

Subject: Central Provident Fund Investment Scheme-Included Funds Slid 1.13% on Average in Q3 2021

Dear Editors/Journalists,

Morningstar today released the quarterly findings on the performance of all unit trusts and investment-linked insurance products (ILPs) included under the Central Provident Fund Investment Scheme (CPFIS) as of September 30, 2021.

The full report is attached for you to view. Historical reports are available [here](#). Please feel free to reach out if you have any questions.

Key findings:

- **Overall Performance:** In the third quarter, the average performance of CPFIS-included funds fell 1.13%, versus the second quarter's 3.31% positive return. As a comparison, the global stock and bond market ended the quarter flat. MSCI World Index returned 0.99%, while FTSE WGBI finished with a 0.25% loss. MSCI AC Asia ex Japan slid 8.43%, more than reversing the 3.65% gain from a quarter prior.

Overall Performance of CPFIS-Included Funds

Average Returns	For the period ended Sept. 30, 2021 (% in SGD)			
	3 months	1 Year	3 Years (Cumulative)	3 Years (Annualized)
All CPFIS-Included Funds	-1.13	17.06	26.46	7.89
Unit Trusts Only	-1.06	18.89	26.17	7.79
ILPs Only	-1.18	15.87	26.64	7.96

Source: Morningstar Direct.

- **By Asset Class:** Equity, fixed income, and allocation funds slightly dipped into negative terrain, returning -1.51%, -0.06% and -0.89% decrease in the third quarterly respectively, after posting positive returns a quarter earlier.
- **By Morningstar Category:** Equity unit trusts investing in the mainland China and Hong Kong markets were the worst performers, falling between 15.32% (Hong Kong equity category) to 7.36% (China equity – A-shares category) in the third quarter. Conversely, India equity was the best performer for both unit trusts and ILPs, gaining 11.72% and 11.88%, respectively.

William Chow, Director of Manager Research at Morningstar, remarked: “Global central banks have communicated a more hawkish stance given rising inflation expectations. Bond markets is expected to face headwinds from the anticipated pull back in monetary policy stimulus which involves the tapering of bond purchases and rising interest rates. Although inflation expectations remain high in the bond market, Morningstar believes that the high US inflation will not persist since wage inflation is contained and there remains slack in the labor market.

On the equity front, Morningstar’s valuation models still indicate that international stocks are more attractive than U.S. stock over the next 10 years. The recent sell-off in Chinese equities have resulted in attractive valuations from a long-term perspective. Morningstar expects the overhang from China’s regulatory crackdown to last through the first quarter of 2022, but thereafter the overall sentiment towards Chinese stocks is expected to improve.”

About Performance & Risk Monitoring Report For CPFIS-Included Unit Trusts & Investment-Linked Insurance Products

Morningstar has been appointed by Investment Management Association of Singapore (IMAS) and Life Insurance Association of Singapore (LIAS) to monitor the performance of all unit trusts and investment linked insurance products included under the Central Provident Fund Investment Scheme (CPFIS). This report shows Morningstar’s findings for the three months ended September 30, 2021. For more detailed data, please visit <https://www.fundsingapore.com>

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