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features

**ntuc**  
**Income**  
 made different

Global GDP slowed in the second quarter of 2011, as evidenced by weak economic data and the deepening debt crisis in Europe. With a slowdown in both the developed and emerging markets, global economic recovery remains lacklustre. In Singapore, the growth projections for 2011 have been lowered from 5%–7% to 5%–6%.

With the European sovereign debt crisis rearing its head so shortly after the global financial crisis, we are reminded of the importance of the 3 core beliefs of our investment approach. An investment approach that anchors on value investing, prudence and discipline, key elements of sustainable finances for individuals as well as governments.

In August, we launched our Health Campaign to encourage better understanding of the need for health insurance, especially in these times of rising healthcare costs. We also introduced our latest product, VivoCare, which offers whole life protection and covers 74 medical conditions, ensuring comprehensive coverage for early, intermediate and advanced stages of dread diseases.

NTUC Income's social purpose is to ensure that the people in Singapore have access to insurance that is essential for them. Over the next four years, our focus will be on customer-centric strategies, including developing and selling insurance products which are truly needed by our customers. We believe that business must make social sense.

We recently launched the NTUC Income Orange Force, a highly trained elite team which will arrive within minutes of an accident to assist our motor insurance customers at the scene. The Orange Force which is operational 24/7, and can be reached at 6789 5000, is also part of our effort to transform the overall customer experience.

I hope you enjoy this issue of INK and as always, I welcome your comments at [mk@income.com.sg](mailto:mk@income.com.sg).

Tan Suee Chieh  
 Chief Executive

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**ink**

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## Market Overview

The second quarter saw a global slowdown in both developed and emerging economies. This was largely driven by a combination of surging food and energy prices and a global supply chain disruption caused by the earthquake and tsunami in Japan. Global GDP grew at a slower pace in the second quarter, as industrial activity downshifted abruptly and sentiment indicators continued to become less optimistic. Furthermore, a downgrade of the US credit rating by Standard & Poor's (S&P) in August, a host of weak economic data and a deepening of the euro zone's debt crisis led investors to cut exposure to riskier assets, resulting to a sharp fall in global stocks.

In the US, worse-than-expected economic data sent stocks sharply lower and triggered a rally in Treasury yields, despite S&P's downgrade of US government debt rating to AA+ on August 5. Europe's sovereign debt crisis also added to market woes. Manufacturing weakened, housing continued to deteriorate and the job market remained lacklustre. Second-quarter GDP growth was revised down to 1.0% from 1.3%. However, a larger-than-expected rise in July consumer spending, improved industrial production data and lower-than-expected insured losses from Hurricane Irene helped stocks end August on an upward trend. Utilities and consumer staples were the only sectors with positive returns; energy and financials lagged. It was the fourth straight month of decline for US stocks, which entered negative territory for the year.

European stocks suffered broad-based declines in August, as fears about the sovereign debt crisis and slowing economic growth rattled investors, with most countries experiencing sharp declines. Greece slumped 28% amid ongoing concerns about its debt despite receiving a second bailout in July. Germany retreated 19% as exports fell and its economy slowed.

However, most market attention remained focused on Italy and Spain, amid ongoing concerns about their borrowing costs. S&P cut its credit rating on Greek debt to CCC and lowered its outlook on Italy to negative from stable. The financial sector had the worst results, declining 14%.

In August, the Pacific markets tumbled 7%, their biggest monthly decline since May 2010, as concerns over the euro zone's debt crisis and a slowdown in the US were felt across the globe. The Japanese economy contracted for the third consecutive quarter, held back by weak exports that stemmed partly from the strength of the yen. In August, Australian stocks slipped 2% as the country's central bank cut its 2011 growth forecast to 3.25% from 4.25%. In Singapore, stocks sank almost 10% in August. The Singapore government lowered growth projections for 2011 to 5% to 6% from the previous forecast of 5% to 7%. Inflation unexpectedly increased in July and exports fell. Hong Kong's economy shrank 0.5% in the second quarter, the first contraction in more than two years.

Emerging markets equities fell sharply in August, as concerns about a global economic slowdown intensified and the euro zone crisis deepened. Energy, information technology and industrials slid the most, while telecommunication services held up best. New export orders slipped in Asia on weaker demand from the developed world, with China's index for new export orders dropping to 48.3 from July's 50.4. Inflation continued to edge higher in several countries. In China, Inflation rose even as the economy decelerated amid a slowdown in the industrial and housing sectors. Second-quarter GDP growth slipped to an annual rate of 9.5% from 9.7% in the prior quarter. Consumer prices rose 6.4% year on year, with the price of pork, China's staple meat, spiking more than 50% from a year ago. However,

Chinese manufacturing improved, with the purchasing managers' index inching up to 50.9, even as tighter credit appeared to weigh on businesses.

## Investment Outlook

The global economy is witnessing a moderation in growth. This slowdown has a number of causes. Some of them, like the sovereign debt crisis in

Europe and US housing market weakness, are long-term problems that will take some time to resolve. Others, such as the supply bottlenecks caused by natural disasters in Japan and the recent oil price spike, are likely more short term in nature. On balance, with oil prices beginning to fall and Japanese industrial production set to rebound, we believe growth can reasonably be expected to resume, albeit at levels that are modest by historical standards.

Market	Indices	1 Year SGD (ended 31/08/11)	1 Year LC (ended 31/08/11)	Year-to-Date SGD (ended 31/08/11)	Year-to-Date LC (ended 31/08/11)	3 Month SGD (ended 31/08/11)	3 Month LC (ended 31/08/11)
Asia ex-Japan Equities	MSCI Asia ex-Japan Index	-4.86%	7.09%	-15.13%	-9.47%	-14.13%	-11.89%
Emerging Market Equities	MSCI Emerging Market Index	-5.38%	6.05%	-15.88%	-10.27%	-13.79%	-11.54%
Technology	NASDAQ 100 Stock Index	12.65%	26.79%	-5.27%	1.04%	-7.95%	-5.54%
World Bonds	Citigroup World Government Bond Index	-2.96%	9.22%	1.81%	8.59%	1.97%	4.63%
World Equities	MSCI World Index	-1.11%	11.31%	-11.93%	-6.05%	-12.99%	-10.72%
China	Shanghai Stock Exchange Composite Index	-7.70%	-2.71%	-11.44%	-8.57%	-7.36%	-6.42%
Europe	Dow Jones STOXX 50 Index	-7.81%	-8.63%	-12.53%	-13.46%	-16.87%	-14.96%
Hong Kong	Hang Seng Stock Index	-11.26%	-0.01%	-16.57%	-10.86%	-15.60%	-13.30%
India	Bombay Stock Exchange Index	-15.57%	-7.20%	-25.85%	-18.69%	-13.89%	-9.87%
Japan	Nikkei Composite Index	-0.89%	1.49%	-12.72%	-12.45%	-4.30%	-7.62%
Malaysia	Kuala Lumpur Stock Exchange Composite Index	-4.46%	1.74%	-7.80%	-4.72%	-8.18%	-7.12%
Singapore	FT Singapore Straits Times Index	-2.21%	-2.21%	-9.55%	-9.55%	-8.69%	-8.69%
South Korea	Korea Stock Index	7.79%	7.88%	-9.19%	-8.33%	-13.34%	-12.25%
Taiwan	Taiwan Stock Exchange Index	-0.25%	1.64%	-18.67%	-13.72%	-17.10%	-13.88%
Thailand	Stock Exchange of Thailand Index	8.69%	17.18%	-2.66%	3.61%	-1.65%	-0.35%
U.S.	Standard & Poor 500 Index	3.20%	16.16%	-9.14%	-3.08%	-11.69%	-9.39%
Indonesia	Jakarta Stock Exchange Composite Index	16.86%	24.66%	1.41%	3.73%	-2.76%	0.12%

Source: Bloomberg. All returns with no dividend reinvested. Information is correct as of 31 Aug 2011.  
LC - Local Currency

# Don't get wet when it rains. Get adequate medical coverage.

Most of us are optimists who do not think that anything dreadful will happen to us. Very few of us expect to fall seriously ill or be hospitalised anytime soon. This explains why a recent survey<sup>1</sup> showed that many Singaporeans are vastly underinsured when it comes to their medical coverage.

## So how can you tell if you are underinsured?

Healthcare insurance comprises three major elements.

### **1** Hospitalisation, including medical and surgical bills.

Healthcare costs have escalated in recent years. Therefore, it is important that you have sufficient coverage. This will ensure that in the event of the unforeseen, you can receive the medical attention you need without having to worry about hefty medical fees.

## 2 Coverage for all stages of dread diseases.

Many individuals have been astonished to discover that their policy does not cover all conditions. A recent case in point involved a mother of three who discovered that her policy did not cover her treatment for early stage breast cancer. Her claim for potential loss of income was rejected as her condition was considered non-invasive and did not fulfill the definition of cancer<sup>2</sup>.

Such incidents highlight the importance of understanding the extent of your coverage. It is vital to review your insurance coverage to include early dread disease coverage.

## 3 Your complete health protection plan.

A complete health protection plan should cover both your short-term and long-term healthcare needs. Long-term healthcare needs include not just the cost of treatment, but also loss of income due to your inability to work for as long as it takes you to fully recover.

Check to ensure that your healthcare insurance policies cover all three.

Healthcare insurance is essential as many remain unaware of the real costs of medical treatment, sometimes in the hundreds of thousands of dollars. Most would require insurance coverage to defray hospitalisation, surgical expenses, and potential loss of income, which add up to a hefty sum. Studies by financial advisers note that the younger generation tends to prefer investing their money instead of insuring with medical coverage<sup>1</sup>. This is not necessarily the best strategy.

**Critical illness can befall anyone, anytime in their lives. Make the wise move and save on your healthcare costs in the future by ensuring you have sufficient healthcare coverage.**

### IMPORTANT NOTES

<sup>1</sup> "Studies show Singaporeans grossly underinsured", Channel NewsAsia, 19 Oct 2010

<sup>2</sup> "She has 3 policies but no coverage", The New Paper, 31 Aug 2010



# VivoCare

## Your essential coverage against early stages of Dread Diseases.

We cannot predict when illnesses, disability or death may strike. With VivoCare, you can be sure of receiving timely financial support when the need arises - from the early stages of Dread Diseases right up to your golden years.

VivoCare also covers an extensive range of 74 medical conditions, ensuring you of comprehensive coverage for Early, Intermediate and Advanced stages of Dread Diseases<sup>1</sup>.



### Benefits at a glance

Covers an extensive range of 74 medical conditions for Early, Intermediate and Advanced stages of Dread Diseases<sup>1</sup>

Comprehensive coverage against Total and Permanent Disability (TPD) before age 65

First insurer with 3 times coverage for death and terminal illnesses before age 65 (last birthday)<sup>2</sup>

Extra coverage<sup>3</sup> for Angioplasty, Diabetic Complications, Severe Osteoporosis and Severe Rheumatoid Arthritis

#### IMPORTANT NOTES

<sup>1</sup> A waiting period of 90 days will apply from the date of policy issue, inclusion/increase of any benefit or policy reinstatement.

<sup>2</sup> The maximum aggregate benefit payable for terminal illness per Insured is \$3 million, inclusive of all policies issued by us and other insurers. If the Insured dies or is certified to be terminally ill from age 65 onwards, remaining sum assured with bonuses will be paid.

<sup>3</sup> A survival period of 30 days from the date of occurrence of insured event applies.

Information is correct as of 31 October 2011

# Now your car insurance comes with **insurance**.

Introducing a 30-Day Money Back Guarantee on private car premiums with Drivo™, Singapore's No.1 Motor Insurance<sup>1</sup>.

Find a lower quote elsewhere within 30 days, and we'll refund your money back in full<sup>2</sup>. So in addition to enjoying a wider range of benefits, it's reassuring to know you also get the best price.

Call **6789 9595** or contact your insurance adviser.

## OTHER BENEFITS<sup>3</sup>

 **FREE**  
NCD Protection

 **\$50 CASH**  
Rebate on Renewal

 **SINGAPORE'S NO.1**  
Motor Insurer

 **NATION-WIDE**  
Branches

 **24-HOUR**  
Call Centre

 **ENHANCED**  
Cover Features

 **CHOICE**  
of Workshops



**GUARANTEE**  
Money Back  
in 30 Days

## IMPORTANT NOTES

<sup>1</sup> The Business Times dated 10 August 2011.

<sup>2</sup> Applicable to Private Car policy under Premium or Classic Plan, inclusive of Plus cover. Claims on Money Back Guarantee must be made within 30 days from commencement date of the Period of Insurance provided no claims made on or against your policy during this period. Other terms and conditions apply.

<sup>3</sup> Policy terms and conditions apply.

This material is for general information only and is not a contract of insurance. The precise terms, conditions and exclusions of this plan are specified in the Policy Contract. Please [click here](#) to read a copy of the Policy Contract.

Information is correct as of 31 October 2011

## Unit Prices as at 31 August 2011

Core Funds	Bid Price	Offer Price	Fund Size	Launch Date	CPF Rating	3-year performance ending Aug 11 (p.a.)	Lipper Leader
Global Equity	1.57	1.63	\$222.6mil	01/04/1998	4A	-7.9%	N.A.
Singapore Bond **	1.56	1.61	\$233.3mil	01/03/2000	2A*	5.9%	√
Singapore Equity	2.49	2.57	\$196.9mil	02/01/2003	4B	2.6%	N.A.
Global Bond **	1.33	1.38	\$127.1mil	02/01/2003	2A*	5.9%	√
<b>Managed Funds</b>							
Singapore Managed Fund#	2.34	2.42	\$94.0mil	01/05/1994	3B*	6.1%	√
Asia Managed Fund#	1.74	1.80	\$92.6mil	01/09/1995	3B*	6.5%	√
Global Managed Fund (Growth)	1.47	1.53	\$238.5mil	02/01/2003	3A	-1.2%	N.A.
Global Managed Fund (Balanced)	1.46	1.51	\$184.8mil	02/01/2003	3A*	1.0%	N.A.
Global Managed Fund (Conservative)**	1.43	1.48	\$13.2mil	02/01/2003	3A*	3.2%	√
<b>Target Maturity Funds</b>							
Aim Now*	0.97	1.00	\$20.7mil	25/09/2009	2A*	N.A.	N.A.
Aim 2015*	1.03	1.07	\$1.9mil	25/09/2009	3A*	N.A.	N.A.
Aim 2025*	1.02	1.05	\$4.8mil	25/09/2009	3A*	N.A.	N.A.
Aim 2035	1.01	1.05	\$7.3mil	25/09/2009	4A	N.A.	N.A.
Aim 2045	1.01	1.04	\$6.7mil	25/09/2009	4A	N.A.	N.A.
<b>Specialised/Thematic Funds</b>							
Prime Fund**	6.10	6.32	\$209.0mil	02/08/1973	3B*	5.4%	√
Takaful Fund^	0.62	0.65	\$21.4mil	01/09/1995	N.A.	0.4%	√
Global Technology Fund#	0.25	0.26	\$64.8mil	01/08/2000	4B	2.8%	√
Money Market Fund ^	1.11	1.11	\$36.2mil	01/05/2006	N.A.	0.7%	N.A.

### CPFIS Risk Classification / General Focus

- 1A Lower risk, broadly diversified
- 2A Low to medium risk, broadly diversified
- 3A Medium to high risk, broadly diversified
- 4A Higher risk, broadly diversified
- 1B Lower risk, narrowly focused
- 2B Low to medium risk, narrowly focused
- 3B Medium to high risk, narrowly focused
- 4B Higher risk, narrowly focused

\* These funds are available for investment using CPF Special Account. All funds (except Money Market Fund and Takaful Fund) are available for investment under CPF Ordinary Account.

^ Only available for Cash and SRS investment.

### IMPORTANT NOTES


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You should seek advice from a qualified adviser if in doubt. If you choose not to, you will have to take sole responsibility to ensure that this product is appropriate to your financial needs and insurance objectives. Buying a life insurance policy is a long-term commitment. An early termination of the policy usually involves high costs and the surrender value payable may be less than the total premiums paid.

Information is correct as of 31 October 2011 

#Our Investment-Linked Funds have performed consistently from their launch and continue to impress with **44%** recognised as Lipper Leaders in one or more of the following 3 categories: Consistent Return, Preservation and Total Return.

Source: 2nd Quarter 2011, Performance and Risk Monitoring Report – Thomson Reuters Lipper