

## NEWS RELEASE

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### CPFIS Reports Positive Fourth Quarter and Full-year 2010 Performance

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**Singapore, 3 March 2011** – Lipper, a Thomson Reuters company and a leading fund research firm, announced its findings on the performance of unit trusts and investment-linked insurance products (ILPs) that are included under the Central Provident Fund Investment Scheme (CPFIS) as of 31 December 2010. Lipper is the “Funds Tracking Company” (FTC) under the CPF Board’s Guidelines.

In the fourth quarter of 2010, the overall performance of CPFIS-included funds gained 2.98% on average, with an average gain of 3.40% for CPFIS-included unit trusts and 2.63% for ILPs. The quarter’s gains were supported by rallying global equities in October and December, while bond products demonstrated smaller gains owing to rising risk appetites, and money market offerings were flat on the back of historically low policy rates.

During the same period, performance of CPFIS-included funds varied according to asset class. Equity funds posted the highest returns of 4.51%, followed by mixed asset product offerings posting a 1.22% positive return. Bond fund returns were lowest with a quarter-on-quarter loss of 2.98%. Performance of CPFIS-included unit trusts and ILPS for the quarter, one-year and three-year periods ending December 2010, are listed in Table 1.

**Table 1:** Performance of CPFIS-included unit trusts and ILPs during the 3-month, 12-month and 36-month periods ended December 2010.

	CPFIS-included unit trusts	CPFIS-included ILPs	Average of CPFIS-included unit trusts & ILPs
Fourth quarter of 2010	3.40%	2.63%	2.98%
12-month period ended December 2010	5.42%	3.34%	4.28%
36-month period ended December 2010	(11.69%)	(11.97%)	(11.84%)

Global equities continued to face both positive and negative headwinds in the fourth quarter, finishing the quarter as well as the year on a rather strong note. Negative news during the quarter – resurfacing Eurozone debt woes in the wake of the EU-IMF bailout of Ireland, hawkish policy measures in Asia – were outweighed by a host of positive cues – yet another quarter of better-than-expected earnings results, fading double-dip concerns in the US, a second round of quantitative easing (‘QE2’) by the US Federal Reserve, the European Central Bank’s unchanged policy rate stance and assurances of further lending, and surging commodity prices and related strong growth in Asia. As a result, the MSCI World index rose 8.56% (in USD terms) on the quarter.

The 'QE2' measure announced by the Federal Reserve in early November to purchase US\$600 billion worth of US Treasury securities, and accommodative interest-rate regimes in the US and Europe that kept policy rates at near-zero levels for protracted periods of time, served to brighten sentiment among riskier asset classes, which has led to relatively weaker performance of many sectors of the bond market (save high-yield bonds) in the fourth quarter. The Citigroup World Government Bond index fell 1.76% on the quarter, while the Citigroup High Yield Market index gained 3.28% during the same period (both in US dollar terms).

The quarter's gains among CFPIS-included funds across asset classes too were reflected in underlying market performance: the MSCI World equity index advanced 6.22% (in SGD terms) on the quarter, while the Citigroup World GBI shed 4.32% (in SGD terms) during the same period.

**Rajeev Baddepudi**, Senior Research Analyst, ASEAN for Lipper, said: "the year 2010 has been a superlative year for the Asian markets, with the region home to some of the world's fastest growing economies. Singapore's GDP, for instance, grew 12.5% in fourth quarter 2010 from a year earlier, and it grew 14.7% over the course of 2010. Consequently, policymakers kept up efforts to rein in inflation through the latter half of the year, and some slowdown and volatility is to be expected in the year ahead. That said, macroeconomic conditions in the region should remain healthy and continue to offer value for the cautious investor."

**Michael Lim**, Executive Director of IMAS, commented: "the 2010 market performances have been mixed, and differences were not just across regional markets, but also across asset classes of stocks and bonds. Our continuing view is that investors must diversify their portfolios as this is essential to lessening market risk and portfolio volatility."

**Koo Chung Chang**, LIA representative, added, "although CPFIS-included funds ended 2010 with positive gains of over 4% on average, 2011 may be headed for greater volatility and gentler economic growth. Investors should review their portfolios and seek advice from their financial advisers when in doubt to ensure that their long term investment goals remain in sight."

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### Notes to the Editor:

1. The Fourth Quarter 2010 Performance & Risk-Monitoring Report as well as up-to-date performance data on CPFIS-included unit trusts and ILPs is available at: [www.fundsingapore.com](http://www.fundsingapore.com).
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