

GROUP LINK FIXED INCOME FUND

August 2018

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).

Return Performance

Last 1-year Period		-0.42%
Best Month	Jan-15	5.82%
Worst Month	Jun-13	-5.83%

Portfolio Breakdown

Mutual Funds - Bonds	87.31%
Cash/Deposit	12.69%

Key Fund Facts

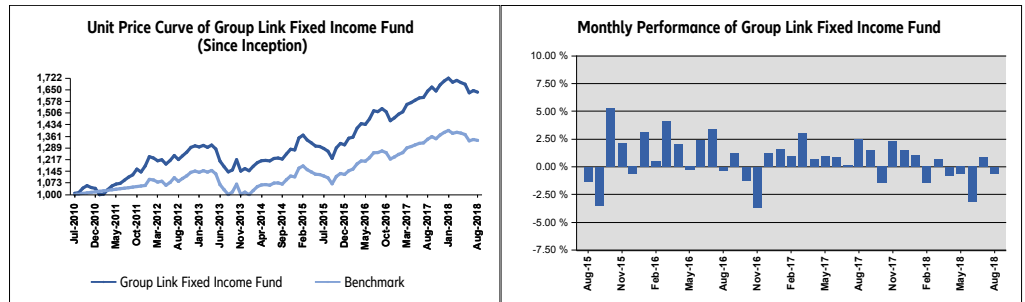
Fund Size (in bn IDR)	IDR 127.41
Risk Profile	Moderate
Launch Date	12 Jul 2010
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

Price per Unit	
(As of Aug 31, 2018)	IDR 1,635.67

Managed by PT. Asuransi Allianz Life Indonesia

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	-0.59%	-2.91%	-3.62%	-0.42%	28.85%	-4.07%	63.57%
Benchmark*	-0.41%	-2.63%	-3.18%	-0.54%	21.00%	-3.57%	33.68%

*80% Indonesia Bond Pricing Agency (IBPA) IDR Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank
(Benchmark assessment: before Jul 2018: 80% Bloomberg Indonesia Local Sovereign Bond (BINDO) Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; before Mar 2016: 80% HSBC Indonesia Local Bond Index & 20% Average Time Deposit (1 month) from BNI, BCA and Citibank; before Jun 2012: Average 1 Month Deposit of 1 State bank, 1 Local bank and 1 Foreign bank)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced August 2018 deflation at -0.05% mom (vs consensus inflation +0.04%, +0.28% in July 2018). On yearly basis, inflation was +3.20% yoy (vs consensus inflation +3.33%, +3.18% in July 2018). Core inflation was printed at +2.90% yoy (vs consensus inflation +2.89%, +2.87 in July 2018). The deflation was caused by decrement prices of various commodities (especially food) and transportation cost post-Idul Fitri. In the Board of Governors' Meeting on 14-15 August 2018, Bank Indonesia raised the BI 7-day Reverse Repo Rate by 25 bps to 5.50%, while also raising the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to 4.75% and 6.25% respectively. Rupiah depreciated by -2.05% to 14,710 /USD at end of August 2018 from 14,414/USD in previous month. Indonesia's trade balance recorded a USD2.03 billion deficit in July 2018 vs consensus USD 0.625 billion deficit. Non-oil and gas trade balance in July 2018 recorded deficit -0.84bn, worsen than the previous month which was surplus amounting to USD 2.1bn. Meanwhile, oil and gas trade balance recorded deficit to USD -1.18bn in July 2018, higher than deficit on Jun 2018 amounting to USD -0.4bn. Indonesia's official reserve assets at the end of August 2018 were at USD117.9 billion, slightly lower than the end of July 2018 which stood at USD118.3 billion. The decline in the reserve assets in August 2018 was mainly due to government external debt repayment and rupiah stabilization in the middle of increasing global financial market uncertainty.

IDR Government bond yields were closed higher at the end of the August 2018 on the back of IDR depreciation. Combination of global and domestic factor triggers the IDR depreciation. Intensifying trade tensions between US-China, US-Eurozone, US-Turkey and increasing concerns over the likelihood of Turkey's and Argentina's crisis to contaminate other emerging countries were some reason behind it. Investor also show big attention to Indonesia's widening current account deficit (2Q18 -2.36% of GDP compared to 4Q17 -1.71% of GDP). Support came from Bank Indonesia who bought government bonds mostly benchmark series. BI also intervened in FX market with FX swap action, thus it would not fall deeper. Offshore accounts increased their holding by IDR 16.53tn in Aug 2018 (+1.97% MoM), from IDR 839.26tn as of July 2018 to IDR 855.79tn as of Aug 2018, which brought their holding to 37.64% of total outstanding tradable government bond (from 37.70% in the previous month). The 5Y yield Aug 2018 ended +31bps higher to 7.98% (7.67% in July 2018), 10Y tenor ended +43bps higher to 8.20% (7.77% in July 2018), 15Y tenor ended +17bps higher to 8.32% (8.15% in July 2018) and 20Y tenor ended +49bps higher to 8.65% (8.16% in July 2018).

Disclaimer:

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