

This document is an elaboration of paragraph 10 of the CPF Investment Guidelines (CPFIG).

This document applies to the inclusion of Collective Investment Schemes (CIS) and Investment Linked Insurance Product (ILP) sub-funds (collectively referred to as "Fund") under the CPF Investment Schemes (CPFIS). CIS refers to Authorised Schemes (constituted in Singapore) or Recognised Schemes (constituted outside Singapore) as set out in Sections 286 and 287 of the Securities and Futures Act 2001 (SFA), as well as CIS that were previously approved under the Companies Act and which are also deemed to be Authorized Schemes.

1. FMCs or "Responsible Person" as defined in the SFA or the Manager appointed by the Insurer (for ILP sub-funds), have to apply to the Board for inclusion of each Fund (whether constituted in Singapore or outside Singapore) under CPFIS.

2. **Management of Authorised Funds Constituted in Singapore**
 - 2.1 Funds are expected to be managed in Singapore by the FMCs included under CPFIS, themselves. However, to provide for a wide range of products under the Scheme, the Board is prepared to consider applications from FMCs to invest in CIS that are not included under CPFIS, or to subcontract Funds for management by other Managers in Singapore or abroad. FMCs may choose one of the following:

Option A1 - Fund is wholly managed in Singapore;

Option A2 - Fund invests partially or fully in CIS that are not included under CPFIS; or

Option A3 - Fund is partially or wholly sub-managed in Singapore or abroad
 - 2.2 To qualify for Option A1, FMCs must manage at least S\$500 million worth of discretionary funds in Singapore

while to qualify for Option A2 or A3, FMCs must manage at least S\$1 billion worth of discretionary funds globally.

2.3 Applications should be made to the Board on Form CPFIS/AF.

2.4 **OPTION A1 - Fund is wholly managed in Singapore**

2.4.1 The FMC must furnish CPF Board quarterly reports stating the nature and total value of investments that fall outside the CPFIS. The format for such report is set out in the table of Form CPFIS/AF.

2.5 **OPTION A2 - Fund invests partially or fully in CIS that are not included under CPFIS**

2.5.1 The following details should be submitted together with the application Form CPFIS/AF:

- i) list of investments of underlying CIS as at the date of the application. FMCs should indicate which investments deviate from the CPFIS;
- ii) proposed compliance procedures to ensure that at least 95% of the value of the fund will be invested in accordance with the CPFIS; and
- iii) confirmation from the Manager of the underlying CIS that it does not retain cash rebates for its own account in its management of the CIS, if the Manager of the CIS belongs to the same group of companies as the CPFIS-registered FMC, or has an investment arrangement with the CPFIS-registered FMC. In the case of other Manager of CIS not belonging to the same group, a statement from the CPFIS-registered FMC that it has satisfied itself that the Manager of the CIS does not retain cash rebates will suffice.

2.5.2 To invest partially or fully in the CIS, the FMC of the underlying CIS must be reputable and supervised by an acceptable regulator. The underlying CIS must be monitored regularly by the Singapore FMC to ensure that overall, at least 95% of the underlying assets of the Fund is invested in compliance with CPFIS.

2.6 OPTION A3 - Fund is partially or wholly sub managed in Singapore or abroad

2.6.1 The following details should be submitted together with the application Form CPFIS/AF:

- i) list of investments of underlying sub-manager as at the date of the application. FMCs should indicate which investments deviate from the CPFIS;
- ii) proposed compliance procedures to ensure that at least 95% of the value of the fund will be invested in accordance with the CPFIS; and
- iii) confirmation from the foreign sub-manager that it does not retain cash rebates for its own account in its management of the fund.

3 Recognised Funds Constituted outside Singapore

3.1 Applications should be made to the Board on Form CPFIS/RF, and accompanied by the following:

- i) list of investments as at the date of the application. FMCs should indicate which investments deviate from the CPFIS;
- ii) proposed compliance procedures and confirmation that at least 95% of the value of the fund will be invested in accordance with the CPFIS; and
- iii) confirmation from the FMC that it does not retain cash rebates for its own account in its management of the Fund.

3.2 To offer Funds constituted outside Singapore, the FMC must be reputable and supervised by an acceptable regulator, and be included under CPFIS to manage Funds. If the FMC is not included under CPFIS but is related to a CPFIS-registered FMC where due diligence has already been conducted previously on its group of companies, the FMC may proceed to make an application on Form CPFIS/RF to offer its Fund under CPFIS. Otherwise, the FMC have to make an application for inclusion under CPFIS first.

- 3.3 The Fund to be offered under CPFIS must be recognized by MAS under Section 287(1) of the SFA and must be monitored regularly by the Singapore-registered Representative/Agent of the FMC to ensure that at least 95% of the underlying assets of the Fund are invested in compliance with the CPFIS at any time.
- 3.4 An existing feeder fund that is included under CPFIS, may convert to offer its underlying fund that is constituted outside Singapore, into a recognized fund, also by making an application on Form CPFIS/RF.
- 4 For the application process, refer to [PROCESS FOR INCLUSION OF FUNDS UNDER CPF INVESTMENT SCHEME \(CPFIS\)](#)

5. CPFIS Admission Criteria for Funds

5.1 Active Funds

5.1.1 Active Funds under CPFIS are required to meet the following admission criteria:

As at 1 Oct 2020

- Top 25 percentile of funds in the global peer group (the evaluation would be based on assessment on qualitative and quantitative factors);
- Sales charge caps imposed by the Board¹;
- Preferably have track record of good performance for at least 3 years; and
- Total expense ratios (TERs) must not exceed the TER caps in the various risk categories:

Risk Categories	Expense Ratios Criterion (%)
Higher risk	1.75
Medium to High Risk	1.55
Low to Medium Risk	0.95
Lower Risk	0.35

5.1.2 For previous tightening of CPFIS admission criteria for active funds, please refer to Annex A

¹ The sales charge cap of 0% from 1 Oct 2020.

5.2 **Passive Funds**

5.2.1 Passive Funds under CPFIS are required to meet the following admission criteria:

As at 1 Oct 2020

- Good prospects of tracking index efficiently with low tracking error (the evaluation would be based on assessment on qualitative and quantitative factors);
- Total expense ratios (TERs) will be taken into consideration;
- Sales charge caps imposed by the Board²;
- Physical replication (full or partial);
- ETF has to be listed on SGX; and
- Preferably have good tracking record³ for at least 3 years.

² The sales charge cap of 0% from 1 Oct 2020.

³ This refers to implemented strategy for at least 3 years

1. From 1 February 2006, new funds will have to meet more stringent admission criteria to be included into the CPFIS.

Effective from 01 Feb 2006

- i. *A higher evaluation benchmark;*

To be admitted into CPFIS, new funds must meet the revised benchmark set at the top 25 percentile of funds in their global peer group⁴.

The evaluation benchmark is based on a number of factors such as the capability of the fund managers, the investment philosophy of the fund, its key decision makers, the appropriateness and quality of its research and analysis and its portfolio construction and implementation.

- ii. *An expense ratio that is lower than the median of existing CPFIS funds in its risk category*

The median expense ratios of existing CPFIS funds as at end 2004 is shown in Table 1 below.

The median expense ratios will be reviewed annually.

In addition, new Funds into the CPFIS should preferably have a track record of good performance for at least 3 years.

2. Caps on Charges on New CPF Investments in all Funds under CPFIS.

The following changes are for new investments in all funds (unit trusts and investment-linked insurance products) using CPF monies:

- i) Sales Charges

Effective from 01 July 2007

From 1 July 2007, sales charges must not exceed 3%.

- ii) Expense Ratios

Effective from 1 January 2008

From 1 January 2008, expense ratios must not be higher than that shown in Table 1 below.

⁴ This refers to comparison of funds of similar asset class/strategy on a world-wide basis.

To be allowed to take in new CPF monies, funds must meet both of the above criteria.

Table 1

Risk Classification	Median Expense Ratios (%) of CPFIS Unit Trusts and Investment-Linked Insurance Products As at 31 December 2004 [Rounded off to the nearest 0.05]
Higher Risk	1.95
Medium to High Risk	1.75
Low to Medium Risk	1.15
Lower Risk	0.65

3. Stricter Criteria for Existing Funds under CPFIS.

Effective from 01 Jan 2011

All CPFIS funds have to meet the following stricter criteria in order to take in new CPF monies from 1 January 2011:

- i) Top 25 percentile of funds in their global peer group;
- ii) Total Expense Ratio lower than the median of CPFIS funds in respective risk class (as shown in Table 1);
- iii) Sales charge not exceeding 3%; and
- iv) Preferably track record of 3 years.

4. All CPFIS funds are required to comply with the reduced TER caps in order to take in new monies.

The new TER caps are:

Risk Categories	New TER Caps (%)
Higher Risk	1.75
Medium to High Risk	1.55
Low to Medium Risk	0.95
Lower Risk	0.35

The new TER caps are based on the median TER of CPFIS List A funds in FY2012, and after taking in industry feedback. The new caps will take effect in two phases:

- Phase 1: TER caps are applicable to **new funds** included under CPFIS from **1 October 2014**
- Phase 2: TER caps are applicable to **existing funds** under CPFIS from **1 January 2016**
- Funds that do not comply with the new TER caps will not be allowed to take in new CPF monies.
- For more information, refer to [“Frequently Asked Questions on Total Expense Ratio”](#) (please click “CPF Investment Schemes” in the FAQs).

5. CPFIS Admission Criteria for Funds

5.1 Active Funds under CPFIS are required to meet the following admission criteria:

Effective from 01 Oct 2018

- Top 25 percentile of funds in the global peer group (the evaluation would be based on assessment on qualitative and quantitative factors);
- Sales charge must not exceed prevailing sales charge cap of 1.5%;
- Preferably have track record of good performance for at least 3 years; and
- Total expense ratios (TERs) must not exceed the TER caps in the various risk categories:

Risk Categories	Expense Ratios Criterion (%)
Higher risk	1.75
Medium to High Risk	1.55
Low to Medium Risk	0.95
Lower Risk	0.35

5.2 Passive Funds under CPFIS are required to meet the following admission criteria:

Effective from 01 Oct 2019

- Good prospects of tracking index efficiently with low tracking error (the evaluation would be based on assessment on qualitative and quantitative factors);

- Total expense ratios (TERs) will be taken into consideration;
- Sales charge must not exceed prevailing sales charge cap of 1.5%;
- Physical replication (full or partial);
- ETF has to be listed on SGX; and
- Preferably have good tracking record⁵ for at least 3 years.

⁵ This refers to implemented strategy for at least 3 years