

JAPAN GROWTH FUND
FACTSHEET – July 2010
Fund Objective

The Fund seeks to achieve medium to long term capital appreciation by investing in a diversified portfolio of equity investments listed in Japan. The Scheme may also invest in bonds, money markets and other instruments (including instruments included under the CPFIS). There is no target industry or sector. The fund invests all or substantially all its assets into DBS Japan Growth Fund.

Fund Performance (S\$ Bid-to-Bid returns)


	Japan Growth Fund (%)	Benchmark
		Topix (%)
1 mth	-0.53	0.39
3 mth	-7.39	-7.38
6 mth	-6.68	-4.49
1 yr	-4.45	-7.42
3 yr	-16.92	-15.07
5 yr	-7.09	-5.67
Since Inception	-7.00	-5.55

Source: Morningstar • Performance are in SGD as at 30 July 2010 • Performance figures for 1 mth till 1 yr show the % change, those exceeding 1 yr show the average annual compounded return.

DBS Asset Management was appointed the Fund Manager of the Japan Growth Fund on 3 January 2008.

The CPF interest rate for the Ordinary Account (OA) is based on the 12-month fixed deposit and month-end savings rates of the major local banks. Under the CPF Act, the Board pays a minimum interest of 2.5% p.a. when this interest formula yields a lower rate. From 1 Jan 08, the new interest rate for the Special, Medisave & Retirement Accounts (SMRA) will be pegged to the yield of 10-year Singapore government bond plus 1%. For 2008 and 2009, the minimum interest rate for the SMRA will be 4% p.a. After 2009, the 2.5% p.a. minimum interest rate, as prescribed by the CPF Act, will apply to SMRA. In addition, from 1 Jan 08, the CPF Board will pay an extra interest of 1% per annum on the first \$60,000 of a CPF member's combined balances, including up to \$20,000 in the OA. From 1 April 08, the first \$20,000 in the Ordinary Account will not be allowed to be invested under the CPF Investment Scheme. And from 1 May 09, the first \$30,000 in the Special Account will not be allowed to be invested under the CPF Investment Scheme and further raised to \$40,000 from 1 July 2010.

Key Information

Launch Date	: 10 January 2005	Launch Price	: S\$1.00
Bid Price	: *S\$0.6293	Management Fee	: 1.50% p.a.
Offer Price	: *S\$0.6624 @ 5% sales charge (RP plans) / *S\$0.6488 @ 3% sales charge (SP plans)	Dealing	: Daily
CPFIS Risk Classification:	Higher Risk – Narrowly Focused (Japan)	Bid-Offer Spread	: 5% (RP)/3% (SP)
Subscription	: CPFIS – OA/SRS/Cash (w.e.f. 3 Jan 08)		
Price published In	: The Straits Times, Business Times, Lianhe Zaobao, www.manulife.com.sg		
Min Investment	: S\$5000 (single premium), S\$100 (monthly premium)		
Min Top-Up	: S\$500		

Important Information: This report is prepared by Manulife (Singapore) Pte Ltd and is provided for information purposes only. Past performance is not necessarily a guide to future performance.

Asset Allocation (in %)*

Net Asset Value = S\$1,334,767.64

Japan	96.1%
Cash & Equivalents	3.9%
Electrical & Electronics	12.3%
Banking	9.4%
Auto Manufacturing	7.7%
Distribution/Wholesale	5.8%
Transportation	4.2%
Retail	3.8%
Others	52.9%
Cash & equivalents	3.9%

Top Ten Holdings*

Mitsubishi UFJ Fin Grp	3.2%
Honda Motors Co Ltd	2.7%
Toyota Motor Corp	2.6%
Mitsubishi Corp	2.4%
Canon Inc	1.9%
Mitsui & Co Ltd	1.8%
Panasonic Corporation	1.7%
Hitachi Ltd	1.7%
Orix Corporation	1.6%
Nidec Corporation	1.6%

Fund Manager's Comments

The Nikkei 225 rose 1.65% to close July at 9,537.30, and the TOPIX edged up 0.96% to 849.50. The Tokyo market rallied on strong results announced by US and Japanese firms in spite of fears of an economic slowdown in the US, though the rally was limited by yen appreciation. The market started the month significantly lower on continued weakness from June-end. It then got a boost from stronger stock markets worldwide, as well as yen depreciation. Favourable US company results were an additional positive. In the latter half of the month, however, fears of the US economic slowdown intensified following a string of poor economic indicators. The yen began to appreciate substantially, sending exporters lower. The market subsequently advanced, as investors were relieved by the acceptable results of EU bank stress tests released 23 July, along with help from robust domestic company results. However, the market trended lower towards month-end, weighed down by the stronger yen.

The Tokyo market was under consolidation for most of July (fluctuating in a narrow band between 9,200 and 9,800), as it absorbed news of the DPJ's reversal in Upper House elections, signs of a slowdown in Chinese business activities and sluggish economic recovery in the US. The yen remained stubbornly strong against major currencies throughout the month, suggesting risk aversion on the part of global investors, though we witnessed some very good rallies in overseas markets. The Japanese equity market was once again a laggard, attributable to an overvalued yen and perhaps to domestic political uncertainties resulting from the split Diet. Earnings announcement season kicked off in late July. Companies achieved better-than-expected results in the April–June 2010 quarter, thanks to strong sales growth in Asia, though the year-on-year comparison was helped by the depressed level of profits from a year earlier. In response to concerns about yen appreciation and an uncertain global economic outlook (with fiscal stimuli set to expire), upward revisions for full year earnings forecasts have been capped at 15%, while downward revisions have averaged less than 5%, and a majority of companies have maintained their initial conservative earnings forecasts. All told, benign corporate profit announcements helped underpin the market in late July, and the TOPIX finished up 1.0% in yen terms, while the US dollar-based MSCI Japan closed 3.6% higher than the previous month.

We expect the Japanese equity market to show sideways movement in the period before the intra-DPJ presidential election and formation of a new coalition government in September, followed by October and November, which are traditionally volatile months for equity investors. With regard to sector strategy, we will maintain our overweight of high-beta stocks, including exporters, financials and other cyclical sectors, while continuing our underweight of defensive sectors, including public utilities, foods and pharmaceuticals.

With regard to stock selections, we will continue to focus on beneficiaries of strong growth in emerging countries. In addition, we will focus on value stocks with buoyant earnings momentum. Mergers and acquisitions (M&A) could be a positive catalyst in the market, as a result of the abundance of cash held by Japanese corporations.