

Group Link Fixed Income Fund

October 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	8.48%
Best Month	5.82% Jan-15
Worst Month	-5.83% Jun-13

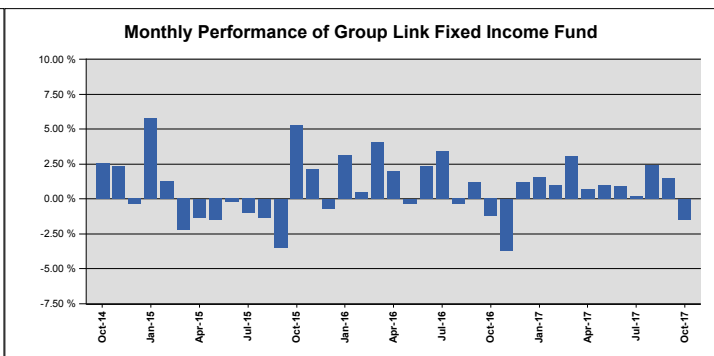
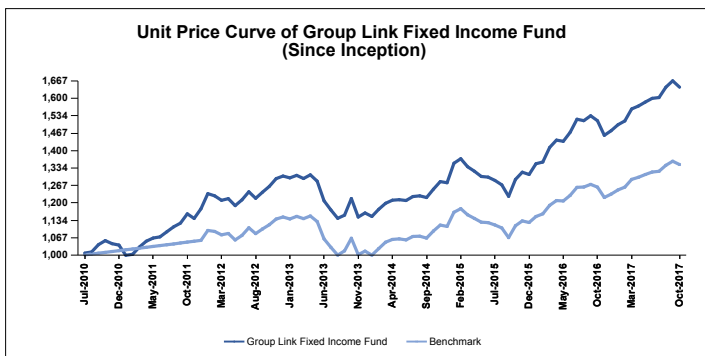
Portfolio Breakdown

Mutual Funds - Bonds	96.96%
Cash/Deposit	3.04%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	-1.45%	2.48%	4.59%	8.48%	31.13%	11.27%	64.28%
Benchmark*	-0.93%	1.96%	3.74%	6.84%	23.25%	9.15%	34.71%

*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 114.86
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 Oct 31, 2017)	: IDR 1,642.82

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Oct 2017 inflation at +0.01% mom (vs consensus inflation +0.10%, +0.13% in Sep 2017). On yearly basis, inflation was lower to +3.58% yoy (vs consensus inflation +3.68%, +3.72% in Sep 2017). Core inflation was printed at +3.07% yoy vs consensus inflation +3.08%, +3.00% in Sep 2017). Inflation was mainly caused by higher processed food, beverage, cigarette and tobacco prices. In the Board of Governors' Meeting on 18 Oct 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 -0.59% to 13,572/USD at end of Oct 2017 from 13,492/USD in previous month. Indonesia economic growth in third quarter 2017 was increased by 3.18% QoQ (5.06% YoY compared to previous quarter at 5.01% YoY) which largely led by growth in other services. By expenditure, exports of goods and services components were the main drivers. Trade balance booked surplus of USD 1.76bn (non-oil and gas surplus USD 2.26bn, oil and gas deficit USD 0.50bn) in Sep 2017. Export rose by +15.60% YoY mostly driven by mineral fuel, while imports rose by +13.13% YoY. Indonesia's foreign reserves decreased USD 2.85bn to USD 126.55bn in Oct 2017 from USD 129.40bn in Sep 2017. The decrease was primarily attributable to foreign debt repayment and Rupiah stabilization also related to the reduction of foreign exchange placement in central bank for the need of payment.

IDR government bond yields closed higher across the curve in Oct 2017 on the back of market sell-off, especially from major foreign accounts. The stronger USD currency and slightly higher UST yield also gave negative sentiment to the market. Furthermore, BI statement that they see narrowing window for monetary policy easing also added pressure to the market. Several small buying actions were seen but failed to push the yield down by the end of the month. Despite of that, Oct's bond and sukuk auctions still showed solid demands. Offshore accounts decreased their holding by IDR 23.17tn in Oct 2017 (-2.83% MoM), from IDR 819.37tn as of Sep 2017 to IDR 796.20tn as of Oct 2017, which brought their holding to 38.35% of total outstanding tradable government bond (from 40.03% in the previous month). The 5Y yield Oct 2017 ended +32bps higher to 6.45% (6.13% in Sep 2017), 10Y tenor ended +30bps higher to 6.81% (6.51% in Sep 2017), 15Y tenor ended +36bps higher to 7.36% (7.00% in Sep 2017) and 20Y tenor ended +18bps higher to 7.40% (7.22% in Sep 2017).

Disclaimer:

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