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PRESS RELEASE

CPFIS Investments Perform in Line with Benchmarks

Singapore, 25 February 2009 – Lipper, a Thomson Reuters company and a leading fund research firm, today 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 2008.

In the fourth quarter 2008, the overall performance of CPFIS-included funds showed an overall average loss of 16.82%, a 17.97% loss for CPFIS-included unit trusts, and a 15.71% loss for CPFIS-included ILPs.

For the one-year period, both CPFIS-included unit trusts and CPFIS-ILPs closed in the negative and kept the average return of all CPFIS-included funds down 38.13%. CPFIS-included unit trusts retreated 40.24% on average, while CPFIS-ILPs ended with a loss of 36.06% on average. CPFIS investors of bond funds gained the most, with an increase of 1.9% as a whole over the last year.

For the three-year period, CPFIS-included funds registered a negative 20.73% growth on average, accounted for by a loss of 23.10% on average from CPFIS-included unit trusts and a loss of 18.67% on average from CPFIS-included ILPs. Bond Global funds and Bond Singapore funds were consistently the best performers over the last three years among the CPFIS-included ILPs.

Evidently, the bulk, if not all, of the losses occurred during the 2008 calendar year. This was largely due to the combined effects of a credit crunch and a crisis in investor confidence, especially during the latter half of 2008. Nevertheless, it is encouraging that, in an environment of unprecedented market turbulence globally (the CBOE Volatility Index, VIX, nearly quadrupled in October 2008 (from end-2007 levels) before finishing the year up 77%), most CPFIS-included funds managed to track their respective benchmarks very closely.

To put this into perspective, the MSCI World Index shed 40% in 2008, while the Singapore Straits Times Index and the lower-liners UOB SESDAQ Index lost 49% and 65% respectively, during the same period. By comparison, equity-focused CPFIS-included funds – the asset type that suffered the most in 2008 – were down 47% on average. Furthermore, certain sectors, such as Biotechnology (-9%) and Pharma & Health (-25%) returned well above this average.

Rajeev Baddepudi, Lipper's research analyst of ASEAN said, "The outlook for the global economy continues to look gloomy, while aggressive stimulus measures rolled out by the governments and central banks of most major economies have yet to take root. On the positive side, valuations are attractive across most asset classes, and cautiously optimistic, longer-term investing will prove profitable in the coming months."

Michael Lim, Executive Director of IMAS said: "Fund managers and investors alike endured a very difficult year in 2008. The overall impact of the downturn in global economies and financial markets has been swift and broad-based. On a positive note, we like what we have seen thus far in the response and efforts of various international regulators and legislators to stabilize the global financial markets. Admittedly, these efforts may not "turn the tables" overnight, but we believe that they will over time work through the system, and in the long run contribute considerably to an eventual recovery."

Koo Chung Chang, LIA representative on the Fund Performance Tracking Committee, said “It is easy to lose sight of one’s investment objective in this period of uncertainty. Proper financial planning remains the key. Do not lose focus of your investment objective and be aware of your risk tolerance level. With a suitably diversified portfolio and by adopting a long term investment horizon, you will have a fairly good chance of keeping your investment objective on track.”

Based on Lipper Leader Fund Ratings, an investor-centric fund evaluation system, five CPFIS-included unit trusts and one 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.

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Notes to Editor:

1. The Fourth Quarter 2008 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.
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