



THE MONETARY AUTHORITY OF SINGAPORE

Auction of Singapore Government Securities (SGS)

Individual investors¹ may submit auction applications for the following 10-year SGS bond. This is a re-opening of an existing bond.

Issue details

- Issue code: NZ10100F
- New issue/re-opening: Re-opening
- Remaining tenor: Approximately 10 years
- Original tenor: 20 years
- Issuance amount: S\$2.7 billion
- Coupon rate: 2.875%
- Coupon payment dates²: 1 Mar and 1 Sep

Return

The effective rate of return if the bond is held to maturity, will be the cut-off yield determined at the auction. As this is a re-opened bond, **the cut-off yield may not be the same as the coupon rate.** As an illustration, **the bond is currently yielding about 0.90% per year**, based on end-of-day prices as at 20 Jul 2020.

Key dates

- Auction date: 28 Jul 2020, 12pm
- Application deadline: Typically 1-2 business days before auction date
- Issuance date²: 3 Aug 2020
- Maturity date²: 1 Sep 2030

How to apply

Cash applications can be made through **DBS/POSB, OCBC and UOB ATMs and internet banking portals**, and **OCBC's mobile application**. You will need an **individual CDP account number**.

Applications using Supplementary Retirement Scheme (SRS) funds can be made via the **internet banking** portal of your SRS Operator (DBS/POSB, OCBC and UOB).

Applications using CPF funds must be submitted in person at your respective CPF Investment Scheme (CPFIS) agent bank:

- DBS: 12 Marina Boulevard Level 3 or call 1800-111-1111
- OCBC: 65 Chulia Street or call 1800-363-3333
- UOB: 80 Raffles Place or call 1800-222-2121

SGS auctions

All SGS bonds are auctioned using a **uniform price auction**. This means that all successful applicants will receive the bond at the same yield, which is the highest accepted yield (cut-off yield) of successful bids.

Applicants can choose to submit a **competitive or non-competitive bid**. If you wish to invest in the bond regardless of the return, a non-competitive bid should be submitted.

If you wish to invest in the bond only if it yields above a certain level, you may submit a competitive bid, specifying the yield that you are willing to accept. Do note that you may not get the full amount that you applied for, depending on how your bid compares to the cut-off yield.

Successful applicants will see the bonds reflected in their individual CDP accounts. Unsuccessful applicants will see the money refunded into their bank accounts.

A note on re-opened bonds

Re-opened bonds have the same maturity date and coupon rate as the original bond. However, depending on the result of the auction, it may be issued at a different price (i.e. not the face value of \$100). As such, the effective rate of return if the bond is held to maturity may not be the same as the coupon rate.

For example, as NZ10100F has a coupon of 2.875% and remaining tenor of about 10 years, its price would vary, depending on the auction cut-off yield as set out below:

| Coupon | Cut-off yield (Effective rate of return) | Price (As at 20 Jul) |
|--------|---|-------------------------|
| 2.875% | 0.80% | 120.12 |
| 2.875% | 0.90% | 119.05 |
| 2.875% | 1.00% | 117.99 |

Because the price of the bond will only be known after the auction, 115% of the amount you applied for will be deducted from your bank account upon application. After the auction, any excess (shortfall) will be refunded to (deducted from) your account.

Risks

Investments in SGS bonds are exposed to the risk of price changes. You may receive more or less than your principal if you sell your SGS bond before its maturity date. **If you want the flexibility to get your principal back in any given month, you may wish to consider Singapore Savings Bonds** (<https://www.mas.gov.sg/ssb>) instead.

Footnotes

¹This document is intended for individual investors. It is for informational purposes only and does not constitute the terms of issue for this SGS bond. For the complete terms of issue, please refer to the public notice dated 21 Jul 2020 at: www.mas.gov.sg/bonds-and-bills/auctions-and-issuance-calendar-2020. Institutional and corporate investors are advised to refer to the above-mentioned public notice.

²If MAS' electronic payment system is not operating on issuance, coupon payment or maturity date(s), then issuance, coupon payment or redemption, as the case may be, will occur on the next day when the electronic payment system is in operation.

For more information, visit www.mas.gov.sg or call 6221 3682.