

## A Decade of Dedication, A Lifetime of Protection

Dear Valued Customer,

Time flies, and the years pass like a well-written story. As we celebrate the 10th anniversary of China Life Insurance (Singapore) Pte. Ltd., I would like to extend my deepest gratitude on behalf of our entire team for your unwavering trust and support. We sincerely wish you and your family good health, happiness, and success in all that you do.

Over the past decade, we have grown alongside the times, strengthening our commitment to serving you. From our humble beginnings to today's steady expansion, diversified product offerings, and growing brand recognition, China Life Singapore has remained dedicated to its promise: **"China Life, your lifetime protection."** Through continuous innovation in protection, wealth management, healthcare, and retirement solutions, we strive to deliver even higher-quality services. This journey of progress would not have been possible without your trust—it is your confidence in us that drives us to reach new heights.

### Keeping Our Promise, Giving Back to You

In an era of global economic fluctuations and volatile financial markets, we understand your concerns about stable asset growth. As such, we are pleased to reaffirm our commitment: **China Life Singapore will continue its annual dividend payouts as promised**, ensuring peace of mind despite market uncertainties. With a strong financial foundation and prudent management, we remain steadfast in our dedication to safeguarding your wealth and providing the protection you deserve.

### A Decade of Dedication, A Commitment That Lasts

Health is the foundation of happiness, retirement is the support for a fulfilling life, and financial planning is the key to long-term security. As global economic landscapes evolve and customer needs become more complex, we continue to refine our product portfolio, offering competitive insurance solutions tailored to modern lifestyles. Beyond traditional coverage, we are expanding our "Insurance+" ecosystem, integrating services across healthcare, technology, and finance. Insurance is no longer just a safety net—it is a bridge to a better future.

Wealth management is not only about accumulation but also about protection and legacy. By employing sound financial strategies and optimizing asset allocation, we aim to create sustainable long-term value for our clients, even amid market volatility. Whether it's personal financial planning or intergenerational wealth transfer, we remain customer-centric, delivering tailored, professional, and comprehensive solutions. Our goal is to help you build a secure financial future and ensure that your wealth endures for generations to come.

**Looking Ahead, Creating the Future Together**

As we embark on our second decade, we are more committed than ever to innovation and service excellence. With technology-driven solutions and a global perspective, we will continue expanding the boundaries of “Insurance+”, strengthening our role as a trusted partner for life. Our mission is to provide you and your loved ones with even more convenient, thoughtful, and high-quality insurance services.

**“China Life, your lifetime protection.”**

No matter how the world changes, our promise remains unchanged—we stand by your side, every step of the way, towards a brighter future.

**Lin Xiangyang**

Chief Executive

China Life Insurance (Singapore) Pte. Ltd.

## Participating Fund Update for 2024

### Par Fund Performance

For our Participating Fund ("Par Fund"), the past investment rates of return (after deducting investment expenses only) are shown in the table below:

	2022	2023	2024	Average of last 3 years	Average of last 5 years	Average of last 10 years
Investment Returns <sup>1</sup>	-8.85%	3.60%	7.12%	0.38%	4.23%	N.A.

<sup>1</sup> Investment return is derived after deducting investment expenses only.

Please note that past performance may not be indicative of future performance.

### Total Expense Ratio (TER)

For our Par Fund, the past TERs are shown in the table below.

	2022	2023	2024	Average of last 3 years	Average of last 5 years	Average of last 10 years
Total Expense Ratio	3.86%	3.38%	2.46%	3.11%	5.35%	N.A.

The 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.

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

### Non-investment Factors

Other factors may affect the performance of the Par Fund, such as insurance benefit claims, operating expenses and surrender payouts. The overall experience for these factors is broadly in line with our expectations, except for the operating expenses. As the Par Fund is still in its initial years of set-up, the operating expenses of the Par Fund are higher than expected. Nonetheless, over the last two years, the expense ratio has been trending downwards and closer to our expectation.

### Economic Review

Financial markets demonstrated resilience in 2024, continuing the bull market that began in late 2022. Equities successfully navigated interest rate changes, uncertainty surrounding the US elections and the ups and down of the Magnificent 7 stocks amid AI optimism. Overall, the MSCI AC World Index advanced +21.8%.

### Equities

The US equity market continued its strength from late 2022, with investors driving prices higher based on robust consumer and corporate data. While investor sentiment fluctuated throughout the year, it remained resilient amid a backdrop of optimism surrounding economic growth, potential interest rate reductions and the thriving aspects of AI. The S&P 500 rose by +29.5%. Europe lagged the US, with MSCI Europe returning +5.3% as it endured persistent challenges throughout the year. A subdued economic environment, political instability and

external shocks weighed heavily on the market. The Topix index delivered +11.3%, supported by strong returns in Q1 following the Bank of Japan's (BoJ) decision to end its era of negative interest rates. The MSCI Asia Pacific ex-Japan rose by +14.2% while the EM Index gained +11.4%.

## **Fixed Income**

In global fixed income markets, much of the narrative for 2024 revolved around the trajectory of interest rates following one of the most aggressive tightening cycles in recent history. The US 10-year Treasury yield started the year at 3.88% before closing higher at 4.57%. Although the Fed initiated a rate-cutting cycle in Q3, the momentum was short-lived as inflationary pressures resurfaced, with expectations towards year-end that Trump-induced policies would further stoke growth in 2025. Credits outperformed government bonds, supported by tightening of spreads.

## **Alternatives**

Commodities overall gained +9.2% despite being held back by weak demand in China. Gold turned out to be the best-performing asset for the year, advancing +31.8%, fuelled by US monetary easing, ongoing geopolitical risks and central banks' buying sprees. In currency markets, the USD strengthened by +7.1% (as measured by the DXY Index), supported by a favourable economic backdrop. Meanwhile, the SGD weakened by -3.4% against the greenback in 2024.

All returns above are quoted in SGD terms.

## **Asset Mix of the Par Fund**

The strategic asset allocation and the asset mix of the Par Fund as at 31 December 2024 are summarised below.

Asset Class	Strategic Asset Allocation	Actual Asset Mix
Equities	20%	21%
Fixed Income	70%	72%
Alternatives	10%	0%
Cash and Equivalents	0%	7%

## **Market Outlook**

The focus for 2025 has now moved from 'landings' to divergence across economies, central bank actions and market performance. In the US, we continue to expect fewer rate cuts from the Fed than the market, although pricing has moved closer to our view in recent weeks, leading us to a neutral view on duration overall. In a similar vein, we like gold.

In the next few months, we still expect inflation to be benign but there is a risk of inflation reaccelerating in the US, given the likelihood of tighter immigration controls, leading to less slack in the labour market. Outside of the US, uncertainty over trade could weaken the growth picture, coupled with lacklustre demand in China. We expect policies to remain stimulative, both in China and Europe, which should serve to offset some of the concerns over a more protectionist US.

Much of our equity exposures last year have been focused on the S&P500, which has been rewarded. We recognise that the market is looking expensive but believe it is too early to reduce our exposure.

Within credit, we continue to like European high yield debt, where valuations are far less stretched. This bond segment also offers an attractive yield and stands to benefit from a further tightening of spreads. Low growth, moderating inflation and lower rates remain supportive as well.

In conclusion, we continue to keep a close eye on market and policy developments in 2025. More importantly, Trump's policies and their implementation will take time to play out and we will respond accordingly in a nimble and dynamic manner.

## Frequently Asked Questions

### 1. What is a participating policy?

Participating policies are life insurance policies which aim to provide stable medium to long-term returns by providing non-guaranteed benefits in the form of bonuses.

### 2. What is a Participating Fund?

A Participating Fund ("Par Fund") is a fund which combines premiums pooled from all participating policies to invest in a range of assets, such as bonds and equities, to generate an investment return. The Par Fund aims to achieve the illustrated investment rate of return while controlling risks by actively managing a mix of asset classes. Profits from the Par Fund are used to determine the non-guaranteed bonuses on your participating policy.

### 3. What does the Par Fund invest in?

The Par Fund invests in a diversified portfolio comprising the following asset classes:

- Fixed income securities and convertible bonds;
- Equities;
- Alternatives (Gold, Commodities, Global REITs), and
- Cash

The portfolio is managed in a conservative manner and overweights high-quality investment-grade bonds at all times to protect capital value and then seek higher returns with a risk-managed approach.

### 4. How are bonuses determined and when will bonuses become guaranteed?

In determining the bonuses that we can pay, we consider the actual experience and the future outlook of key factors affecting the performance of the Par Fund. These key factors include investment performance, expenses and payments of benefits.

As the performance as well as the future outlook for the Par Fund may vary from year to year, bonuses may be smoothed to ensure stable medium- to long-term return. As a result, bonuses may be retained in good years to support the bonuses in years when experience is less favourable.

Our bonus allocation policy is to keep the bonuses at a level that we expect that they can be supported over the medium- to long-term. Thus, while we review the bonus rates yearly, we do not expect them to rise and fall much from year to year. Nevertheless, there may be significant adjustments under exceptional circumstances.

Bonus rates are determined and declared yearly as approved by our board of directors based on the written recommendation of our appointed actuary. Once bonuses are declared and allocated, they will form part of the guaranteed benefits of your policy.

## 5. What items and expenses are charged to the Par Fund?

There are different types of expenses and charges relating to the operation and management of the Par Fund, including distribution-related expenses.

Examples of these expenses include:

- Commission and distribution cost
- Investment fees paid to external fund managers
- Management expenses such as policy issuance, underwriting and claims related expenses
- Overhead expenses

## 6. What are the risks affecting the performance of the Par Fund?

The key risks affecting the performance of the Par Fund include:

- Investment risk
- Expenses incurred in managing the Par Fund being higher than expected. The types of expenses include investment, management, distribution and other expenses.
- Mortality and morbidity risks which affect the amount of claims paid out for policies in the Par Fund
- Persistency experience, which is the number of lapsed or surrendered policies in the Par Fund

## 7. How are risks shared?

All policies written within the participating fund will share in the overall experience and performance of the participating fund, which enables risks to be pooled and diversified.

The key risks that the Participating Fund are subject to investment risks, expense risks, mortality and morbidity risks as well as lapse and surrender risks.

## 8. What are the key factors affecting the level of Cash bonus?

There are four key factors:

- Performance: The Par Fund's historical investment performance and future outlook.
- Expenses: Amounts paid such as claims and the expenses incurred by the Par Fund. The types of expenses include investment, management, distribution and other expenses.
- Bonus allocation policy: Our intent is to keep the bonus at the level that we expect that it can be supported over the medium to long term. Thus, while we may review the bonus rate yearly, we do not expect it to rise and fall much year to year. Nevertheless, there may be significant adjustments under exceptional circumstances.
- Smoothing of Bonuses: As the performance as well as the future outlook for the Participating Fund may vary from year to year, bonuses may be smoothed to ensure stable medium- to long-term return. As a result, bonuses may be retained in good years to support the bonuses in years when experience is less favourable. The effect of smoothing is intended to be neutral across generations of policy owners over the long-term.

**9. Will bonuses / dividends be revised?**

Future bonuses are not guaranteed, dependent in particular on the past and the future outlook of investment returns, expenses and payments of benefits affecting the performance of the Par Fund.

Revisions to the bonus rates will only be made after a thorough review, in consideration of the Par Fund performance over a period longer than one year to minimize any short-term fluctuations.

**10. Who manages the Par Fund?**

The Par Fund is managed by us and Schroder Investment Management (Singapore) Ltd. which is part of Schroders plc ("Schroders"). As at 31 December 2024, Schroders, a global investment manager with a long history of over 200 years, had GBP778.7 billion of assets under management and administration and operates from 38 locations across Europe, the Americas, Asia, the Middle East and Africa.

**11. Who should I contact to find out more on my policy matters?**

Should you have any queries, please feel free to contact your insurance intermediary or call our Customer Care Hotline at 6727 4800, or email us at [CustomerCare@chinalife.com.sg](mailto:CustomerCare@chinalife.com.sg).

## About Us

Established in 2015, China Life Insurance (Singapore) Pte. Ltd. is a licensed life insurer regulated by the Monetary Authority of Singapore. As part of China Life Insurance (Group) Company ("China Life") which is the largest state-owned financial insurance corporation in China, we are backed by its strong financial foundation and rich heritage. China Life has been a Fortune Global 500 company for 22 consecutive years, ranking 59<sup>th</sup> in 2024. With a brand value of RMB 501.985 billion\*, it is recognized as an influential global financial brand.

Our parent company, China Life (Overseas), traces its roots back to 1933 and has been serving customers for over 90 years. With the strong support of China Life, China Life (Overseas) has grown into the largest Chinese insurer and institutional investor in Hong Kong. As of February 11, 2025, China Life (Overseas) holds an "A1" insurance financial strength rating from Moody's, and as of December 18, 2024, an "A" long-term local currency issuer credit and insurer financial strength rating from Standard & Poor's.

We are dedicated to providing comprehensive financial solutions tailored to our customers' needs in risk protection, retirement, wealth management, and legacy planning. Committed to social responsibility, we actively engage in initiatives that foster financial literacy, support local communities, and promote sustainable development. Our growing distribution network includes strategic partnerships with 2 banks and 22 alliances with leading brokerages and wealth management firms. In 2020, we further expanded our presence by launching the Agency Channel, strengthening our market position and empowering financial advisors to deliver tailored solutions with exceptional service.

\* Source: Top 500 Most Valuable Chinese Brands 2024 by World Brand Lab