

# Group Link Fixed Income Fund

## March 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 **10.43%**  
Best Month **5.82%** Jan-15  
Worst Month **-5.83%** Jun-13

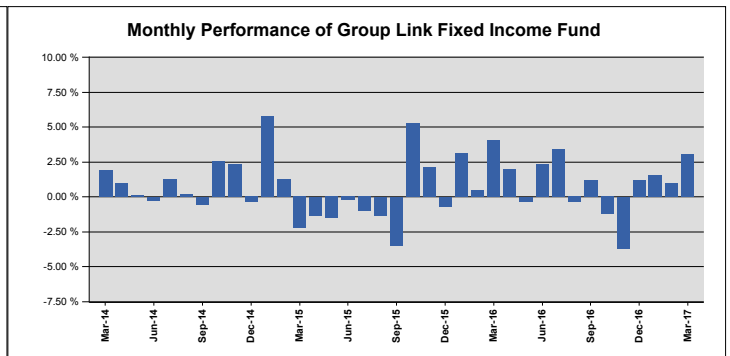
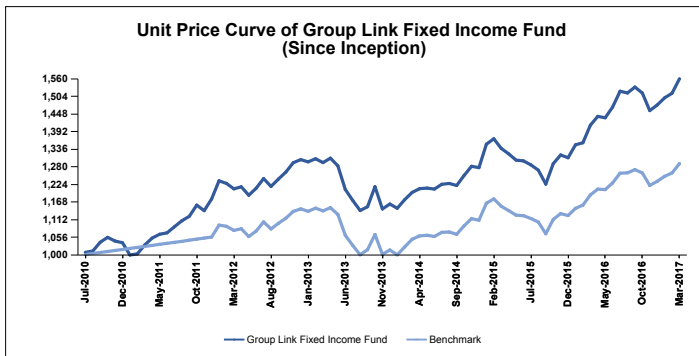
#### Portfolio Breakdown

Mutual Funds - Bonds **92.42%**  
Cash/Deposit **7.58%**

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	<b>3.03%</b>	<b>5.63%</b>	<b>1.71%</b>	<b>10.43%</b>	<b>30.08%</b>	<b>5.63%</b>	<b>55.96%</b>
Benchmark*	<b>2.35%</b>	<b>4.56%</b>	<b>1.50%</b>	<b>8.33%</b>	<b>22.85%</b>	<b>4.56%</b>	<b>29.03%</b>

\*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 116.22  
**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 Mar 31, 2017)** : IDR 1,559.55

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Mar 2017 deflation at -0.02% mom (vs consensus +0.20%, +0.23% in Feb 2017), mostly was caused by lower food ingredients prices also transportation and communication tariff. On yearly basis, inflation was lower to +3.61% YoY (vs consensus +3.80%, +3.83% in Feb 2017). Core inflation printed at +3.30% YoY, lower than previous month at +3.41% YoY. In the Board of Governors' Meeting on 15-16 Mar 2017, Bank Indonesia maintained the 7-day reverse repo rate at 4.75%, also Deposit Facility (DF) at 4.00% and Lending Facility (LF) at 5.50%. Rupiah appreciated by +0.19% to 13,321/USD at end of Mar 2017 as opposed to 13,347/USD previous month. Trade balance booked a surplus of +US\$1.32bn (non-oil and gas surplus USD 2.55bn, oil and gas deficit USD 1.23bn) in Feb 2017. Export rose by +11.16% YoY mostly driven by jewelry exports, while imports rose by +10.61% YoY. FX Reserves rose by USD 1.9bn from USD 119.9bn in Feb 2017 to USD 121.8bn in Mar 2017 on the back of oil and gas export, government foreign loan drawdown also income from foreign currency BI Securities (SBBI).

IDR government bond yields closed lower all across the curve in March 2017 on the back of offshore inflows. Market rally occurred since the first week especially after news that Japan Credit Rating (JCR) Agency upgrade outlook on Indonesia's rating from stable to positive and the expectation that S&P will upgrade Indonesia to investment grade this year. Furthermore, The Fed's dovish tone gave positive sentiment to the market following up the The US Federal Reserve hiked the fed funds rate by 25bp as expected on March 15. While from domestic side, the downsized issuance by the government in the second week auction also brought positive impact to the secondary market as players craved for additional size. MoF said that the government plans to raise 45.7% of this year's gross local bond sale in H1, and 59.3% of total bond sales (including foreign currency bonds) over the same period; and the gross issuance target for 2017 is IDR 684.84tn. The government also held debt switch on March 23 and resulted in IDR1.973tn incoming offers for 1-4yr tenors and swapped IDR1.253tn for destination bond of 5yr FR61 at 100.4 (6.9%). Offshore accounts increased their holding by IDR +31.33tn in Mar 2017 (+4.53% MoM), from IDR 691.89tn as of Feb 2017 to IDR 723.22tn as of Mar 2017, which brought their holding to 38.24% of total outstanding tradable government bond (from 37.47% in the previous month). The 5Y yield Mar 2017 ended -43bps lower to 6.85% (7.28% in Feb 2017), 10Y tenor ended -49bps lower to 7.04% (7.53% in Feb 2017), 15Y tenor ended -43bps lower to 7.43% (7.86% in Feb 2017) and 20Y tenor ended -44bps lower to 7.68% (8.12% in Feb 2017).