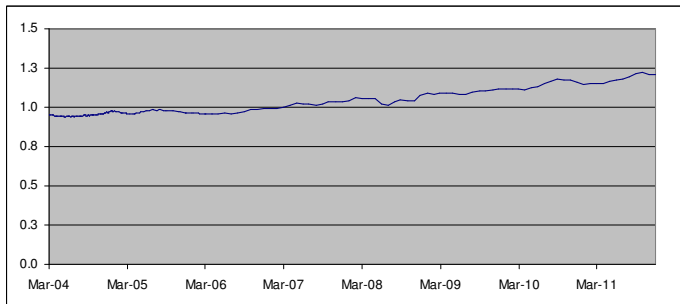


**SINGAPORE BOND FUND**
**FACTSHEET – November 2011**
**Fund Objective**

The investment objective is to achieve yield enhancement by aiming to outperform the benchmark in Singapore dollar terms via active but prudent management of a portfolio comprising primarily of Singapore bonds, cash and cash equivalent instruments.

With effect from 1 June 2007, the Fund will feed into the Legg Mason Western Asset Singapore Bond Fund (the Underlying Fund).

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


|                 | Manulife Singapore Bond Fund (%) | Benchmark |
|-----------------|----------------------------------|-----------|
| 3 mth           | -0.54                            | -0.30     |
| 6 mth           | 3.36                             | 3.90      |
| 1 yr            | 4.32                             | 5.30      |
| 3 yr            | 3.97                             | 3.60      |
| 5 yr            | 3.99                             | 4.50      |
| Since Inception | 3.21                             | 3.80      |

**Source: Legg Mason Asset Management Singapore Pte. Limited • Performance are bid-to-bid with income reinvested • Performance figures for 3 mth till 1 yr show the % change, those exceeding 1 yr show the average annual compounded return.**

Benchmark: UOB Singapore Government Bond Index (S\$)

*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 and Special Accounts 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.*

*The Singapore Bond Fund is managed by Western Asset Management Company Pte Ltd, who has appointed Legg Mason Asset Management Singapore Pte. Limited as the Principal Distributor of the underlying Fund.*

**Key Information**

|                            |   |                  |                     |
|----------------------------|---|------------------|---------------------|
| Launch Date                | : 18 February 2004  | Launch Price     | : S\$1.00           |
| Bid Price                  | : *S\$1.2108  | Management Fee   | : 0.75% p.a.        |
| Offer Price                | : *S\$1.2745 @ 5% sales charge (RP plans) / *S\$1.2482 @ 3% sales charge (SP plans) |                  |                     |
| CPFIS Risk Classification: | Low to Medium Risk – Broadly Diversified  | Dealing          | : Daily             |
| Subscription               | : CPFIS-OA/SA/SRS/Cash  | Bid-Offer Spread | : 5% (RP) / 3% (SP) |
| Price published In         | : The Straits Times, Business Times, Lianhe Zaobao, www.manulife.com.sg             |                  |                     |
| Min Investment             | : S\$5000 (single premium), S\$100 (monthly premium), \$500 (top-up)                |                  |                     |

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\***

Net Asset Value = S\$58,477,923.15

|                 |     |
|-----------------|-----|
| Corporate Bonds | 36% |
| Govt / Treasury | 63% |
| Cash            | 1%  |

**Top Five Holdings\***

Singapore Govt Bond SIGB 2.875% 01/09/2030  
 Singapore Govt Bond SIGB 4.00% 01/09/2018  
 Singapore Govt Bond SIGB 2.25% 01/06/2021  
 Singapore Govt Bond SIGB 2.5% 01/06/2019  
 Singapore Govt Bond SIGB 3.00% 01/09/2024

**Fund Manager's Comments**

- The Singapore bond market delivered a positive performance in November. For the month, the UOB Singapore Government Bond All Index recorded a gain of 0.33%.
- On strategy, we think a broadly neutral duration position remains appropriate, as a backdrop of heightened downside risks to growth, extreme volatility and risk aversion are likely to dominate general market sentiment. However, we remain confident in our overweight allocations to credits for carry, as they have already underperformed considerably. We are also inclined to keep our curve position, with a flattening bias. The unresolved European debt crisis and Singapore's solid AAA rated status should continue to be supportive of local bond markets as a safe-haven asset class of choice in the region despite the nearly record-low yields of the local bond markets. Moreover, the Singapore bond market has one of the highest positive correlations to US Treasuries and should benefit from periods of wholesale risk aversion in favour of the safety of government bonds.
- Equally important, the Singapore-dollar assets provide investors a channel to participate in the Asian currency rally without having to compromise on credit quality, given that Asian currencies are widely expected to outperform in the medium term once market turmoil subsides. At the same time, with interbank rates and the front end of the SGS curve still hovering close to zero levels, there is still scope for the yield curve to flatten further. The SGS yield curve—still steep relative to its historical averages—and the attractive roll-down value should encourage more curve-extension trades.
- Valuations of corporate credits have become even more attractive following recent weeks of relatively poor performance due to wholesale risk aversion in the market. We believe that the risk premiums incorporated in the credit spreads are very generous and therefore should provide adequate compensation for the current market turbulence. As balance sheets for most domestic banks and corporations are fundamentally robust, there should be an ample buffer to weather any decline in earnings due to an economic downturn. We therefore remain confident in our overweight allocation to the corporate bond sector, but credit selection is key, given the highly uncertain growth backdrop.