

September 2010

ink

SPECIAL

Investment News and Knowledge newsletter

# GROWING YOUR MONEY



*ntuc*  
**income**  
made different

# DEAR POLICYHOLDER

Welcome to this special edition of INK.



“Always putting ‘people before profits’, we take a policyholder-centric view to assess and review our investment products. This has led us to re-structure some of our investment-linked funds to better meet your needs.”

The government announced in July 2010 that it expects Singapore’s gross domestic product to expand by 13 to 15 per cent in 2010, an upward revision from the earlier forecast. This was done to better reflect the stronger-than-expected economic performance in the first half of the year. As an investor, you may be reviewing your financial portfolio to maximise its growth potential given this more optimistic outlook.

At NTUC Income, we believe that a long-term view towards investing is the best approach. Our investment philosophy and “Get Rich Slow” approach are reflected in our comprehensive suite of investment-linked products that gives our policyholders more choice in their preferred categories of funds. Always putting “people before profits”, we take a policyholder-centric view to assess and review these investment products. This has led us to re-structure some of our investment-linked funds to better meet your needs.

If you have invested in one or more of our funds, you would have been informed of the strategic changes to the funds in your portfolio. This would have been contained in the attached cover letter. One of our current funds, the Enhanced Fund, will be diversified to include more Asian equities so as to provide greater opportunity for medium- to long-term capital appreciation. With this change, the fund will be renamed to Asia Managed Fund.

Some of the other funds have also been renamed to better reflect the geographical composition of the investment. In addition, we have carefully reviewed the performance of the fund managers, and where we believe it is to be in the best interest of our policyholders, we have consolidated or replaced the fund managers.

In this INK Special issue, you will find more details of these changes. Rest assured that your insurance coverage will not be affected by the enhancements to these funds.

Our funds have consistently been rated well by the various rating systems, including Lipper - the latest rating system used by CPF Board. In fact, 42% of our CPF-approved funds are rated as Lipper Leaders under one or more of the following 3 categories: Consistent Return, Preservation and Total Return. This is much higher than the industry average of 20%. You can read more about this in the inside article titled *Investing the Income Way*.

If you would like to find out more, please contact our Customer Service Officers at 6788-1122 or speak with your insurance adviser. We will be most happy to help.

Meanwhile, happy investing!

**Tan Suee Chieh**  
Chief Executive

# INVESTING THE INCOME WAY

At NTUC Income, our investment philosophy has always been about putting people before profits.

This is why we charge one of the lowest annual fund management fees in the market, why we believe in consistency over short-term gains, and why we are putting more of your hard-earned money to work even harder for you.

## Our beliefs

Our investment philosophy is built on three core beliefs: *Value, Discipline and Prudence*. *Value* investing is backed by extensive research; *Discipline* is the consistent application of our investment approach under all market conditions; and *Prudence* is attained by staying away from excessive risk-taking.

## Our strengths

### Consistent and recognised track record

We have demonstrated a consistent track record from applying our investment beliefs. Our investment products are consistently rated highly under the CPF Investment Scheme. The latest Lipper Rating Score showed that 42%<sup>1</sup> of our CPF-approved Investment-Linked Funds as Lipper Leaders<sup>2</sup> under one or more of the following 3 categories: Consistent Return, Preservation and Total Return, compared to the industry's average of 20%<sup>3</sup>. This strong rating achievement truly sets us apart from the other players in the industry.

### Sourcing the best expertise

We have a strong team of 26 professional managers with established track records, focusing mainly on investments in Singapore and the Asian region. Being close to the local and regional markets, we believe that we understand these markets well and manage these investments effectively.

### Cost efficiency

As a social enterprise, we aim to maximise policyholder benefits by being cost-efficient in all aspects of our operations. Our fund management charges on Investment-Linked Funds are amongst the lowest in the market.

## Our investment process

### Specialist team

We adopt a specialist-cum-team approach. Each member of the investment team is a specialist in a particular country and/or sector (e.g. Singapore equities) and contributes to the portfolio accordingly. We encourage alternative views to ensure thoroughness in the investment decisions made.

### Disciplined bottom-up investment research

We are bottom-up investment managers. We believe in researching and investing in individual securities rather than markets or asset classes. We evaluate over 1,000 to 2,000 companies, and we visit at least 500 of them annually.

### Risk management and control

We place strong emphasis on a comprehensive risk management process to ensure that our investment portfolios are properly and effectively managed in accordance with sound practices and portfolio guidelines.

Nurturing your money through our investment philosophy. Our three core beliefs:

### Value

Investing is backed by extensive research.

### Discipline

Consistent application of our investment approach under all market conditions.

### Prudence

Attained by staying away from excessive risk-taking.



<sup>1</sup> Based on an average of NTUC Income's funds versus the industry.

<sup>2</sup> Source: 1st Quarter 2010, Performance and Risk Monitoring Report – Thomas Reuters Lipper.

<sup>3</sup> Lipper Leaders are funds ranked in the top 20% of their category. NTUC Income funds are rated Lipper Leaders in one or more of the following 3 categories: Consistent Return, Preservation and Total Return.

# CHANGES TO INVESTMENT-LINKED FUNDS

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## Frequently asked questions

### Q1 How can I benefit from these changes?

**A1** These changes are being implemented to provide you a more comprehensive suite of quality funds for your long-term financial planning. You will have more choices in your preferred categories of funds to meet your investment needs.

### Q2 Which fund should I invest in?

**A2** Each investment-linked fund has its own investment objective, asset allocation and risk classification. You should consider all aspects of your financial situation, including risk profile and investment horizon, before making a decision. If you are in any doubt as to which fund to invest, you should consult your insurance adviser.

### Q3 Why are there changes to the fund managers?

**A3** We review the performance of each and every fund regularly to ensure that the investment objective is met.

In line with industry best practices, we conduct quarterly reviews with our fund managers, as well as an annual assessment of the performance of the fund. Following a period of review, we believe that the change in fund managers will enhance the long-term potential returns and performance of the funds.

### Q4 Will these changes result in higher annual management charges for these funds?

**A4** No, there is no change to the annual management charges for these funds.

### Q5 Will these changes affect the CPF status or risk classification of these funds?

**A5** No, there is no change to the CPF status and risk classification of these funds.

### Q6 What is the impact of these changes on my investment-linked policy?

**A6** Your insurance coverage will not be affected in any way. You will continue to enjoy the benefits of your investment-linked policy.

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## IMPORTANT NOTES

Investments are subject to investment risks including the possible loss of the principal amount invested. The performance of the ILP fund is not guaranteed and the value of the units in the ILP fund and the income accruing to the units, if any, may rise or fall. A product summary relating to the ILP fund is available. A potential investor should read the product summary before deciding whether to subscribe for units in the ILP fund.

## Overview of Investment-Linked Funds Categorisation

	Asset Class <sup>1</sup>		
	Fixed Income / Bonds	Mixed	Equity
Global Bond Fund	●		
Global Equity Fund			●
Singapore Bond Fund	●		
Singapore Equity Fund			●
Global Managed Fund (Balanced) (previously known as Combined Fund (Balanced))		●	
Global Managed Fund (Conservative) (previously known as Combined Fund (Conservative))		●	
Global Managed Fund (Growth) (previously known as Combined Fund (Growth))		●	
Asia Managed Fund (previously known as Enhanced Fund)		●	
Prime Fund		●	
Takaful Fund			●
Singapore Managed Fund (previously known as Trust Fund)		●	
Global Technology Fund (previously known as Technology Fund)			●
Money Market Fund	●		
Aim Now		●	
Aim 2015		●	
Aim 2025		●	
Aim 2035		●	
Aim 2045		●	
Asia Equity Fund			●
Asia Bond Fund	●		

Whether an investor prefers to invest globally or locally, or would like to invest in a specific asset class or multiple asset classes or thematic specialised funds or even time-based funds to meet milestone goals, NTUC Income has a comprehensive range of funds for investors to select from.

<sup>1</sup> Asset - Policyholders have the choice to invest fully into bonds, equity or a mixture of both

<sup>2</sup> Geographical - Policyholders have the choice to invest in Singapore or Asia or invest globally

Geographical Coverage <sup>2</sup>			Time-Based <sup>3</sup>	Specialised / Thematic <sup>4</sup>
Global	Regional / Asia	Singapore		
●				
●				
		●		
		●		
●				
●				
●				
	●			
	●			
●				●
		●		
●				●
		●		
●			●	
●			●	
●			●	
●			●	
●			●	
	●			
	●			
			Not in our current list of funds but would be included in the near future to enhance the overall fund offerings	
	●		Not in our current list of funds but would be included in the near future to enhance the overall fund offerings	

<sup>3</sup> Time-Based - Policyholders have the choice to invest in funds that have a maturity date and do auto-rebalancing of the portfolio over time

<sup>4</sup> Specialised/Thematic - Policyholders who are investment-savvy or have special preference can invest in these thematic funds