/ Positive Outlook to BBB/Stable Outlook as announced on Dec 20th, 2017. On Friday, Dec 29, 2017, Ministry of Finance has issued Government Debt Securities through Private Placement method with the total amount of IDR10.10729tn. It consists of one series of treasury bills (SPN), with the series is SPNNT20180328. Ministry of Finance announced that total gross issuance in 2018 will be around IDR 846tn. Offshore accounts increased their holding by IDR 5.34tn in Nov 2017 (+0.64% MoM), from IDR 830.81tn as of Nov 2017 to IDR 836.15tn as of Dec 2017, which brought their holding to 39.82% of total outstanding tradable government bond (from 39.28% in the previous month). The 5Y yield Dec 2017 ended -10bps lower to 5.98% (6.08% in Nov 2017), 10Y tenor ended -18bps lower to 6.34% (6.52% in Nov 2017), 15Y tenor ended -12bps lower to 6.94% (7.06% in Nov 2017) and 20Y tenor ended -11bps lower to 7.09% (7.20% in Nov 2017).