

LIPPER

PRESS RELEASE

Green Shoots Buoy Performance of CPFIS Investments

Singapore, 21 August 2009 – Lipper, a Thomson Reuters company and a leading fund research firm, today presented with Investment Management Association of Singapore (IMAS) and Life Insurance Association of Singapore (LIAS) about the results of a quarterly survey 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 2009.

The overall performance of CPFIS-included funds showed an overall average growth of 20% in the second quarter 2009, with a 21% increase for CPFIS-included unit trusts, and a 19% gain for CPFIS-included ILPs, mainly contributed by equity funds with a 26% gain on average. The double-digit growth was not only resulted for the second quarter, but also for the first half of 2009. Both the unit trust and ILP portfolios ended the quarter (and the first half) in positive territory across all asset classes. The best performing classifications for the CPFIS-included unit trusts were Equity Indonesia and Equity India, respectively gaining 50% and 53% on average in the second quarter and posted an increase of 48% and 50% for the first half of 2009.

For the six-month period, both CPFIS-included unit trusts and CPFIS-ILPs closed in the positive and registered a positive growth of all CPFIS-included funds up 18% on average. CPFIS-included unit trusts and CPFIS-ILPs accounted for a growth of 19% and 17% on average.

For the one-year period, all CPFIS-included fund products closed in the negative zone and kept the average return down 15%. CPFIS-included unit trusts and ILPs retreated 16% and 14% on average respectively.

The Lipper report said a return of investor appetite for risk and declining volatility were the main themes in the second quarter of 2009 due to recessionary fears giving way to incipient signs of improving conditions. The investors saw these signs or “green shoots” which made them believe the markets have temporarily bottomed out, continued aggressive rate-cutting and stimulus measures globally, delayed positive effects of previously implemented measures, and economic indicators at more favourable levels than expected, especially in emerging markets such as China and India.

The MSCI World Index was up 15% in the second quarter, while the Singapore Straits Times Index gained 37% during the same period. Returns were relatively strong among emerging markets in general and in Asia particularly. Leading gainers among emerging markets were India (+49%), Russia (49%), Indonesia (41%) and Thailand (38%).

Rajeev Baddepudi, Lipper Senior Research Analyst of ASEAN said, “Current market expectations are for a recovery in late 2009 or early 2010. While key issues concerning economic health persist – high unemployment rates and a preference for savings over consumption – it is encouraging that corporate earnings and GDP growth estimates for 2009 and 2010 are already being revised upwards – a departure from the gloomy forecasts of only a few months ago.”

Michael Lim, Executive Director of IMAS said: “While we remain optimistic that the long term scenario is positive, particularly in Asia, the short-term performance of the financial markets was pleasantly unexpected. Going forward, we continue to advocate that all investors adopt and practice the discipline of investing in long-term, diversified, and risk-adjusted portfolios to achieve all their investment goals. Without a long-term focus, we fear that some investors will continually be stuck in an unfortunate cycle of buying high and selling low.”

Koo Chung Chang, LIA representative on the Fund Performance Tracking Committee, said “Up until March this year, the market stayed in the doldrums and investors stayed on the sidelines. The market then sprang to life and caught everyone by surprise. Many lamented missing out on the swift and strong rebound. Our message does not change with volatility, that people need proper financial planning and that they need the discipline to adhere to their plan. For those who tried out regular savings through dollar cost averaging, they would likely have made a decent gain this year.”

Based on Lipper Leader Fund Ratings, an investor-centric fund evaluation system, two CPFIS-included unit trusts and no CPFIS-included ILP each received a rating of ‘5’ (a Lipper Leader) in all four metrics, including Consistent Return, Total Return, Preservation and Expenses as of the end of December 2008.

For further information, please contact:

Rajeev Baddepudi
rajeev.baddepudi@thomsonreuters.com
+65 8121 6432

Sophia Leung
sophia.leung@thomsonreuters.com
+852 2843 6911

Notes to Editor:

1. The Second 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.
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.
3. Information provided by Lipper has been obtained from or is based upon sources believed to be reliable but is not warranted to be accurate or complete. Lipper does not make any representation or warranty, express or implied, to investors or any member of the public regarding the advisability of investing in securities generally or in any product or mutual fund particularly. Past performance is not necessarily a guide to future performance and investors should remember that past performance is not guarantee of future results.
4. Lipper, a Thomson Reuters company, provides independent insight on global collective investments including mutual funds, retirement funds, hedge funds, fund fees and expenses to the asset management and media communities. Lipper is the world's leading fund research and analysis organization, covering over 197,000 share classes and over 109,000 funds in 57 registered for sale (RFS) universes. It provides the free Lipper Leader ratings for mutual funds registered for sale in over 30 countries and regions. Additional information is available at www.lipperweb.com.