



Bonds Solutions Up, Model Portfolios Down in May

Executive Summary

Portfolio Performance So Far – Model portfolios were all down for the one-month period ending 25th May 2011 with performance ranging from -2.40% to -0.72%. There will be switches made to the portfolio holdings.

Bonds Solutions Update – Bonds Solutions is up 2.18% Year-to-Date, as of 25th May 2011. There will be no amendments to the fund holdings.

Funds' Performance Table – Best performing fund for the one-month period is PRU Monthly Income Fund A, up 1.18%.

Portfolio Performance – Top to Bottom

Performance Rank (Fund Source: Cash)

1. Bonds Solutions Portfolio (up 2.18% Year-To-Date)
2. Low Risk Cash (down 0.46% Year-To-Date)
3. Medium Risk Cash (down 1.63% Year-To-Date)
4. High Risk Cash (down 2.81% Year-To-Date)

Performance Rank (Fund Source: CPF)

1. Low Risk CPF (down 1.93% Year-To-Date)
2. Medium Risk CPF (down 2.56% Year-To-Date)
3. High Risk CPF (down 2.74% Year-To-Date)

Table 1: Model Portfolio Performance (as of 25th May 2011)

	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	-0.54%	-0.58%	-0.26%	-0.34%	-0.18%	-0.25%	0.08%
1 Month	-2.40%	-2.40%	-1.85%	-2.22%	-0.72%	-1.78%	0.65%
3 Month	0.44%	0.64%	0.61%	0.53%	1.49%	0.41%	1.56%
YTD	-2.81%	-2.74%	-1.63%	-2.56%	-0.46%	-1.93%	2.18%
1 Year	8.47%	12.58%	5.25%	7.33%	4.60%	3.55%	5.33%
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%	--
	(Incepted 29 Dec 2006)						(Incepted 4 Jan 2010)

Source: All information from UT Research Team unless otherwise stated



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

Switched out:

- First State Bridge
- DWS Global Agribusiness

Switched in:

- PRU Monthly Income Fund A
- Fullerton Asian Bond

Comments:

- PRU Monthly Income Fund A has better performance and lower volatility as compared to First State Bridge and we will be switching into the better performing fund accordingly. (See Page 9 for more information on the relative performance)
- The Food and Agriculture Organisation of United Nations expressed that wheat and rice productions are likely to recover in 2011 due to expansions in plantings prompted by high prices and more normal weather conditions. With improving productions and possible increase in supply, we expect agriculture prices to remain range bound or experience a correction. Therefore, we switched out of DWS Global Agribusiness into Fullerton Asian Bond to help steady the overall portfolio in view of recent market sell-off. We are positive on Asian bond as their yields are generally higher and more attractive as compared to US Treasuries. In addition, we feel that Asian currencies have upside potentials as currency appreciation is one of the ways in which governments can attempt to tame the high inflationary pressure in the region.

Table 2: Previous Portfolio Components

High Risk			
First State Bridge (Core)	10%	DWS Global Agribusiness	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 China Focus	13%	LionGlobal Japan Growth	10%
First State Global Resources	10%	Phillip Money Market Fund (Cash Component)	5%

Table 3: Latest Portfolio Components (as of 1st June 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 China Focus	13%	LionGlobal Japan Growth	10%
First State Global Resources	10%	Phillip Money Market Fund (Cash Component)	5%

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

2 fund switches were made to the High Risk Cash Portfolio.



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

Switched out:

- First State Bridge
- DWS Global Agribusiness

Switched in:

- LionGlobal Singapore Balanced Fund
- UOB United SGD Fund

Comments:

- We switched out of First State Bridge into LionGlobal Singapore Balanced Fund, which mainly invests into equities listed on the SGX and bonds. Singapore equities are trading at a Price-to-Book value of 1.62, a discount relative to regional peers, and we remain constructive of the local equities outlook at the moment. Moving forward, we feel that the LionGlobal Singapore Balanced Fund can bring potential upside to the portfolio while at a lower risks due to the mix between equities and bonds.
- The Food and Agriculture Organisation of United Nations expressed that wheat and rice productions are likely to recover in 2011 due to expansions in plantings prompted by high prices and more normal weather conditions. With improving productions and possible increase in supply, we expect agriculture prices to remain range bound or experience a correction. Therefore, we switched out of DWS Global Agribusiness into UOB United SGD Fund, which invests mainly into money market and short term interest bearing debt instruments and bank deposits, to help steady the overall portfolio in view of recent market sell-off.

Table 4: Previous Portfolio Components

Medium Risk			
First State Bridge (Core)	10%	DWS Global Agribusiness	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 China Focus	13%	Fullerton Asian Bond	10%
First State Global Resources	10%	Phillip Money Market Fund (Cash Component)	5%

Table 5: Latest Portfolio Components (as of 1st June 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 China Focus	13%	Fullerton Asian Bond	10%
First State Global Resources	10%	Phillip Money Market Fund (Cash Component)	5%

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

2 fund switches were made to the Medium Risk Cash Portfolio.



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

Switched out:

- DWS Global Agribusiness

Switched in:

- Fullerton Asian Bond

Comments:

- The Food and Agriculture Organisation of United Nations expressed that wheat and rice productions are likely to recover in 2011 due to expansions in plantings prompted by high prices and more normal weather conditions. With improving productions and possible increase in supply, we expect agriculture prices to remain range bound or experience a correction. Therefore, we switched out of DWS Global Agribusiness into Fullerton Asian Bond to help steady the overall portfolio in view of recent market sell-off. We are positive on Asian bond as their yields are generally higher and more attractive as compared to US Treasuries. In addition, we feel that Asian currencies have upside potentials as currency appreciation is one of the ways in which governments can attempt to tame the high inflationary pressure in the region.

Table 6: Previous Portfolio Components

Low Risk			
LionGlobal Singapore Balanced Fund (Core)	10%	UOB United SGD Fund	10%
PRU Monthly Income Fund A (Core)	10%	DWS Global Agribusiness	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%

Table 7: Latest Portfolio Components (as of 1st June 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 1st June 2011 Funds are in Singapore dollar share class unless otherwise stated.

1 fund switch was made to the Low Risk Cash Portfolio.



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

Switched out:

- Aberdeen Asian Smaller Companies

Switched in:

- DWS Lion Bond Fund

Comments:

- While smaller capitalisation stocks tend to outperform during economic recovery, they also tend to have higher risk and volatility as compared to large capitalisation stocks. In view of recent market sell-off, we switched out of Aberdeen Asian Smaller Companies to help lower our overall portfolio volatility. We switched into DWS Lion Bond Fund, which has low volatility of 1.03% (1-year) and 1.52% (3-year), which could help steady our portfolio in the coming months.

Table 8: Previous Portfolio Components

High Risk			
First State Bridge (Core)	10%	First State Global Resources	10%
LionGlobal Singapore Balanced Fund (Core)	10%	Aberdeen Asian Smaller Companies	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 9: Latest Portfolio Components (as of 1st June 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%	---	---

1 fund switch was made to the High Risk CPF Portfolio.

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



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

Switched out:

- First State Global Resources

Switched in:

- LionGlobal Singapore Fixed Income Investment
- DWS Lion Bond Fund

Comments:

- Inflationary pressure in China remains high and we foresee more tightening measures to come in future months. Possible further tightening could dampen investments in construction projects, cooling demand for base metals moving forward. As a result, we switched out of First State Global Resources and allocated it equally into DWS Lion Bond Fund and LionGlobal Singapore Fixed Income Investments. Both DWS Lion Bond Fund and LionGlobal Singapore Fixed Income Investments generated positive yearly returns over the past 5 years with a 5-year annualised volatility of 1.42% and 2.36% respectively.

Table 10: Previous Portfolio Components

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

Table 11: Latest Portfolio Components (as of 1st June 2011)

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

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

1 fund switch was made and the allocation percentage was adjusted for the Medium Risk CPF Portfolio.



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

Switched out:

- First State Global Resources

Switched in:

- LionGlobal Singapore Fixed Income Investment
- DWS Lion Bond Fund

Comments:

- Inflationary pressure in China remains high and we foresee more tightening measures to come in future months. Possible further tightening could dampen investments in construction projects, cooling demand for base metals moving forward. As a result, we switched out of First State Global Resources and allocated it equally into DWS Lion Bond Fund and LionGlobal Singapore Fixed Income Investments. Both DWS Lion Bond Fund and LionGlobal Singapore Fixed Income Investments generated positive yearly returns over the past 5 years with a 5-year annualised volatility of 1.42% and 2.36% respectively.

Table 12: Previous Portfolio Component

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

Table 13: Latest Portfolio Components (as of 1st June 2011)

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

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

1 fund switch was made and the allocation percentage was adjusted for the Low Risk CPF Portfolio.



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

Switched out:

- None

Switched in:

- None

Comments:

- We believe that the Bonds Solutions Portfolio is adequately positioned and no fund change is required at the moment.

Table 14: Latest Portfolio Components (as of 1st June 2011)

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%

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

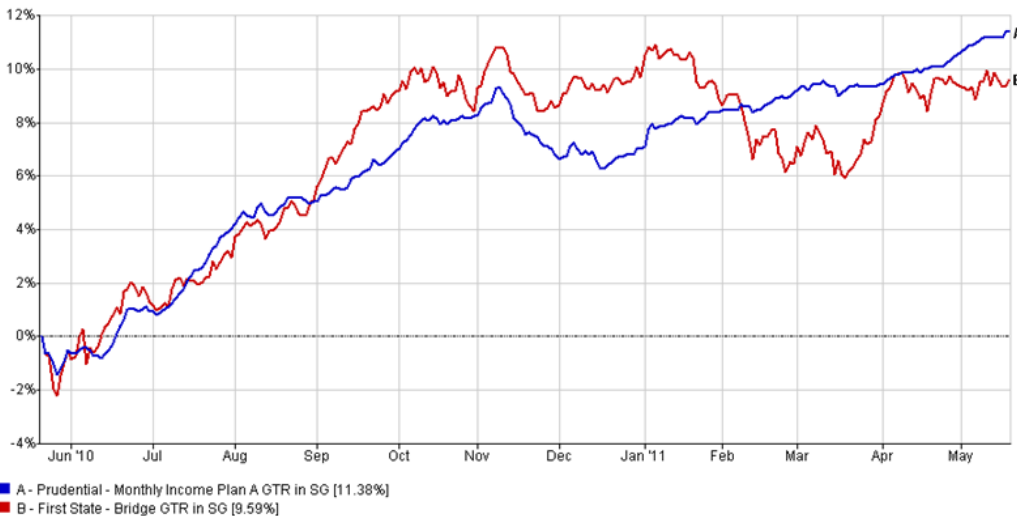
No change was made to the Bonds Solutions Portfolio.



Why We Switch Out of First State Bridge into PRU Monthly Income Fund A?

- In the 1-year period, PRU Monthly Income Fund A had better return and less volatility as compared to First State Bridge. (Chart 1)
- Performance of First State Bridge has been lagging behind PRU Monthly Income Fund A over the previous 1-month, 3-month, YTD, 1-year and 3-year periods. (Table 15)
- In terms of risks and risk-adjusted returns, PRU Monthly Income Fund A outperformed First State Bridge in terms of 1-year and 3-year period. (Table 16)

Chart 1: 1-Year Performance Comparison Chart*



20/05/2010 - 19/05/2011 © Financial Express 2011

Table 15: Performance Comparison*

Fund	1 Mth %	3 Mth %	YTD %	1 Yr %	3 Yr %
First State Bridge	0.47	1.72	-0.11	9.59	3.15
PRU Monthly Income Fund A	1.18	2.39	4.08	11.38	6.36

Table 16: Risk and Risk-adjusted Return Comparison*

Fund	1 Yr Max Drawdown %	1 Yr Volatility %	3 Yr Volatility Ann. %	1 Yr Sharpe Ratio	3 Yr Sharpe Ratio Ann.
First State Bridge	-4.14	6.01	10.56	1.63	0.29
PRU Monthly Income Fund A	-2.28	2.97	9.22	3.9	0.65

*Source: Financial Express, as of 23rd May 2010, unless otherwise stated



Table 17: Portfolio Funds' Performance

Fund Name	3 Mth Return %	1 Yr Return %	3 Yr Ann. Return %	1 Yr Sharpe Ratio
Aberdeen Global Emerging Markets (CPF OA)	1.96	15.09	4.71	1.08
Aberdeen Pacific Equity (CPF OA)	2.06	18.96	4.58	1.65
DBS Enhanced Income Fund (CPF OA)	0.82	2.99	1.82	5.85
DWS Lion Bond Fund (CPF OA)	1.26	3.2	3.62	2.29
Fidelity China Focus (CPF OA)	1.72	5.54	0.27	0.5
First State Bridge (CPF OA)	2.13	11.26	3.45	1.63
First State Global Resources (CPF OA)	-5.31	28.18	-6.84	1.43
Templeton Global Total Return A H1 MDIS	3.86	17.7	---	2.84
Fullerton Asian Bond	2.84	10.88	---	3.81
Fullerton Short Term Interest Rate	1.42	6.04	---	6.66
Lion Global Japan Growth (CPF OA)	-9.29	0.88	-6.73	0
LionGlobal Singapore Balanced Fund (CPF OA)	2.42	11.52	2.54	1.58
LionGlobal Singapore Fixed Income Investment (CPF OA)	2.29	4.6	4.63	1.58
PRU Monthly Income Fund A	2.19	13.01	6.53	3.9
Schroder Asian Equity Yield	3.74	18.45	-1.48	1.52
UOB United International Bond Fund	2.74	8.57	4.29	2.84
UOB United SGD Fund (CPF OA)	1.28	5.99	6.19	6.27

Source: Financial Express, as of 25th May 2011
Funds are in Singapore dollar share class unless otherwise stated.



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