INVESTALK

JUL - AUG 2005

MITA (P) 092/07/99

WHAT'S IN

Ask any Singaporean today if he has an insurance product, and chances are he'll say "Yes". According to national statistics*, the average Singaporean has 2.6* insurance products However, they are sadly under-protected. How is this so?

Although most people have purchased a policy, a very small fraction of the plans adequately cover their protection needs. The average life cover of a person is $70,000*, about twice their average earnings – this coverage is insufficient and most of the time, their family needs to lower its living standards. Most Singaporeans equate buying an insurance product with having sufficient insurance coverage, and therefore conclude that they are adequately protected. This is a misconception. What they do not realise is that many insurance products, have a large savings component and may not offer sufficient protection coverage, leaving a person with many policies but insufficient protection coverage.

To address this, term insurance is the most effective and value-for-money insurance cover, which purely offers protection coverage. The premiums are more affordable than other insurance products, approximately 10% of the cost of other types of insurance, plus you get higher levels of protection coverage, allowing you to manage your savings separately.

Planning and catering for one's hospitalisation and critical illness are also essential, given the hectic lifestyles Singaporeans face. With rising medical costs, this is an area we cannot afford to ignore or neglect.

With a thorough approach and method to identify his needs and work out the relevant plans, a person can be assured there are no gaps in his wealth management plan. Realistically, with today's lifestyle, rising costs of living and inflation, that $70,000 "inheritance" will not last for very long or even be enough, given the debts Singaporeans generally have - a home loan, credit cards, car repayments and more. The rule of thumb is to insure yourself for 7 to 10 times of your annual income to ensure that you are adequately covered.

Understanding the need for protection is the first step to protecting yourself. More importantly, you must understand and agree on the level of protection needed based on your objectives, and this is where the services of an adviser are important. Take time today to review your protection plans with an adviser. It's important for your life and your family's future.

Source: *Figures provided by individual companies and compiled by NTUC Income Insurance Cooperative Limited.

PUBLISHED BY
Investment Services 1•2•1 Banking Division, Personal Financial Service, United Overseas Bank Limited
80 Raffles Place, #14-05, UOB Plaza 1 S(048624)
Company Reg. No. 193500026Z

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PRINTED BY
DSmart Print

DESIGNED BY
Tien Advertising Pte Ltd

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United for Growth

UNCOVER opportunities with the United Global IPO Fund

UNITED GLOBAL IPO FUND

Some of the best investment opportunities emerge when markets seem uncertain. Not uncommonly, these are found in IPOs and recently listed companies. When companies are first listed on the market, relatively little is known about them and they can sometimes be mispriced, particularly during times of market uncertainty. However, individual investors may not have the resources to quickly discern these opportunities to take advantage of such mispricing. UOB Asset Management believes that it is possible, through an intensive and rigorous research process, to uncover these unique investment opportunities in the global IPO market.

Global Opportunities

The global IPO market is being driven by the vigorous growth of emerging economies, especially in Asia, and investment rewards in this market have the potential to be significant. Such opportunities can be uncovered at various stages of the IPO process. Each stage offers its own distinctive dynamics, from the period just before a company goes public (Pre-IPO) to the IPO placement itself and through the first subsequent years of listing (Post-IPO). At each stage, there may be prospects for taking advantage of market inefficiencies. As such, the United Global IPO Fund ("the Fund") is not just an "IPO investment". Instead, it invests in a diverse set of IPO related asset classes.

As IPOs are inherently risky, the Fund's investments are spread globally and risk is managed through diversification. The Fund may also hold cash or be temporary invest in global interest bearing instrument if there are no suitable investment opportunities.

Fund Performance

Since its launch in December 2004, the Fund has returned 8.29%[1] on a bid-bid basis (3.13%[2] based on offer-bid) outperforming its benchmark by 2.89%[3]. The performance of the Fund is benchmarked to an absolute return of 6% p.a.[4]

Invest from now to 30 Aug 2005 and enjoy discounts on your investment. (Discounts in the form of bonus units)
For more information on the United Global IPO Fund, visit any UOB Group branch and speak to our Personal Bankers today. Call 1800 22 22 288 (24-hours) or visit www.uobgroup.com, and let us help you make sense of money.

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Footnotes:

1. Source: Lipper. Based on bid-bid (not taking into account the sales charge), in S$, from launch to 31 May 2005. Performance figure reflects the percentage change.
2. Source: Lipper. Based on offer-bid (taking into account the sales charge), in S$, from launch to 31 May 2005. Performance figure reflects the percentage change.
3. The benchmark of the Fund of 6% p.a. has been pro-rated and calculated from launch to 31 May 2005.
4. The absolute return benchmark of the Fund of 6% p.a. is not in any way a forecast or projection of the performance of the Fund and there can be no assurance that the Fund will meet or outperform its benchmark.

EXTENSION of waiver of SRS charges

The waiver of all supplementary retirement scheme (SRS) transactions charges will be extended till 31 Dec 2005. Charges for Interbank Transfer of Accounts and Cancellation Trades will continue to apply.

TYPES OF TRANSACTION	CHARGES
Purchase, Sale and Service Charge incurred for Share, Loan Stocks, Unit Trust, Fixed Deposits, Fund Management Account, Insurance Policies, Singapore Government Securities, Statutory Board Bonds, Bonds guaranteed by Singapore Government and Gold.	Waiver of SRS Charges till 31 Dec 2005
Interbank Transfer of Accounts	S$3 per 1,000 shares/units or part thereof subject to a max. of $30 and $3 per counter for other investments
Cancellation of trades	S$5 to process each failed transaction

***Note:** These charges are subject to the Bank's discretion.

For further enquiries on waiver of SRS charges, please contact us at 1800 538 8011/ 8022.

FINANCIAL 101: financial glossary

Financial 101 provides you with a better understanding of commonly used financial terms.

Annualised Returns
Refers to the average annual percentage growth over a period of time.

Net Asset Value
Refers to the market value of a fund share. To calculate the NAV, the fund first adds the market value of all securities owned to the value of any other assets. After subtracting all liabilities, the result is divided by the total number of outstanding shares.

Volatility
Refers to the degree to which a unit trust's share price will change in value.

WINNERS of InvestTalk Quiz

Congratulations to our 3 lucky winners in our last InvestTalk Quiz. Here are the names of the winners:
(1) Fung Kit Mun, S7128878. (2) Evelyn Yee Lye Yoke, S1706076 (3) Ong Hui Keng, S7535929
All winners have been notified by post.

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This plan is underwritten by American International Assurance Company Limited.

Footnotes: 1. This plan is designed to be held to maturity, with an effective annualized rate of return of 2.8% per annum at maturity at the end of the 10-year investment period. A surrender charge will apply if the plan is surrendered before maturity. Returns has been rounded to one decimal place. 2. Under the present Singapore tax laws, proceeds of a personal life insurance policy are not subject to income tax. 3. Terms and conditions apply. Vouchers are available while stocks last. Gifts are not exchangeable for cash. UOB reserves the right to replace the gifts without prior notice.

Disclaimers: Buying a life insurance policy is a long-term commitment. An early termination of the policy usually involves high costs and the surrender value payable if any, may be less than the total premiums paid. The precise terms and conditions of the plan are specified in the policy contract. The above is for your information only and does not have any regard to your specific investment objective, financial situation and any of your particular needs. You may wish to seek advise from a financial adviser before making a commitment to purchase the products. In the event that you chose not to seek advise from a financial adviser, you should consider whether this product in question is suitable for you.

GLOBAL Equity Strategy – Stuck In Consensus?

Tony Dolphin
Henderson Global Investors

According to the latest Merrill Lynch fund managers' survey regions favoured by participating fund managers from across the globe are emerging markets, Japan and Europe. The US continues to be less favoured, as is the UK.

We do not share the consensus view in all respects. We are also positive on Europe and underweight UK equities, but we currently favour the US, have an underweight position in emerging market equities and have recently turned neutral on Japan.

Europe

Why are we positive on European equities despite the region's poor economic growth record? We are currently seeing strong earnings growth in the region as a result of restructuring and cost cutting initiatives. Germany is leading the way with companies taking action where successive governments have failed to do so, and now there is the prospect of a general election that seems likely to favour reformist parties. There is also the emergence of Eastern Europe as a low cost solution for many European companies. This is providing both a welcome boost in investment for this developing region but it's also a source of cheap labour across the whole of Europe.

UK

We also agree with consensus on the UK equity market. Higher interest rates have led to a drop in housing transactions, and a moderation in house price inflation, which will in turn reduce the level of available financing from housing backed loans. This has already led to weaker spending on big-ticket items (cars, white goods etc.) and it appears now to be causing more general weakness in consumer spending.

Japan

Investors see Japanese equities as a major beneficiary of a cyclical upturn in the global economy. However, weak domestic spending in Japan and a slowdown in global manufacturing have left the market languishing and investors are now left praying for a structural renaissance in the economy, something that is proving rather illusive. The equity market has disappointed for too long now and is best avoided until there are signs that the global economy is making headway.

US

US corporate earnings growth for the first quarter of 2005 averaged 15%[1] year-on-year. Margins are high but companies continue to find ways to widen them further and so boost profits. The US equity market's P/E ratio is near the bottom of its recent trading range. There are risks, and these lie with the consumer and the housing market. But while employment growth continues in excess of 1.5% a year and the fiscal environment remains relatively accommodative the downside risks to consumer spending are limited.

Emerging Equity Markets

Emerging equity markets have excellent long-term potential for strong investment returns. However, there are two key reasons for being cautious about emerging markets in the short-term: their dependence on the global industrial production cycle and the activities of speculative investors, including hedge funds. Global emerging markets are highly correlated with the global industrial cycle and Asian markets, in particular, are especially vulnerable to its fluctuations since the 1997/98 "Crisis". It is better to be buying these markets when news flow is improving, not at times like now when it is relatively downbeat. Meanwhile, speculative investors have been heavily invested in emerging markets, financing their investments with an abundance of cheap financing thanks to low US interest rates. As US rates rise, there is the risk these investors reduce their positions to the detriment of these markets.

Fund managers have been overweight Asia and emerging markets and underweight the US for as long as we can remember. At times this will be the right strategy, but we believe that this is the wrong point in the economic cycle for such a configuration. The time to sell US equities and buying emerging markets will be when the global industrial production cycle picks up, which may not be until late this year or in 2006.

Source: 1.Standard and Poors **Disclaimers:** This document has been produced based on the research and analysis of Henderson Global Investors and represents the views of Henderson Global Investors. The contents in this document are for information only and should not be construed as a recommendation to buy or sell any investment product. The contents of this document are without consideration to the specific investment objective, financial situation and particular needs of any specific person. Whilst Henderson Global Investors believe that the information is correct at the date of production, no warranty or representation is given to this effect and no responsibility can be accepted by Henderson Global Investors to anyone for any action taken on the basis of the information. No reliance may be placed for any purpose on the information and opinions contained in this document or their accuracy or completeness. The sources for all data are Henderson Global Investors and Datastream.

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