



## Equity Sell-off in August, Model Portfolios Affected

### Executive Summary

**Portfolio Performance So Far** – Model portfolios were all affected by the sell-off for the 1-month period, with returns ranging from -4.17% to -8.87%. Switches will be made to some portfolios.

**Bonds Solutions Update** – Bonds Solutions is up 0.87% year-to-date, and there will be a fund switch in September.

**Funds' Performance Table** – Equity funds generally underperformed bond funds in the 1-month period, with top laggards being First State Global Resources and LionGlobal Japan Growth Fund, down 16.95% and 14.70% respectively.

### Market and Model Portfolio Update\*

Equity markets experienced sharp sell-off in the one month period after the downgrade of US by Standard and Poor's, with the MSCI World Index and MSCI AC Asia Pacific ex Japan retracing 12.85 and 13.95 percent respectively. Risky assets such as commodities were also affected, as the CRB Commodity Index fell 4.13 percent in the same period. On the other hand, bonds outperformed equities and commodities, with the JPMorgan Global Bond Index gaining 2.55 percent, as investors seek safety in bonds.

Overall, equity funds were affected by the sell-off and the high risk portfolios suffered the most, followed by medium and low risk. The main laggards for the portfolios were First State Global Resources and LionGlobal Japan Growth Fund, both single sector and country focused funds, possibly contributing to their underperformance.

**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	-2.76%	-2.53%	-1.93%	-1.45%	-1.32%	-0.86%	-0.75%
1 Month	-8.84%	-8.87%	-6.22%	-5.68%	-4.51%	-4.17%	-1.28%
3 Month	-7.75%	-7.89%	-5.93%	-5.21%	-3.88%	-3.86%	-1.27%
YTD	-10.34%	-10.45%	-7.46%	-7.71%	-4.26%	-5.78%	0.87%
1 Year	-6.14%	-3.28%	-4.72%	-3.96%	-2.81%	-4.43%	1.22%
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 as of 24 Aug 2011



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

**Switched out:**

- First State Global Resources

**Switched in:**

- Phillip Money Market Fund

**Comments:**

- China and Europe, making up approximately 60 percent of world base metal consumption, have been experiencing slowdown in both their economy and manufacturing sector, possibly signaling lower demand and prices for base metals. In addition, with a lack of catalyst for base metals, lower investment demand may further aggravate metal prices, prompting us to downgrade our base metal outlook to underweight.
- Equity markets have been increasingly volatile in August and we feel that the downtrend is unlikely to be reversed in September as negative headlines continue to spook investors. As a result, we will be switching out of First State Global Resources and into Phillip Money Market Fund for the High Risk Cash portfolio for the time being.

**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%
Fidelity ASEAN Fund	13%	LionGlobal Japan Growth	10%
<b>First State Global Resources</b>	<b>10%</b>	Phillip Money Market Fund (Cash Component)	5%

**Table 3: Latest Portfolio Components (as of 1<sup>st</sup> Sep 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%
Fidelity ASEAN Fund	13%	LionGlobal Japan Growth	10%
<b>Phillip Money Market Fund (Cash Component)</b>	<b>15%</b>	---	---

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

*First State Global Resources was switched out into Phillip Money Market Fund.*



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

**Switched out:**

- First State Global Resources

**Switched in:**

- LionGlobal Japan Growth

**Comments:**

- China and Europe, making up approximately 60 percent of world base metal consumption, have been experiencing slowdown in both their economy and manufacturing sector, possibly signaling lower demand and prices for base metals. In addition, with a lack of catalyst for base metals, lower investment demand may further aggravate metal prices, prompting us to downgrade our base metal outlook to underweight.
- We continue to favor Japan equities based on attractive valuation, continued reconstruction efforts and recovery from the natural disaster. As a result, we will be switching out of First State Global Resources and into LionGlobal Japan Growth for the Medium Risk Cash portfolio.

**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%
Fidelity ASEAN Fund	13%	Fullerton Asian Bond	10%
<b>First State Global Resources</b>	<b>10%</b>	Phillip Money Market Fund (Cash Component)	5%

**Table 5: Latest Portfolio Components (as of 1<sup>st</sup> Sep 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%
Fidelity ASEAN Fund	13%	Fullerton Asian Bond	10%
<b>LionGlobal Japan Growth</b>	<b>10%</b>	Phillip Money Market Fund (Cash Component)	5%

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

*First State Global Resources was switched out into LionGlobal Japan Growth.*



**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> Sep 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> Sep 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:**

- First State Global Resources

**Switched in:**

- DBS Enhanced Income

**Comments:**

- China and Europe, making up approximately 60 percent of world base metal consumption, have been experiencing slowdown in both their economy and manufacturing sector, possibly signaling lower demand and prices for base metals. In addition, with a lack of catalyst for base metals, lower investment demand may further aggravate metal prices, prompting us to downgrade our base metal outlook to underweight.
- Equity markets have been increasingly volatile in August and we feel that the downtrend is unlikely to be reversed in September as negative headlines continue to spook investors. As a result, we will be switching out of First State Global Resources and into DBS Enhanced Income, whose focus on good quality, short-term bonds and money market instruments should help to lower the overall risk of the portfolio.

**Table 7: Previous Portfolio Components**

High Risk			
First State Bridge (Core)	10%	<b>First State Global Resources</b>	<b>10%</b>
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%	---	---

**Table 8: Latest Portfolio Components (as of 1<sup>st</sup> Sep 2011)**

High Risk			
First State Bridge (Core)	10%	<b>DBS Enhanced Income</b>	<b>10%</b>
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> Sep 2011  
 Funds are in Singapore dollar share class unless otherwise stated.

*First State Global Resources was switched out into DBS Enhanced Income.*



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

**Switched out:**

- None

**Switched in:**

- None

**Comments:**

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

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

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

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

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



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

**Switched out:**

- None

**Switched in:**

- None

**Comments:**

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

**Table 10: Latest Portfolio Components (as of 1<sup>st</sup> Sep 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%
Aberdeen Global Emerging Markets	13%	UOB United SGD Fund (10% + liquidity component)	15%

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

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



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

**Switched out:**

- UOB United International Bond

**Switched in:**

- Phillip Money Market Fund

**Comments:**

- According to the latest semi-annual report for the period 1<sup>st</sup> Jan to 30<sup>th</sup> June 2011, UOB United International Bond holds 3.29 percent of investment grade and 54.86 percent of non-investment grade bonds using S&P credit rating. Although it was mentioned that the fund will raise its exposure in investment grade and reduce positions in high yield and convertibles, it still has significant exposure in the high yield space and the shift is likely to be gradual. In view of persistent weaker global growth and higher volatility in the equity markets, which are likely to affect high yield bonds, we have decided to switch out of UOB United International Bond and take a more conservative approach by switching into Phillip Money Market Fund for the time being.

**Table 11: Previous Portfolio Components**

Bonds Solutions Portfolio			
Fullerton Asian Bond	18%	<b>UOB United International Bond</b>	<b>10%</b>
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%

**Table 12: Latest Portfolio Components (as of 1<sup>st</sup> Sep 2011)**

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

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

*UOB United International Bond was switched out into Phillip Money Market Fund.*



**Table 13: Portfolio Funds' Performance**

Fund Name	1 Mth Return %	3 Mth Return %	1 Yr Return %	1 Yr Sharpe Ratio
Aberdeen Global Emerging Markets	-10.43	-8.72	-3.73	-0.01
Aberdeen Pacific Equity	-10.50	-9.37	-2.10	0.00
DBS Enhanced Income Fund	0.03	0.29	2.41	5.57
DWS Lion Bond Fund	0.65	1.07	2.52	2.28
Fidelity ASEAN Fund	-10.75	-6.68	3.14	0.48
Fidelity China Focus	-13.16	-15.98	-15.91	-0.03
First State Bridge	-4.69	-3.43	0.38	0.17
First State Global Resources	-16.95	-14.60	3.11	0.23
Templeton Global Total Return A H1 MDis	-2.09	-0.58	10.09	1.46
Fullerton Asian Bond	-0.32	0.42	5.25	2.26
Fullerton Short Term Interest Rate	-0.13	0.46	4.20	5.80
LionGlobal Japan Growth	-14.70	-8.33	-5.71	0.00
LionGlobal Singapore Balanced Fund	-9.53	-8.66	-3.43	0.00
LionGlobal Singapore Fixed Income Investment	1.93	2.89	4.40	1.66
Phillip Money Market Fund	0.04	0.13	0.57	1.81
PIMCO Emerging Markets Bond Fund SGD Hedged	-0.19	1.13	3.02	0.78
PRU Monthly Income Fund A	-2.61	-2.23	3.55	1.01
Schroder Asian Equity Yield	-12.25	-11.05	-2.39	0.02
UOB United International Bond Fund	-8.05	-10.94	-5.69	0.00
UOB United SGD Fund	-1.26	-1.26	2.98	2.38

Source: Financial Express, prices as of 24 Aug 2011  
Funds are in Singapore dollar share class unless otherwise stated.



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