

# Group Link Fixed Income Fund February 2014



### 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	<b>-9.93%</b>
Best Month	<b>5.52% Oct-13</b>
Worst Month	<b>-5.83% Jun-13</b>

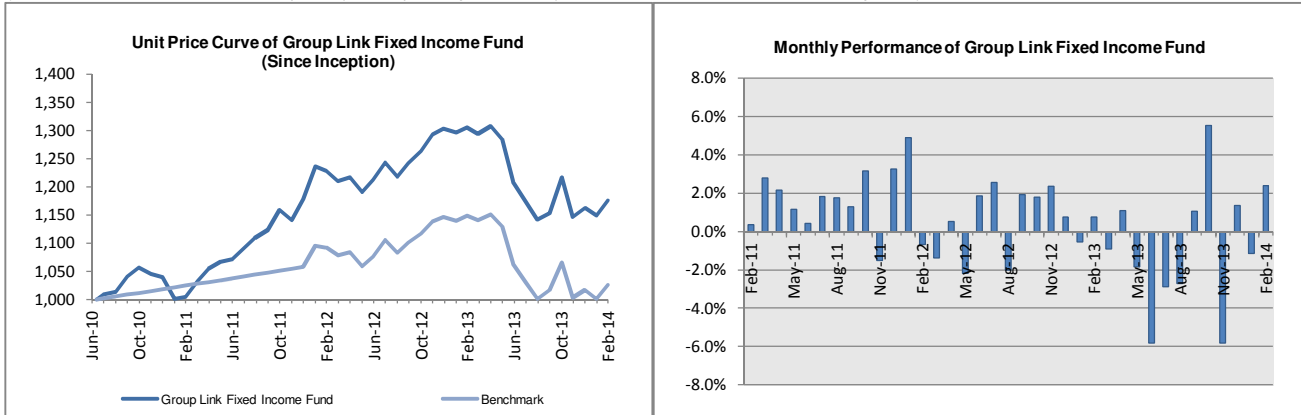
#### Portfolio Breakdown

Mutual Fund-Fixed Income	<b>84.77%</b>
Cash/Deposit	<b>15.23%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Group Link Fixed Income Fund	<b>2.38%</b>	<b>2.58%</b>	<b>3.02%</b>	<b>-9.93%</b>	<b>17.13%</b>	<b>1.20%</b>	<b>17.61%</b>
Benchmark*	<b>2.51%</b>	<b>2.31%</b>	<b>2.48%</b>	<b>-10.71%</b>	<b>0.16%</b>	<b>0.96%</b>	<b>2.59%</b>

\*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

<b>Fund Size (in bn IDR)</b>	: IDR 60.24	<b>Pricing Frequency</b>	: Daily
<b>Risk Profile</b>	: Moderate Investor	<b>Price per Unit</b>	
<b>Launch Date</b>	: 12 July 2010	<b>(As of Feb 28, 2013)</b>	: IDR 1,176.05
<b>Fund Currency</b>	: Indonesian IDR		
<b>Managed by</b>	: PT. Asuransi Allianz Life Indonesia		

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced inflation in Feb at 0.26% mom (vs consensus 0.50%, 1.07% in Jan). The low inflation was due to relatively lower food (raw and processed) despite bad weather and the flood disaster. On yearly basis, inflation printed at 7.75% yoy (vs consensus 7.94%, 8.2% in Jan). Core inflation rose to 4.57% yoy (vs consensus 4.60%, 4.5% in Jan) which was slightly higher on the back of slight rise in the gold jewelry. In the Board of Governors' Meeting on February 13<sup>th</sup>, 2014, BI maintained its reference rate at 7.5%, Lending Facility at 7.5%, and the deposit facility rate (FASBI) at 5.75%. Rupiah appreciated against USD by +4.84% to 11,634 at end of February compared to previous month 12,226. The Association of Banks in Singapore (ABS) has decided to stop IDR transactions for non-deliverable forward (NDF) rate in Singapore's money market. Thus, to obtain reliable reference rate for such as derivative instrument, the Singapore Foreign Exchange Market Committee (SFEMC) now recommends banks to instead use the IDR JISDOR (Jakarta Interbank Spot Dollar Rate), which is published by Indonesian central bank. Trade balance was deficit - US\$0.431bn in Jan (vs consensus surplus +US\$0.421bn, surplus US\$ 1.53bn in Dec). Export decreased by -5.79% YoY, on the back of mineral ore ban, while imports decreased by -3.5% YoY. Indonesia balance of payments posted surplus at \$4.4bn in 4Q13 on the back of large capital and financial account surplus at \$9.2bn while CAD dropped significantly to -\$4bn. Indonesia FY 2013 current-account deficit was at \$28.5bn (3.26% of GDP) which was higher compared to deficit of \$24.4bn (2.78% of GDP) in 2012.

IDR government bond yield curve bullish flattened in February mainly on long term tenor. Bond prices higher on the back of buying action mostly from offshore names. Better fundamental economic data such as improvement in 4Q13 CAD and easing inflation were reason behind the aggressive buying. The market did not show significant reaction regarding the Fed meeting minutes that indicate a possibility of additional tapering. Higher liquidity also came from sukuk ritel bond which matured on Feb 23 amounts IDR7.34Tn. Offshore accounts increased their holding by IDR 16.49Tn in February 2014 (+5.02% mom), from IDR 328.65Tn as of January 30, 2014 to IDR 345.14Tn as of February 28, 2014, which brought their holding to 33.48% of total outstanding tradable government bond (from 32.45% in the previous month). The 5Y yield February was lower by -22bps to 7.88% (8.10% in January 2014), 10Y tenor lower by -64bps to 8.33% (8.97% in January 2014), 15Y tenor lower by -59bps to 8.90% (9.49% in January 2014) and 20Y tenor lower by -63bps to 8.95% (9.58% in January 2014).

#### Disclaimer:

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