

# GROUP LINK FIXED INCOME FUND

## September 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	-1.71%
Best Month	Jan-15 5.82%
Worst Month	Jun-13 -5.83%

### Portfolio Breakdown

Mutual Funds - Bonds	93.17%
Cash/Deposit	6.83%

### Key Fund Facts

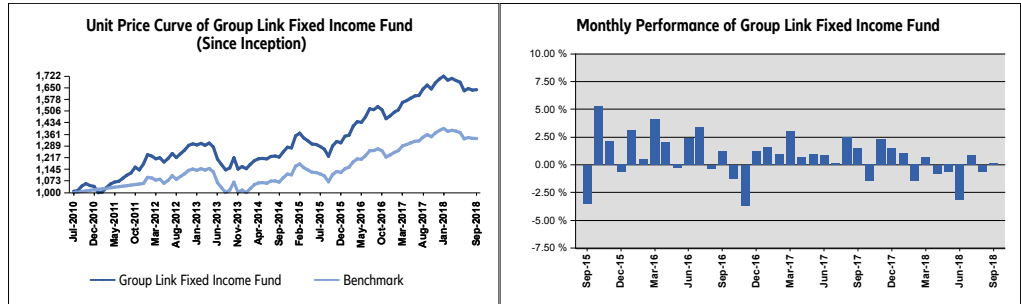
Fund Size (in bn IDR)	IDR 127.11
Risk Profile	Moderate
Launch Date	12 Jul 2010
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

<b>Price per Unit</b>	
(As of Sep 28, 2018)	IDR 1,638.49

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	0.17%	0.43%	-4.10%	-1.71%	33.71%	-3.90%	63.85%
Benchmark*	-0.05%	0.16%	-3.65%	-1.74%	25.12%	-3.62%	33.61%

\*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 (BIBNDI) 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 September 2018 deflation at -0.18% mom (vs consensus inflation -0.03%, -0.05% in Aug 2018). On yearly basis, inflation was +2.88% yoy (vs consensus inflation +3.09%, +3.20% in Aug 2018). Core inflation was printed at +2.82% yoy (vs consensus inflation +2.86%, +2.90 in Aug 2018). The deflation was caused by decrement of food prices (especially, chicken meat price), and the other contributor of deflation was from transportation, communication, and financial services component. In the Board of Governors' Meeting on 26-27 September 2018, Bank Indonesia raised the BI 7-day Reverse Repo Rate by 25 bps to 5.75%, while also raising the Deposit Facility (DF) and Lending Facility (LF) rates by 25bps to 5.00% and 6.50% respectively. Rupiah depreciated by -1.31% to 14,902/USD at end of September 2018 from 14,710/USD in previous month. Indonesia's trade balance recorded a USD -1.021 billion deficit in Aug 2018 vs consensus USD -0.674 billion deficit. Non-oil and gas trade balance in Aug 2018 recorded surplus USD 0.639bn, better than the previous month which was deficit amounting to USD -0.84bn. Meanwhile, oil and gas trade balance recorded deficit to USD -1.66bn in Aug 2018, higher than deficit on Jul 2018 amounting to USD -1.18bn. Indonesia's official reserve assets at the end of September 2018 were at USD 114.85 billion, slightly lower than the end of August 2018 which stood at USD 117.90 billion. The decline in the reserve assets in September 2018 was mainly due to external debt repayment and rupiah stabilization in the middle of increasing global financial market uncertainty.

IDR Government bond yields were closed mixed at the end of the September 2018. Offshore outflow and the combination of global and domestic factors caused IDR depreciation. Global sentiment still came from going concern on trade wars between US-China, US-Mexico-Canada, etc and economy crisis (Argentina, Turkey, and South Africa). On September 17, President Trump announced the US is to place additional tariffs on roughly \$200 billion of imports from China (A 10% tariff will take effect on September 24, 2018, until the end of this year. On January 1, 2019, the tariffs will rise to 25%). Worst than expected Indonesia's deficit trade balance also added negative sentiment to market. The Indonesian government introduced new series in the bond auction, which are are FR77 (6yr) and FR78 (11yr). Offshore accounts decreased their holding by IDR -4.94bn in Sep 2018 (-0.58% MoM), from IDR 855.79tn as of 31 August 2018 to IDR 850.85tn as of 28 September 2018, which brought their holding to 36.89% of total outstanding tradable government bond (from 37.64% in the previous month). The 5Y yield September 2018 ended +8bps higher to +8.06% (7.98% in Aug 2018), 10Y tenor ended -4bps lower to 8.16% (8.20% in Aug 2018), 15Y tenor ended +5bps higher to 8.37% (8.32% in Aug 2018) and 20Y tenor ended -9bps lower to 8.56% (8.65% in Aug 2018).

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