

GROUP LINK FIXED INCOME FUND

October 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		-1.68%
Best Month	Jan-15	5.82%
Worst Month	Jun-13	-5.83%

Portfolio Breakdown

Mutual Funds - Bonds	94.48%
Cash/Deposit	5.52%

Key Fund Facts

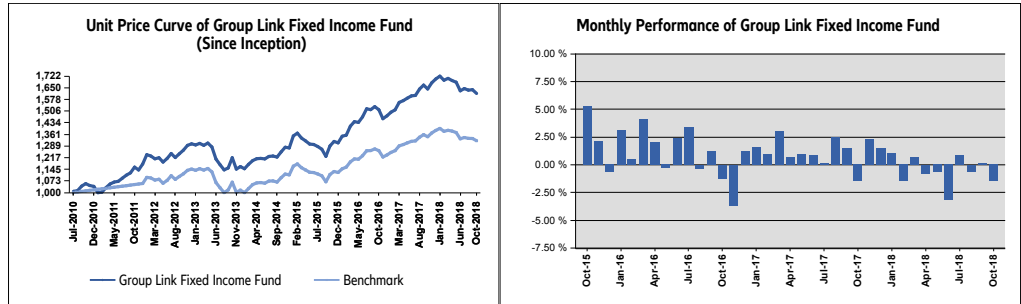
Fund Size (in bn IDR)	IDR 142.54
Risk Profile	Moderate
Launch Date	12 Jul 2010
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

Price per Unit	
(As of Oct 31, 2018)	IDR 1,615.26

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	-1.42%	-1.83%	-4.71%	-1.68%	25.21%	-5.27%	61.53%
Benchmark*	-1.04%	-1.50%	-4.32%	-1.85%	18.78%	-4.62%	32.22%

*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 (BIND0) 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 October 2018 inflation at +0.28% mom (vs consensus inflation +0.19%, -0.18% in Sep 2018). On yearly basis, inflation was +3.16% yoy (vs consensus inflation +3.06%, +2.88% in Sep 2018). Core inflation was printed at +2.94% yoy (vs consensus inflation +2.90%, +2.82 in Sep 2018). The inflation was contributed by increment of food stuff prices and fuel prices as impact of increasing of global crude prices. In the Board of Governors' Meeting on 22-23 October 2018, Bank Indonesia kept the BI 7-day Reverse Repo Rate unchanged at 5.75%, while also maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 5.00% and 6.50%, respectively. Rupiah depreciated by -2.00% to 15,227/USD at end of October 2018 from 14,929/USD in previous month. Indonesia's trade balance recorded a USD 0.227 billion surplus in Sep 2018 vs consensus USD -0.5 billion deficit. Non-oil and gas trade balance in Sep 2018 recorded surplus USD 1.297bn, better than the previous month which was surplus amounting to USD 0.639bn. Meanwhile, oil and gas trade balance recorded deficit to USD -1.07bn in Sep 2018, lower than deficit on Sep 2018 amounting to USD -1.66bn. Indonesia's economy grew as 5.17% yoy in Q3 2018 (vs previous 5.27%, consensus 5.15%), and 3.09% qoq (vs previous 4.2%, consensus 3%). This quarter growth was slower than Q2 2018, but higher than Q1 2018. This slowing down was affected by decrement of net export contribution to GDP. Private consumption, which accounts for more than half of Indonesia's gross domestic product, grew 5.01% yoy in Q3 2018 (vs previous 5.14%), Indonesia's official reserve assets at the end of October 2018 were at USD 115.2 billion, slightly higher than the end of September 2018 which stood at USD 114.85 billion. The increment in the reserve assets in October 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 higher at the end of the October 2018 on the back of USD strengthening against other currencies, including IDR where it breached and stayed at 15,200 level. Several factors contributed to USD strengthening, such as: upbeat US's economic data, hawkish comment from FED Chair Powell, slowing down of China's growth, and rising of US Treasury 10yr yield. Despite of the IDR depreciation, market players still has buying appetite on the back of good news from MoF (lower budget deficit expectation in the end 2018) and surplus trade balance. BI also showed their support several times through bidding on bond market and defending IDR on FX Market. Offshore accounts increased their holding by IDR 13.47bn in October 2018 (1.58% MoM), from IDR 850.85tn as of 28 September 2018 to IDR 864.32tn as of 31 October 2018, which brought their holding to 36.93% of total outstanding tradable government bond (from 36.89% in the previous month). The 5Y yield October 2018 ended +29bps higher to +8.35% (+8.06% in Sep 2018), 10Y tenor ended +38bps higher to +8.54% (+8.16% in Sep 2018), 15Y tenor ended +44bps higher to +8.81% (+8.37% in Sep 2018) and 20Y tenor ended +44bps higher to +9.00% (+8.56% in Sep 2018).

Disclaimer:
 Group Link Fixed Income Fund is an investment product offered by PT. Asuransi Allianz Life Indonesia (Allianz). This fact sheet is prepared by Allianz. The information presented is for informational use only. The performance of the fund is not guaranteed and the value of the units and the income from them may increase or decrease. Past returns and any forecast are not necessarily a guide to future performance. Allianz does not warrant or make any representations regarding the use or the results of the use of the figures generated in terms of their correctness, accuracy, reliability, or otherwise. You are advised to seek your financial consultant before making any investment.