

GROUP LINK FIXED INCOME FUND

January 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		14.88%
Best Month	Jan-15	5.82%
Worst Month	Jun-13	-5.83%

Portfolio Breakdown

Mutual Funds - Bonds	95.27%
Cash/Deposit	4.73%

Key Fund Facts

Fund Size (in bn IDR)	IDR 149.53
Risk Profile	Moderate
Launch Date	12 Jul 2010
Fund Currency	Indonesian Rupiah

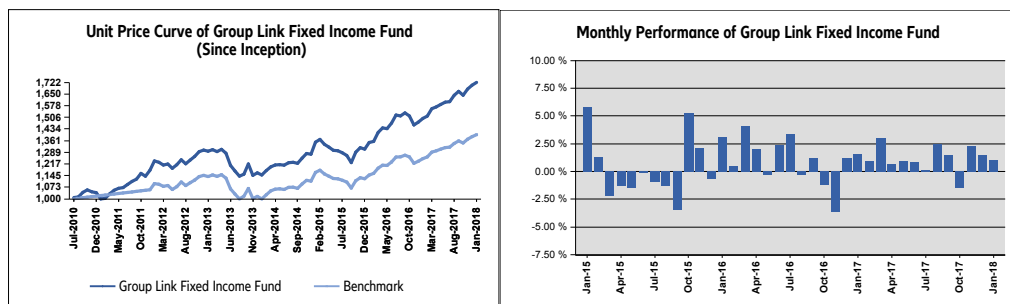
Price per Unit	
(As of Jan 31, 2018)	IDR 1,722.30

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	1.01%	4.84%	7.44%	14.88%	27.40%	1.01%	72.23%
Benchmark*	0.88%	3.81%	5.85%	11.87%	20.08%	0.88%	39.84%

*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 Jan 2018 inflation at +0.62% mom (vs consensus inflation +0.70%, +0.71% in Dec 2017). On yearly basis, inflation was lower to +3.25%yoy (vs consensus inflation +3.33%, +3.61% in Dec 2017). Core inflation was printed at +2.69%yoy (vs consensus inflation +2.80%, +2.95% in Dec 2017). The controlled inflation is primarily attributable to administered prices whose deflation and core inflation remain controlled amidst the increasing inflation of volatile food. In the Board of Governors' Meeting on 18 Jan 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 appreciated by +0.99% to 13,413/USD at end of Jan 2018 from 13,548/USD in previous month. Trade balance booked surplus of USD11.83bn FY2017 (non-oil and gas surplus increased USD 5.24bn to USD20.40bn, while deficit in oil and gas increased USD 2.93bn to USD 8.57bn), despite monthly deficit in Dec 2017 of USD -0.27bn. The Indonesia' actual GDP growth 4Q17 recorded 5.19%yoy, higher than that in the previous quarter of 5.06%yoy. Throughout 2017, economic growth is recorded 5.07%, higher compared to 5.03% in FY2016. Growth was mainly caused by investment (grew 6.2%yoy from 4.5% in FY2016), followed by net export (grew 21.2%yoy from 10% in FY2016), and government expenditure (grew 2.14%yoy from -0.14% in FY2016). Private consumption was relatively stable (4.95% from 5.01% FY2016). Indonesia's foreign exchange reserve in January 2018 reached USD131.98 billion January 2018, higher than the end of December 2017 level at USD130.2 billion. The increase was primarily attributable to foreign exchange receipts, among other form tax revenues and government oil & gas export proceeds, withdrawal of government foreign loan, as well as auction of Bank Indonesia foreign exchange bills.

IDR government bond yields closed lower across the curve in Jan 2018, on the back of aggressive offshore inflow, and successful first auction in 2018 with incoming bid of all time high (IDR 86.2tn). Buyers continued to buy bonds on secondary market until it halted by few profit taking action following higher 10yr UST (2.7% vs 2.4% at the end of 2017) and news of China consider to halt purchases of UST. Indonesia's government managed to do successful bond issuance through auction YTD Jan 2018 total IDR144.2tn-gross or around 16.8% of its gross issuance target for this year, assuming budget deficit at 2.19% of GDP. Offshore accounts increased their holding by IDR 33.62tn in Jan 2018 (+4.02% MoM), from IDR 836.15tn as of Dec 2017 to IDR 869.77tn as of Jan 2018, which brought their holding to 41.29% of total outstanding tradable government bond (from 39.82% in the previous month). The 5Y yield Jan 2018 ended -20bps lower to 5.78% (5.98% in Dec 2017), 10Y tenor ended -7bps lower 6.27% (6.34% in Dec 2017), 15Y tenor ended -23bps lower to 6.71% (6.94% in Dec 2017) and 20Y tenor ended -9bps lower to 7.00% (7.09% in Dec 2017).

Disclaimer:

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