July 2012

Coffee Break

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* If you would like to receive only the soft copy of *CoffeeBreak*, kindly drop me an email at nerissa_xue@providend.com

From The Barista

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Dear *Connoisseur*,

Recently, I was at a hawker centre having my lunch, when an elderly lady peddling packets of tissue hobbled up to us and asked us to buy some from her. As she did so, she added in Mandarin, "I'm sorry but I have no choice, I have no one to support me". I'm not sure whether she was deliberately trying to up the sympathy factor, but it worked.

I never had any doubt that sound retirement planning is important, but it was only after this incident that it really hit home for me. If only she had had a decent retirement nest egg that is adequately protected, she would have been able to live a fairly comfortable life without having to depend on others to provide for her, much less selling tissue. And she is not alone. Ideally, if retirement planning became more widespread in Singapore, especially among the lower income groups, hopefully tissue peddlers won't be such a ubiquitous sight anymore, if at all.

Retirement planning is now more challenging than ever before due to phenomena such as increased life expectancy, high inflation, volatile markets and more. But in this increasingly educated society, awareness of the need for retirement planning is growing. Furthermore, retirement planning frameworks are becoming more and more sophisticated. So it seems we're on the right track.

To keep up with the new retirement environment, Providend is developing a new retirement planning model that addresses the new circumstances as well as the much-overlooked aspect of a sound drawdown strategy during the retirement years, anchored of course by our financial planning philosophy of sufficiency. Do look forward to its launch.

Nerissa Xue,
Executive, Brand Management

❧ Market Outlook ❧

Europe in Perspective

By the Providend Investment Committee

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Market Review and Outlook

The month of June has been eventful for the global markets following the much anticipated Greek elections, Spain's urgent need for funding for its ailing banks and the unexpected positive concessions by Germany's Chancellor Merkel during the EU Summit. All in all, June has been a relatively positive month with major benchmarks registering positive results and helped generate better positive Year-to-date ("YTD") performance compared to last month. For Jan-June, the S&P 500 returned 6.48% and the Japanese TOPIX registered -0.62% (versus a larger negative previously) and the European Stoxx 600 improved to 0.32%.

This issue, we delve deeper into the developments in Europe to give some context for better appreciation of the issues as more players hog the headlines. While we have always advocated staying away from Europe, there is still a need to be aware of developments in Europe given how inter-linked global markets are today. Below is a simple tabulation for a pan-out view:

Country	Prior Uncertainty	Current Status
Greece	"Grexit" – Greece exit from the Eurozone was a major concern and market uncertainty pre-June 17 election.	Anticipation on the Greek elections gave way to an almost neutral response from the markets. It is likely the markets will leave Greece to sort out its own issues with its newly elected coalition party. A major uncertainty element is checked off the box, for now.
Spain (by extension other crisis-prone Euro countries like Italy)	Vulnerable Spanish banks saddled with debts due to ailing real estate markets.	EU Summit - Banks can be recapitalised directly from bailout funds, instead of money being funnelled through governments. Spain was offered EUR100 billion for its shaky banks. Previously, funnelling the bailout loan via the Spanish government would have spooked investors, who began demanding higher interest rates to reflect the risk of a Spanish default. With the new plan, interest rates have eased e.g. Spain's and Italy's 10-year bond dropped to 6.58% and 5.94% respectively, moving away from the unsustainable potential high rate of 7.00%. This is another uncertain element checked off.

Having seen the developments in Europe over the past few months, one can surmise that any clear, quick and sustainable resolution will not be reached soon. For starters, the problems in Europe were a culmination of many mis-steps over a long period and will likely take time to unwind. As well, unlike the Great Financial Crisis of 2008/09 in which the liquidity crunch following the fall of Lehman was relatively easier to manage as the US was a sovereign entity which could implement decisions expeditiously, Europe is a collection of sovereign states with its own vested interests to protect and economic, social and political considerations to manage. Going forward, the road to stability will be dotted with much political wrangling among the EU members, both at the Euro level and domestic level as executing austerity policies will not be easy but therein lies the opportunities to stay invested and look to move our portfolios to take advantage of market developments.

Europe

The Greek elections on 17 June came and went. The outcome was a welcome one, with the pro-austerity New Democracy

Party taking 29.7% of the votes, ahead of the anti-austerity's SYRIZA party which took 26.9% of the votes. The new Greek government, led by Prime Minister Antonis Samaras, will be formed by a coalition of the New Democracy Party, the former ruling party PASOK and the Democratic Left party, and is expected to negotiate the austerity measures demanded by the Troika of the European Union (EU), the European Central Bank (ECB) and the International Monetary Fund (IMF).

Concerns regarding Spain continued to rise through the month. Unemployment rate hit 24.4% in end-May. Moody's downgraded Spanish sovereign debt by 3 notches from A3 to Baa3, which puts it barely 1 notch above "junk" grade, while 28 Spanish banks were downgraded by 1 to 4 notches. The 10-year Spanish government bond yield went above 7% for a brief moment, but quickly retreated below the line. Following this, the Spanish government formally requested for a EUR100 billion aid package for its banks, which has been granted by the other Eurozone members. Conditions for this bailout seem to be more lenient than those of Greece's and Ireland's, possibly due to Spain's institution of measures to cut its fiscal deficit, whereas the Greeks have only just begun to sit down and negotiate about this issue. This effort was most recently seen in the Spanish parliament's approval of an austerity budget that will cost EUR27 billion, thus reducing its budget deficit from 8.9% of GDP in 2011 to 5.3% for 2012.

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Other positive news came from Portugal, France and Italy. Portugal injected EUR6.65 billion to recapitalise 3 banks. French President Francois Hollande's Socialists party secured an absolute majority of 314 out of 577 seats in the National Assembly, avoiding a potential political deadlock in France. Italy has started generating primary budget surpluses under Prime Minister Mario Monti, thus demonstrating a stronger sustainability in its reduction management of its debt-to-GDP ratio.

The biggest piece of positive news was the announcement that Germany gave some concessions following the EU Summit on 28-29 June. German Chancellor Angela Merkel gave the green light to allow the European Stability Mechanism (ESM), the permanent bailout fund, to provide capital directly to any troubled bank within the Eurozone. This will only take place after a European banking supervision mechanism is set up under the ECB by end-2012. This move will allow countries such as

Spain to recapitalise its banks without counting the funds under its sovereign debt structure. Had this been counted, the creditor positions of private lenders would have been subordinated to the positions of the ESM funding i.e. when it comes to pay out, the private investors will be paid only after the ESM funding are re-paid. With this out of the way, it will reassure private investors while also breaking the link between weak banks and weak sovereigns. Another development was that countries will also be able to get ESM funding without agreeing to a programme of strict oversight by the Troika, a move that will potentially benefit Italy.

Looking beyond the skilful negotiating by Prime Ministers Monti, Rajoy and Chancellor Merkel, what can we expect from this conclusion to the EU Summit? Firstly, many of these measures are conditional. The Germans will take the next step provided the troubled countries have taken theirs. Things can still go wrong after this stage, but the probability of that happening has decreased with this demonstration of commitment to the Euro. Banking supervision will be ceded to the ECB by the end of the year, provided it passed the various national parliaments. Troubled countries need to put their own house in order and rein in budget deficits before they can tap upon common bailout funds in the form of the ESM. Secondly, the ESM now has an expanded mandate, but the same amount of money. Nothing has been discussed about expanding the ESM's funding, or whether the ESM will be allowed to borrow from the ECB directly. However, with a wider scope, it is conceivable that the ESM may be expanded in the near future.

Thirdly, the reclassification of EFSF and ESM bailout funds such that it no longer counts under sovereign debt will have positive implications for Ireland as well, as the Irish government has assumed the liabilities of the Irish banks. This can lead to a potentially significant reduction in Ireland's debt-to-GDP ratio, and will be beneficial for Irish assets. Lastly, the ECB will meet on 5 July, and expectations are for it to announce a slight cut in interest rates to stimulate growth after these recent announcements. However, while there has been acceptance of the fiscal pact, there is still no clear roadmap towards closer fiscal integration amongst the Eurozone countries. The lack of this indication will hold the ECB back from unleashing another round of quantitative easing or direct bond purchases any time soon. Rather, the ECB can be expected to gradually ease monetary policy over the near-term.

To conclude, while the EU summit has yielded a refreshing change in tone and direction, there is still plenty to be done within the Eurozone. As the details are being fleshed out over the coming months, we will continue to monitor the developments and minimise the portfolio's exposure to Europe until more clarity surfaces.

United States

Indicators from the US were generally disappointing but this is counter-balanced by other positive news which suggests that the US economy will continue to grow, albeit very slowly. Consumer spending was flat in May after seeing almost no gain in their income (up 0.2% from investments and no growth in wage), not helped by dwindling confidence among consumers in June which was at the lowest level this year. The lack of growth in consumer spending and wages also suggests that a weakening job market is slowing the economy.

On the positive front, consumers did increase how much they spent on services (which include everything from doctor's visits to rent payments) for the second straight month, one of the few positive signs. Service spending rose 0.3% in May. After deducting taxes and adjusting for inflation, income rose 0.3 per cent - the biggest monthly increase for that category in two years. It largely reflected the sharp drop in gasoline prices that has lowered inflation. Some economists are hopeful that lower gasoline prices could lead consumers to spend more this summer.

In another report, the Thomson Reuters/ University of Michigan final index of sentiment fell to 73.2 this month from 79.3 in May. The June decline was the first in 10 months.

Asia – China and India

Chinese manufacturing data cooled off last month with official Purchasing Manufacturing Index (PMI) falling to 50.2 in June from 50.4 in May. The HSBC Flash PMI (unofficial index) also fell to 48.2 from 48.4. However, exports showed strength with growth climbing a robust 15.3% in May 2012 compared to May 2011, up from April's 4.9%. More importantly, the Chinese property sector showed some sign of stabilization. The average price of housing in June rose 0.05% from a month ago. Also, in May listed developers reported month-on-month sales increases ranging from 19% to 44%. So the sales volume recovery without a price increase does suggest that the government measures could be achieving some stable equilibrium price levels.

With property prices already fallen significantly over the past months, housing affordability is definitely expected to rise, with the affordability ratio in the top 35 cities expected to break below 7.5x by end of the year, a level that is even lower than the trough in 2008. Another support to the housing market is China's healthy household balance sheet. Not only are individual debt levels low in the country, but there is a lot of equity in the housing sector. In the past two years, most home purchases were transacted with 70% cash down. Hence, we continue to view the cooling in the housings sector as a long term positive and are not overly worried about it. The short term negative impacts have been felt over the past few months, but

as recent price and sales data show, the sector could be stabilizing soon.

There were also crucial developments on the regulations front. China Securities and Regulatory Commission (CSRC) announced a plan to ease the qualified foreign institutional investor (QFII) quotas regulations. Institutional investors applying for a QFII quota will now have to have only been operating for two years (it used to be five), and have US$500mn in assets (it used to be US$5bn). More importantly, QFIIs will be allowed to buy stock index futures and Chinese bonds. Finally, QFIIs' combined holdings in a single company can now be as much as 30% (from 20%). In other words, with these measures, the CSRC is opening up the capital structure of Chinese companies to a much greater pool of foreign investors. Needless to say, this should be bullish for good quality Chinese stocks.

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Lastly, the Chinese government also made reinforcing comments on their expectations of the economy. Hu Jintao commented "We are confident that China will maintain steady and robust growth and thus make solid contributions to global economic growth." Also, an academic advisor to the government said that he expects the economy to bottom in the second quarter of 2012 and start rebounding in the second half of this year.

Moving south, there were some interesting developments in India. Prime Minister Dr. Manmohan Singh was appointed Finance Minister. The outgoing minister, Pranab Mukherjee, has been accused by investors for not taking necessary steps in terms of financial regulation. Now, at a time when India is grappling with slowing growth, falling currency and high inflation, Prime Minster Singh's appointment is being viewed as positive news as he is a technocrat and was the one responsible for India's liberalization policies of 1991. As such, we would be monitoring the announcements coming out over the next few months and evaluate their impact on the economy.

Singapore

Headline inflation eased to 5.0%, lower than the consensual estimate of 5.1% in May. This is lower than the 5.4% reported for April, as prices for accommodation and oil-related items rose at a slower pace. The MAS has said

both accommodation and car costs are expected to remain high. Higher pressure on wages and other business costs are also expected to be passed on to consumers, but at a more moderate pace than in the early-2012. A spike in COE premiums in the month of May will most likely lead to an inflation rate above 5% for June. The government has increased the number of COEs available from July, which should reduce the contribution of COEs to price increases. Core inflation, which excludes the price of accommodation and private road transport, held steady at 2.7%, the same level as in April. Manufacturing rose 6.6% over the last 12 months, largely due to biomedical manufacturing. Singapore's PMI rose to 50.4 in May, up from 49.7 in April.

Despite the good news, Singapore's GDP forecast has been revised downwards to 2.8% from 3.7% previously. This is mainly due to the cooling economic activity since the start of the year. Greater global uncertainty is expected to filter down to the industries and the labour market, while credit growth has slowed down as well. There are indications that the Q2 GDP numbers will be lower than Q1, in the region of a -2.0% decline from Q1 to Q2.

Commodities

Gold prices remained flat for the month of June in Singapore Dollar terms. The metal had risen in the early part of the month but later gave up gains after some investors were disappointed to hear Ben Bernanke not announcing QE3 (another round of money printing). However, with global growth slowing, further money printing remains a real possibility. Also, Chinese demand for gold has been rising - gold exports from Hong Kong to China rose to a record 103.6 tonnes in April, up from 62.9 tonnes in March. As such, we maintain our overweight position in gold.

Conclusion

We maintain that the markets will continue to remain volatile and sensitive to news flow and events in the coming months. On a cautionary note on scenario appraisals, we argue that the same market event, which may be significant now, could potentially have a lesser impact on market sentiments and vice versa. So we should avoid overlaying concerns across time periods in our appraisal of possible market outcomes for the same event. For example, the Grexit was potentially a tipping point last month for the markets, but assuming it re-surfaced in 12 month time, its impact may be made relatively mild by other positive developments e.g. the liquidity mechanisms or other positive policies/stronger political will could come into the fore to ring fence any fallout from Grexit.

In early December, the Investment Committee took the decision to reduce the allocation to risk assets. This was taken in the context of the uncertainty ahead of the EU summit as well as the greater volatility expected from markets the longer Eurozone issues

remain unresolved. At the same time, the cheap valuations of equities also meant that portfolios should maintain a good exposure to equities. The Investment Committee took the move to cut exposure to risk assets in the portfolios' Strategic Allocation weights.

The 1Q12 run-up reflected a lifting of the market's sentiment towards the Eurozone situation and the concerns about a global recession despite the generally poor outlook for the global economy. In particular, with the ECB's LTRO, the risk of an event like the Lehman collapse is reduced significantly. To date, many risks remain, particularly an escalation of tensions between Iran and the rest of the Western world over Iran's nuclear ambitions and a possible Grexit outcome and its repercussions if the new coalition government is unable to execute austerity policies etc and the US elections in November. Still, the risk environment that had prompted our reduction of the risk asset weightings has lifted, resulting in the decision to revert to the SAA in end-March.

As the markets turn ever more uncertain in the coming months, we reiterate the concluding words of our CEO in his recent letter to all of our clients that "this is the time to stay calm and understand issues and know that markets are uncertain and volatile for a good reason. Markets are relatively cheaper. As long as your risk profile allows you, this is the time to slowly position yourself for recovery". Now is the time to position the portfolios for growth, including staying invested in growth areas like Asia and emerging markets and invested in assets that produce recurring incomes. Over the past one month or so, we have been slowly buying in tranches as the markets eased down which translates into buying good assets at a lower average cost. For some of our portfolios, there is some cash left which we will use to buy in at an appropriate time. We continue to monitor and stay disciplined in our investment approach in these uncertain times.

Market Outlook

Fund Watch – Fund Notes

By Mudit Goenka
Manager, Investments

Fullerton Short Term Interest Rate Fund – Update

We recently had a meeting with Melvin Lee, fund manager of the Fullerton Short Term Interest Rate Bond Fund. The fund seeks to achieve medium-term capital appreciation for investors, returning performance in excess of cash and fixed deposits. The fund invests in short duration bonds (2 to 3 years in general) in Singapore and globally, and hedges back the currency exposure to Singapore dollar (thus taking no currency risk).

The expected return of the fund is between 2.5% to 3% per annum. The fund is a low risk fund, with annual volatility (standard deviation) below 3%. The fund invests only in investment grade (BBB- or above) bonds, thus the default risk tends to be quite low. The shorter duration of the bonds also makes the fund less volatile. The fund typically invests most of its assets in company bonds, with very little in government bonds. The financial and real estate sector tends to have the largest allocation, due to its attractive yield. The fund manager's style is to hold bonds until maturity. However, he may trade bonds (sell prior to maturity) if they become overvalued.

The bond prices of Singaporean and global companies had fallen quite a bit last year as investor sentiments deteriorated due to the European debt crisis. They have recovered partly since then and the fund manager expects further recovery going forward. These Singaporean and global companies are financially strong companies and hence will regain their value in due time.

Annualized Performance in SGD as of 29/06/2012	1 Year	3 Year
Fund – Fullerton Short Term Interest Rate Fund	2.8%	5.2%
Peer – Nikko AM Short Term Bond Fund	2.3%	3.2%
Peer – United SGD Fund	2.0%	4.9%

The fund has performed well, up 5.2% per annum over the last 3 years. It has beaten the cash deposit rates (benchmark) as well as its competitors. The fund manager has been adhering very closely to the fund's mandate, and portfolio risk seems to be well managed, (the fund managed to avoid any default during the 2008 crisis). Also, in order to strengthen the team's capabilities, the fund manager has added three analysts over the past couple of years, increasing the team's coverage and depth of analysis.

The fund's current yield of 2.9% is higher than 10 year yields of most developed market country bonds (US – 1.6%, Japan – 0.8%, Singapore –1.4%). With a much lower risk and a higher yield, the fund continues to offer attractive risk-return characteristics. Thus, we continue to prefer this fund to typical global and Singapore bond funds.

We shall continue monitoring this fund and will keep you abreast of any changes in our view.

❧ Holistic Wealth ❧

Ready, Get Set, Retire!

By Geraldine Lam
Investment Specialist

This is the first of a two-part series on retirement readiness

A recent HSBC country study titled "The Future of Retirement" revealed that many Singaporeans perceive retirement to be "a whole new chapter in life" and "a time to rest and relax". To most people, retirement should be something to look forward to after several decades of hard work.

Many are aware, though, that having sufficient funds to last throughout retirement is important to enjoy this stage of life - three quarters of respondents to the study listed "not having to worry about money" as the most important factor to having a happy retirement.

However, there exists a gap between the awareness and the actual preparedness, or readiness, of most respondents. While almost all surveyed agreed that having enough money to live on was important, only 57% felt adequately prepared. The gap in retirement readiness is further evidenced by the fact that 73% of respondents felt either slightly worried or very worried about being able to cope financially during retirement (see Figure 1 below).

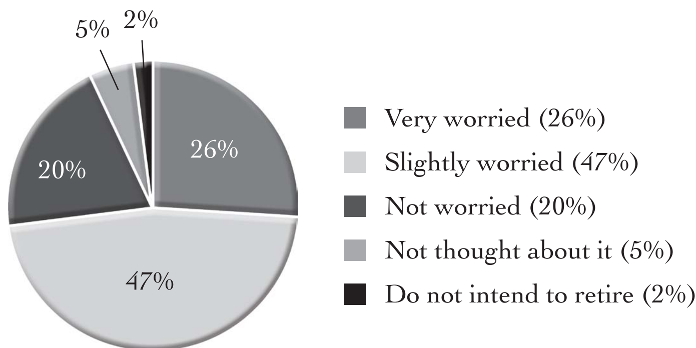

Figure 1: Levels of concern about coping financially in retirement (Reproduced with permission from The Future of Retirement, published in 2011 by HSBC Insurance Holdings Limited, London)

A new chapter begins

The two key reasons for concern relate to a fear of "unforeseen events" depleting savings and the uncertainty about "the cost of ill health".

Traditionally, older generation Singaporeans (and Asians, in general) relied mainly on their children to support them through old age. However, with declining birth and marriage rates, future retirees are aware that increasingly, they will have to plan early and be financially self-sufficient during this latter part of their lives.

Not only that, this stage of life is becoming an increasing proportion of one's lifespan, as better healthcare and advances in technology have led to increased longevity. In 1960, the average life expectancy in Singapore was 65. By 2010, the age had increased to 81.

The irony that results from advances in medical science and technology is that although people are now enabled to live longer, associated problems result – longer life means that monetary resources have to be stretched further, and that these monetary resources are also longer exposed to economic and market risks that threaten the sustainability of one's retirement savings.

5 Retirement Risks

The following are 5 risks that researchers have identified as being detrimental to the sufficiency of the average retiree's retirement fund[1]:

1. Longevity
2. Inflation
3. Market Volatility
4. Withdrawal Rate
5. Healthcare Costs

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[1] *Source: Ameriprise Financial*

It is easy to see how the above risks are all interconnected. Living longer means that the compounding effect of inflation will be more acutely felt during the later years. Assuming an average inflation rate of 3% p.a. over 25 years, a 60 year-old retiree living on an income of $5,000 a month will need about double this amount (i.e. $10,000 a month) to maintain the same living standard at the age of 85 if he is still alive! This means that retirees must invest their monies to counter inflation effects.

However, investing leads to another area of risk. If a retiree happens to commence retirement during a bear market, such as during the recent few years, the survival of retirement funds will be at stake if withdrawals are made from investments which have lost 25% of their capital value.

In the United States, the unprecedented market volatility has, in a short span of time, wiped out the value of many pension funds, leaving retirees to come to terms with a nest with much fewer eggs than they had originally put in over time.

Next is the challenge of how much one should withdraw, to prevent the retirement fund from being depleted too quickly. The longer one's lifespan, the greater an impact a poorly managed withdrawal rate, especially during the early years, will have on the sustainability of retirement funds. Inflation and market volatility will further amplify any negative effects.

Finally, healthcare costs could be the straw that breaks the camel's back for retirees, especially those advanced in age, as this is quite unavoidable and could span a range from thousands to hundreds of thousands of dollars, depending on a somewhat unpredictable future state of one's health.

One can reduce the impact of inflation by spending less and living a simpler life. One can also avoid the effects of market volatility by not investing in risky asset classes. However, one cannot avoid unforeseen health expenses should illness or disability strike.

5 Retirement Risks

Healthcare costs cannot be entirely defrayed by insurance. Preventive treatments, diagnostic tests, long-term medication and health supplements are generally out of the scope of medical insurance benefits (which tend to cover only inpatient and related costs) and can draw from hundreds to thousands of dollars out of a monthly budget. In addition, medical insurance premiums increase greatly as one gets older. The annual premium for an individual aged 90 can be ten times more expensive than for an individual aged 60[2]. In general, retirees would spend a greater percentage of income on health care costs than they did during their working years.

In view of all these, how can one look forward to a fulfilling and enjoyable retirement with less worry?

Given that retirees face a different set of risks compared to the generally younger and actively working accumulators, it is more important than ever, in the present day economic and financial market environment, to create an approach that serves to specifically manage these risks.

We will share more about this with you in the next issue of Coffee Break.

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[2] *Source: NTUC Income Enhanced Incomeshield and Incomeshield Assist Rider premium rates.*

ଓ Becos You Asked ଓ

By Gabby Tan,
Investment Analyst

Question:

I have read of articles stating that excessive quantitative easing (printing of money) could lead to accelerated inflation, thereby reducing the value of money. Would this scenario happen and how can we prevent the erosion of our wealth?

Answer:

To date, the extra liquidity from the recent quantitative easings (QE) appears not to have caused major demand shock which can push prices up, thus heightening inflation risk in the major economies. Given that the central banks play a major role in ensuring the stability and sustainability of their local economy, many of the central banks do have inflation targets or price stability as a key policy mandate. This implies that these central banks will be poised to act should inflation exceed or fall below set limits. When the economy is back on track and excess liquidity flows to push prices up, the central banks can be expected to use measures such as raising interest rates and/or reserve requirements to release the inflationary pressures.

Back home, the Monetary Authority of Singapore (MAS) adjusts the basket of currencies that the SGD is pegged to in order to manage foreign currency exchange shocks and to control imported inflation. Compared to a fixed exchange rate regime, this system allows the MAS greater flexibility in supporting Singapore's highly trade-dependent economy. As it appears, the higher inflation at the moment is not due to imported inflation but rather government policies (tightening of foreign labour market, reduction in number of COEs).

In terms of investments, Providend adopts an asset allocation approach to provide diversification across different asset classes, thus reducing the exposure to risks that can have an impact on a single or a few asset classes at one go. The Investment Committee and Investment Team are aware of the possibilities of inflation spikes

across the globe due to the increase in money supply, and are monitoring accordingly. Currently, certain hedges are implemented in some of the portfolios to prevent foreign exchange and inflation risks. Some examples of investments made through the Providend Global Portfolios and Pi Portfolios are in gold to hedge against further risks attendant with any QE measures, in REITs and short duration bonds to hedge against inflation risk, and in SGD hedged bond funds in view of the foreign exchange risk.

A Day of INSANITY

By Bryne Leong
Consultant

For the longest time, the Providend family has upheld the tradition of taking a couple hours off every Wednesday to engage in a physical workout, usually Captain's Ball at the nearby basketball courts. These games can get pretty competitive, with everyone trying to get better at the game. Besides being an avid musician – I serve in various church services as a guitarist and play in my own blues/funk band – I also find time to represent the Singapore Cricket Club in rugby, having been a rugby player as a schoolboy, up to representing combined age group and combined school teams as well as for the SCC overseas. Rugby players need to be very robust and conditioned, even at amateur club level, so I am very thankful Providend provides the time and space to let us deposit into our fitness banks.

One Wednesday in June however, we decided to try something different. We moved the furniture around, brought down the projector screen and set up the laptop for some INSANITY. INSANITY® is a workout designed by American Shaun T, comprising 10 insane workouts in 10 DVDs. We were going to try DVD 2: the Plyometric Cardio Circuit.

This set of 10 fitness programmes was designed to bring maximum-intensity cardio activity with shorter rest periods, able to be done within a small space. What this means is instead of having interval training where one does a short burst of high-intensity exercise with 3-4 minutes of rest, INSANITY® turns this around and instead involves performing long bursts of maximum-intensity exercises with short periods of rest. The 10 programmes are designed to build you up, recover and then gear into a higher plane to reach your fitness goals by the end of 60 days.

Form is favored over speed, and there will be days where the focus is on muscle stretching and recovering or building on your balance. Then there are days when you have to – and I quote their website - "push your legs 'til they beg for mercy".

In short, it's an absolutely insane workout plan.

We started off with some jumping jacks, strides or side-to-side movements, nothing very difficult and all very achievable, followed by a stretching period and breathing period. Some stretches were pretty advanced and actually required a certain level of fitness. Then, the insanity began.

Each exercise was done over bursts of 30-45 seconds, changing to a new set of exercises as soon as those seconds were up. Over a set of 5 exercises, done two or three times, then a short 30 second breather and water break, before it starts all over again, with new exercises.

I felt a sense of kinship to the very fit and trim individuals on screen when they too started collapsing on the floor or suddenly stopped and placed their hands on their hips, gulping as much air as they could. Still, Shaun T tried to get us going, pushing us past our limits while telling us that taking a break will not be a problem if we were feeling pain or unable to keep our form. All this while he was supervising his class onscreen, getting them to rest whenever he saw that they were losing form.

Nonetheless we persevered, stopping when it hurt or when we had run out of breath. Finally, mental relief and physical rest came when Shaun T got us to catch our breath and start the stretch down. It was really tiring but also good fun, and there was a sense of camaraderie in going through this "torture" together.

To attempt INSANITY® is not for the unconditioned. You have to get to a level where you can attempt the moves. But that's not to say only Olympic athletes or Himalayan mountaineers can do it, anyone can! After all, the focus is form over speed, building up the speed as you go along. You can rest any time you want, but you have to have the mental fortitude to push through. And even if you were miles away from the fitness levels you see on screen, you are welcome to try it again till you achieve your health and fitness goals.

Seeing a financial plan to fruition is no different; making the work and adjustments to achieve your financial goals could be long, sometimes painful, and it takes discipline, some courage and heart to achieve. Pain will always go away and be replaced by health and strength. That's a goal no one can ever take away from you.

❧ Family Happenings ❧

How to be a Food Detective

By Nerissa Xue
Executive, Brand Management

Just a few days ago, my teenage brother persuaded my mum to buy a new brand of cereal because it claimed to contain 10 vitamins. My mum may have been convinced but I was skeptical because healthy cereal usually looks like bird food and this cereal most certainly did not. I don't doubt that there are 10 vitamins in it but I suspected that there was more than meets the eye. So I took a look at the ingredients and sure enough, simple carbohydrates and sugars formed the bulk of it.

Since when did I become so meticulous about a product's ingredients anyway? Well, since we had the Virtual Supermarket Tour at the office on 29 July, another activity under the Workplace Health Promotion programme. In this talk, Ross from Lifestyle Changes taught us how to look beyond the potentially deceptive packaging claims and even the Healthier Choice symbol, and really scrutinize the nutritional information to discern whether the product is really as healthy as it has been made out to be. CoffeeBreak shares some insights.

First of all, certain products that are clearly not so healthy without having to look at the nutritional information, like processed foods or foods containing high amounts of sugar or salt, should be avoided or taken in moderation. Alternatively the ingredient list can also give a good idea, as the ingredients are listed in descending order of quantity.

Nutritional information is usually presented in terms of quantity per serving (definition of a serving varies among products) and per 100g. This may not be able to adequately ascertain our actual intake as most of the time we would not be consuming exactly one serving or 100g, but the nutritional information for per 100g can be used to compare products and choose the healthier option. Nutrients to limit are naturally the saturated and trans fats, cholesterol, sodium and sugars. Watch out for claims of low fat and low salt. Truly low salt foods should have less than 120 mg of sodium per 100g, while truly low fat foods must contain less than 3g per 100g and 1.5g per 100ml for solids and liquids respectively. For dietary fibres, minerals and vitamins, the more the merrier.

As for carbohydrates, check the ingredient list to see if the carbohydrate source is of good/complex carbohydrates (wholegrain) or bad/simple carbohydrates (processed flour). However, there is now another more sophisticated system of distinguishing good and bad carbohydrates, which may appear in the nutritional information (although not yet widespread): the product's glycaemic index (GI). GI is an indicator of how quickly the food, once consumed, increases the blood glucose level, therefore a lower figure is more ideal. Low GI foods also release energy slowly, so that one will take longer to feel hungry again. A GI of 55 and below is considered low, while a GI of 70 and above is considered high.

Once again, we have learnt new information that would help improve our health. But with so many things to scrutinize and compare, we might have to spend more time at the supermarket than before. Then again, it would be worthwhile to conduct this exercise the first time in the name of health. Once we've settled on the healthier brands to buy, we can buy those whenever we need to buy that item. A shopping list could help as well, as Ross suggested, so that the grocery shopping can be more purposeful and organized.

~ Providend in the News ~

Media Exposure

June 2012

PRINT

Simple Steps to Choosing Fund

Mudit Goenka, Manager, Investments

The Sunday Times (Invest), 10 June

One of the considerations when choosing a fund to invest in is its cost. Mudit highlights the importance of choosing a fund whose costs are not too high as it is a certainty, versus expected outperformance, which is uncertain. And while the fund should not be too small, Mudit points out that the fund should not be too large either as it may not be able to outperform the market because it is relatively less nimble.

Growing Your Nest Egg

Christopher Tan, Chief Executive Officer

The Edge Singapore, 11 June

In this article on building up retirement assets, Chris agrees that topping up the CPF Special Account (SA) is the best option, as it is able to give a 4% return per annum almost risk-free. Once the top-up has been made, it can only be withdrawn at age 55, therefore one must consider his liquidity needs. In addition Chris advises that the monies in the SA should not be invested but treated as a bond component in the overall portfolio. However when investing for retirement, investing only in low-risk instruments may not be ideal. This is even more so for long investment horizons, as one risks outliving his assets. Instead Chris maintains that some percentage of the portfolio should still be in equities, as long as the overall risk is acceptable enough for the investor to remain invested even in volatile times.

TV & RADIO

Financial Planning 101, Money Week
Christopher Tan, Chief Executive Officer
Channel U, 9 June
This installment of Financial Planning 101 focuses on countering inflation through investments. Chris gives his take on the instruments available to investors, such as investing into commodity producing countries. REITS is another option that has been giving returns higher than Singapore's inflation. Bond returns are currently above 5%, and may be able to fight inflation as long as it doesn't exceed the bond's coupon rate. While home loan interest rates are favourable, one may take the opportunity to refinance his home loan, provided he is not in the lock-in period. There may be an administration fee of $500 but it is worth it considering the savings of $200 every month.

FOR CLIENTS AND GUESTS

Share the Knowledge and Invite Your Friends!

"THE WILL AND BEYOND"

Financial Planning 101 Series

Part 5

Presentation by Mr James Huan, Head of Legal & Estate Succession

In the 5th of the series, we have put together a refresher topic for you entitled: ***"The Will and Beyond – having all the critical pieces of your estate puzzle"***.

Leaving a mess for your family to manage after your demise is probably the last thing you'd want. What if you are mentally incapacitated but still alive, who should manage your needs and affairs? Will it be the same people handling your estate? That is why planning your financial affairs when you are still healthy is important, to fill the gap when you can no longer make decisions or be around for your loved ones.

This talk will refresh your understanding of estate planning and cover areas such as:

1. What is estate planning and why is it important to you.
2. Preserving the value of your estate by minimizing leakages.
3. Ensuring that you leave enough assets behind for your loved ones.
4. Making sure that your estate will be managed efficiently and your assets released to the correct beneficiaries.
5. Understand how joint assets, your Will, CPF nominations and Insurance nominations work together.
6. Important "end-of-life" documents such as Lasting Power of Attorney and Advance Medical Directive.

After this talk, you would have a clearer understanding of the relevance of estate planning and how you should plan or review your estate plan to ensure that you don't leave behind a mess for your family.

We are extending this invitation to any other guests who would like to attend the talk, so if you have friends or relatives who you feel will benefit from these workshops, please do bring them along.

Kindly RSVP with the attendees' names and contact numbers to Ms Madeline Woo at madeline_woo@providend.com or call 63092478

Date	:	Tuesday, 24 July 2012
Time	:	6:30pm - 7:30pm (light refreshments will be served)
		7:30pm - 9:00pm (talk commences)
Venue	:	38 Duxton Hill 089616
Parking	:	Avaliable at Craig Place Multi-Storey Carpark

A Cuppa of Reminders

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See you latte!

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