

OCBC BANK OFFERS FIRST SAVINGS FUND IN SINGAPORE THAT COMBINES THE BENEFITS OF EQUITIES AND PROTECTED FUNDS

The Accumulator brings together the potential growth and liquidity of an equity fund with the preservation mechanism of a capital protected fund for longer-term wealth accumulation

Singapore, 6 February 2004 – OCBC Bank announces today the launch of The Accumulator, a first-of-its-kind savings fund in Singapore that combines the flexibility, liquidity and growth potential of equity funds and the preservation mechanism of capital and returns enjoyed by protected products. This innovative open-ended product with no lock-in period can be used to save towards any financial goal, be it children's university education, retirement or general savings for a rainy day.

“Traditionally, investors face a dilemma when they want to accumulate long-term wealth for the future,” says Mr Andrew Lee, Head Consumer Financial Services Singapore, OCBC Bank. “We can no longer ignore the reality of rising education and retirement costs. In 15 years’ time, the costs of obtaining a general degree in Australia, the US or the UK will cost anything from S\$155,000 to S\$400,000. Likewise, if you want to retire in comfort or maintain your current lifestyle during your golden years, you will need a large sum of money. There is no doubt that it pays to start saving earlier. However, saving through normal deposit accounts may not be an ideal long-term savings tool if you wish to enjoy higher returns.”

If investors decide against putting their money in traditional deposit accounts, the other options available are equity investments which give higher potential returns but higher risk, and bonds, protected funds or fixed deposits, which offer lower potential returns and lower risks.

“Many investors want the best of both worlds – growth from equities plus the certainty to preserve their savings and returns,” shares Mr Lee. “How do we address the need of an individual who wants to tap into the potential growth and benefits of investing in equities and at the same time, wants a certainty that their savings and returns would not be greatly affected by an uncertain turn of events? Our solution for our customers is The Accumulator, which has been specially structured to meet such needs.”

The Accumulator has the ability to tap into the opportunity for potentially higher returns via global equity growth, yet provide a preservation mechanism for capital and returns and the flexibility to recalibrate investments to saving goals. Mr Lim Wyson, Vice President of Wealth Management, Consumer Financial Services says, “We usually save with specific purposes and goals in mind, such as our children’s education or retirement. Due to the importance of these goals, we usually seek to reduce uncertainties yet desire better returns. This is the first time in Singapore that a retail product combines the benefits of equity funds

with those of protected products to fill this gap in the market. The beauty of The Accumulator lies in its ability to provide efficient longer-term wealth accumulation and management for those who wish to enjoy the best of both worlds.”

The key benefits of The Accumulator are:

Growth

Investors have the opportunity to profit from equity growth as The Accumulator will be actively managed by Schroder Investment Management to optimise returns. It will invest in two assets – a Growth Asset that invests in equity funds that represent a global equity basket and a Safe Asset that invests in S\$ denominated money market instruments or funds.

An active asset allocation strategy will be employed between the Growth and Safe Assets. When equity markets are strong, The Accumulator’s exposure to the Growth Asset and hence global equities will rise. When equity markets are weak, its exposure to the Growth Asset and global equities will fall. In this way, investors will enjoy more growth when markets are strong, and reduced exposure when markets are weak.

Schroders will adjust the allocation when prevailing market conditions change in order to meet the objectives of maximising exposure to the Growth Asset and providing the minimum floor. Schroders will also employ tactical asset allocation within the Growth Asset, with the objective to optimise returns.

The minimum floor on any dealing day is an amount equivalent to 85% of the last highest net asset value (NAV). Investors can therefore expect to receive the higher of current value of investments or the minimum floor, on redemption.

Flexibility

Investors have the ability to adjust the monthly savings amount and tailor payments to meet their own needs. Additionally, investments into The Accumulator can be made via a lump sum or in monthly amounts via a regular savings plan. “The Accumulator gives you optimum flexibility in how much to invest and when,” says Mr Lim. “This enables you to manage your investments according to your needs and financial situation. For example, if you receive a substantial amount of bonus money, you can choose to increase your monthly saving amount for that month.”

Customers may participate in the regular savings plan using cash, CPF and SRS investments. Customers also have the added flexibility of buying and selling twice a month and purchases are not limited to the initial offer period.

Liquidity

Investors can manage their liquidity more efficiently with The Accumulator, as there is no fixed lock-in period. “With no fixed investment term and no maturity date, you have the freedom to choose to terminate the plan at any time if you need the funds. You also have the added ability to determine your investment horizon and decide how long you want to stay invested,” adds Mr Lim. Additionally, as there is no lock-in period, there are no penalty fees for early termination.

Minimum Floor

The Accumulator provides rising minimum floor of capital and returns as compared to a traditional open-ended equity fund. The unique continuous 85% minimum floor at the last highest NAV helps to lock in returns as equity markets rise and acts as a preservation mechanism when equity markets fall. This means that investors can sleep in comfort, knowing that the 85% minimum floor provides a safety net.

About OCBC Bank

OCBC Bank is a Singapore-based financial services group with assets of S\$86 billion and operations in 14 countries including Malaysia, China, Japan, Australia, UK and USA, and has more than 125 branches and representative offices around the world. OCBC Bank offers a range of specialist financial services including consumer, corporate, investment, private and transaction banking, global treasury, asset management and stockbroking services to its customers. Additional information may be found at www.ocbc.com.

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