GLOBAL BOND FUND

Investment Objective
To provide a medium to long term rate of return by investing mainly in global bonds.

Investment Scope
The fund will invest mainly in global government and corporate bonds, mortgage backed securities and asset backed securities. The portfolio will have an average "A" rating by Standard and Poor's. The fund is denominated in Singapore Dollars.

Fund Details as of 31 December 2010

Launch Date	2 January 2003
Fund Size	S$ 132.23 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	0.85% p.a.
Inclusion in CPFIS	Yes (CPF OA and CPF SA)
CPF Rating	Low to medium risk, Broadly Diversified
Benchmark	Barclays Global Aggregate hedged to Singapore Dollars

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 2010	S$ (mil)	% of Net Asset Value	December 2009	S$ (mil)	% of Net Asset Value
TREASURY UKT 2.75% 220115	7.5	5.7%	DEUTSCHLAND REP DBR 3.25% 040120	21.7	16.9%
JAPAN TREASURY BILL 120111	6.8	5.1%	TREASURY BILL B 180310	12.9	10.1%
US TREASURY BILL 090611	5.2	4.0%	CANADA-GOV'T CAN 1.5% 010312	8.8	6.9%
TREASURY UKT 4% 070916	3.9	3.0%	US TREASURY N/B T 3% 310816	6.2	4.8%
FNCL 4% 250940 (TBA)	3.8	2.9%	US TREASURY N/B T 2.375% 310814	5.0	3.9%
SAMI 2005-AR5 A2 FLR 190735	3.8	2.9%	US TREASURY N/B T 3.625% 150819	4.6	3.6%
DEUTSCHLAND REP DBR 3.25% 040715	3.2	2.4%	KFW KFW 4.875% 170619	3.7	2.9%
CMLTI 2005-6 A2 FRN 250835	3.1	2.4%	TREASURY BILL B 220410	2.2	1.8%
TMST 2006- A1 FLR 251046	3.0	2.2%	US TREASURY N/B T 2.375% 311014	2.2	1.7%
KOMMUNALBANKEN AS	2.7	2.0%	JAPAN GOVT 10-YR JGB 1.7% 200317	1.6	1.2%

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 is the Investment Manager of the Fund. Pacific Investment Management Company LLC is the Sub-Investment Manager of the fund.

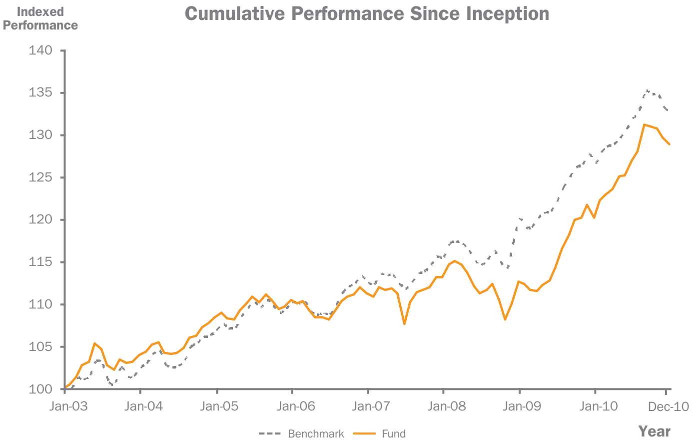
NTUC Income Insurance Co-operative Limited
NTUC Income is the Investment Manager of the fund. Incorporated in 1970, NTUC Income is one of the largest insurance companies in Singapore. In its 40 years of operation, NTUC Income has matured into a leading insurer with assets totaled S$26.4 billion.

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.

Pacific Investment Management Company LLC (PIMCO LLC)
PIMCO is the Sub-Investment Manager of the fund. PIMCO was founded in 1971. Funds under management totaled US$1,242.12 billion. Headquartered in Newport Beach, California, it is an institutional money manager specialising in fixed income management. PIMCO's global investment process includes both top-down and bottom-up decision-making, holding a long-term view to guard against periodic bouts of euphoria and depression that often characterize financial markets. PIMCO has expertise and resources committed to virtually every sector of the global bond market. It has a network of offices in New York, Singapore, Tokyo, London, Sydney and Munich.

Fund Performance vs Benchmark

	1-month	3-month	6-month	1-year	3-year (annualised)	5-year (annualised)	10-year (annualised)	Since inception (annualised)
Global Bond Fund	-0.7%	-1.7%	1.5%	7.2%	4.4%	3.1%	N.A.	3.2%
Benchmark	-0.4%	-1.6%	0.6%	4.7%	4.7%	3.8%	N.A.	3.6%



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

2010 represents another volatile year as the rally in the global government bond markets in the first nine months was brought to a halt in the fourth quarter on the willingness of policymakers to add stimulus measures and signs that economic fundamentals are improving. The U.S. Federal Reserve's official announcement of a second round of quantitative easing (QE2) in early November led to a sell-off in bonds and at the same time, reflected the view that further monetary easing sharply reduced the risk of a "double-dip."

The Fed, the European Central Bank, the Bank of England and the Bank of Japan have all maintained rates at or near all time lows and sought creative ways to deliver ever more support. In contrast, Australia, Brazil, China and several other Emerging market (EM) countries have all raised rates to address concerns of overheating fueled by robust economic growth and a flood of foreign capital inflows. The Eurozone continued to struggle with the peripheral debt crisis as Ireland became the second member country to accept an EU bailout.

U.S.

U.S. third quarter GDP grew by 2.6%, and though it was flattered by inventories it was an improvement from the second quarter's 1.7% figure. Moreover, unemployment claims and the ISM indexes indicated that the cyclical momentum is improving. On the consumer front, as November's core retail sales - excluding automobile and gasoline – climbed and holiday sales were notably strong. However, the unemployment rate remained elevated at 9.4%, and housing market data remained soft. U.S. government bonds returned 5.87% in 2010 as the benchmark 10-year yield dropped by 49 basis points (bps) to end the year at 3.30%.

Euroland & UK

By comparison, growth in Europe expanded just 1.4% in the third quarter after a downward revision to consumption and investment. While European business sentiment managed to show improvement, Germany remained the sole bright spot while the rest of the region continued to underperform. The U.K., too, remained weak; consumer spending remained challenged amid still-tight credit conditions and weak confidence, and the unemployment rate moved higher as the public sector has begun to shed jobs as part of the front-loaded budget cuts. German government bonds handed investors an annual return of 5.75% on a dollar hedged basis as the 10-year yield decreased by 42 bps to 2.96% at year-end. On the other hand, UK government bond posted a gain of 7.16% (dollar hedged) and 10-year yield dropped by 67 bps to end the year at 3.40%.

Japan

Japan's nascent recovery showed signs of stalling as real exports marked a fourth consecutive drop in November on the back of softer external demand and a strong yen. For the whole of 2010, Japanese government bonds returned 2.87% on a dollar hedged basis and the 10-year yield decreased by 17 bps to end the year at 1.13%.

Market Outlook

Strong growth and the potential for rising inflation in emerging economies will likely be offset by weaker growth in most developed economies, especially peripheral Europe. Among developed countries, the U.S., Canada and Australia are expected to grow the fastest. Key elements of our outlook include:

- Policy Stimulus Boosts U.S. Growth – The payroll tax cut and business tax credit, should boost growth over a cyclical time frame by pushing future consumption and investment forward into 2011.
- Range- Bound U.S. Rates - With U.S. unemployment still near 10%, the Fed is unlikely to raise short term rates until probably 2012. With the short end of the yield curve anchored near current low levels, our manager expects the 10-year Treasury yield to range between 3.0 and 4.0% over the next year.
- Weaker Growth in Europe and the U.K. - Europe and the U.K. are expected to attempt significant fiscal policy contraction to stabilize their respective debt burdens. Potential failure of policy coordination in Europe poses significant risks to the entire global economy as one or more sovereign defaults could give rise to a banking crisis with broad systemic consequences.
- Weaker Growth in Japan - Japan faces a shrinking working age population and persistent deflationary pressure, partly mitigated by the success of its high value added industrial base in China and the rest of Asia.
- Faster Growth in EM – China and most other EM should enjoy faster growth than the developed world, as slowing exports are likely to be offset by continued growth in domestic demand. Emerging economies are shifting focus toward tightening fiscal and monetary policies to combat cyclical inflationary pressure.

Risks

As the fund has investments concentrating in fixed income securities, it is subjected 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.

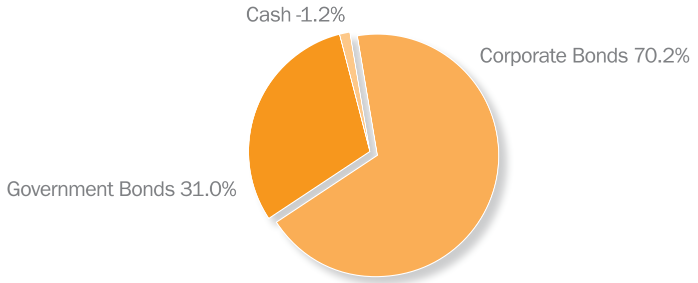
GLOBAL BOND FUND

Expense and Turnover Ratio

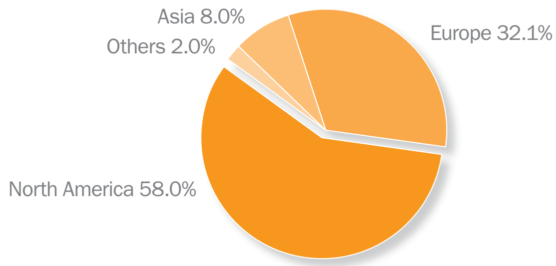
	Expense Ratio	Turnover Ratio
As of 31 December 2010	0.93%	620.97%
As of 31 December 2009	0.97%	238.18%

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.

Asset and Country Allocation as of 31 December 2010

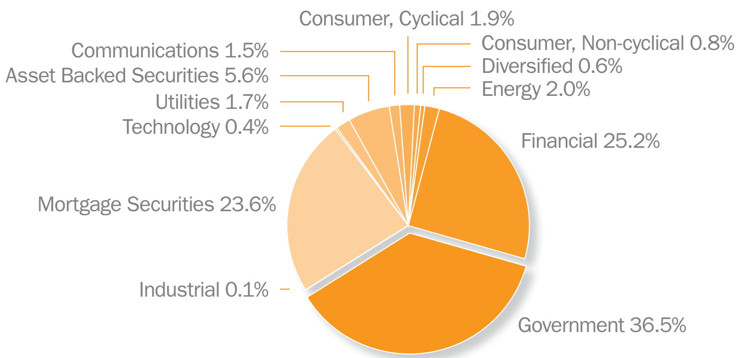


	S$ (mil)
Corporate Bonds	92.8
Government Bonds	40.9
Cash	-1.5
Total	132.2



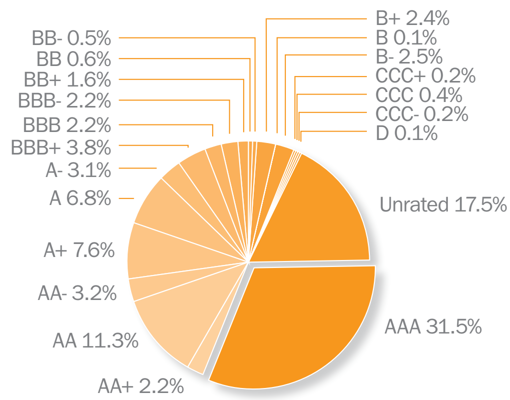
	S$ (mil)
Asia	10.7
Europe	43.0
North America	77.5
Others	2.6
Total	133.8

Sector Allocation as of 31 December 2010



	S$ (mil)
Asset Backed Securities	7.5
Communications	2.0
Consumer, Cyclical	2.5
Consumer, Non-cyclical	1.1
Diversified	0.9
Energy	2.7
Financial	33.8
Government	48.9
Industrial	0.1
Mortgage Securities	31.6
Technology	0.5
Utilities	2.3
Total	133.8

Credit Rating of Debt Securities



S&P's rating or its equivalent

	S$ (mil)
AAA	42.2
AA+	2.9
AA	15.1
AA-	4.2
A+	10.1
A	9.1
A-	4.1
BBB+	5.1
BBB	2.9
BBB-	3.0
BB+	2.2
BB	0.8
BB-	0.6
B+	3.2
B	0.2
B-	3.4
CCC+	0.3
CCC	0.6
CCC-	0.3
D	0.1
Unrated	23.4
Total	133.8

'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 31 December 2010

	S$
Net assets as of 1 January 2010	128,275,746
Purchase of new units	8,198,211
Redemption of units	(13,523,913)
Gain/(loss) on investments and other income	10,397,758
Management fee and other charges	(1,118,046)
Net assets as of 31 December 2010	132,229,756

Units in issue	102,647,281
Net asset value per unit	
- at the beginning of the year	1.202
- as of 31 December 2010	1.288

Exposure to Derivatives

Fair value of derivatives contracts as of 31 December 2010 is S$2,840,082 representing 2.15% of the net asset value of the Fund. Net gain/(loss) on derivatives contracts realised during the year is S$9,510,179. Net gain/(loss) on options realised during the year is S$338,143.

Related Party Disclosures

NTUC Income is the Investment Manager of the Fund. During the financial year ended 31 December 2010, management fee paid or payable by the Fund to the Investment Manager is S$1,118,046.

Soft Dollar Commission or Arrangement

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

Conflict of Interests

The managers do not encounter any conflict of interests in the management of the fund.

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 31 December 2010.

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.