

# GROUP LINK FIXED INCOME FUND

## February 2019

### 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		2.05%
Best Month	Jan-15	5.82%
Worst Month	Jun-13	-5.83%

### Portfolio Breakdown

Mutual Funds - Bonds	86.30%
Cash/Deposit	13.70%

### Key Fund Facts

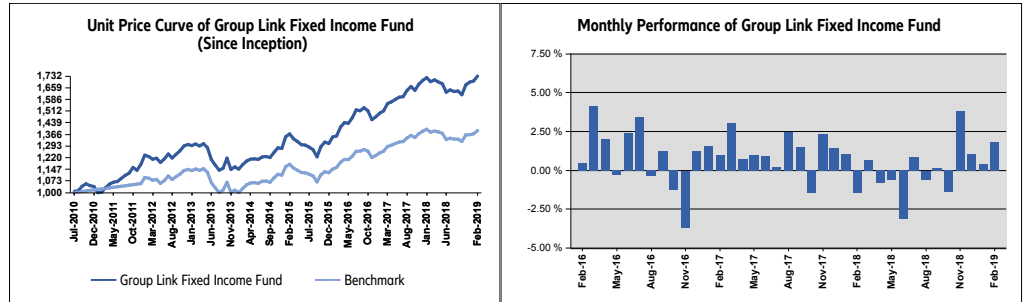
Fund Size (in bn IDR)	IDR 1.54
Risk Profile	Moderate
Launch Date	12 Jul 2010
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

<b>Price per Unit</b>	
(As of Feb 28, 2019)	IDR 1,731.90

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	1.78%	3.28%	5.88%	2.05%	27.66%	2.20%	73.19%
Benchmark*	1.45%	1.97%	3.97%	0.66%	19.95%	1.86%	38.98%

\*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% HSBG 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 Feb 2019 deflation at -0.08% mom (vs consensus inflation -0.04%, +0.32% in Jan 2019). On yearly basis, inflation was +2.57% yoy (vs consensus inflation +2.75%, +2.82% in Jan 2019). Core inflation was printed at +3.06% yoy (vs consensus inflation +3.06%, +3.06 in Jan 2019). The deflation in February 2019 was caused by the declining in chicken, egg and non-subsidized fuel price. In the Board of Governors' Meeting on 20th and 21st February 2019, Bank Indonesia kept the BI 7-day Reverse Repo Rate unchanged on 6.00%, while also maintaining the Deposit Facility (DF) and Lending Facility (LF) rates at 5.25% and 6.75% respectively. Rupiah appreciated by +0.07% to 14,062/USD at end of February 2019 from 14,072/USD in previous month. Indonesia's trade balance recorded deficit amounting to USD -1.159bn in January 2019 vs previous month deficit USD -1.102bn. This deficit was mainly contributed by declining in export growth, especially in oil & gas side, on the back of declining in global crude oil price by -12% yoy. Oil and gas trade balance recorded deficit to USD -0.455bn in January 2019, worse than deficit on December 2018 amounting to USD -0.219bn. Meanwhile, non-oil and gas trade balance in January 2019 recorded deficit USD -0.705bn, slightly better than the previous month which was deficit amounting to USD -0.883bn. This was occurred on the back of increasing in number of non-oil & gas export, such as: iron & steel and organic chemicals commodities. Indonesia's official foreign reserve as of Januari 2019 was at USD 120.1 billion, slightly lower than the December 2018 which stood at USD 120.7 billion. The decrement in the reserve assets in January 2019 was caused by government external debt repayment.

IDR Government bond yields were closed lower at the end of the February 2019 on the back of offshore inflows in line with IDR appreciation that have breached below 14,000. Offshores real money were seen buying on long tenor. Market itself was opened rally since the beginning of the month which got strong supports from positive global sentiment. FED announced that they will be more 'patient' in this year which it could be signed that there will be no more hike for FRR in this year. Trade war between US and China also showed optimism where both of side were talking on multiple memorandum for their trade negotiation. From the domestic side, market were still haunted by deficit trade balance which Indonesia's export growth kept declining since three months ago due to China's economic slowing down. Moody's also updated their view for Indonesia's in 2019 where they cut Indonesia's growth projection becoming below 5%, even though Indonesia's debt is still in healthy. Indonesia's macropudential strategy by BI left their benchmark rate on 6.00%, Perry Warjiyo said that 7DRR was already on peak position which signed small possibility to increase the benchmark rate in 2019. Offshore accounts increased their holding by IDR +25.18tn in February 2019 (+2.77% MoM), to IDR 935.11tn as of 27 February 2019 from IDR 909.93tn as of 31 January 2019, which brought their holding to 37.94% of total outstanding tradable government bond (from 37.32% in the previous month). The 5Y yield February 2019 ended -34bps lower to +7.51%(+7.85% in Jan 2018), 10Y tenor ended -19bps lower to +7.82%(+8.01% in Jan 2019), 15Y tenor ended -37bps lower to +8.13%(+8.50% in Jan 2019) and 20Y tenor ended -23bps lower to +8.26%(+8.49% in Jan 2019).

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