

**PARTICIPATING
LIFE INSURANCE
FUND UPDATE
2020**



Thank you for your trust and support!

We are pleased to provide you with the Participating Life Insurance Fund (“Par Fund”) Update for the year ended 31 December 2020. In this update, you will find the overview of the performance of the Par Fund, our asset mix strategy, our views on the outlook of the Par Fund and how these conditions may impact future returns. We hope to provide you with a better understanding of the factors that impact bonuses for your participating policies.

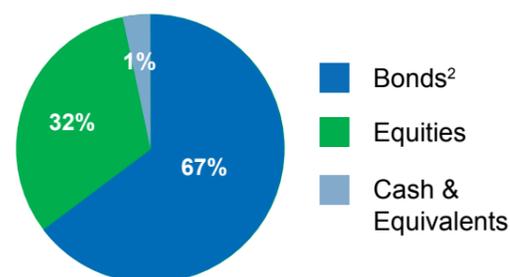
China Taiping Insurance (Singapore) Pte. Ltd. (“CTPIS”) is committed to managing the Par Fund prudently while seeking to maximise returns on our investments to provide stable benefits to you. We are dedicated to maintaining our financial strength and fulfilling our commitments to you.

About the Fund

As at 31 December 2020, the Par Fund held Total Assets¹ at market value amounting to approximately S\$170.7 million, a 281% increase from past year’s S\$44.9 million. This is largely attributed to the increase in new business, capital injections and investment gains.

The investment mix of the Par Fund as at 31 December 2020 is as follows:

Asset Allocation as at 31 December 2020



Notes:

¹ Total Assets of the Par fund refer to assets backing policy liabilities.

² Including currency derivatives used to hedge foreign currency exposures.

Top 5 Equity Holdings of the Par Fund

Top 5 Equity Holdings	% of Total Equities
Tencent Holdings Ltd	8.8%
Alibaba Group Holding Ltd	7.6%
JD.com Inc	5.6%
China Merchants Bank Co Ltd	5.4%
Meituan	5.1%

A Review of 2020

Investment Factors

2020 was a tumultuous year marked by several unprecedented events. The spread of COVID-19 pandemic caused severe worldwide economic disruptions and market volatility especially in the first three months of the year. In an emergency move, the US Federal Reserve cut interest rates to zero and launched massive quantitative easing program to shelter the economy from the effects of the virus.

With ample liquidity injected into the global markets through various policy measures implemented by most central banks around the world, investment performance managed to turn around and ended the year positively. Subsequent news on vaccine approvals, rollout plans and reopening of borders further boosted the recovery of the markets.

Overall, the Par Fund achieved a net investment return of 8.11% in 2020, mainly contributed by positive performance from both bonds and equities.

- Equities fared better than bonds as there was a sharp rebound in major stock markets after the March bottom.
- Bonds, on the other hand, had benefitted from declining interest rates although the gains were partially offset by a considerable widening of credit spread.

Year	2020
Investment Return ³	8.11%
Investment Expense Ratio ⁴	0.21%
Total Reversionary Bonus Payout	S\$2,364,480

The Par Fund’s Investment Expense Ratio for Year 2020 was kept low at 0.21%.

Notes: Past performance is not necessarily indicative of future performance.

³ Investment Return is derived from the net investment income after deducting investment expenses and divided by the average market value of the Total Assets.

⁴ Investment Expense Ratio is the ratio of the total investment expenses incurred by the Par Fund as a proportion to the Total Assets.

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 2020. 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 is lower than expected	Slightly Positive
Surrender is lower than expected	Slightly Negative
Expenses are in line with the 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. The expenses incurred by the Par Fund included management, distribution, other expense, and taxation. The Par Fund was set up in December 2018. Typically, the TER for the initial three 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. Hence, the TERs of the Par Fund for the years 2018 to 2020 are not shown.

Future Outlook

Moving into Year 2021 and with US Election (2020) behind us, we expect more certainty in the investment markets against a backdrop of strong GDP and earnings growth recoveries. The International Monetary Fund’s April 2021 outlook report projected a global GDP growth of 6.0% in Year 2021, rebounding from the growth contraction of -3.3% in Year 2020.

In the post-COVID world, the ongoing vaccination programmes and continued accommodative policy support brought much optimism for a faster global economic recovery. While there are still near-term bouts of volatility and output gaps compared to pre-pandemic levels, the macro environment remains positive. Over the longer term, it is however conceivable that a prolonged low interest rate environment would depress future bond returns. We will continue to be mindful of the market environment and focused on delivering positive long-term investment returns.

Frequently Asked Questions

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?

Bonuses are declared yearly. 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 2021. The bonus is guaranteed after vesting.

4. What is my bonus this year?

We are pleased to inform you that the bonus rates for Year 2020 is maintained as per your Policy Illustration. If you have a reversionary bonus policy, you will receive Your Participating Plan Annual Statement in May 2021. Please refer to the Statement for the bonus declared on your policy.

For any enquiries on Your Participating Plan Annual Statement, please contact your Financial Representative, email us at customer.service@sg.cntaiping.com or call us at 6389 6111.

Important Notes: 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 1 May 2021.

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 RMB 920 billion.



Established in Shanghai since 1929



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



Achieved Global Fortune 500 since 2018