

SINGAPORE BOND FUND

Investment Objective

The objective of this fund is to provide a medium- to long-term rate of fixed return through investing mainly in bank deposits, corporate bonds rated at least "A" by Standard and Poor's or secured on collaterals such as properties and receivables. The expected average duration for the fund is at least 4 years.

Investment Scope

This fund invests mainly in bank deposits, corporate bonds rated at least "A" by Standard and Poor's or secured collaterals such as properties and receivables. This fund may invest up to 30% high quality unsecured or unrated bonds. The fund is denominated in Singapore Dollars.

Fund Details as of 31 December 2011

Launch Date	1 March 2000
Fund Size	S\$ 237.28 million
Initial Sales Charge	3.5% (an extra 0.5% bonus unit will be given for all single premium and top-ups)
Annual Management Charge	0.5% p.a.
Inclusion in CPFIS	Yes (CPF OA and CPF SA)
CPFIS Risk Classification	Low to Medium Risk, Narrowly Focused – Country – Singapore
Benchmark	UOB Long Bond Index

The Annual Management Charge is not guaranteed and may be reviewed from time-to-time. However, it shall not exceed 2.0% of the fund balance at any point of time.

Top 10 Holdings

December 2011	S\$ (mil)	% of Net Asset Value	December 2010	S\$ (mil)	% of Net Asset Value
Singapore Government Bonds 3% 010924	22.2	9.4	Singapore Government Bonds 3.25% 010920	23.8	10.4
Singapore Government Bonds 3.25% 010920	20.1	8.5	Singapore Government Bonds 3.5% 010327	21.4	9.4
Singapore Government Bonds 3.125% 010922	14.7	6.2	Singapore Government Bonds 3% 010924	20.2	8.9
Singapore Government Bonds 3.5% 010327	14.3	6.0	Singapore Government Bonds 3.125% 010922	13.5	5.9
Singapore Government Bonds 2.5% 010619	10.8	4.6	Singapore Government Bonds 2.5% 010619	11.9	5.2
Singapore Government Bonds 2.25% 010621	5.3	2.2	Singapore Treasury Bill 030311	6.0	2.6
Temasek FINL I 4% 071229	5.3	2.2	SP Powerassets 4.19% 180815	5.2	2.3
SP Powerassets 4.19% 180815	5.2	2.2	United Overseas Bank 4.95% 300916	5.2	2.3
DBS Cap Funding 5.75% 290549	5.2	2.2	Singapore Airlines Ltd 4.15% 191211	5.2	2.3
Land Transport Authority 3.275% 291025	5.2	2.2	DBS Cap Funding 5.75% 290549	5.0	2.2

Important: Any differences in the total and percentage of the Net Asset figures are the result of rounding off.

Fund Manager

NTUC Income Insurance Co-operative Limited

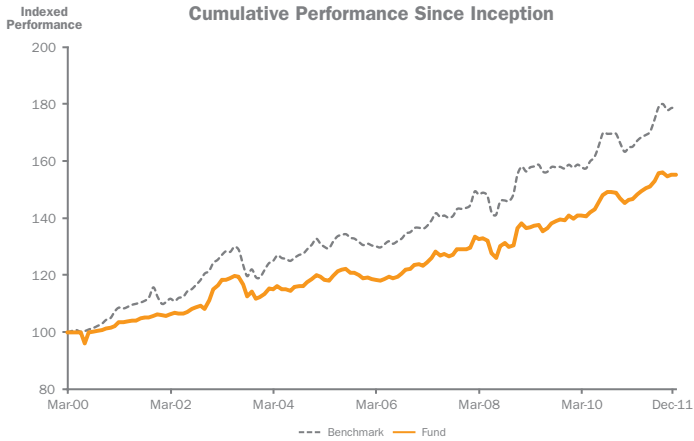
Incorporated in 1970, NTUC Income is one of the largest insurance companies in Singapore. In its 41 years of operation, NTUC Income has matured into a leading insurer with assets totaled S\$27.2 billion.

Its highly qualified team manages its funds with a long-term value approach. With a strong commitment to its co-operative values, NTUC Income also seeks to achieve the best value for its policyholders. It is also the manager of Singapore's longest running investment-linked fund, the Prime Fund, since 1973.

Fund Performance vs Benchmark

	1-month	3-month	6-month	1-year	3-year (annualised)	5-year (annualised)	10-year (annualised)	Since inception (annualised)
Singapore Bond Fund	0.1%	-0.4%	2.8%	7.0%	4.0%	4.6%	3.9%	3.8%
Benchmark	0.1%	-0.7%	5.0%	9.5%	4.2%	5.5%	5.0%	5.0%

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The returns are calculated using bid-to-bid prices, with dividends and distributions reinvested. Past performance is not necessarily indicative of future performance. Fees & charges payable through deduction of premium or cancellation of units are excluded from this calculation.

Market Review

Singapore government bonds posted strong performance in an eventful year as investors sought the safety of government securities amid heightened risk aversion. Sovereign debt situation in the Euro zone and global growth worries were the dominant factors affecting market sentiments especially in the second half of the year. Other events that affected the sentiments include the tragic Japanese earthquake in March and regime changes in several Middle East and North Africa. U.S. Treasuries also ended the year stronger despite being downgraded by the Standard & Poor's ratings agency. The government bond yield curve shifted downwards with outperformance in the 10-20 year sector. The yield spread between the 2-year and 10-year government bonds narrowed 93 basis points (bp) to close at 129 bp. Overall, the UOB government long bond index gained 9.5% last year.

Singapore's economy is expected to face external headwinds related to deteriorating growth outlook in Euro zone and uncertainty about the slowdown in China. Manufacturing activity could face further downside risks in the near term while consumer spending is likely to be supported by the resilient labour market and wage growth. The economy is projected to slow to 1-3% year-on-year for 2012. Fiscal stimulus could be provided by the government should growth slow more than expected. Meanwhile, consumer price inflation rose 5.7% in November from a year ago, up from 5.4% the previous month. The higher than expected increase was led by higher costs in housing, transport and food. The headline inflation is expected

to moderate to 2.5-3.5% this year on a more favourable base effect. In its April policy meeting, the monetary authority re-centred the Singapore dollar nominal effective exchange rate (NEER) band upwards while retained the appreciation slope and width of the band in order to keep inflation in check. The authority subsequently announced a softening of the pace of Singapore dollar appreciation in its October meeting against an uncertain global economic backdrop. With external environment weakening and headline inflation moderating, the risk has increased for further easing of policy by the monetary authority.

With the U.S. central bank committed to stay on hold until mid 2013, money market rates in Singapore are expected to remain anchored at current low levels. The flush liquidity in the domestic system should help to underpin the bond market. While greater volatility is likely in the near term, we continue to favour corporate bonds for yield pick-up in view of the steady credit fundamentals and supportive technical picture.

Risks

As the fund has investments concentrating in Singapore fixed income securities, it is subject to debt risk which includes interest rate sensitivity, credit risk, changes in debt rating and credit rating, currency risk and sovereign risk. This is not an exhaustive list of risks.

You should be aware that past performance is not indicative of future performance. The value of the units may rise or fall as the performance of the fund changes.

NTUC Income's ILP funds are intended for long-term investment. It is not suited for any short-term speculation. You should not expect to obtain any short-term gains from investing in NTUC Income's ILP funds. It is important that your investment suits your risk appetite. You may wish to consult your financial advisor before investing in any ILP fund.

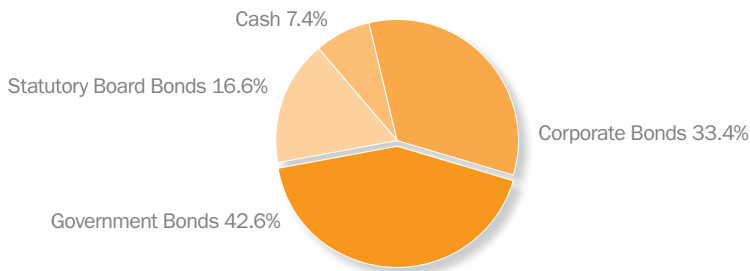
Expense and Turnover Ratio

	Expense Ratio	Turnover Ratio
As of 31 December 2011	0.58%	19.06%
As of 31 December 2010	0.59%	19.76%

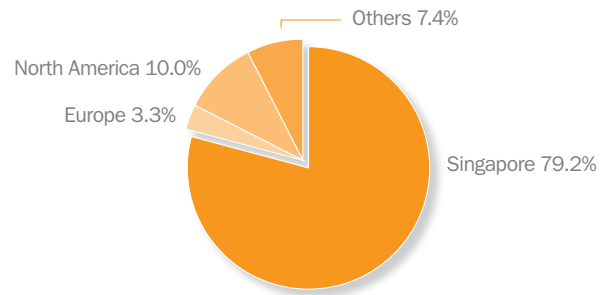
Expense ratio does not include (where applicable) charges for insurance coverage, brokerage and other transaction costs, performance fee, foreign exchange gains or losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising out of income received.

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Asset and Country Allocation as of 31 December 2011

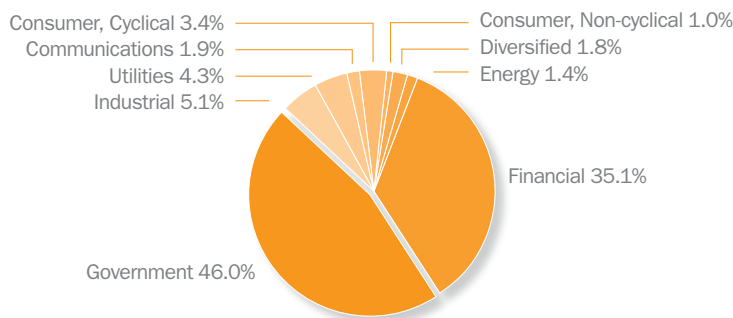


	S\$ (mil)
Corporate Bonds	79.2
Government Bonds	101.1
Statutory Board Bonds	39.3
Cash	17.7
Total	237.3



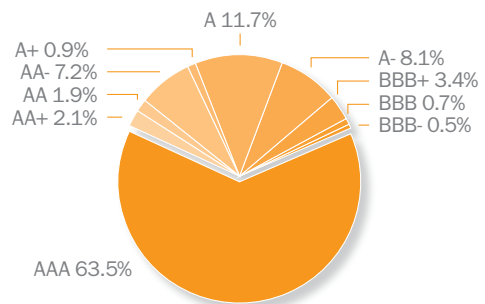
	S\$ (mil)
Singapore	174.0
Europe	7.3
North America	22.0
Others	16.3
Total	219.6

Sector Allocation as of 31 December 2011



	S\$ (mil)
Communications	4.3
Consumer, Cyclical	7.4
Consumer, Non-cyclical	2.1
Diversified	4.0
Energy	3.1
Financial	77.1
Government	101.1
Industrial	11.1
Utilities	9.4
Total	219.6

Credit Rating of Debt Securities



S&P's rating or its equivalent	S\$ (mil)
AAA	139.4
AA+	4.6
AA	4.3
AA-	15.7
A+	2.0
A	25.8
A-	17.8
BBB+	7.4
BBB	1.5
BBB-	1.0
Total	219.6

Important: Any differences in the total and percentage of the Net Asset figures are the result of rounding off.

Summarised Financial Statement as of 31 December 2011

	S\$
Net assets as of 1 January 2011	228,313,347
Purchase of new units	24,848,096
Redemption of units	(31,751,877)
Gain/(loss) on investments and other income	17,040,996
Management fee and other charges	(1,171,090)
Net assets as of 31 December 2011	237,279,472

Units in issue	152,643,185
Net asset value per unit	
- at the beginning of the year	1.453
- as of 31 December 2011	1.554

Exposure to Derivatives

There is no exposure to derivatives.

Related Party Disclosure

NTUC Income is the Investment Manager of the Fund. During the financial year ended 31 December 2011, management fee paid or payable by the Fund to the Investment Manager is S\$1,171,090.

Soft Dollar Commission or Arrangement

The Manager does not retain for its own account cash or commission rebates arising out of transactions executed in or outside Singapore. The Manager also does not receive soft dollars.

Conflict of Interests

NTUC Income has advised that certain inherent conflict of interests may arise from time to time. However, actions are taken to eliminate such conflict of interests.

Other Parties

The auditor of this fund is PricewaterhouseCoopers LLP (PwC). Please note that financial results ending 31 December of each year will be audited.

Material Changes

There are no material changes that will adversely impact the valuation of the fund for the financial period ended 31 December 2011.

Reports

The financial year end of the fund is 31 December of each year.

As part of the continuous efforts to update you on the performance of the funds you have invested in, we produce a Fund Report (with summarised financial statements) twice a year.