



## All Portfolios Up in July, High Risk Outperformed

### Executive Summary

**Portfolio Performance So Far** – Model portfolios were all up for the 1-month period, with returns ranging from 0.90% to 2.50%. Switches will be made to the portfolios.

**Bonds Solutions Update** – Bonds Solutions is up 2.00% Year-to-Date, and there will be switches and adjustments to the fund holdings.

**Funds' Performance Table** – Equities funds generally outperformed bond funds in the 1-month period, with top performers being First State Global Resources and LionGlobal Japan Growth Fund, up 7.33% and 6.23% respectively.

### Market and Model Portfolio Update\*

While volatility continues to surround the market with the ongoing Europe debt crisis and US debt ceiling issue affecting investors risk aversion, equities generally outperformed bonds and commodities in the past 1-month period. MSCI World gained 3.4% and MSCI Asia Pacific ex Japan gained 2.96%, outperforming JP Morgan Global Bond Index which gained 0.35% and the CRB Commodity Index that gained 2.18%.

In the past 1-month period, both the High Risk Cash and CPF portfolios outperformed other portfolios, gaining 2.50% and 2.38% respectively. The main contributors for the portfolios were First State Global Resources and LionGlobal Japan Growth Fund, which gained 7.33% and 6.23% in the 1-month period. Overall, most funds contributed positively to the portfolios, with equities funds outperforming bond funds, in-line with market performance.

**Table 1: Model Portfolio Performance\***

	Net of WRAP Fees at 1.5% pa						Net of WRAP Fees at 0.5% pa
	High Risk Cash	High Risk CPF	Med Risk Cash	Med Risk CPF	Low Risk Cash	Low Risk CPF	Bonds Solutions Portfolio
1 Week	0.33%	0.25%	0.16%	0.00%	0.17%	0.01%	-0.10%
1 Month	2.50%	2.38%	1.61%	1.13%	1.10%	0.90%	0.18%
3 Month	-1.52%	-1.67%	-1.79%	-1.99%	-0.33%	-1.63%	0.53%
YTD	-2.33%	-2.34%	-1.82%	-2.61%	-0.25%	-2.02%	2.00%
1 Year	3.66%	6.68%	3.19%	2.66%	3.49%	0.76%	3.51%
2010	-0.48%	6.55%	1.36%	3.62%	4.85%	3.33%	5.00%
2009	6.26%	10.01%	5.40%	6.98%	0.92%	3.70%	--
2008	-33.38%	-44.07%	-22.73%	-31.69%	-9.41%	-13.25%	--
2007	26.88%	27.49%	18.15%	19.08%	3.92%	7.29%	--
	<b>(Incepted 29 Dec 2006)</b>						<b>(Incepted 4 Jan 2010)</b>

Source: All information from UT Research Team unless otherwise stated

\*Performance obtained on 22<sup>nd</sup> Jul 2011



**Key Changes to High Risk Portfolio (Fund Source: Cash)**

**Switched out:**

- Fidelity China Focus

**Switched in:**

- Fidelity ASEAN Fund

**Comments:**

- China's PMI for July might fall below 50 for the first time in a year, due to the drop in output and new orders, as shown by HSBC's preliminary survey result. (Final PMI figure due to be released in August) While we remain positive on China in the long run on the back of increasing consumption power, ongoing infrastructure development and higher GDP growth as compared to developed nations, we foresee possible headwinds in China equities from the slowdown in growth and possible tightening. As a result, we have decided to reduce the China equities exposure in the interim by switching out of Fidelity China Focus, while still holding on to some China exposures in Aberdeen Pacific Equity and Schroder Asian Equity Yield.
- Economic growth in the Southeast Asia region is likely to be supported by domestic demand and favorable employment situation. In addition, the Asia-centric export sector should benefit from higher economic growth in Asia. Lastly, their tourism sector will probably grow as various countries engage in tourism developments. For the abovementioned reasons, we have switched into Fidelity ASEAN Fund in hopes of benefiting from the growth prospects of the region. (For more information, please refer to Focus of the Month – Opportunities in Southeast Asia)

**Table 2: Previous Portfolio Components**

High Risk			
PRU Monthly Income Fund A (Core)	10%	Fullerton Asian Bond	10%
LionGlobal Singapore Balanced Fund (Core)	10%	Schroder Asian Equity Yield	10%
Aberdeen Pacific Equity	12%	Templeton Global Total Return A H1 MDis	10%
<b>Fidelity China Focus</b>	<b>13%</b>	LionGlobal Japan Growth	10%
First State Global Resources	10%	Phillip Money Market Fund (Cash Component)	5%

**Table 3: Latest Portfolio Components (as of 1<sup>st</sup> Aug 2011)**

High Risk			
PRU Monthly Income Fund A (Core)	10%	Fullerton Asian Bond	10%
LionGlobal Singapore Balanced Fund (Core)	10%	Schroder Asian Equity Yield	10%
Aberdeen Pacific Equity	12%	Templeton Global Total Return A H1 MDis	10%
<b>Fidelity ASEAN Fund</b>	<b>13%</b>	LionGlobal Japan Growth	10%
First State Global Resources	10%	Phillip Money Market Fund (Cash Component)	5%

*Fidelity China Focus was switched out into Fidelity ASEAN Fund.*

Source: All information from UT Research Team unless otherwise stated, as of 1<sup>st</sup> Aug 2011  
 Funds are in Singapore dollar share class unless otherwise stated.



**Key Changes to Medium Risk Portfolio (Fund Source: Cash)**

**Switched out:**

- Fidelity China Focus

**Switched in:**

- Fidelity ASEAN Fund

**Comments:**

- China's PMI for July might fall below 50 for the first time in a year, due to the drop in output and new orders, as shown by HSBC's preliminary survey result. (Final PMI figure due to be released in August) While we remain positive on China in the long run on the back of increasing consumption power, ongoing infrastructure development and higher GDP growth as compared to developed nations, we foresee possible headwinds in China equities from the slowdown in growth and possible tightening. As a result, we have decided to reduce the China equities exposure in the interim by switching out of Fidelity China Focus, while still holding on to some China exposures in Aberdeen Pacific Equity.
- Economic growth in the Southeast Asia region is likely to be supported by domestic demand and favorable employment situation. In addition, the Asia-centric export sector should benefit from higher economic growth in Asia. Lastly, their tourism sector will probably grow as various countries engage in tourism developments. For the abovementioned reasons, we have switched into Fidelity ASEAN Fund in hopes of benefiting from the growth prospects of the region. (For more information, please refer to Focus of the Month – Opportunities in Southeast Asia)

**Table 4: Previous Portfolio Components**

Medium Risk			
LionGlobal Singapore Balanced Fund (Core)	10%	UOB United SGD Fund	10%
PRU Monthly Income Fund A (Core)	10%	Templeton Global Total Return A H1 MDis	10%
Aberdeen Pacific Equity	12%	DWS Lion Bond Fund	10%
<b>Fidelity China Focus</b>	<b>13%</b>	Fullerton Asian Bond	10%
First State Global Resources	10%	Phillip Money Market Fund (Cash Component)	5%

**Table 5: Latest Portfolio Components (as of 1<sup>st</sup> Aug 2011)**

Medium Risk			
LionGlobal Singapore Balanced Fund (Core)	10%	UOB United SGD Fund	10%
PRU Monthly Income Fund A (Core)	10%	Templeton Global Total Return A H1 MDis	10%
Aberdeen Pacific Equity	12%	DWS Lion Bond Fund	10%
<b>Fidelity ASEAN Fund</b>	<b>13%</b>	Fullerton Asian Bond	10%
First State Global Resources	10%	Phillip Money Market Fund (Cash Component)	5%

*Fidelity China Focus was switched out into Fidelity ASEAN Fund.*

*Source: All information from UT Research Team unless otherwise stated, as of 1<sup>st</sup> Aug 2011  
 Funds are in Singapore dollar share class unless otherwise stated.*



**Key Changes to Low Risk Portfolio (Fund Source: Cash)**

**Switched out:**

- None

**Switched in:**

- None

**Comments:**

- We believe that the Low Risk Cash Portfolio is adequately positioned and there will be no changes to the fund holdings at the moment.

**Table 6: Latest Portfolio Components (as of 1<sup>st</sup> Aug 2011)**

Low Risk			
LionGlobal Singapore Balanced Fund (Core)	10%	UOB United SGD Fund	10%
PRU Monthly Income Fund A (Core)	10%	Fullerton Asian Bond	10%
Aberdeen Pacific Equity	12%	Templeton Global Total Return A H1 MDis	10%
Schroder Asian Equity Yield	13%	DWS Lion Bond Fund	10%
Fullerton Short Term Interest Rate	10%	Phillip Money Market Fund (Cash Component)	5%

*Source: All information from UT Research Team unless otherwise stated, as of 1<sup>st</sup> Aug 2011  
 Funds are in Singapore dollar share class unless otherwise stated.*

*No fund switch was made to the Low Risk Cash Portfolio.*



**Key Changes to High Risk Portfolio (Fund Source: CPF)**

**Switched out:**

- None

**Switched in:**

- None

**Comments:**

- We believe that the High Risk CPF Portfolio is adequately positioned and there will be no changes to the fund holdings at the moment.

**Table 7: Latest Portfolio Components (as of 1<sup>st</sup> Aug 2011)**

High Risk			
First State Bridge (Core)	10%	First State Global Resources	10%
LionGlobal Singapore Balanced Fund (Core)	10%	DWS Lion Bond Fund	10%
Aberdeen Pacific Equity	12%	LionGlobal Japan Growth	10%
Fidelity China Focus	13%	UOB United SGD Fund (10% + liquidity component)	15%
Aberdeen Global Emerging Markets	10%	---	---

*Source: All information from UT Research Team unless otherwise stated, as of 1<sup>st</sup> Aug 2011  
 Funds are in Singapore dollar share class unless otherwise stated.*

*No fund switch was made to the High Risk CPF Portfolio.*



**Key Changes to Medium Risk Portfolio (Fund Source: CPF)**

**Switched out:**

- Fidelity China Focus (13%)

**Switched in:**

- LionGlobal Japan Growth (10%)
- Aberdeen Global Emerging Markets (3%)

**Comments:**

- China's PMI for July might fall below 50 for the first time in a year, due to the drop in output and new orders, as shown by HSBC's preliminary survey result. (Final PMI figure due to be released in August) While we remain positive on China in the long run on the back of increasing consumption power, ongoing infrastructure development and higher GDP growth as compared to developed nations, we foresee possible headwinds in China equities from the slowdown in growth and possible tightening. As a result, we have decided to reduce the China equities exposure in the interim by switching out of Fidelity China Focus, while still holding on to some China exposures in Aberdeen Pacific Equity and Aberdeen Global Emerging Markets.
- Japan's industrial production rose at the fastest pace in more than 50 years in May, led by carmakers, as reported by Bloomberg. In addition, Japan's June exports fell less than economists expected as decline in auto shipments slowed, showing signs of recovery from the March earthquake and tsunami. Overall, we foresee reconstruction efforts and subsequent recovery from the natural disaster to continue contributing to the economy. On the valuation front, Japanese equities remain attractive with a Price-to-Book ratio of 1.298, lower than 1.791 for MSCI World and 1.869 for MSCI Asia Pacific ex Japan. Therefore, we switched into LionGlobal Japan Growth Fund based on attractive valuation, continued reconstruction efforts and recovery from the natural disaster.
- On top of the switches, we also adjusted the percentage allocation and allocated a higher weightage to Aberdeen Global Emerging Markets as it is a regional fund and have lower single country risks.

**Table 8: Previous Portfolio Components**

Medium Risk			
First State Bridge (Core)	10%	<b>Fidelity China Focus</b>	<b>13%</b>
LionGlobal Singapore Balanced (Core)	10%	LionGlobal Singapore Fixed Income Investment	15%
Aberdeen Pacific Equity	12%	DWS Lion Bond Fund	15%
Aberdeen Global Emerging Markets	10%	UOB United SGD Fund (10% + liquidity component)	15%

**Table 9: Latest Portfolio Components (as of 1<sup>st</sup> Aug 2011)**

Medium Risk			
First State Bridge (Core)	10%	<b>LionGlobal Japan Growth</b>	<b>10%</b>
LionGlobal Singapore Balanced (Core)	10%	LionGlobal Singapore Fixed Income Investment	15%
Aberdeen Pacific Equity	12%	DWS Lion Bond Fund	15%
<b>Aberdeen Global Emerging Markets</b>	<b>13%</b>	UOB United SGD Fund (10% + liquidity component)	15%

*Fidelity China Focus was switched out, of which 10% of the overall portfolio was switched into LionGlobal Japan Growth and 3% into Aberdeen Global Emerging Markets.*

Source: All information from UT Research Team unless otherwise stated, as of 1<sup>st</sup> Aug 2011  
 Funds are in Singapore dollar share class unless otherwise stated.



**Key Changes to Low Risk Portfolio (Fund Source: CPF)**

**Switched out:**

- Fidelity China Focus

**Switched in:**

- Aberdeen Global Emerging Markets

**Comments:**

- China's PMI for July might fall below 50 for the first time in a year, due to the drop in output and new orders, as shown by HSBC's preliminary survey result. (Final PMI figure due to be released in August) While we remain positive on China in the long run on the back of increasing consumption power, ongoing infrastructure development and higher GDP growth as compared to developed nations, we foresee possible headwinds in China equities from the slowdown in growth and possible tightening. As a result, we have decided to reduce the China equities exposure in the interim by switching out of Fidelity China Focus, while still holding on to some China exposures in Aberdeen Pacific Equity and Aberdeen Global Emerging Markets.
- For Low Risk portfolios, we favor regional funds over single country funds as it enhances overall portfolio diversification and reduces single country risks. Emerging markets are expected to have higher GDP growth as compared to advanced economies, using estimates of IMF. In addition, forward Price-to-Earnings ratio obtained from Bloomberg shows that the MSCI Emerging Market Index is trading at more attractive valuation of 10.866 as compared to MSCI World Index of 12.696. (obtained on 21<sup>st</sup> July 2011) As a result, we switched into Aberdeen Global Emerging Markets based on possibly higher economic growth and attractive valuation of the emerging markets.

**Table 10: Previous Portfolio Components**

Low Risk			
First State Bridge (Core)	10%	DBS Enhanced Income Fund	10%
LionGlobal Singapore Balanced Fund (Core)	10%	LionGlobal Singapore Fixed Income Investment	15%
Aberdeen Pacific Equity	12%	DWS Lion Bond Fund	15%
<b>Fidelity China Focus</b>	<b>13%</b>	UOB United SGD Fund (10% + liquidity component)	15%

**Table 11: Latest Portfolio Components (as of 1<sup>st</sup> Aug 2011)**

Low Risk			
First State Bridge (Core)	10%	DBS Enhanced Income Fund	10%
LionGlobal Singapore Balanced Fund (Core)	10%	LionGlobal Singapore Fixed Income Investment	15%
Aberdeen Pacific Equity	12%	DWS Lion Bond Fund	15%
<b>Aberdeen Global Emerging Markets</b>	<b>13%</b>	UOB United SGD Fund (10% + liquidity component)	15%

*Fidelity China Focus was switched out into Aberdeen Global Emerging Markets.*

Source: All information from UT Research Team unless otherwise stated, as of 1<sup>st</sup> Aug 2011  
 Funds are in Singapore dollar share class unless otherwise stated.



**Key Changes to Bonds Solutions Portfolio (Fund Source: Cash)**

**Switched out:**

- DBS Enhanced Income Fund (11%)
- Fullerton Short Term Interest Rate (10%)

**Switched in:**

- Templeton Global Total Return A H1 MDis (15%)
- PIMCO Emerging Markets Bond Fund SGD Hedged (10%)

**Allocation Adjustment:**

- Fullerton Asian Bond (Increased from 14% to 18%)
- DWS Lion Bond Fund (Decreased from 18% to 10%)

**Comments:**

- We will be repositioning the Bonds Solutions Portfolio by switching out of two short maturity bond funds and into two longer maturity bond funds.
- Emerging markets have healthier balance sheets and lower debt as compared to advanced economies, allowing them more room to finance and expand domestic demand and investments as they shift from an export-oriented to domestic-driven growth model. In view of possible credit rating upgrades and currency appreciation, we will be switching into PIMCO Emerging Markets Bond Fund SGD Hedged to gain more exposure in emerging market bonds.
- The other fund we have selected is the Templeton Global Total Return A H1 MDis, whose Fund manager, Dr. Michael Hasenstab, adopts an opportunistic and flexible approach (benchmark unconstrained) and has so far been able to identify economic imbalances, leading to valuable investment opportunities.
- In view of recent weakness in USD and appreciation of SGD, we chose SGD hedged funds to switch in, aiming to reduce currency risk of the overall portfolio.

**Table 12: Previous Portfolio Components**

Bonds Solutions Portfolio			
Fullerton Asian Bond	14%	UOB United International Bond	10%
DWS Lion Bond Fund	18%	Fullerton Short Term Interest Rate	10%
DBS Enhanced Income Fund	11%	LionGlobal Singapore Fixed Income Investment	14%
UOB United SGD Fund	18%	Phillip Money Market Fund (Cash Component)	5%

*Switched out of DBS Enhanced Income Fund and Fullerton Short Term Interest Rate into PIMCO Emerging Markets Bond Fund SGD (Hedged) and Templeton Global Total Return A H1 MDis.*

**Table 13: Latest Portfolio Components (as of 1<sup>st</sup> Aug 2011)**

Bonds Solutions Portfolio			
Fullerton Asian Bond	18%	UOB United International Bond	10%
DWS Lion Bond Fund	10%	Templeton Global Total Return A H1 MDis	15%
PIMCO Emerging Markets Bond Fund SGD Hedged	10%	LionGlobal Singapore Fixed Income Investment	14%
UOB United SGD Fund	18%	Phillip Money Market Fund (Cash Component)	5%

*Adjusted the percentage allocation for Fullerton Asian Bond and DWS Lion Bond Fund.*

*Source: All information from UT Research Team unless otherwise stated, as of 1<sup>st</sup> Aug 2011 Funds are in Singapore dollar share class unless otherwise stated.*



**Table 14: Portfolio Funds' Performance**

Fund Name	1 Mth Return %	3 Mth Return %	1 Yr Return %	1 Yr Sharpe Ratio
Aberdeen Global Emerging Markets (CPF OA)	2.36	-2.92	7.85	0.38
Aberdeen Pacific Equity (CPF OA)	2.7	-1.99	10.24	0.67
DBS Enhanced Income Fund (CPF OA)	0.07	0.63	2.83	6.97
DWS Lion Bond Fund (CPF OA)	0.18	0.9	2.74	2.28
Fidelity China Focus (CPF OA)	1.54	-7.97	-2.86	-0.01
First State Bridge (CPF OA)	2.16	1.06	8.05	1.03
First State Global Resources (CPF OA)	7.33	-5.99	29.8	0.96
Templeton Global Total Return A H1 MDIS	1.39	0.72	14.16	2.27
Fullerton Asian Bond	0.63	1.92	8	3.18
Fullerton Short Term Interest Rate	0.32	1.08	5.35	6.78
LionGlobal Japan Growth (CPF OA)	6.23	7.53	9.06	0.54
LionGlobal Singapore Balanced Fund (CPF OA)	2.08	-1.43	5.73	0.6
LionGlobal Singapore Fixed Income Investment (CPF OA)	0.5	1.9	3.56	1.59
Phillip Money Market Fund	0.05	0.12	0.57	2.17
PRU Monthly Income Fund A	1.08	1.38	8.8	2.98
Schroder Asian Equity Yield	2.68	-0.35	11.46	0.72
UOB United International Bond Fund	-0.1	-2.8	2.98	0.59

Source: Financial Express, prices as of 20<sup>th</sup> Jul 2011  
 Funds are in Singapore dollar share class unless otherwise stated.



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