

GROUP LINK FIXED INCOME FUND

January 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		-1.20%
Best Month	Jan-15	5.82%
Worst Month	Jun-13	-5.83%

Portfolio Breakdown

Mutual Funds - Bonds	86.86%
Cash/Deposit	13.14%

Key Fund Facts

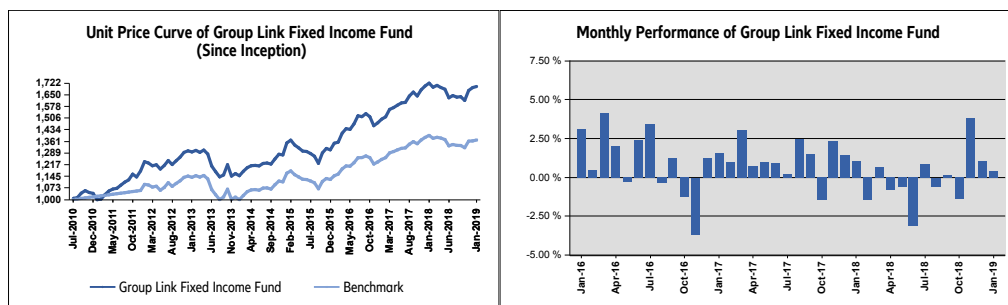
Fund Size (in bn IDR)	IDR 1.50
Risk Profile	Moderate
Launch Date	12 Jul 2010
Fund Currency	Indonesian Rupiah
Pricing Frequency	Daily

Price per Unit	
(As of Jan 31, 2019)	IDR 1,701.57

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	0.41%	5.34%	3.41%	-1.20%	26.03%	0.41%	70.16%
Benchmark*	0.40%	3.61%	2.06%	-2.04%	19.29%	0.40%	36.99%

*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 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 January 2019 inflation at +0.32% mom (vs consensus inflation +0.50%, +0.62% in Dec 2018). On yearly basis, inflation was +2.82% yoy (vs consensus inflation +3.00%, +3.13% in Dec 2018). Core inflation was printed at +3.06% yoy (vs consensus inflation +3.05%, +3.07 in Dec 2018). The inflation in January 2019 was lower compared with previous month which was caused by the decrement of inflation on volatile food group and deflation on administered price group. The contributor of January inflation mostly came from increase of chicken, egg, tomato, and others commodities prices. In the Board of Governors' Meeting on 16th and 17th January 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 +2.82% to 14,072/USD at end of January 2019 from 14,481/USD in previous month. Indonesia's trade balance recorded deficit amounting to USD -1.102 billion in December 2018 vs previous month deficit USD -2.050 billion. Non-oil and gas trade balance in December 2018 recorded deficit USD -0.88bn, worse than the previous month which was deficit amounting to USD -0.50bn. Meanwhile, oil and gas trade balance recorded deficit to USD -0.22bn in Dec 2018, better than deficit on Nov 2018 amounting to USD -1.50bn. This month trade balance was better than previous month which was caused by increase of revenue on gas export, even though there was a decline in revenue of non-oil and gas export on the back of decreasing of global commodities prices. The Indonesia' actual GDP growth 4Q18 recorded 5.18%yoy, higher than the previous quarter of 5.17%yoy. Throughout 2018, economic growth recorded 5.17%, higher compared to 5.07% in FY2017. Growth was mainly caused by private consumption (grew 5.05% from 4.94% in FY2017). While net export growth declined becoming 6.48% from 8.91% in FY2017 which were caused by decreasing of global commodities price, especially for non-oil and gas products (such as CPO). Global economic slowdown trend in developed countries whom are Indonesian trading partner, also affected to Indonesia's growth in 2018. Indonesia's official foreign reserve as of January 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 mixed at the end of the January 2019, the yields were lower in the short tenor and higher from mid to long tenor. Both of local and offshore names tried to take profit on the long tenor after getting it on bond auction, while they more interested to buy on the short tenor on the secondary market. Market players still have to deal with the uncertainty on global economics, such as: trade negotiation between US and China, Brexit result where PM May lose her confidence vote, IMF cutting their projection of global economic growth, China's slowdown and also the US government shutdown. However, there was a good news from FED side which they will try to more "patient" in 2019, this dovish statement was cheered up by market players. From the domestic side itself, the deficit trade balance still haunted the market. Offshore accounts increased their holding by IDR +16.68tn in January 2019 (+1.87% MoM), from IDR 893.25tn as of 31 December 2018 to IDR 909.93tn as of 31 January 2019, which brought their holding to 37.32% of total outstanding tradable government bond (from 37.71% in the previous month). The 5Y yield January 2019 ended -5bps lower to +7.85% (+7.90% in Dec 2018), 10Y tenor ended -1bps lower to +8.01% (+8.02% in Dec 2018), 15Y tenor ended +28bps higher to +8.50% (+8.22% in Dec 2018) and 20Y tenor ended +8bps higher to +8.49% (+8.41% in Dec 2018).

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