

NEWS RELEASE

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Second Quarter 2010 CPFIS Performance Turns Negative as Global Economy Slows

Singapore, 25 August 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 30 June 2010. Lipper is the “Funds Tracking Company” (FTC) under the CPF Board’s Guidelines.

In second quarter 2010 the overall performance of CPFIS-included funds showed a loss of 6.55% on average, given average losses of 7.27% and 5.89% among CPFIS-included unit trusts and investment-linked insurance products, respectively. The quarter’s losses came amid downward-trending global equities.

Consequently, the best performing asset class among CPFIS-included unit trusts during the second quarter was bond funds, with a 0.90% gain on average. Mixed asset and equity portfolios, on the other hand, posted losses of 5.09% and 8.63% respectively, on the quarter.

ILP portfolios too were flat to marginally positive among money market (+0.08%) and bond (+1.42%) offerings, while equity and mixed asset offerings had to weather rather rough markets and returned negative 8.23% and 4.20% on average, respectively, over the second quarter.

To put the second quarter’s unit trust and ILP performance in context, underlying global benchmark indices fared significantly poorer during the same period: the MSCI World index shed 12.61% on the quarter, while the Citigroup WGBI index posted only marginal gains of 0.15%.

For the one-year period under review, all ILP portfolios, save money market offerings, registered gains near to or in excess of 10%; on average, money market funds finished the year nearly flat after gains of 0.96%, while bond, equity and mixed-asset offerings were up 8.36%, 11.26% and 8.12% respectively.

For the three-year period to June 2010, CPFIS-included funds registered a negative 17.63% growth on average, accounted for by a loss of 18.28% on average from CPFIS-included unit trusts and a loss of 17.04% on average from CPFIS-included ILPs.

Rajeev Baddepudi, Senior Research Analyst, ASEAN for Lipper, said: “As the second quarter of 2010 progressed, we saw the optimism of the first quarter replaced by persisting concerns over the stability of the Eurozone and by plunging investor and consumer confidence. Fund performance averages for the first half of 2010 reflect this, with CPFIS-included funds losing 5.12% on the half-year (average losses among unit trusts and ILPs over the same period were 5.45% and 4.81% respectively). Heading into the third quarter there are positives for investors to focus on despite uncertainties – heightening merger activity owing to built-up corporate cash reserves, second quarter earnings, and strong macroeconomic indicators in key Asian and emerging markets.”

Michael Lim, Executive Director of IMAS, said: "The continued downward pressure in global markets leading to the 2010 half-year came not surprisingly with the news of serious economic concerns in Greece, Portugal and Spain. These are interesting times indeed and, as always, investors have to be very disciplined in their focus and investment approach to be successful over time."

Koo Chung Chang, LIA representative, said: "The three-year negative growth of some 17% and the one-year gains of around 10% continue to validate the proposition that investors should be prepared to invest for the long-term to mitigate against volatility, in view of the ongoing weaknesses affecting certain economies."

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Notes to Editor:

1. The Second 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.

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