

# First State Bridge

## Monthly factsheet (in SGD)

August 2011

### Investment objective

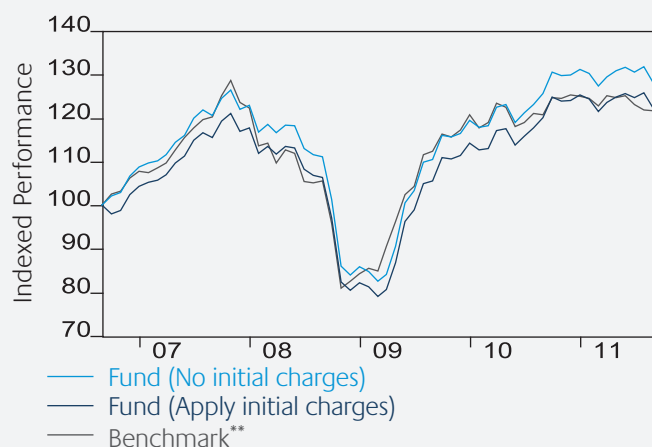
To provide investors with an annual distribution and medium term capital stability from investments focused in the Asia-Pacific ex Japan region by investing all or substantially all of its assets in the Dublin-domiciled First State Asian Equity Plus Fund (in relation to the equity portion) and the Dublin-domiciled First State Asian Quality Bond Fund (in relation to the fixed income portion).

#### Fund information

Inception Date	14 Jul 03	Minimum Investment	S\$1,000 (Initial) S\$100 (Subsequent)
NAV Price	S\$1.3611	Management Fee	1.25% p.a.
Fund Size	S\$1234.6mn	Initial Charge	4.0% (Cash / SRS) 3.0% (CPF - Ordinary/Special Account)
Dealing	Monday to Friday (except public holidays)	CPF Classification	Medium to High Risk-Narrowly Focused (Regional)
Distribution Policy	Semi-annually on 30 Apr and 31 Oct*		

\* First State Investments (Singapore) ("FSIS") intends to make semi-annual distributions on 30 April and 31 October each year. The distributions will be made out of the income, capital gains and/or capital of the Fund. Investors should note that the intention to make the semi-annual distributions is not guaranteed by FSIS or its distributors and FSIS may in future review the distribution policy depending on prevailing market conditions.

#### Total return for past 5 years ended Aug 11



Annualised (%)	1yr	3yrs	5yrs	Inception
Fund (No initial charges)	2.0	4.9	5.1	7.7
Fund (Apply initial charges)	-2.2	3.3	4.1	7.1
Benchmark**	-3.2	3.4	3.2	6.0

Source: Lipper, First State Investments. Single pricing basis with net income reinvested.

\*\* Customised benchmark calculated by First State Investments comprising 50% MSCI AC Asia Pacific ex Japan Index<sup>^</sup> (Unhedged) and 50% JP Morgan Asia Credit Investment Grade Index (Hedged to SGD)

<sup>^</sup> Previously known as MSCI AC Asia Pacific Free ex Japan Index and was renamed MSCI AC Asia Pacific ex Japan Index with effect from 30 Jan 04.

Asset allocation#	%	Sector allocation#	%	Top 10 equity holdings	%
Fixed Income	48.1	Fixed Income	48.1	Newcrest Mining	2.4
South Korea	7.4	Financials	13.5	Cheung Kong Holdings	2.1
Taiwan	7.2	Consumer Staples	7.4	DBS Group	1.5
Singapore	7.2	Information Technology	5.7	Samsung Electronics	1.5
Hong Kong	7.2	Telecom Services	5.5	Singapore Telecom	1.4
Australia	6.2	Industrials	4.0	QBE Insurance Group	1.4
China	5.4	Utilities	3.8	Oversea-Chinese Banking Corp	1.3
India	3.4	Materials	2.5	Chunghwa Telecom	1.3
Thailand	1.8	Energy	2.3	E-Mart	1.2
Philippines	1.6	Consumer Discretionary	1.8	Link REIT	1.2
Malaysia	0.3	Health Care	1.1		
Vietnam	0.2	Others	0.3		
Liquidity	4.0	Liquidity	4.0		

# Allocation percentage is rounded to the nearest one decimal place and the total allocation percentage may not add up to 100%.

## **Manager's comment**

- Global markets fell heavily over the month on rising concerns about the outlook for the world economy.
- Economic numbers continued to suggest that the US and European economies will remain weak.
- Inflation edged higher in China and moved above 7% in Hong Kong.
- US Treasury yields fell and the gold price surged on rising risk aversion.
- The JP Morgan Asia Credit Composite Investment Grade Index (JACI IG) returned 0.62% in August.
- Asian investment grade credit held up relatively well compared with the sharp sell-off in credit markets elsewhere.
- The average spread of the JACI IG widened by 45 basis points (bps) to 267 bps over the month.
- By country, Malaysia was the strongest performer among the major investment grade economies, while Taiwan was the poorest.
- By investment grade sector, sovereign debt outperformed while corporate bonds lagged.
- A notable market event was the downgrade of Chinese forestry company Sino-Forest's rating to CCC- and Caa1 by credit rating agencies S&P and Moody's respectively.
- This was primarily due to the resignation of the company's CEO in light of the ongoing corporate governance investigation.
- Given heightened volatility in financial markets, new Asian dollar bond issuance was extremely light in August with only \$700 million of deals written.
- The S&P downgrade of the US reinforces our long-held belief that debt levels in the West are too high and deleveraging will take a considerable length of time.
- We continue to assume that global growth will be subdued and as a result we remain very lightly exposed to commodity companies.

## **For further information**

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## **DISCLAIMER**

Except for the benchmark index, performance stated for relevant indices are quoted in the respective local currency unless otherwise specified.

Note: The above asset allocation pertains to the underlying fund. This report is prepared by First State Investments (Singapore) and is provided for information purposes only. Investors should read the Prospectus before deciding whether to subscribe for or purchase units in the Fund. The prospectus is available and copies may be obtained from the Manager and Distributors. The value of the units in the Fund and the income from them may rise as well as fall. Past performance figures are not necessarily a guide to future performance. Neither is any forecast made necessarily indicative of the future or likely performance of the Fund. Where information is provided on top holdings, such information does not constitute a recommendation to buy these securities. Units are not available to U.S. persons.

The CPF interest rate for the Ordinary Account (OA) is based on the 12-month fixed deposit and month-end savings rates of the major local banks. Under the CPF Act, the CPF Board pays a minimum interest of 2.5% per annum when this interest formula yields a lower rate. The interest rate for the Special and Medisave Accounts (SMA) is pegged to the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%. The interest rate to be credited to the Retirement Account (RA) will be the weighted average interest of the entire portfolio of Special Government Securities (SSGS) which the RA savings are invested in, which earn a fixed coupon equal to the 12-month average yield of the 10YSGS plus 1% at the point of issuance. For 2011, the minimum interest rate for the SMA and RA is 4% per annum. After 31 December 2011, the minimum interest rate of 2.5% per annum, as prescribed by the CPF Act, will apply to the SMA and RA. In addition, the CPF Board will pay an extra interest rate of 1% per annum on the first S\$60,000 of a CPF member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account will not be allowed to be invested under the CPFIS.