

# INVEST TALK

A quarterly newsletter by UOB Investment Services Division



April 2003 Issue

## GROW Your Fixed Deposits With **FIXED** DEPOSITS PLUS

Over the past 3 years, the stock market has been yielding negative returns for investors. Additionally, interest rates have also been moving south. Faced with the present gloomy economic environment, there is a need to invest in a product which can protect your principal and yet help to keep up with inflation under current low interest rate environment.

### A PRODUCT THAT PAYS FIXED INTEREST RATE

THAT IS COMPARABLE TO CURRENT FIXED DEPOSIT RATE.

ONE THAT **PROTECTS YOUR PRINCIPAL** AND,  
AT THE SAME TIME, **ACHIEVES A POTENTIAL BONUS INTEREST.**  
**SOUNDS GOOD** BUT DOES SUCH A PRODUCT REALLY EXIST?

Yes! UOB is pleased to offer you a new structured deposit: the UOB Fixed Deposit Plus. This is THE solution for depositors who wish to receive a stream of interest payments while protecting their principal at maturity and yet enjoy potential stock appreciation, all at the same time!

As the name suggests, UOB Fixed Deposit Plus has the features of a regular fixed deposit with an added advantage. So, how does it work?

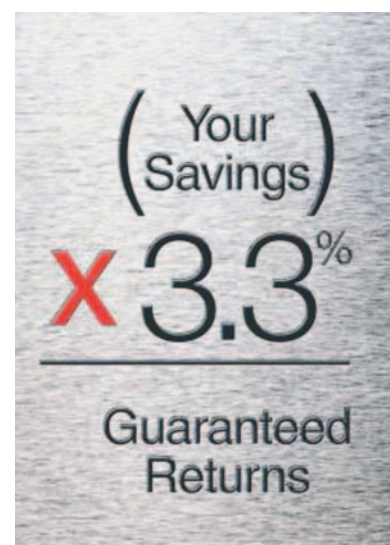
Simply, it provides a steady stream of interest while giving depositors an opportunity to earn a potential bonus interest at maturity by participating in the upswing of the world's largest 50 companies, based on Dow Jones Global 50 Titans Index<sup>SM</sup>\*\*.

UOB Fixed Deposit Plus is a 5-year Singapore Dollar Fixed Deposit Account that lets you enjoy:

- Guaranteed annual interest payment of 1.65% p.a. for the first 2 years
- Potential bonus interest of up to 104.7%\* on maturity (refer to Table)
- 100% guarantee of your principal on maturity
- No management or sales fees
- Option to apply for an overdraft facility (up to 90% of your deposit or S\$1 million, whichever is lower)

You can start a UOB Fixed Deposit Plus with as little as S\$5,000.

Period	UOB Fixed Deposit Plus
Year 1	1.65% p.a.
Year 2	1.65% p.a.
Year 3	0
Year 4	0
Year 5	Potential bonus interest of up to 104.7%*
<b>Total interest</b>	<b>3.3% to 108%*</b>



\* Based on a participation rate of 45%. The exact participation rate, from 30% to 45%, will be determined by the Bank on the Deposit Start Date. Actual bonus interest will depend on the performance of the underlying Index.

\*\*Relating to the Dow Jones Global Titans 50 "Dow Jones," "Dow Jones Global Titans 50 Index<sup>SM</sup>" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by the Bank. The Bank's UOB Fixed Deposit Plus based on the Dow Jones Global Titans 50 Index<sup>SM</sup>, is not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in such a product.

### Disclaimer

The above is provided to you for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or to buy the above product. UOB has not taken any steps to ensure that the product is suitable for any particular investor. As such, it is recommended that you consult an independent investment advisor if you are in doubt about such a product. Nothing herein constitutes investment, legal, accounting or tax advice, or a representation that any investment is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you.



Make a **wise investment** decision today! See **LATEST PROMOTIONS** for **UOB Fixed Deposits Plus** Promotion Offer. Hurry! Valid only till 3 May 2003.

# Protecting Your Family Finances Against Disabilities



are you fully prepared?

It is natural to jump to the rescue of our loved ones in times of trouble or distress. We would always want to care and be there for them.

However, many of us do not plan ahead and do not realize the serious impact on our loved ones should we get struck down by mishaps or accidents. When this happens, we can no longer take care of them or provide for them.

Ideally, you would want your loved ones to continue to live with as little disruption as possible despite of it all.

**AN ACCIDENTAL INJURY**  
CAN SERIOUSLY INCAPACITATE A PERSON,  
REMOVING THE PERSON'S ABILITY  
TO WORK FOR **A PERIOD OF TIME**  
OR EVEN FOR **THE REST OF HIS LIFE.**

But that's only the beginning: The cost associated with an injury would not be immediately apparent. There are the immediate medical costs, which cover the doctor's fees, surgery fees, hospitalization fees etc. There are also the ancillary costs for physiotherapy, nursing care and adjustment of accommodation costs etc. Other costs, such as maintenance cost, living expenses of the family must also be calculated if you are the sole bread earner for the family.

How do you ensure that your family and loved ones have enough to live on? Consider a protection plan to cover yourself against accidental disabilities.

The UOB Life Family Protector Plan provides a comprehensive accident protection for you in the event of hospitalization, disability or death at an affordable monthly rate of S\$11.16 and S\$22.32 for standard plan and premier plan respectively. For hospitalization, this plan will pay a maximum of S\$150 per day, up to 730 days.

Alternatively, you may consider a family package that would cover your spouse at 50% of the original benefit, while each of your children is covered for 10%.

On top of these, the UOB Life Family Protector Plan also offers an added benefit which provides your family and yourself with a double coverage when traveling overseas\*.

For more enquires on the premium and coverage, please refer to the tables below.

BENEFITS	Premier Plan	Standard Plan
Accidental Death	\$250,000	\$125,000
Total and Permanent Disability	\$250,000	\$125,000
Permanent Disability:		
- loss of two limbs	\$250,000	\$125,000
- loss of two limbs	\$250,000	\$125,000
- loss of sight of both eyes	\$250,000	\$125,000
- loss of one limb and sight of one eye	\$250,000	\$125,000
- loss of one limb	\$125,000	\$ 62,500
- loss of one eye	\$125,000	\$ 62,500
Hospital Cash Allowance per day up to a maximum of 730 days	Up to \$150	Up to \$75

PREMIUM	Premium (excluding GST)			
	Premier Plan		Standard Plan	
	Monthly	Yearly	Monthly	Yearly
Self (Life Assured Only)	\$22.32	\$255.00	\$11.16	\$127.50
Self and Spouse	\$31.80	\$363.40	\$15.90	\$181.70
Self and Children	\$25.44	\$290.70	\$12.72	\$145.35
Self, Spouse and Children	\$34.14	\$390.15	\$17.07	\$195.10



Take the step to ensure that your loved ones have enough to live with today!

Speak to any UOB Personal Bankers or call 1800 22 22 121 and ask about the UOB Life Family Protector Plan.

\* With the exception of Malaysia and Brunei.

# Equity and Bond Markets

## Outlook for Q2, 2003

CURRENT QUARTER OUTLOOK				KEY REASONS FOR CURRENT MARKET OUTLOOK
REGION/SECTOR	Under-weight	Neutral	Over-weight	
<b>EQUITIES</b>				
US	■			<ul style="list-style-type: none"> <li>Business environment remains weak as evident from the loss of 308,000 jobs in February - the biggest loss since the terrorist attacks in 2001.</li> <li>A protracted war with Iraq could potentially disrupt oil supplies and spark retaliatory attacks by terrorists. This would, in turn, hurt consumer and business sentiments and exert further downward pressure on the economy.</li> <li>However, the government's determination to push ahead a US\$726 billion tax cut package and possible rate cuts by the Fed should lend support to the economy.</li> </ul>
EUROPE			■	<ul style="list-style-type: none"> <li>The EU grew by 0.8% last year, compared to more robust growth of 1.4% the previous year. Its economic growth has been largely affected by weaknesses faced by its main economies - Germany and France.</li> <li>In the short term, poor economic or political news flow could leave these higher beta markets vulnerable to growing risk aversion. However, these markets are expected to outperform in a bear market rally.</li> <li>ECB has reduced interest rates by a quarter percent. Although the rates cut was less than expected, the action signaled the central bank's willingness to act decisively to sustain the EU economy despite its policy to keep inflation in check.</li> <li>* In terms of valuation, European markets are relatively more attractive compared to other markets such as the US markets.</li> </ul>
JAPAN		■		<ul style="list-style-type: none"> <li>Recent market weakness saw the Nikkei 225 Index dived below 8000 level - a 20 year low.</li> <li>Despite offering good value, the Japanese market remains overshadowed by subdued global economic growth expectations as well as a deteriorating domestic demand outlook.</li> <li>Deflationary pressures continued to persist and there are fears that the US-led war with Iraq could derail the Japanese economy from its road to recovery.</li> </ul>
ASIA EX JAPAN			■	<ul style="list-style-type: none"> <li>Given current relatively low valuations, the Asian markets should have already discounted much of the risks relating to a prolonged global economic slowdown and downside from current levels should therefore be limited.</li> <li>China, in particular, continues to be supported by strong domestic demand and capital investment. In the first two months of the year, actual foreign direct investment rose 53.6% as compared to a year ago.</li> <li>Asian economies are highly geared to a global market recovery and will benefit the most from improving economic conditions.</li> <li>However, tensions in the Korean Peninsula, the US-led war with Iraq and fears of a surge in oil prices are some of the concerns that may hinder any immediate upside to these Asian markets.</li> </ul>
EMERGING MARKET			■	<ul style="list-style-type: none"> <li>Valuations are low in relative and absolute terms and long-term economic prospects in Asia and Eastern Europe looks excellent.</li> <li>Emerging markets are expected to benefit most from the global economic recovery.</li> </ul>
<b>BONDS</b>				
GLOBAL	■			<ul style="list-style-type: none"> <li>The good performance of government bonds last year is not expected to be repeated in 2003.</li> <li>With new issues from governments that have growing funding requirements, this is likely to put pressure on the prices of government bonds.</li> <li>Also, yields are likely to move higher (hence, lower bond prices) when geo-political issues are resolved and economic uncertainty abates.</li> </ul>
US	■			<ul style="list-style-type: none"> <li>Valuations of US bonds are relatively less attractive as the benchmark Treasury 10- year yield dropped below 4%.</li> <li>Corporate bonds and mortgages offer better prospects as the profit taking in corporates never materialised and there is enormous cash flow into corporates.</li> <li>However, the sector can be highly responsive to investor sentiment and if there are any unexpected surprises they could fall.</li> <li>Given the weakness in the equity markets and Middle East tensions, investors should continue to seek safe haven in bonds.</li> </ul>
EUROPE			■	<ul style="list-style-type: none"> <li>European bonds, as compared to the US bonds, look relatively good value.</li> <li>Likewise, corporate bonds offer better prospects than sovereign bonds although the accounting scandal in Ahold has put a damper on the market rally.</li> </ul>
ASIA		■		<ul style="list-style-type: none"> <li>The Asian region has not been adversely affected by sharp falls in global equity markets given the resilient currencies and economic growth profiles.</li> <li>Economic fundamentals of the Asian economies should lend support to bonds.</li> </ul>

# An Interview with the Fund Manager of UOB GLOBAL BOND FUND

UOB Asset Management recently won an award for the best performing global bond fund over one year at the Singapore Investment Awards 2002. This award was given to United Global Bond Fund (S\$), for outperforming its peers within the same category.

In this issue, we speak to **Mr Yip Shee Keen**, **Senior Portfolio Manager** for the fund to obtain greater insights and the outlook ahead.

## How important is bond allocations in an investor's portfolio?

Fixed Income allocation is recommended for most investors. There is a wide spectrum of fixed income products to suit every type of investor. Risk averse investors can buy into high quality bond funds (like the United Global Bond Fund) investing in the debt of major developed countries like the US and European governments and companies. This would probably be suitable for the average investor who has a long-term objective seeking to improve returns on cash and offset to more risky assets (stocks).

Most importantly, the right fixed income funds can provide an offset to most volatile assets (like stocks). For most investors, it is more a function of what type and how much rather than none. However, a bond fund's value can go up and down, just like an equity fund.

The last three years had been difficult for equity investors while money market and bond funds have benefited from the re-allocation into this less volatile asset class. The last three years' performance of the bond funds would hopefully remind investors the importance of balance between risk and return. Concentration into one asset is a high risk approach that requires lots of attention.

Asset allocation is an important step to ensure that your financial objectives are adequately addressed. It has to be periodically reviewed as asset prices can go up and down; bond fund performance is no different. It is certainly worth the effort to thoroughly examine and plan your asset allocation carefully at all times, not just the difficult times.

## Are there more aggressive bond funds?

More aggressive investors can buy into high yield bond funds which are debt issued by companies who are just starting out or highly leveraged. Most bond funds also pay a dividend similar to equity funds. We manage a few bond funds and thus the investor can choose what type of bond exposures that he feels comfortable with.

## Since the fund launch date, the fund has not beat the benchmark. Could you elaborate on that?

In the past, we have employed an investment strategy which was more active and took frequent deviations against the benchmark. We have since adopted a more benchmark orientated approach with opportunistic active management. The benchmark is appropriate as our intention was to provide investor with a vehicle to participate in high quality global bonds. This has not changed. The fund is suitable for risk-averse investors seeking exposures in this area. We have other bond funds for investors with a greater risk appetite.

## With interest rates so low, is the bond rally over?

Interest rates have dropped to current low levels due to the economic slow-down which started in late 2000. It is possible that we might be close to the end of the positive interest rate markets that has lasted almost 3 years. Financial markets are forward looking and hence interest rate might rise in anticipation of economic growth. The rise in market interest rates would be very much determined by the strength of the economic recovery which we expect to be anemic until next year.

However, the outlook for the global economic outlook remains anemic as long as capital spending plans are subdued. Low inflation, healthy productivity growth, large spare manufacturing capacity means that there is no pressure for interest rates to rise sharply. The world central banks can also afford to be patient to ensure that the economic recovery gains a more secure footing in the current environment.

## What is your outlook for the fund?

To repeat the past performance would definitely be challenging with market interest rates being so low. We would definitely strive to do our best for our investors. With our subdued outlook on the global economy and the uncertainties in the Middle East, we are positive on the fund's outlook and would advise investors to allocate part of their funds into high quality bond funds. As discussed earlier, the investor should decide the type and how much to allocate to fixed income funds.



UOBAM emerged as the **top winner** at this year's Standard & Poor's Investment Fund Awards 2003 and the Investment Fund Awards 2002. See **UOB Updates** for the full write-up.



latest  
PROMOTIONS

## 1 **FIXED** DEPOSITS PLUS Promotion

On top of the distinct benefits of UOB FIXED DEPOSITS PLUS, here's another reason why you should not miss out on this great investment opportunity. From 31 March 2003 till 3 May 2003, for every S\$10,000 deposit in the UOB Fixed Deposit Plus (Series 1), you will receive a S\$10 Tangs shopping voucher.\* Treat yourself for making a wise investment decision today!



For more details, speak to our UOB Personal Bankers at any UOB Group Branch or call 1800 22 22 121.

\* Terms and conditions apply.

## 2 **UOB Life Single Premium Promotion**

Get the most out of your hard-earned money! If you have some money to spare, why not make your money work harder for you by investing in UOB Life's Single Premium Plans?

And now, you can get additional rewards if you invest in either UOB Life Maxi Dollars (S\$) Plan or Guaranteed Rewards Plan. Simply invest in these Single Premium Plans before 31st May 2003 and you will receive a S\$10 Robinsons shopping voucher for every S\$20,000 invested\*\*.



For further details on the plans and promotion, visit any UOB Group branches or call 1800 22 22 121. Hurry, grab the shopping vouchers as promotion is on for a limited period only!

\*\*Shopping vouchers can be used in conjunction with Robinsons' storewide 15% discount promotions.

$$\left( \text{Your Savings} \right) \times 3.3\% = \text{Guaranteed Returns}$$

### UOB Fixed Deposit Plus

With guaranteed returns of 3.5% and the potential to double your initial deposit amount by 104.5%, UOB Fixed Deposit Plus delivers the winning formula.

### UOB Life Guaranteed Rewards Plan

### UOB Life Maxi Dollars

UOB  
UPDATES

# UOBAM Wins Top Honours

UOB Asset Management recently emerged as the top winner at this year's two annual fund awards, namely the Standard & Poor's Investment Fund Awards 2003, where they bagged 5 out of 22 awards, and the Investment Fund Awards 2002, where they won another 10 out of 33 awards. UOBAM's funds outperformed their peers, based on a relative risk-adjusted ratio method that evaluates a fund's performance adjusted for volatility relative to other funds in its peer group.



Daniel Chan (right), Chief Investment Officer of UOB Asset Management, receiving 10 awards from Mr Hsieh at Investment Fund Awards Dinner.

For the award winning funds, please refer to the table below on the list of their awards:

### Singapore Standard & Poor's Investment Funds Awards 2003

Funds	Awards
United Asia Fund	· Best Performing Equity Asia Pacific ex Japan Fund over Ten Years
United Greater China Fund	· Best Performing China Equity Fund over Five Years
United International Growth Fund	· Best Performing Equity Global Fund over Five Years
United Global Technology Fund	· Best Performing Sector -TMT Global Fund over Three Years
United Millennium Trust I	· Best Performing Asset Allocation Global Neutral Fund over Three Years

### Singapore Investment Fund Awards 2002

Funds	Awards
United Growth Fund	· Best Performing Singapore Equity Fund over Ten Years
United Regional Growth Fund	· Best Performing Asia Pacific Equity Fund over Five Years
United International Growth Fund	· Best Performing Global/Global Emerging Market Equity Fund over Five Years
United Japan Growth Fund	· Best Performing Japan Equity Fund over Five Years
United Greater China Fund	· Best Performing Greater China Equity Fund over Five Years
United Gold & General Fund	· Best Performing Specialist Equity (Others) Fund over One Year
	· Best Performing Specialist Equity (Others) Fund over Five Years
	· Best Performing Fund Special Award over Three Years
United Global Bond SGD Fund	· Best Performing Global Bond Fund over One Year
UOB Optimix Asian Bond Fund	· Best Performing Asia Pacific Bond Fund over One Year

UOBAM maintains its standing as Singapore's most awarded fund manager for the seventh year running, bringing its total number of awards won to 51 since 1996. This stellar achievement is attributed to a research-intensive approach, and sticking to fundamentals to uncover values in the market.

# 大 华 银 行 定期存款助长计划 助 您 的 定 期 存 款 茁 壮 成 长

过去 3 年来，股票市场投资者皆获得负收益，而存款利率也不断地往下调。在目前经济前景不明朗的情况下，您的投资不仅必须为本金提供保障，也应承受得了现有低利率环境下的通货膨胀。

现在，就有一项**投资产品**能满足您的这个期望。  
它提供**媲美**目前定期存款**利率的利息**，  
**给予本金保障**，  
**同时还有赚取红利的潜能**。

它就是大华银行推出的全新定期存款——大华银行定期存款助长计划。这是专为那些期望赚取稳定利息，并在期满时享有本金保障与潜在增值的投资者而设的投资产品。

正如其名所示，大华银行定期存款助长计划所提供的，不仅是一般定期存款，还添加了一系列额外的好处。它到底是如何的运作呢？

很简单。大华银行定期存款助长计划一方面能够提供稳定的利息收入，另一方面又能让投资者有机会参与道琼斯 Global Titans 50 指数SM\*\*所挑选出来的全球 50 家最大机构的增长，赚取潜在的红利。

为期5年的大华银行定期存款助长计划新元定期存款可让您享有以下的好处：

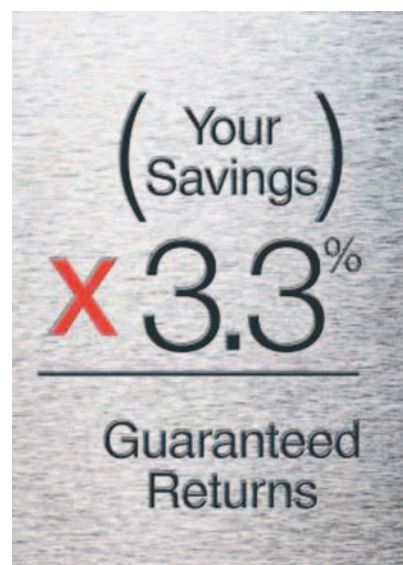
- 首2年能保证每年获得1.65%年利
- 在期满时，潜在红利可高达104.7%（参照下表）
- 保证在期满时取回全额本金
- 无须管理或销售费
- 可选择申请透支（高达存款额的90%或一百万新元，视何者较低而定）。

只需区区 \$5,000 新元，您就可开立大华银行定期存款助长计划户头。

年期	大华银行定期存款助长计划
第一年	1.65% 年率
第二年	1.65% 年率
第三年	0
第四年	0
第五年	高达 104.7%* 潜在红利
总利息	3.3% 至 108%*

\* 根据 45% 参与率计算。实际的参与率可从 30% 升至 45%，由银行根据存款开始日期而决定。实际的潜在红利取决于稳定指数的表现。

\*\*关于道琼斯 Global Titans 50 指数。“道琼斯”、“道琼斯 Global Titans 50 指数”为 Dow Jones & Company, Inc. 的服务商标，银行获准在特定用途下使用。以道琼斯 Global Titans 50 指数为根据的大华银行定期存款助长计划并非由道琼斯赞助、保证、代售或促销，道琼斯也不对投资有关产品的可取性做出陈述。



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Published by  
**UOB Investment Services Division,  
Personal Financial Services Sector**  
United Overseas Bank Limited,  
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80 Raffles Place, #14-05, UOB Plaza 1,  
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Printed by  
**KHL Printing Co Pte Ltd**

Designed by  
**Mentalworks**

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