

# GROUP LINK FIXED INCOME FUND

## July 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		2.64%
Best Month	Jan-15	5.82%
Worst Month	Jun-13	-5.83%

### Portfolio Breakdown

Mutual Funds - Bonds	91.82%
Cash/Deposit	8.18%

### Key Fund Facts

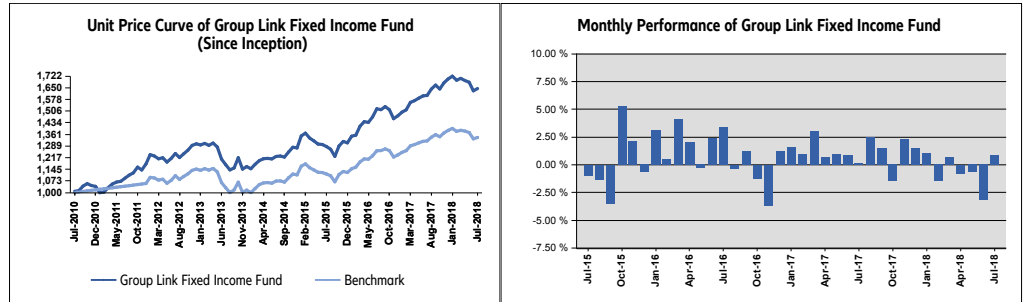
Fund Size (in bn IDR)	IDR 129.64
Risk Profile	Moderate
Launch Date	12 Jul 2010
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

Price per Unit	
(As of Jul 31, 2018)	IDR 1,645.42

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	0.85%	-2.93%	-4.46%	2.64%	27.92%	-3.50%	64.54%
Benchmark*	0.62%	-2.87%	-4.02%	1.60%	20.26%	-3.17%	34.23%

\*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 July 2018 inflation at +0.28% mom (vs consensus inflation +0.24%, +0.59% in June 2018). On yearly basis, inflation was +3.18% yoy (vs consensus inflation +3.20%, +3.12% in June 2018). Core inflation was printed at +2.87% yoy (vs consensus inflation +2.74%, +2.72 in June 2018). The slowing down of inflation was caused by deflation on 'administered price' group, such as fare decrement of air freight and intercity transport, while the biggest contributor of the inflation itself was the increase of egg and chicken price. In the Board of Governors' Meeting on 18th -19th July 2018, Bank Indonesia kept unchanged the BI 7-day Reverse Repo Rate at 5.25%, the Deposit Facility (DF) rates at 4.50% and Lending Facility (LF) rates at 6.00%. Rupiah depreciated by -0.59% to 14,414 /USD at end of June 2018 from 14,330/USD in previous month. Indonesia's trade balance in June 2018 recorded surplus of USD 1.743bn vs consensus USD 0.968bn. Non-oil and gas trade balance in June 2018 recorded surplus of USD 2.1bn, better than previous month which was deficit amounting to USD -0.28bn. Meanwhile, oil and gas trade balance recorded deficit to USD -0.4bn in June 2018, which lower from deficit on May 2018 amounting to USD -1.244bn. Indonesia's economy grew 5.27% yoy in Q2 2018 (vs previous 5.06%, consensus 5.12%), and 4.2% qoq (vs previous -0.40%, market 4.07%), helped by high consumption during the Muslim fasting month and Lebaran Holiday. Private consumption, which accounts for more than half of Indonesia's gross domestic product, grew 5.14% yoy in Q2 2018 (vs previous 4.79%). Indonesia's foreign reserve assets stood at USD 118.3 billion as of end-July 2018, lower than the end of Jun 2018 level at USD 119.8 billion. The decline in the reserve assets in July 2018 was mainly due to government external debt repayment and rupiah stabilization in the midst of remained high uncertainty of global financial market.

IDR Government bond yields were closed mixed at the end of the July 2018. The higher yields mostly was caused by IDR depreciation (that have breached 14,500) and trade wars between US and China (where US imposed tariff to \$34bn of Chinese import on July 6, 2018). However, several events also added positive sentiment to market, such as US-EU agreement (which talked about the possibility of zero tariff, especially on industrial goods) and buying activities from onshore players. Offshore accounts increased their holding by IDR 9.10tn in July 2018 (+1.10% MoM), from IDR 830.17tn as of June 2018 to IDR 839.26tn as of July 2018, which brought their holding to 37.70% of total outstanding tradable government bond (from 37.79% in the previous month). The 5Y yield July 2018 ended +9bps higher to 7.67% (7.58% in June 2018), 10Y tenor ended -4bps lower to 7.76% (7.80% in June 2018), 15Y tenor ended -8bps lower to 8.15% (8.23% in June 2018) and 20Y tenor ended +1bps higher to 8.16% (8.15% in June 2018).

#### Disclaimer:

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