

GROUP LINK FIXED INCOME FUND

April 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		7.92%
Best Month	Jan-15	5.82%
Worst Month	Jun-13	-5.83%

Portfolio Breakdown

Mutual Funds - Bonds	90.00%
Cash/Deposit	10.00%

Key Fund Facts

Fund Size (in bn IDR)	IDR 136.76
Risk Profile	Moderate
Launch Date	12 Jul 2010
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

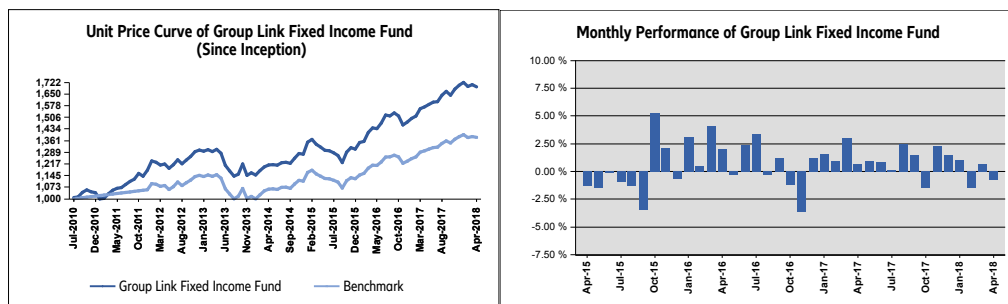
Price per Unit	
(As of Apr 30, 2018)	IDR 1,695.04

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	-0.79%	-1.58%	3.18%	7.92%	28.27%	-0.59%	69.50%
Benchmark*	-0.35%	-1.18%	2.59%	6.43%	21.10%	-0.31%	38.19%

*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)



Manager Commentary

Central Bureau Statistics of Indonesia (BPS) announced Apr 2018 inflation at +0.10% mom (vs consensus inflation +0.18%, +0.20% in Mar 2018). On yearly basis, inflation was +3.41% yoy (vs consensus inflation +3.50%, +3.40% in Mar 2018). Core inflation was printed at +2.69% yoy (vs consensus inflation +2.77%, +2.67% in Mar 2018). Inflation mostly caused by higher processed food, housing, clothing and healthcare. In the Board of Governors' Meeting on 20 April 2018, 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 +0.98% to 13,892/USD at end of Apr 2018 from 13,756/USD in previous month. Indonesia's trade balance in March 2018 records surplus of USD 1.09bn vs consensus -USD89mn. Non-oil and gas trade balance surplus in Mar 2018 is recorded USD 2.02bn, higher than the previous month which was deficit amounting to USD 3.96bn. Meanwhile, oil and gas trade balance deficit to USD 0.92bn in Mar 2018. Indonesia's GDP grew 5.06% yoy in the three months to the end of March, according to Indonesia Bureau of Statistic, lower than forecast of 5.18%, and also against 5.19% at the previous quarter. In qoq terms, Indonesia's GDP fell -0.42% than forecast of -0.3%, but higher than previous quarter of -1.70%. The slower growth was caused by weak of household consumption. Indonesia's foreign reserve assets stood at USD 124.9 billion as of end-Apr 2018, lower than the end of Mar 2018 level at USD 126.00 billion. The decline in the reserve assets in Apr 2018 was mainly due to the use of foreign exchange to repay government external debt and stabilize rupiah amidst increasing global financial market uncertainty.

IDR Government bond yields were higher across all curves on the back of offshore outflows which triggered by US Treasury yield that passed 3% and IDR depreciation which almost reached IDR 14,000. Fed hawkish stance (however finally the Fed maintain the interest rate at 1.75%), unclear China-US trade tariff war and geopolitics tension including between US and Russia gave additional negative sentiment to the market. Bank Indonesia supported the bond market from weaken further by joining the bids as well as doing intervention in IDR currency. Indonesia's rating upgrade from Moody's only gave short-lived positive sentiment to the bond market. Moody's upgrades the Sovereign Credit Rating (SCR) of the Republic of Indonesia from Baa3/Positive Outlook to Baa2/Stable Outlook on April 13th 2018. Moody's highlighted the key factor supporting the decision is a credible and effective policy framework conducive to macroeconomic stability. Together with financial buffers, prudent fiscal and monetary policy, those have improved sovereign's resilience and capacity to respond to shocks. Offshore accounts decreased their holding by IDR 13.45tn in April 2018 (-1.57% MoM), from IDR 858.79tn as of Mar 2018 to IDR845.34tn as of April 2018, which brought their holding to 38.44% of total outstanding tradable government bond (from 39.31% in the previous month). The 5Y yield April 2018 ended +55bps higher to 6.50% (5.95% in Mar 2018), 10Y tenor ended +30bps higher to 6.98% (6.68% in Mar 2018), 15Y tenor ended +34bps higher to 7.21% (6.87% in Mar 2018) and 20Y tenor ended +16bps higher to 7.47% (7.31% in Mar 2018).

Disclaimer:

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