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**PUBLISHED BY**  
Personal Financial Services  
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**PRINTED BY**  
DSmart Print

**DESIGNED BY**  
Tien Advertising Pte Ltd

# Protection Planning & You

Remember the day when you got your first pay cheque? What a wonderful feeling it was to know that you have begun an independent journey, taking charge of your own finances and enjoying the freedom of spending and saving the money you have earned on your own.

What about the day you decided to share your life with someone you love? Very soon, the world no longer revolves around the romantic twosome. The arrival of children triggers you to ponder how your golden years can be as worry-free as you want each time you plan for a life-changing event.

Different needs arise during one's lifecycle but not many know how these needs can be met; for example when to start and how much to save for their respective needs. Let's explore the 3 stages of a lifecycle and see how savings in the form of insurance can benefit each life stage.

### STAGE 1 - Early 20s and below

Life insurance at this stage will be a great start to enjoying life coverage and critical illnesses protection at a low premium due to low entry age. Parents can consider wholelife plans with substantial protection coverage for their child or a savings endowment plan that will help accumulate funds for their child's tertiary education. If you are in your early 20s and have just started working, you can consider wholelife plans where you will be assured of lifetime coverage. Alternatively, term protection plans may also be an ideal and cost-effective option during this life stage.

### STAGE 2 - Mid 20s to late 30s

A change in lifestyle such as getting married, having children and buying a second property are common motivation to save. Protection needs should also be considered for yourself as well as your loved ones. By

setting aside a comfortable amount through various assurance plans, you'll be able to fulfil your aspirations and also choose to be protected against critical illnesses and rising medical costs. This is also the time to give thought to your loved ones. Protect their future with appropriate insurance plans and you can be assured their living needs are taken care of in your absence.



### STAGE 3 - 40s to early 50s

When you've got all your assurance plans in place in the first 2 stages, you will have much less to worry about in your 40s to early 50s. At this stage, you would probably partake in personal growth activities such as travelling or hobbies that contribute towards a fulfilling retirement. With your protection needs addressed, it will be ideal to utilise your CPF funds to invest in an annuity plan. Annuity plan provides lifetime income that is tax-free if purchased via CPF monies. In addition, it may be wise to also consider a long-term care plan which could provide lifetime benefits for nursing care and hospital income when the need arises.

Remember it's never too early to establish good saving habits and protection planning. UOB Life offers a wide range of protection and savings plans which can see you through your various life stages.

**For more information, visit any UOB Group branch, call 1800 22 22 121 or log on to [www.uobgroup.com](http://www.uobgroup.com) today!**

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# Does Size Matter in the World of Investing?



Some studies have shown that small cap companies have outperformed large cap companies over the long run\*. ('Cap' is short for market capitalisation which refers to the market value of the total shares of a company listed in a stock exchange)

Why is this so? For a start, small companies often grow at a faster rate compared to large corporations as they are niche players whose businesses usually involve new products or services which can generate high profit margins.

Successful small companies are often the target of takeovers or may merge with or acquire other small companies and these events increase the value of the companies significantly. Also, the majority of small companies receive little or no public coverage. Therefore, small cap investors can uncover stocks that are overlooked and undervalued.

## Potential of small cap companies in Asia

Asia is the world's fastest growing economy today. Trade liberalisation and the opening up of stock markets allow new companies to emerge, thus presenting investors with more opportunities than before.

Asia has also enjoyed runaway success in outsourcing. China is the principal workshop of the world for product manufacturing while India has established a firm foothold in business services.

## Risks of small cap companies

As a niche player, a small company is often dependent on one customer or one product and thus, can be rather vulnerable if its product fails or a contract is lost.

Thus, investing in small cap companies require the investor to have sound management of risks and the ability to select the "Baby Blue Chips" from the vast universe of small cap stocks.

**The United Asian Growth Opportunities Fund** offers investors the opportunity to invest in a diversified portfolio of small cap companies with the investment expertise and resources of UOB Asset Management, Singapore's most awarded fund management group.

**United Asian Growth Opportunities Fund is available from 15 June 2004. Investment starts with a minimum of S\$1,000. What's more, if you invest by 30 July 2004, you'll receive up to 2% discount (in the form of bonus units) with every investment. Do not miss this great opportunity!**

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**\*Source:** Ibbotson Associates - Small Stocks versus Large: It's How Long You Hold That Count, AAI Journal, July 1999.



## A More Rewarding Way to Save!

Invest in any **UOB Life Maxi Savings Plan, UOB Life Maxi Rewards Plan or UOB Junior's Life Plan**, with a

minimum premium of S\$200/mth (with 3 months' premium payment upfront) and you will receive complimentary exclusive gifts worth up to **S\$688\***. You can choose from the latest mobile phone, to a holiday in Bangkok, to a sleek digital camera and more!

To sign up for your assurance plans and enjoy the fantastic gifts in store, please visit the nearest UOB Group branch today! You may also call us at 1800 22 22 121 and or log on to [www.uobgroup.com](http://www.uobgroup.com) for more details.

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\*Terms and conditions apply, please refer to any UOB Group branch for details.



## Win S\$1,000 cash when you apply for IPOs or pay for your shares online!

From 1 Jul to 30 Sep 2004, when you apply for Initial Public Offering (IPO) or pay for your share purchases (EPS) online, you have 3 opportunities to win S\$1,000 in our lucky draw. Yes! We are giving away S\$1,000 every month for 3 months.

You'll be allocated lucky draw chances depending on the number of lots applied for IPO and/or amount of shares paid online. So the more IPOs and EPS transactions you make online, the more chances of winning you'll have! Plus, earn 300 eUNIS for first time users of the online IPO Application or Share Payment (EPS). Accumulate eUNIS to redeem movie passes, shopping treats and more!

Please visit [www.uobgroup.com/IPO&Share](http://www.uobgroup.com/IPO&Share) for more details or visit any UOB ATM with your ATM card to apply for your Internet Banking access today!

\*Terms and conditions apply.



## UOB Hougang MRT Branch Opening

We're pleased to announce the opening of our new UOB Group branch at **Hougang MRT**. Situated right beside Hougang Mall, the Hougang MRT station and bus depot, its convenient location allows us to serve you even better. Do drop by if you're in the vicinity. We look forward to serving you at UOB Hougang MRT Branch!

## Waiver of SRS Charges till 31 Dec 2004

All Supplementary Retirement Scheme (SRS) transaction charges will be waived from now till 31 Dec 2004. Charges for Interbank Transfer of Accounts and Cancellation of Trades will continue to apply.

TYPES OF TRANSACTION	CHARGES
Purchase, Sale and Service Charge incurred for Share, Loan Stocks, Unit Trusts, 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 2004
Interbank Transfer of Accounts	\$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	\$5 to process each failed transaction

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

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



## UOB Investment Seminar "Japan - A Recovering Heavyweight"

UOB Investment services held an investment seminar at the Asian Civilisations Museum on 5 Jun 2004. The seminar titled "Japan - A Recovering Heavyweight" gave valuable insight on what lies ahead for Japan's economy, as its market recovers and is seen as an excellent investment opportunity for investors.

Customers who attended this seminar were also able to pick up some valuable tips on creating a sensible investment framework. The seminar came to a close with a Q&A session whereby our customers had a chance to have their investment queries answered by the professionals.

We'd like to thank *Glenn Lee, Associate Director, UOB Asset Management, and Margaret Ang, Vice President, Head of Investment Services*, who generously contributed their time and effort for this seminar.

**We welcome your feedback and comments.**

Please send to: [InvestmentServices@uobgroup.com](mailto:InvestmentServices@uobgroup.com)

## MARKET TALK

# Interview With A Bond Fund Manager

UOB Asset Management

Bond markets have generally taken a beating this year as expectations of an interest rate increase by the Federal Reserve Board (FED) in the United States gripped the markets. We spoke with **UOB Asset Management (UOBAM)** to gather its house view on the bond markets. Following is an excerpt from the interview.

**Q** Given that interest rates are expected to increase, should bond fund investors be trimming their bond exposure?

**A** Global interest rates have risen substantially in the last 3 months on the back of stronger economic data. The US 10-year yield has risen from 3.7% in March this year to the current level of 4.7% and the FED Fund futures have priced in a 100 basis points rise in the FED Fund rate by the end of this year. Given the rise in yields, we do not think that bond yields would rise aggressively in the short term.

We are currently adopting a defensive posture by trimming down our portfolio's duration. Investors ought to remember that they should maintain the right CORE balance of equities and bonds that suit their own investment horizons. We would advise against investors getting out of bonds all together or having too short a duration.

**Q** Going forward, what sort of returns should investors be expecting from bond funds?

**A** The US 10-year yield has risen from 3.7% in March to 4.7%; this translates to quite a severe drop in bond prices during such a short span of time as yield increases, bond prices tend to fall. However, with higher yields coupled with the fact that we do not expect rates to move up in a similar fashion, we would expect a return of 2% to 5% for G7 government bonds and 4% to 8% for Emerging/Asian bonds over the next 12 months.



**Q** Over the next 12 months, if investors would like to invest into bonds, which type of bonds should they be investing into?

**A** Again, investors should maintain the right CORE balance of equities and bonds that suit their investment horizon. Within the bond asset classes, we see value in Emerging Markets/Asian Bonds and would encourage investors to increase their allocation in this class. Another reason to increase their weights is that Emerging Market Bonds are not positively correlated to the other major asset classes (equities, US Treasuries, investment grade bonds etc). Therefore adding this asset class would add diversification benefits to a portfolio.

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# 保障规划

## 让您一生受益

还记得第一次领薪水的那天吗？从此开始了独立的人生旅程，掌握自己的经济命脉，享有赚钱、花钱和存钱的快乐，那是多么美妙的感觉！

还有您决定开始同心爱的人分享生命的那一刻？曾几何时，生活不再围绕着浪漫的二人世界旋转，小生命的降临也同时让您开始为未来的岁月做更长远的打算。

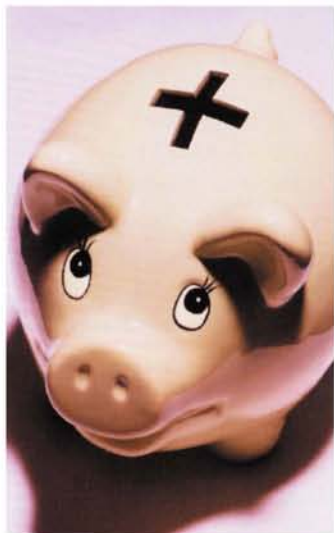
伴随人生的不同阶段将产生不同的需要，但不是很多人了解如何才能满足这些需要。比如从什么时候开始储蓄，存多少才能配合他们各自的需要。让我们探讨人生的3个阶段，看看什么样的保险形式的储蓄有助于各个阶段的需要。

### 第一阶段 - 20岁出头及以下

在这一阶段参加人寿保险会是一个很好的开始。由于投保年龄低，可以较低的保费获享寿险保障和重病保障。父母亲可以考虑为子女投保终生人寿险计划，让他们获得寿险保障；或者投保储蓄保险计划，以便为子女积累将来的高等教育费用。如果您本人20出头，刚刚开始工作，您也可以考虑趁年轻保费较低时及早为自己投下一份终生保障。此外，定期寿险计划也是这一阶段可供选择的不错方案。

### 第二阶段 - 25岁左右至39岁以下

生活的改变，如结婚，生小孩及购买第二处产业，形成了一般的储蓄需要。自己和家人的保险需要也应考虑。拨出适当的一笔钱，通过不同的保险计划，您将能够实现您的愿望，并可选择为重病及上升的医疗成本获得保障。为您的家人着想，用适当的保险计划保障他们的未来，确保他们的生活在任何情况下都会得到照顾。



### 第三阶段 - 40岁至50岁出头

如果您在前两个阶段已经获得了适当的保险计划，40岁至50出头这一阶段您将没有更多可忧虑的。因此，您可以多参加一些业余活动，如旅游或培养个人爱好，为以后充实的退休生活做好准备。同时，在有了寿险保障后，可以考虑使用公积金投资一项年金计划。年金计划提供终生收入，使用公积金购买还可获得免税优待。此外，长期护理计划也是明智的选择，它能在需要时提供护理与住院保障。



良好的储蓄习惯和稳妥的保险规划当然是越早开始越好。大华人寿为您提供广泛的保险及储蓄计划，伴您度过人生的不同阶段。

欲知详情，欢迎您即日光临任何大华银行集团分行，拨电 1800 22 22 121 或上网 [www.uobgroup.com](http://www.uobgroup.com) !

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