

GROUP LINK FIXED INCOME FUND

November 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		-0.26%
Best Month	Jan-15	5.82%
Worst Month	Jun-13	-5.83%

Portfolio Breakdown

Mutual Funds - Bonds	94.69%
Cash/Deposit	5.31%

Key Fund Facts

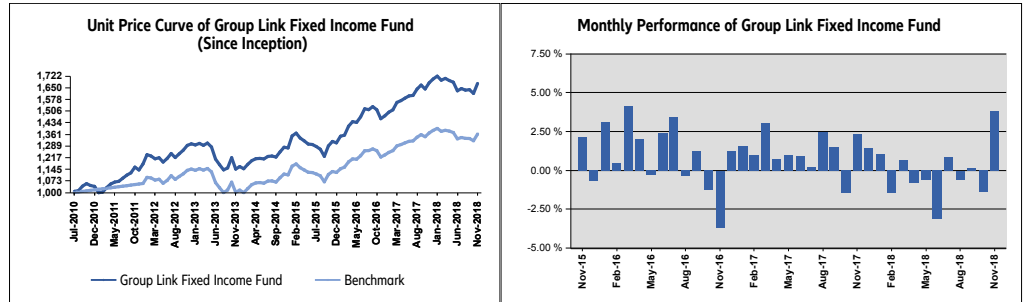
Fund Size (in bn IDR)	IDR 147.94
Risk Profile	Moderate
Launch Date	12 Jul 2010
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

Price per Unit	
(As of Nov 30, 2018)	IDR 1,676.87

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	3.81%	2.52%	-0.46%	-0.26%	27.25%	-1.65%	67.69%
Benchmark*	3.08%	1.96%	-0.72%	-0.54%	20.45%	-1.68%	36.30%

*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 November 2018 inflation at +0.27% mom (vs consensus inflation +0.23%, +0.28% in Oct 2018). On yearly basis, inflation was +3.23% yoy (vs consensus inflation +3.17%, +3.16% in Oct 2018). Core inflation was printed at +3.03% yoy (vs consensus inflation +2.99%, +2.94 in Oct 2018). The inflation was contributed by increment of food stuff prices (onion prices), airplanefares, and non-subsidized fuel prices. In the Board of Governors' Meeting on 14-15 November 2018, Bank Indonesia raised the BI 7-day Reverse Repo Rate by 25bps to 6.00%, while also raised the Deposit Facility (DF) and Lending Facility (LF) rates by 25 bps to 5.25% and 6.75% respectively. Rupiah appreciated by +5.68% to 14,339/USD at end of November 2018 from 15,202/USD in previous month. Indonesia's trade balance recorded a USD -1.820 billion deficit in Oct 2018 vs consensus USD +0.227 billion surplus. Non-oil and gas trade balance in Oct 2018 recorded deficit USD -0.4bn, worse than the previous month which was surplus amounting to USD 1.297bn. Meanwhile, oil and gas trade balance recorded deficit to USD -1.42bn in Oct 2018, higher than deficit on Sep 2018 amounting to USD -1.07bn. The deficit trade balance was affected by increment of global crude oil price and IDR depreciation. Indonesia's consumption of oil and gas kept increasing while the domestic production kept decreasing, thus government imported more crude oil. Indonesia's official reserve assets at the end of November 2018 were at USD 117.2 billion, slightly higher than the end of October 2018 which stood at USD 115.2 billion. The increment in the reserve assets in November 2018 was caused by the amount of foreign exchange income from oil & gas income and withdrawal of government external debt that were bigger than the amount of government external debt repayment and rupiah stabilization.

IDR Government bond yields were closed lower at the end of the November 2018 on the back of offshore inflows in line with IDR appreciation which reached the lowest level 14,300 since steadily depreciated against USD in the past few months. The positive sentiment from domestic was caused by Bank Indonesia decision to raise the benchmark rate by 25bps, and the MoF announcement that Bond Auction on Wednesday, 21 Nov 2018 will be the last bond auction in 2018 due to government did not longer need funding from bond auction to fund Indonesia's 2018 state budget. While from the global side, dovish comment from FED Chairman, Jerome Powell, who stated that FED will hold on to rise their benchmark rate on 2019, help to boost market players' confidence to keep coming to Indonesia's secondary market. Brexit deal and trade deal between Trump and Xi Jinping on G20 summit that resulted US holding of the tariffs on \$200bn China's product, also added positive sentiment to secondary market. Offshore accounts increased their holding by IDR 36.27bn in November 2018 (4.20% MoM), from IDR 864.32tn as of 31 October 2018 to IDR 900.59tn as of 30 November 2018, which brought their holding to 37.85% of total outstanding tradable government bond (from 36.93% in the previous month). The 5Y yield November 2018 ended -53bps lower to +7.82% (+8.35% in Oct 2018), 10Y tenor ended -68bps lower to +7.86% (+8.54% in Oct 2018), 15Y tenor ended -72bps lower to +8.09% (+8.81% in Oct 2018) and 20Y tenor ended -80bps lower to +8.20% (+9.00% in Oct 2018).

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