

# Participating Life Insurance Fund Update 2021



## Thank you for trusting your financial needs with China Taiping Insurance (Singapore) Pte. Ltd. (“CTPIS”).

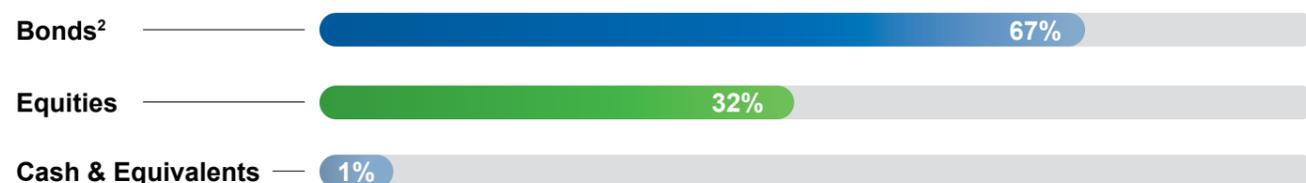
We are pleased to provide you with the Participating Life Insurance Fund (“Par Fund”) Update for the year ended 31 December 2021. In this update, you will find the overview of the performance of the Par Fund in 2021 and the bonuses allocated for the said performance, as well as our views on the future outlook of the Par Fund.

CTPIS is committed to managing the Par Fund prudently while seeking to maximise returns on our investments to provide stable benefits to you. We are dedicated to maintaining our financial strength and fulfilling our commitments to you.

### About the Fund

As at 31 December 2021, the Par Fund held Total Assets<sup>1</sup> at market value amounting to S\$267.4 million, a 57% increase from past year’s S\$170.7 million. This is largely attributed to the increase in new business and capital injections. The investment mix of the Par Fund as at 31 December 2021 is as follows:

#### Asset Allocation as at 31 December 2021



### A Review of 2021

#### Investment Factors

2021 was a year of uncertainty and anticipation, as we enter the second year of the COVID-19 pandemic. Positive developments on vaccine rollouts, easing of lockdowns, conducive monetary and fiscal stimulus powered a global economic rebound. Still, the recovery pace across regions was uneven and repeatedly dampened by new virus waves, supply chain disruptions, geopolitical tensions, and emergence of various COVID-19 variants.

In United States (US), the economy flourished but the imbalance between supply and demand led the consumer price inflation to surge its 40-year high of 7% by the end of 2021. Whereas in China, the months-long regulatory crackdown on specific industries coupled with its zero-tolerance COVID-19 policy in dealing with sporadic coronavirus outbreaks, have induced an economic slowdown in 2021.

Amid challenges in the financial markets, the Par Fund achieved a net investment return of -6.3% in 2021, largely attributable to unfavourable performance from both equities and bonds. Overall, the Par Fund’s investment return over the past 3 years averaged out to be 2.0%.

Year	2019	2020	2021	3-year Average
Investment Return <sup>3</sup>	4.6%	8.1%	-6.3%	2.0%

#### Notes:

<sup>1</sup> Total Assets of the Par Fund refer to assets backing policy liabilities.

<sup>2</sup> Including derivatives used to hedge foreign currency exposures.

<sup>3</sup> Investment Return is derived from the net investment income after deducting investment expenses and divided by the average market value of Par Fund’s Total Assets. Past performance is not necessarily indicative of future performance.

#### Non-Investment Factors

Benefit payout from insurance claims, surrendered policies and operating expenses are key non-investment factors that can affect the level of bonuses. Generally, the results of these key non-investment factors are in line with our expectations in the year 2021. We do not expect short-term fluctuations in these non-investment factors to affect current and future bonuses significantly.

Key Non-Investment Factors	Impact on Bonus
Insurance claims were in line with expectation	Neutral
Surrenders were lower than expectation	Slightly Negative
Expenses were in line with expectation	Neutral

#### Total Expense Ratio

The Total Expense Ratio (“TER”) is the proportion of total expenses incurred by the Par Fund to the assets of the Par Fund. These expenses include costs such as investment, management, distribution, taxation and other expenses.

An expected level of expenses to be incurred by the Par Fund has been allowed for in the premiums payable for your policy and is not an additional cost to you. If the actual level of expenses varies significantly from the expected level of expenses, it may affect the non-guaranteed benefits you receive.

The Par Fund was set up in December 2018. Typically, TER for the initial years of a new Par Fund is not reflective of its expected long-term TER. This is because significant expenses are incurred in the initial set-up of a Par Fund and its asset bases are still being built up. TER for 2021 is 11.4%, and is in-line with expectation.

Please note that past expense ratios may not be indicative of actual expenses that may be incurred in the future.

### Future Outlook

2022 had a volatile start with a range of macro events from continuing Covid outbreaks to Russian invasion of Ukraine and wider geopolitics. Based on the International Monetary Fund’s April 2022 outlook report, global GDP growth for 2022 is expected to slow down to 3.6%, moderating from 6.1% in Year 2021. Against a backdrop of COVID-19 uncertainties, Russia-Ukraine war disruptions and exacerbating inflationary pressures, we expect 2022 to be challenging with less accommodative monetary policies and quantitative tightening led by US Federal Reserve.

Despite the challenges, we are optimistic that there are attractive opportunities to enhance investment return. We will continue to be vigilant and disciplined in managing our investment portfolios, while focusing on delivering positive long-term investment returns to our policyholders.

On the non-investment factors, we expect claims and surrenders to be stable and in line with our expectations. We will continue to monitor our expenses closely to be as cost efficient as possible.

## Frequently Asked Question

### 1 What is a participating policy and how does it work?

Premiums of participating insurance policies are pooled together to form the Par Fund. This fund invests in a range of assets, which are used to pay benefits to participating policyholders and to meet the expenses incurred in running the fund.

You are entitled to a share of the Par Fund's profits, distributed to you by adding bonuses to your insurance policy. Bonuses once added to your policy are guaranteed. The future performance of the Par Fund is determined by factors such as investment returns, claims on policies (from Death, Critical Illnesses and surrenders) and the expenses incurred by or allocated to the Par Fund. This future performance will determine bonuses to be paid in the future. Bonuses not yet distributed/declared are not guaranteed.

### 2 How are bonuses declared?

Bonus are declared yearly. The Par Fund Updates will be available on CTPIS's corporate website in July yearly with effect 2022. When declaring bonuses, CTPIS smoothens the bonus allocations over a period of time to minimise short-term fluctuations that can occur from market conditions. The bonuses declared are approved by the Board of Directors, taking into account the written recommendation by the Appointed Actuary.

### 3 When will the bonus be allocated to my policy?

The bonus declared will be vested on the latter of declaration date or policy anniversary in Year 2022.

### 4 What is my bonus this year?

We are pleased to inform you that the bonus rates for Year 2021 is maintained as per your Policy Illustration. If you have a reversionary bonus policy, you should receive Your Participating Plan Annual Statement in May 2022. Please refer to the Statement for the bonus declared on your policy. The bonus rates allocated for the 2 years preceding 2021 have been maintained as per your Policy Illustration.

For any enquiries on Your Participating Plan Annual Statement, please contact your Financial Representative, email us at [customer.service@sg.cntaiping.com](mailto:customer.service@sg.cntaiping.com) or call us at 6389 6111. A full Policy Illustration is available upon request.

## About Us

### About China Taiping Singapore

China Taiping Insurance (Singapore) Pte. Ltd. ("CTPIS") is a leading insurer for both life and general insurance businesses, providing one-stop financial solutions for your personal and business needs. We have been assuring our customers in Singapore with financial peace of mind for over 80 years.



Long heritage in Singapore since 1938



Financial Strength:  
S&P: A- | AM Best: A



Provides one-stop financial solutions

### About China Taiping Insurance Group

CTPIS is wholly-owned by China Taiping Insurance Holdings Company Limited, which has been listed on the Hong Kong Stock Exchange since 2000, making it the first Chinese funded insurer listed overseas. China Taiping Insurance Group Limited is a large transnational financial and insurance group with more than 500,000 employees globally and total assets of HKD 1,379 billion (as of December 2021).



Established in Shanghai since 1929



Achieved Global Fortune 500 since 2018



Global footprint of 24 subsidiaries – Mainland China, Hong Kong, Macau, North America, Europe, Oceania, East and Southeast Asia

This commentary is for general information only and have no regard to specific investment objectives, financial situation, and particular needs of any persons. Any opinions, predictions, forecasts or forward-looking statements made are not indicative of future performances. Information is accurate as of 9 June 2022.