

Group Link Fixed Income Fund

December 2013



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).

PERFORMANCE INDICATOR

Return Performance

Last 1-year period	-10.82%
Best Month	5.52% Oct-13
Worst Month	-5.83% Jun-13

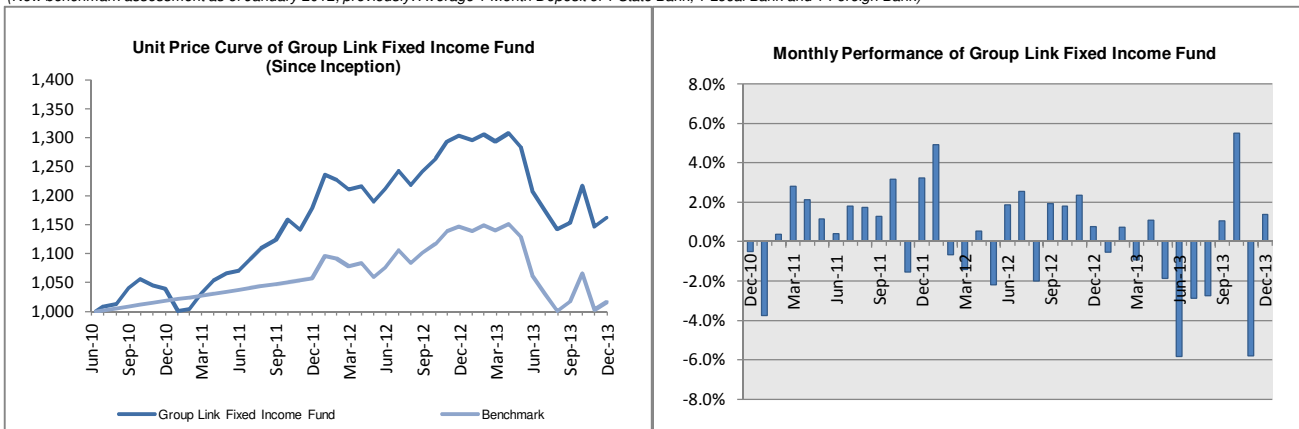
Portfolio Breakdown

Mutual Fund-Fixed Income	81.20%
Cash/Deposit	18.80%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	1.36%	0.74%	-3.85%	-10.82%	11.81%	-10.82%	16.21%
Benchmark*	1.34%	-0.10%	-4.41%	-11.37%	-0.17%	-11.37%	1.62%

*80% HSBC Bond Index & 20% Average Time Deposit (1 month) dari BNI, BCA and Citibank

(New benchmark assessment as of January 2012; previously: Average 1 Month Deposit of 1 State Bank, 1 Local Bank and 1 Foreign Bank)



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 41.85	Pricing Frequency	: Daily
Risk Profile	: Moderate Investor	Price per Unit	
Launch Date	: 12 July 2010	(As of Dec 30, 2013)	: IDR 1,162.07
Fund Currency	: Indonesian IDR		
Managed by	: PT. Asuransi Allianz Life Indonesia		

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in Dec at +0.55% mom (vs consensus +0.5%, higher than +0.12% in Nov). The rising inflation in December was mostly on the back of higher foodstuff prices during Christmas and year-end celebration. On yearly basis, inflation printed at 8.38% yoy (vs consensus +8.33%, slightly higher than 8.37% in Nov). Core inflation rose to +4.98% yoy (vs consensus +4.82%, higher than +4.80% in Nov) on the back of weakening IDR against USD. In the Board of Governors' Meeting on Dec 12th, 2013, BI maintained its reference rate at 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah depreciated against USD by -2.45% to 12,270 at end of December compared to previous month 11,977. Trade balance was surplus US\$0.777bn in Nov (vs consensus surplus US\$0.075bn, surplus US\$ 0.024bn in Oct – revised number) on the back of positive growth in exports and slowing imports. Export increased by 1.45% MoM while imports decreased by 3.35% MoM.

IDR government bond yields bullish flatened, closed lower all across the curve in December. Buying support from mostly onshore players on the back of abundant liquidity from FR20 IDR11.86Tn which matured on December 15 was mainly the reason behind the prices rally. Federal Open Market Committee (FOMC) meeting on Dec 19th 2013 stated that the tapering will start in Jan 2014 (The tapering will reduce US\$10bn each month, from USD\$85bn to US\$75bn). No significant effect post the announcement since most players already took leave. Offshore accounts decreased their holding by IDR 0.55Tn in December 2013 (-0.17% mom), from IDR 324.20Tn as of November 30, 2013 to IDR 323.65Tn as of December 30, 2013, which brought their holding to 32.52% of total outstanding tradable government bond (from 32.31% in the previous month). The 5Y yield December was lower by 8.8bps to 8.071% (8.159% in November 2013), 10Y yield December lower by 19.1bps to 8.478% (8.669% in November 2013), 20Y yield December lower by 20.7bps to 9.044% (9.251% in November 2013), and 29Y yield December lower by 9.6bps to 9.305% (9.401% in November 2013).

Disclaimer:

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