

GROUP LINK FIXED INCOME FUND

December 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		-0.61%
Best Month	Jan-15	5.82%
Worst Month	Jun-13	-5.83%

Portfolio Breakdown

Cash/Deposit	100.00%
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Key Fund Facts

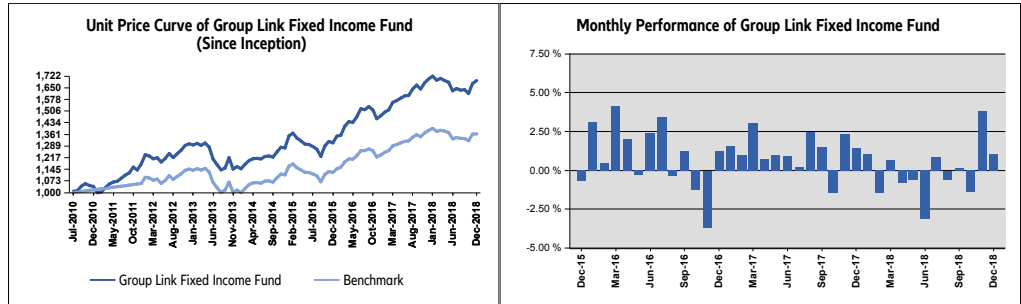
Fund Size (in bn IDR)	IDR 1.49
Risk Profile	Moderate
Launch Date	12 Jul 2010
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

Price per Unit	
(As of Dec 31, 2018)	IDR 1,694.65

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	1.06%	3.43%	3.87%	-0.61%	29.45%	-0.61%	69.47%
Benchmark*	0.10%	2.12%	2.28%	-1.58%	21.21%	-1.58%	36.44%

*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 December 2018 inflation at +0.62% mom (vs consensus inflation +0.53%, +0.27% in Nov 2018). On yearly basis, inflation was +3.13% yoy (vs consensus inflation +3.01%, +3.23% in Nov 2018). Core inflation was printed at +3.07% yoy (vs consensus inflation +3.07%, +3.03 in Nov 2018). The inflation was contributed by increment of food stuff prices (especially, chicken meat and egg price). In the Board of Governors' Meeting on 19th and 20th December 2018, Bank Indonesia kept the BI 7-day Reverse Repo Rate unchanged on 6.00%, while also maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 5.25% and 6.75% respectively. Rupiah depreciated by -0.99% to 14,481/USD at end of December 2018 from 14,339/USD in previous month. Indonesia's trade balance recorded deficit amounting to USD -2.050 billion in November 2018 vs consensus deficit USD -1.820 billion. Non-oil and gas trade balance in November 2018 recorded deficit USD -0.583bn, worse than the previous month which was deficit amounting to USD -0.4bn. Meanwhile, oil and gas trade balance recorded deficit to USD -1.46bn in Nov 2018, higher than deficit on Oct 2018 amounting to USD -1.42bn. This month deficit was the worst deficit since June 2017, which was mainly caused by the decrement of exports income of palm oil, pulp & paper, and crude oil. Indonesia's official foreign reserve as of December 2018 was at USD 120.7 billion, higher than the November 2018 which stood at USD 117.2 billion. The increment in the reserve assets in December 2018 was caused by the foreign exchange income from oil & gas income, withdrawal of government external debt, and global bonds issuance.

IDR Government bond yields were closed higher at the end of the December 2018 on the back of offshore outflows in line with IDR depreciation. The market was opened with weaker tone due to global sentiment. Uncertainty related trade truce between US-China, lower than expected US Nonfarm Payroll (155k vs expected 198k), and OPEC cutting production, triggered selling action on bond market at the beginning of the month. Market then turned to bullish tone with locals on buying side after China made two movements that gave back the confidence of market players. It was President Xi Jinping cutting China's import tariff of US trucks and cars from 40% to 15%; and one of China's company continuing to import soybean from US. BI also kept defending both of FX and bond market. Market was back to be weaker again after FED raised their benchmark rate by 25 bps to 2.25-2.5% and expecting two times more hikes trajectory in 2019, and followed by global risk-off mood after US stock market fell down. Offshore accounts decreased their holding by IDR -7.34bn in December 2018 (-0.81% MoM), from IDR 900.59tn as of 30 November 2018 to IDR 893.25tn as of 31 December 2018, which brought their holding to 37.71% of total outstanding tradable government bond (from 37.85% in the previous month). The 5Y yield December 2018 ended +8bps higher to +7.90% (+7.82% in Nov 2018), 10Y tenor ended +16bps higher to +8.02% (+7.86% in Nov 2018), 15Y tenor ended +12bps higher to +8.21 (+8.09% in Nov 2018) and 20Y tenor ended +22bps higher to +8.42% (+8.20% in Nov 2018).

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