

INVEST TALK

A quarterly newsletter by UOB Investment Services Division

 大華銀行
UNITED OVERSEAS BANK

Oct 2003 Issue



RIDE On The Recovery!

As the world economy recovers, it is timely for investors to look at investing in regions that are expected to benefit most from this economic rebound for greater potential capital appreciation.

Investing in equities has been challenging in recent past years. Many of us looked at various investment opportunities and questioned what sort of investment portfolios would provide for greater returns for the risk seeker over a 2-3 year timeframe.

Two funds that you should consider when you decide to invest in equities are:- **United International Growth Fund and Schroder Asian Growth Fund**. These award-winning funds have excellent track records and are region-specific, so you can choose to invest in regions which you have greater confidence in. With discounts on sales charges of up to 2%* at UOB, you can now invest more with the same amount of capital invested.

*Promotion ends 31 October 2003. Terms & conditions apply.

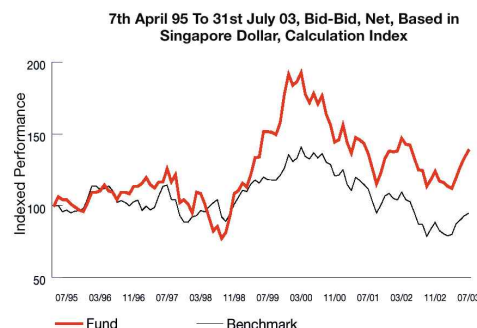
UNITED INTERNATIONAL GROWTH FUND

A diversified global equity fund that tracks investment opportunities in major regions of US, Europe, Japan and Asia. United International Growth Fund aims to achieve long-term capital appreciation and regular income through investing in well-diversified portfolio of companies listed globally.

The fund invests in healthcare, financials and technology companies that offer both value and growth opportunities.

19.07% on a bid-to-bid basis against a 16.30% increase in the benchmark MSCI AC World Free index. UOB Asset Management remains positive on equities due largely to favourable liquidity conditions and still attractive valuations in selected regions.

Source: Lipper, S&P Micropal. Performance are in SGD as at 31 July 2003.

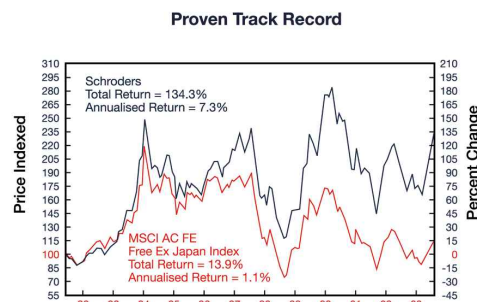


SCHRODER ASIAN GROWTH FUND

Asia is a direct beneficiary of a global recovery. The main driving forces for the buoyant outlook are expected to be stronger domestic demand, improving export performance, low cost operations and improving productivity. Asian stock market valuations are attractive relative to the US and some European markets. Investors should look forward to positive earnings surprises, going forward. With Schroder Asian Growth Fund, investors can access, through a diversified fund, attractive investment opportunities in Asia (excluding Japan) equity markets. This includes fast-growing countries such as China.

The Schroder Asian Growth Fund has a remarkable track record. Since its inception in May 1991, it has achieved annual returns of 7.2% p.a.

Source: Standard & Poor's, S\$, offer to bid, net dividends reinvested, as at 31 July 2003



From now till 31 October 2003, you can enjoy special sales charge discounts for investments in either fund. For more information, visit any UOB Group branch or call our 24-hour hotline at **1800 22 22 121**.

Disclaimer: Past performance and any predictions, projections or forecasts made are not necessarily indicative of future or likely performance of the fund and/or manager. The prospectus of the fund is available and may be obtained from the Manager or any of its appointed agents. Investors should read the prospectus before deciding to purchase units in the fund. All applications for units in the fund must be made on application forms accompanying the prospectus. The value of the units and the income from the fund may fall as well as rise. The above information on the fund is strictly for information purposes only and should not be construed as an offer or solicitation to deal in the fund. Reference to individual companies is for the purpose of illustration only and should not be construed as a recommendation to buy or sell. Investment in unit trusts are not obligations of, deposits in, guaranteed or insured by United Overseas Bank Limited, UOB Asset Management Limited, Schroder Investment Management (Singapore) Ltd or any of their affiliates. An investment in unit trusts, and/or other investment products is subject to investment risk (and foreign exchange risks (if applicable to the fund)), including the possible loss of the principal amount invested.

Start Saving for your Child's education with Junior's Life

Every parent wants to provide the best for their children to help them realize their aspirations and this includes the best education possible.

With the cost of education rapidly increasing, this aspiration may seem more difficult to materialize. Parents would have to apportion more of their savings for their child's education and start planning to do so soonest possible. If they fail to do so, they may have to compromise on their savings for household expenditures and retirement funds.



EDUCATION WORRIES - The Rising University Cost

Country	Today's Cost Tuition plus Living Expenses*	Cost In 18 Years Tuition plus Living Expenses* (At 2% inflation)
Singapore	35,000	50,000
Australia	80,000	114,000
Britain	130,000	185,000
USA	165,000	235,000

*Fees cover business degree programme

Source: NTU, Business Times 28 June 2003 (Illustrating 2% inflation rate)

From the above information extracted from Business Times, the increase in education cost would be close to 1.5 times higher in 18 years. Parents would thus have to start saving at least \$2,289 per annum or \$191 per month if they would like to send their child to a university in Singapore 18 years later. As you can see, it definitely pays to plan ahead and save this instant for your child's education, especially so for families with more than one child.

How Can UOB Junior's Life help you?

UOB Junior's Life¹ can help you start saving now and regularly for your child's future. In addition, Junior's Life also offers a range of premiums that caters to your budgets. Choice of premiums ranges from a low of \$75 to \$300 per month, regardless of age of your child².

What's more, UOB Junior's Life plan has also been enhanced with a new limited premium payment term option. The limited term payment allows you to pay only half the number of years the plan covers and at the same time lets you enjoy the time-compounding effect over the full savings period. This means you can effectively pay for the premiums in as short as 5 years³ and continue to grow your savings until your

child is ready for tertiary education. The longer the period of the plan, the higher the returns/ budget for your child's education.

Besides helping you with your savings objectives, Junior's Life would also offer the following options throughout the term of your policy:

- Cover your child against common child illnesses
- Premiums waiver if the unfortunate happens to the parent

So start saving today with Junior's Life for your child's future!

¹ Underwritten by UOB Life Assurance

² Subject to a minimum & Maximum entry age, maturity benefits vary with different entry age

³ Based on a 10yr term



For more information on UOB Junior's Life, visit any UOB Group branch, call 1800 22 22 121 or log on to www.uobgroup.com.

Equity and Bond Markets

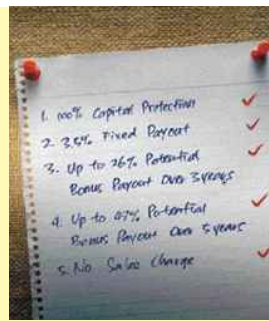
Outlook for Q4, 2003

CURRENT QUARTER OUTLOOK				
REGION/ SECTOR	Under-weight	Neutral	Over-weight	KEY REASONS FOR CURRENT MARKET OUTLOOK
EQUITIES				
US	■			<ul style="list-style-type: none">Recent rally in the markets has stretched valuations while evidence of economic recovery still remains patchy.Other markets appear to offer better valuations.
EUROPE EX UK			■	<ul style="list-style-type: none">Relative to the US markets, the Euro markets offer better value.The markets may not reflect how much Euro zone economy would benefit from pick-up in global economic activity.Recent data suggested a slow turnaround might finally be under way, with eurozone manufacturing turning upwards in July and business activity showing its best performance since mid-2002.
JAPAN		■		<ul style="list-style-type: none">The slight improvement to economic data, including stronger-than-expected second quarter GDP, has underpinned stock market performance.But economy seems heavily reliant on overseas demand as domestic demand remain sluggishCompany earnings are also being boosted by restructuring efforts.In addition, Japanese institutions have not yet increased investment in their domestic market. Any pick up in interest from local investors is likely to extend the rally.
ASIA EX JAPAN			■	<ul style="list-style-type: none">Recent up-trend in the markets driven by liquidity as well as attractive valuations and healthy dividend yieldsGiven the restructuring progress over the past few years, many Asian companies are better-managed and achieving higher returns from their capital.Asian economies are likely to benefit the most from the economic recovery in US.
EMERGING MARKETS		■		<ul style="list-style-type: none">These markets are more attractively valued and have better growth prospects than developed markets.Given the economic and corporate restructuring in response to the crises of the 1990s, these markets offer good opportunity to participate in the recovery of global equity markets.
BONDS				
GLOBAL	■			<ul style="list-style-type: none">Bonds are expensive relative to medium term inflation expectations but yields will continue to be held down by low short-term interest rates.Central banks are not expected to tighten policy in next 12 to 18 months.
US	■			<ul style="list-style-type: none">Limited scope for more interest rate cuts in the US.
EUROPE		■		<ul style="list-style-type: none">The Euro is expected to appreciate further. This will lead to either lower inflation expectations or lower interest rates in the Euro zone (or both). Both cases bore well for European bonds.
ASIA		■		<ul style="list-style-type: none">Strong demand and renewed optimism regarding Asian economies are supporting the markets.But the markets are likely to have taken into account the easier global and domestic monetary conditions.
EMERGING MARKETS		■		<ul style="list-style-type: none">A strong run in the market has seen big compression in spreads.

SOURCE: Market outlook and portfolio weighting recommendations are compiled from a survey with various fund managers

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Your Headstart to Investing.



UNITED CAPITAL PROTECTED FUNDS

SERIES 3

With two successful launches of United Capital Protected Funds, UOB Asset Management is proud to launch its third tranche in September 2003. With total fixed and potential bonus payouts of more than 50%¹ over 5 years, United Capital Protected Funds – Series 3 (UCPF3) is one investment to consider.

For starters, you can get a 3.5% total fixed payout² over the first 2 years (1.75% each year). The SGD Fund participates in the performance of a basket of global blue chip stocks, which has a total potential bonus payout of up to 26%¹ over 3 years and up to 47%¹ over 5 years. All this, for a minimum investment of only \$1,000.

How does the fund work?

UCPF3 offers a capital protected investment opportunity for those who believe that markets have bottomed or are near the bottom and that international blue-chip stocks look attractive.³ The fund will invest in fixed income securities for capital protection and in options in a basket of 20 blue-chip stocks for bonus payouts⁴.

The price levels of the 20 blue-chip stocks⁴ are always measured against the initial reference price levels.

Enjoy fixed/ potential bonus payouts⁵

In the first and second years, you will receive 1.75% p.a. fixed payouts². An additional potential bonus payout of up to 5% for the first year will be given as long as the prices of all the 20 stocks in the basket do not fall beyond 5%. And the same potential bonus payout will be given for the second year if all the 20 stock prices do not fall beyond 2%.

For full details on the payout structure for UCPF3, including the third to fifth year's payout, you can refer to the Payout Table (right).

Available in USD

The fund can also be bought in US dollars and you can enjoy a higher total fixed payout of 6% over the first 2 years (3% each year). The potential bonus payouts for the years 1 to 5 are based on USD dollars and will follow similar payout structure with the SGD Fund.

Is it a guaranteed fund?

UCPF3 is not a guaranteed fund but your initial capital would be 100% protected by the underlying assets of the SGD and USD Fund at maturity⁵.

The fixed and potential bonus payouts are paid out after every anniversary date over the 5-year investment period.

No sales charge

There is no sales charge when you invest in SGD or USD UCPF3 fund.

Payout Table

End Of Policy Year	Fixed Payout (SGD)	Bonus Payout ⁵
1	1.75%	Up to 5% if all 20 stock prices do not fall beyond 5%
2	1.75%	Up to 5% if all 20 stock prices do not fall beyond 2%
3		Up to 2% if 15-16 of the 20 stock prices are up Up to 8% if 17-19 of the 20 stock prices are up ⁷ Up to 16% if all 20 stock prices are up ⁷
4		Up to 5% if all 20 stock prices are up
5		Up to 2% if 15-16 of the 20 stock prices are up Up to 8% if 17-19 of the 20 stock prices are up ⁷ Up to 16% if all 20 stock prices are up ⁷

Payout Chart



For more information, visit any UOB Group branch, call 1800 22 22 228 or log on to www.uobgroup.com today. Invest during UCPF3 promotional period and receive fabulous free gifts. See **LATEST PROMOTIONS** for more details.

¹ Please refer to the Payout Table for the details of the fixed and potential bonus payouts for each year. The potential annual compounded return of the bonus payout is 8.01% for the SGD & USD Fund over 3 & 5 years. The fixed and potential annual compounded return for the SGD & USD Fund is 8.52% and 8.88% respectively over 5 years. The potential bonus payouts are provided by a call option linked to the performance of a basket of stocks.

² Fixed payout of 1.75% p.a at the end of each of year 1 and year 2

³ BMW (Bayerische Motoren Werke); Bridgestone Corp; Coca-Cola Co.; ENI (Ente Nazionale Idrocarburi S.P.A.); FUJI Photo Film Co. Ltd; Groupe Danone; Hewlett-Packard Company; Johnson & Johnson; JP Morgan Chase & Co; Lloyds TSB Group PLC; L'oreal SA; LVMH Moët Hennessy Louis Vuitton SA; Nissan; Petrochina; Pfizer Inc; Roche Holding AG; Royal Dutch Petroleum; Seven Eleven Japan; Tim Telecom Italia S.P.A.; Wal-Mart Stores Inc.

⁴ Price level of each stock at the end of Year X is the average closing prices of the stock for the first 6 business days after the end of Year X.

⁵ The option which is linked to the performance of the basket of 20 stocks, is designed to provide a potential bonus payout of up to a maximum of 16% after anniversary date 3 and anniversary date 5 if the price levels of a certain number of stocks for years 3 and 5 respectively are above their corresponding initial reference price levels. Please see the Fund prospectus for more details.

Disclaimer Past performance of UOB Asset Management Ltd is not necessarily indicative of the future or likely performance of the Manager of the SGD Fund and the USD Fund ("the Funds"). Any prediction, projection or forecast is not necessarily indicative of the future or likely performance of the Funds. The value of the units and the income from them may fall as well as rise. All applications for units of the Funds must be made on the application forms accompanying the prospectus. A copy of the prospectus is available and may be obtained from the Manager or any of its appointed agents. Investors must read the prospectus before purchasing units of the fund. United Overseas Bank Limited, UOB Asset Management Ltd or any subsidiary or associate of the UOB Group or any of their affiliates may have interests in the units of the fund and may also perform or seek to perform broking and other investment or securities-related services for the issuer of the units from time to time. This advertisement is for your information only and does not have any regard to your specific investment objective, financial situation and any of your particular needs. Investments in the Funds are not deposits or other obligations of, or guaranteed, or insured by United Overseas Bank Limited, UOB Asset Management Limited, their affiliates or distributors, and are subject to investment risks, including the possible loss of the principal amount invested. You may wish to seek advice from a financial advisor before purchasing units of the Funds. In the event that you choose not to seek advice from a financial advisor, you should consider whether the Funds are suitable for you.

**LATEST
PROMOTIONS**

01 Equity Funds Promotion

Ride on the recovery and enjoy potential capital appreciation as the Global & Asian economic outlook improves!

Invest in two award-winning equity funds – United International Growth Fund and Schroder Asian Growth Fund, by 31 October 2003 and enjoy special sales charge discounts.

Investment Amount	Discounts
S\$1000 to S\$49,999	Less 1.0%
S\$50,000 to S\$99,999	Less 1.5%
S\$100,000 or more	Less 2.0%

So hurry, speak with our friendly Personal Bankers at any UOB Group branch or call our 24-hour hotline **1800 22 22 121** for more details today!

02 UOB Life Guaranteed Rewards Plan Promotion

At 3% p.a. for 8 years - the HIGHEST GUARANTEED RETURNS* you can get now.

Term of Plan	5 years	6 years	7 years	8 years	9 years	10 years
Guaranteed Yield*	1.50% p.a.	1.70% p.a.	1.80% p.a.	3.00% p.a.	3.05% p.a.	3.10% p.a.

For as little as S\$5,000, you will be on your way to better returns and protection. Hurry, as UOB Life Guaranteed Rewards Plan is for a limited period only. For more information, approach any of our friendly Personal Bankers or call our 24-hour hotline at **1800 22 22 121**.

*Yields are only applicable for policies kept till maturity.

03 UNITED CAPITAL PROTECTED FUNDS SERIES 3 Promotion

Enjoy potential annual payouts and attractive gifts. Invest in United Capital Protected Funds – Series 3 before 14 October (USD Fund) or 17 October (SGD Fund) to receive attractive payouts and fabulous free gifts. Reward yourself while investing with us!

For more information, visit any UOB Group branch, call **1800 22 22 228** (24-hour) or log on to www.uobgroup.com.

Investment Amounts	Gift Item(s)
S\$10,000 to S\$49,999	EF Oven Toaster & Elba Dry Iron 
S\$50,000 to S\$99,999	EF 16-Bottle Wine Cooler 
S\$100,000 or more	LG 15-inch Flat Screen TV 

**UOB
UPDATES**

SRS Waiver of Account Charges

You had read about the advantages for investing through a Supplementary Retirement Scheme (SRS) account and enjoyed the free gift for opening a new SRS account in our last issue. We are glad to announce a further extension of SRS account charges* till 30th June 2004. Now, you would have ample time to leverage on the benefits of investing through a SRS account and enjoy greater tax savings.

For more information, please visit any at any UOB Group branch or call our 24-hour hotline **1800 22 22 121**.

*With the exception of charges incurable for cancellation of trades and interbank transfer of accounts.

乘经济复苏的东风

随着世界经济的复苏，投资者应把握时机，在最有希望从经济复苏中获益的地区寻找投资机会，以享有更大潜力的资本增值。

投资股票在过去几年变得更具挑战性。许多人在面对各种投资机会时，都问什么样的投资组合才能在2到3年期间提供更大的回报。

当你决定投资股票时，有两项基金值得考虑：**大华国际成长基金和宝源亚洲成长基金**。这两项获奖基金都有优异的业绩表现记录，以不同地区为对象，让您可以选择您有较大信心的地区进行投资。现在大华银行给您高达2%*的销售费折扣，您可用同样数额的资金进行更多的投资。* 促销期至2003年10月31日。条款适用。

大华国际成长基金

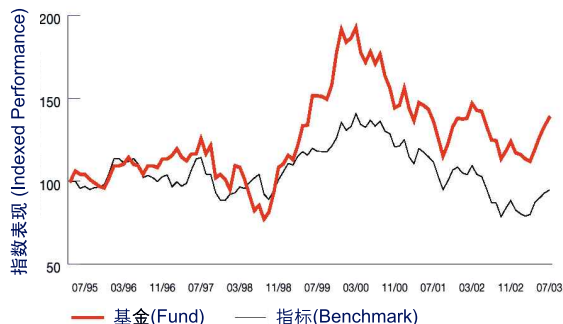
大华国际成长基金是一项分散型全球股票基金，以美国、欧洲、日本和亚洲等主要地区为投资目标，透过投资挂牌公司取得长期资本增值。

这项基金投资在医疗保健、金融及科技行业具有价值和成长机会的公司。

在2003年6月30日结束的一季，这项基金的价格上升了19.07%（根据买-对-买价格），超过作为指标的摩根士丹利所有国家世界自由指数的16.30%。大华资产管理对股票投资保持积极态度，主要是看中良好的流动性以及在一些地区保持的有吸引力的估价。

来源：Lipper，标准普尔Micropal。表现以新元计算截至2003年7月31日。1个月至1年表现显示%变化，超过1年的显示每年复利计算回报。

计算指数：95年4月7日至03年7月31日，
买对买，净值，新元

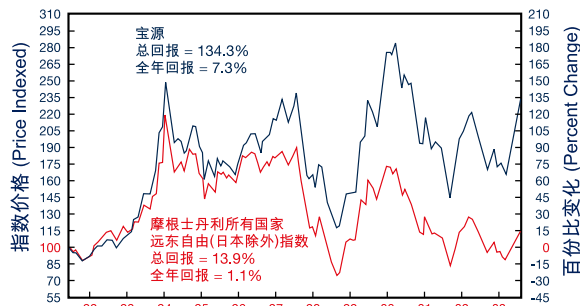


宝源亚洲成长基金

亚洲是全球经济复苏的直接受益者。主要的推动力量是强大的国内需求，正在改善的出口表现，低成本营运及改善的生产力。亚洲股市的估价比美国和一些欧洲市场有吸引力。展望未来，投资者应可期待取得较好的收益。

投资宝源亚洲成长基金，投资者透过这一分散型基金，把握亚洲（除日本外）股市的投资机会。这包括快速成长的国家，如中国。

佳绩彪炳



宝源亚洲成长基金有卓越的业绩记录。自1991年5月设立，它取得了每年7.2%的回报。

附注：

资料来源：标准普尔、新元、卖出价对买入价、股息净额再投资。期间：1991年5月31日至2003年7月31日。



从现在起至2003年10月31日投资这两项基金，您可获得特别的销售费折扣。想要了解详情，请到任何大华银行集团分行或拨我们的24小时热线1800 22 22 121。



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W w l c m y u r f c k n
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