

## NEWS RELEASE

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### CPFIS Year-End Performance Brightens Outlook

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Singapore, 5 March 2010 – 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 2009. Lipper is the “Funds Tracking Company” (FTC) under the CPF Board’s Guidelines.

Over the course of 2009, the overall performance of CPFIS-included funds was 38.62% on average, with CPFIS-included unit trusts advancing 40.75%, while CPFIS-included ILPs ended with a gain of 36.66% on average. Given that nearly three quarters of the past year were characterised by bullish emerging markets across most asset classes, these robust gains come as no surprise. Compared against the MSCI World index, which rose upwards of 30% for the year (and its Emerging Markets component, which advanced nearly 80%); however, CPFIS-included funds, which allocate across multiple asset classes and regions globally, have clearly turned in above-average returns.

Looking at the fourth quarter alone, both CPFIS-included unit trusts and ILPs combined showed a gain of 4.01% on average, with 4.23% gain for CPFIS-included unit trusts and a 3.80% gain for CPFIS-included ILPs.

Equity markets started the fourth quarter of 2009 on a positive note, as strong third quarter earnings results added to the momentum from prevailing positive macro conditions such as rising risk appetites and portfolio inflows, declining unemployment rates and a weakening dollar. The third quarter earnings were even more encouraging than those in the second quarter with more positive surprises than negative. However, some of these gains were shed in the latter half of October as volatility levels rose, especially among regional and emerging equities.

The mid-November bump in the road from Dubai’s decision to postpone the maturity of some of its debt, coupled with a higher volume of activity in the commodity markets (especially precious metals) over the course of the quarter, translated into only modest gains for equity markets on the quarter. The MSCI World Index rose 3.80% in the fourth quarter of 2009. Even within the Emerging Markets component, the bulk of the quarter’s gains (+8.58%) came during the final two months (+8.43%).

For the three-year period to December 2009, the loss for CPFIS-included funds as a whole narrowed down to only a negative 6.64% growth on average, accounted for by a loss of 8.43% on average from CPFIS-included unit trusts and a loss of 5.12% on average from CPFIS-included ILPs. Contrast this with the broad MSCI World index, which finished down 14.5% during the same period. Fund performance in 2009 has evidently come a long way towards covering the losses suffered during the turbulent times of late 2007 and 2008.

**Rajeev Baddepudi**, Lipper's research analyst of ASEAN said: "In a year that saw consistently bullish equities for the bulk of three of its most recent quarters, it comes as no surprise that equity offerings among both CPFIS unit trusts (+48.50%) and ILPs (+47.95%) posted spectacular gains. Furthermore, a look at the topmost equity sectors by 2009 annual returns (Indonesia, India, Emerging Markets, Singapore, Asia Pacific ex Japan etc.) supports the ongoing theme that emerging markets in general, and Asia in particular, have assumed the role of global growth and are likely to retain it going into 2010. This is also evident from a review of estimated asset flows into Singapore-registered unit trusts during 2009. Of the positive and quarterly-incremental net inflows into the region in 2009, which were to the tune of S\$2.33 billion, over 58% went into equity fund offerings, and a full 82% of these were offerings allocating to Asia Pacific."

**Michael Lim**, Executive Director of IMAS said: "Obviously, there is a noticeable return to upbeat market sentiment with the overall performance in the last three quarters of 2009. However, there is still a lingering nervousness as illustrated by the accompanying market volatility in the recent outperformance. In other words, the markets haven't simply gone straight up. We believe that this is actually healthy if indeed it is our desire for the whole system to be guided back to long-term stability."

**Koo Chung Chang**, LIA representative on the Fund Performance Tracking Committee, said "The sales of Singapore ILPs continue to grow in the fourth quarter of 2009, reflecting the bullish sentiments amongst investors. Amidst the euphoria, it is important that investors remain focused on their investment objectives and maintain the discipline to continue saving and investing regularly to meet their future financial needs."

Based on Lipper Leader Fund Ratings, an investor-centric fund evaluation system, two CPFIS-included unit trusts but no CPFIS-included ILP received a rating of '5' (a Lipper Leader) in all four metrics - Consistent Return, Total Return, Preservation and Expenses - as of the end of December 2009.

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Notes to Editor:

1. The Fourth Quarter 2009 Performance & Risk-Monitoring Report as well as up-to-date performance data on CPFIS-included unit trusts and ILPs is available on: [www.fundsingapore.com](http://www.fundsingapore.com).
2. Lipper Leader scores are based on relative rather than absolute measures, and do not constitute a recommendation to buy or sell mutual funds. Some peer groups and asset classes are inherently more volatile than others, and even Lipper Leader funds in more volatile asset classes or peer groups may not be appropriate for risk-averse investors and those with shorter-term goals.
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