

# Ideal asset allocation

## CPF's return and risk versus other portfolios

### VALUE OF \$100 IN 20 YEARS

	CPF ACCOUNT	SINGAPORE GOVT BONDS	GLOBAL BONDS	60% EQUITIES, 40% BONDS	GLOBAL EQUITIES
Expected value	<b>\$303</b>	\$207	\$195	<b>\$315</b>	<b>\$373</b>
5th percentile	<b>\$241</b>	\$167	\$154	\$140	\$102
95th percentile	<b>\$402</b>	\$265	\$251	<b>\$685</b>	<b>\$1,300</b>

### % TERMS

Expected return	<b>5.7%</b>	3.7%	3.4%	<b>5.9%</b>	<b>6.8%</b>
Standard deviation	<b>1.4%</b>	5.3%	4.2%	12.3%	20.0%
5th percentile return	<b>4.5%</b>	2.6%	2.2%	1.7%	0.1%
95th percentile return	<b>7.2%</b>	5.0%	4.7%	<b>10.1%</b>	<b>13.7%</b>

*Assumptions: Over 10 years, cash rates will increase to 4% a year, Singapore government bond yields to 5.3%, global equities to return 5% over Singapore inflation, and Singapore and global inflation to be around 2.5%*