

## 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 30 June 2011

Launch Date	1 March 2000
Fund Size	S\$ 236.17 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)
CPF Rating	Low to medium risk, Broadly Diversified
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

June 2011	S\$ (mil)	% of Net Asset Value	June 2010	S\$ (mil)	% of Net Asset Value
Singapore Government Bonds 3% 010924	20.6	8.7	Singapore Government Bonds 3% 010924	30.5	13.3
Singapore Government Bonds 3.25% 010920	19.0	8.0	Singapore Government Bonds 3.5% 010327	24.8	10.8
Singapore Government Bonds 3.125% 010922	13.7	5.8	Singapore Government Bonds 3.25% 010920	18.9	8.2
Singapore Government Bonds 2.5% 010619	12.4	5.3	Singapore Government Bonds 3.125% 010922	13.7	6.0
Singapore Government Bonds 3.5% 010327	5.7	2.4	Singapore Government Bonds 4% 010918	5.8	2.5
Temasek FINL I 4% 071229	5.2	2.2	Temasek FINL I 4% 071229	5.4	2.3
SP Powerassets 4.19% 180815	5.2	2.2	Singapore Airlines Ltd 4.15% 191211	5.2	2.3
DBS Cap Funding 5.75% 290549	5.2	2.2	United Overseas Bank 4.95% 300916	5.2	2.3
Singapore Airlines Ltd 4.15% 191211	5.1	2.2	SP Powerassets 4.19% 180815	5.1	2.2
United Overseas Bank 4.95% 300916	5.0	2.1	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

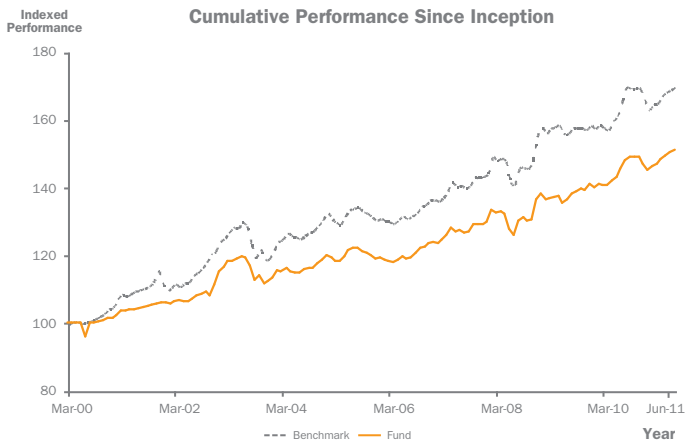
Incorporated in 1970, NTUC Income is one of the largest insurance companies in Singapore. In its 40 years of operation, NTUC Income has matured into a leading insurer with assets totaled S\$27.25 billion.

Its highly qualified team manages its funds with a long term value approach. With a strong commitment to its cooperative 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)
<b>Singapore Bond Fund</b>	0.3%	1.8%	4.0%	3.7%	6.2%	4.9%	3.8%	3.7%
<b>Benchmark</b>	0.6%	1.9%	4.3%	3.0%	6.5%	5.4%	4.5%	4.8%

# SINGAPORE BOND FUND



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 ended the first half of 2011 with significant gains. Local bond yields declined as investors stepped up their risk reduction mode amid uncertainties about sovereign debts of certain Euro bloc countries' and continued strong inflow of funds into safe haven Singapore. Despite above trend economic growth and annualised CPI inflation hovering between 4.5% and 5.5% so far this year, the spread between 2-year and 10-year Singapore government bond yields narrowed 33 basis points (bps) since end December 2010 to close at 189 bps. Overall, the UOB government long bond index advanced 4.26% this period as the whole yield curve moved lower.

In mid-April, with elevated economic activities and inflation risk tilting to the upside, the Monetary Authority of Singapore tightened monetary policy further and re-centred the exchange rate policy band upwards. The Singapore dollar strengthened 4.5% over the six month period ended June 2011 to close at 1.23 against the greenback. The end of Federal Reserve's US\$600 billion asset purchase program in June did not result in investors immediately abandoning US Treasuries en-masse as market had feared earlier. The Federal Reserve is determined to keep the front end of US interest rate anchored at current low levels for an extended period to stimulate the economy and this should provide strong market technicals.

Singapore is expected to continue benefiting from the fund inflows into the Asian region thereby keeping the domestic system flushed with liquidity and short term interest rates low. This should help moderate the rise in local bond yields. The environment for credits remains constructive on the back of healthy domestic fundamentals and a supportive technical picture. Given the steep yield curve, we favour medium term corporate papers for yield pick-up and would look to add exposure on market pull-back.

## 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 suit your risk appetite. You may wish to consult your financial advisor before investing in any ILP fund.

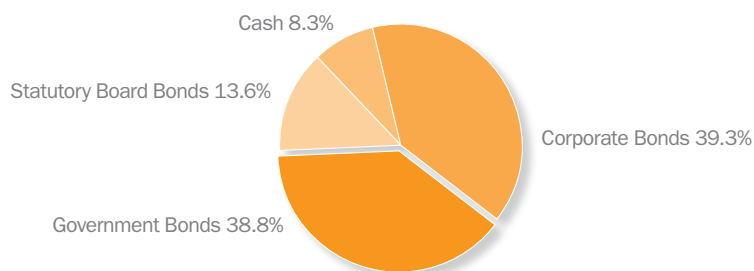
## Expense and Turnover Ratio

	Expense Ratio	Turnover Ratio
As of 30 June 2011	0.58%	50.12%
As of 30 June 2010	0.60%	27.62%

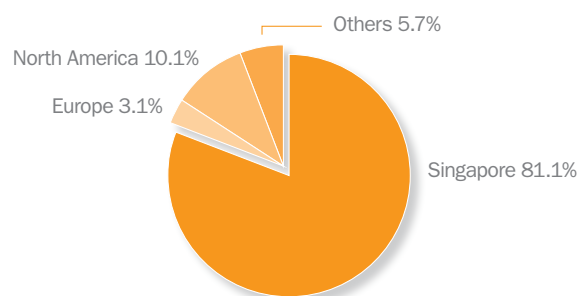
Expense ratio does not include (where applicable) charges for insurance coverage, brokerage and other transaction costs, performance fee, foreign exchange gains or losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising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

# SINGAPORE BOND FUND

## Asset and Country Allocation as of 30 June 2011

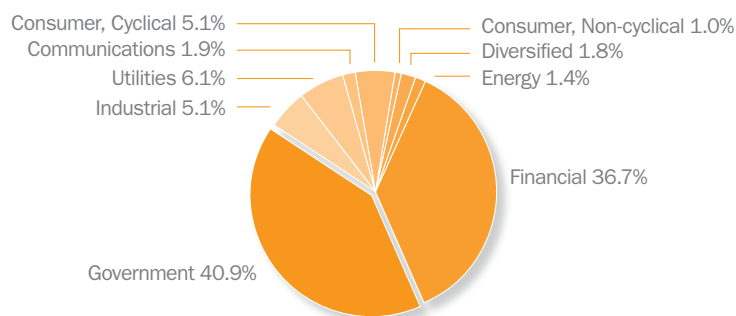


	S\$ (mil)
Corporate Bonds	92.7
Government Bonds	91.7
Statutory Board Bonds	32.2
Cash	19.5
<b>Total</b>	<b>236.2</b>



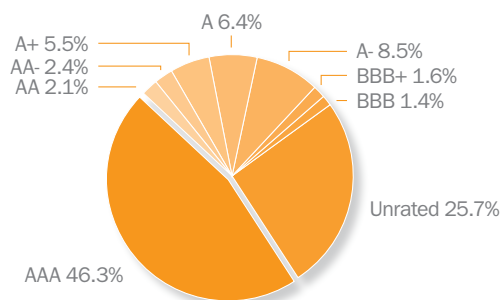
	S\$ (mil)
Singapore	175.8
Europe	6.7
North America	21.9
Others	12.3
<b>Total</b>	<b>216.6</b>

## Sector Allocation as of 30 June 2011



	S\$ (mil)
Communications	4.2
Consumer, Cyclical	11.0
Consumer, Non-cyclical	2.1
Diversified	4.0
Energy	3.0
Financial	79.4
Government	88.7
Industrial	11.0
Utilities	13.2
<b>Total</b>	<b>216.6</b>

## Credit Rating of Debt Securities



S&P's rating or its equivalent	S\$ (mil)
AAA	100.3
AA	4.6
AA-	5.3
A+	11.9
A	13.9
A-	18.4
BBB+	3.5
BBB	3.0
Unrated	55.6
<b>Total</b>	<b>216.6</b>

'Unrated' refers to debt securities which are not rated by S&P or other equivalent rating agencies, including but not limited to treasury bills, bonds issued by government, government agency, statutory board or corporate.

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

## Summarised Financial Statement as of 30 June 2011

	S\$
Net assets as of 1 January 2011	228,313,347
Purchase of new units	7,974,696
Redemption of units	(9,108,319)
Gain/(loss) on investments and other income	9,566,573
Management fee and other charges	(576,001)
Net assets as of 30 June 2011	236,170,295

Units in issue	156,319,080
Net asset value per unit	
- at the beginning of the year	1.453
- as of 30 June 2011	1.511

### 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 30 June 2011, management fee paid or payable by the Fund to the Investment Manager is S\$576,001.

### Soft Dollar Commission or Arrangement

Soft dollar commission/arrangement has been received/entered into by the Manager in respect of the ILP. The soft dollar commission relates essentially to computer software used in support of the investment process. The Manager will not accept or enter into soft dollar commission/arrangement unless such commission/arrangement would, in the opinion of the Manager, assist the Manager in the management of the ILP. The Manager confirms that trades were executed at the best available terms, taking into account the relevant market at the time for transactions of the kind and size concerned and there was no churning of trades. The said broker has also executed trades for other ILPs managed by the Manager.

### 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 in the investment objective and orientation of the fund for the financial period ended 30 June 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.