



TOKIO MARINE
INSURANCE GROUP

2024 Participating Fund Update

(for the year ending 2023)

Corrected version as of 17 September 2024

What is this Participating Fund Update for?

In this annual update, you will find useful information on the recent performance of TMLS' Participating Fund ("Par Fund" or the "Fund") for the year ending 31 December 2023 and the impact of its performance on the bonuses and dividends allocated to your participating policies. In addition, we will present our views on the future market outlook and how it could impact future bonuses and dividends based on our actuarial investigation of policy liabilities carried out under Section 95(1) of the Insurance Act 1966.

Please note that this Par Fund update contains only general commentary of the Par Fund and therefore may not be applied specifically to individual participating policy.

A Review of 2023

In 2023, the US Federal Reserve continued to raise interest rates, albeit less aggressively than in 2022 to curb high inflation. Notwithstanding the tighter monetary conditions, major economies continued to expand while developed equity markets recovered strongly from the weakness in the previous year. The year saw investors witnessing the collapse of Silicon Valley Bank and Credit Suisse due to banking sector stress, followed by the euphoria on the development of artificial intelligence and subsequently a shift in expectations towards the end of the year that the U.S. Federal Reserve's policy will move from interest rate hikes to potential cuts in 2024 as inflation cooled. Domestically, Singapore's economy expanded by 1.1 percent in 2023, as the construction sector grew by 5.2 percent while the manufacturing sector shrank by 4.3 percent.

Fixed income assets experienced volatility during the year due to the continued rate hikes by the major central banks in the first half of the year. Their performance generally recovered in the fourth quarter as market participants perceived a shift in the monetary policy stance with the US Federal Reserve expected to cut interest rates from 2024.

About the Par Fund

The Par Fund's assets are invested prudently based on a long-term objective, which commensurate with the long-term commitment of your insurance policy.

Total Assets* of the Par Fund as at 31 December

Market Value		
2021	2022	2023
S\$ 8,122 million	S\$ 7,115 million	S\$ 7,429 million

*Total Assets refer to assets backing policy liabilities which exclude assets acquired through repurchase agreements.

Performance of the Par Fund

Investment performance over the years

2021	2022	2023
Investment Return#		
-4.92%	-13.94%	8.09%
Total Expense ratio		
0.63%	0.58%	0.57%

#Investment Return includes investment expenses

The Par Fund delivered a net investment return of 8.09% for the year ended 31 December 2023. Positive returns from the fixed income and equity asset classes contributed to the returns for the year.

Non-investment experience in 2023

Operating experience (which includes mortality & morbidity, surrender, management expenses and distribution expenses) was in-line with expectations.

Equities:

Top 5 Equity Holdings of the Par Fund as at 31 December 2023

Equity Holdings	% of Equity Holdings
ISHARES CORE S&P 500 UCITS ETF	18%
DBS GROUP HOLDINGS LTD	7%
OVERSEA-CHINESE BANKING CORP	6%
TAIWAN SEMICONDUCTOR MANUFACTURING CO. LTD	4%
XTRACKERS EURO STOXX 50 UCITS ETF 1C	4%

Fixed Income:

Breakdown of Fixed Income Assets as at 31 December 2023

Category	% of Fixed Income Asset
Singapore Government Securities	39%
Quasi-Govt/Investment-Grade Bonds	57%
Other Bonds	3%
Preference Shares/Perpetual Securities	1%

Asset Mix of the Par Fund

Asset Mix	
Investment Mix	
Equities	22%
Fixed Income	72%
Cash & Others	6%

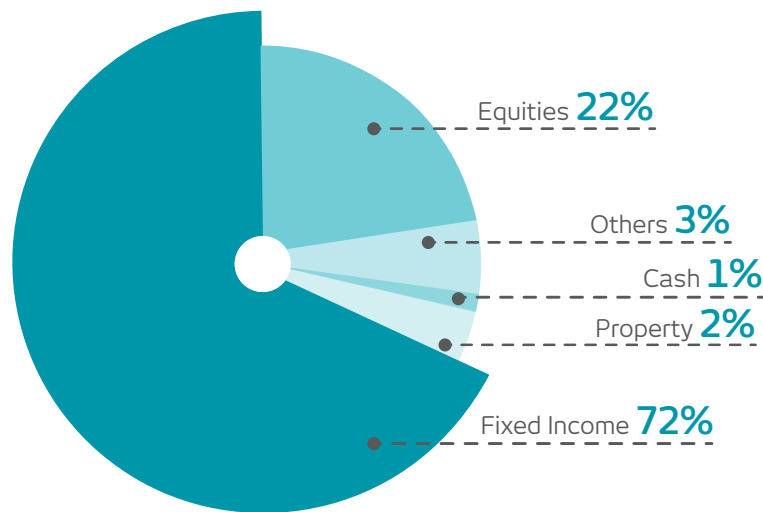
Taking into consideration the tenure of whole-life insurance products, the Par Fund has liabilities that tend to have a longer duration than the assets on its portfolio. Therefore, the Par Fund has utilised instruments such as repurchase agreements (used to acquire long-dated fixed income securities) and interest rate swaps to help reduce this asset-liability mismatch risk**.

The asset mix shown below includes the fixed income assets that have been acquired using repurchase agreements (2023: 15% of total gross assets; 2022: 15% of total gross assets).

The Par Fund Gross Asset Mix for the year 2023 against year 2022

	Equities	Fixed Income	Property	Cash	Others	Total Gross Asset (\$'m)*
2022	19%	75%	2%	2%	2%	8,416
2023	22%	72%	2%	1%	3%	8,738

Asset Mix as at 31 December 2023



*The Total Gross Asset includes assets acquired through repurchase agreements.

**Further details can be found in the FAQ available on our website.

<https://www.tokiomarine.com/sg/en/life/resources/par-fund-update-faqs.html>

Bonus Allocation

The main feature of your participating policy is its ability to provide stable returns on your policy while allowing you to participate in the performance of the Par Fund in the form of bonuses and/or dividends.

Your policy benefits, including bonuses and/or dividends, are dependent on the Par Fund's performance, which includes past and future projected portfolio mix, investment returns, claims and surrender experiences, as well as expenses of the Par Fund. Based on the historical performance and future outlook, we will allocate part of the surplus of the fund to increase your policy value via bonuses and/or dividends.

All bonus and dividend allocations are approved by the Board of Directors, based on the recommendation made by the Appointed Actuary.

Future Outlook

During the first half of 2024, equity markets continued to register strong gains amid a resilient US economy and ongoing enthusiasm around Artificial Intelligence. In the US, the focus was on the forecasted timing and extent of interest rate cuts by the US Federal Reserve as inflation eased 3 percent in June. The European Central Bank was the first to cut interest rates but avoided committing to any rate path due to sticky services inflation.

Global growth is expected to stabilise as inflation levels are likely to ease further, which will prompt major central banks to lower interest rates. However, investors need to be mindful of geopolitical risks which include the US presidential elections in November, the ongoing Russia-Ukraine war, increasing tensions in the Middle East and the US-China tensions.

The International Monetary Fund in its World Economic Outlook Report in July 2024 commented that global

growth is projected to be at 3.2 percent in 2024 and 3.3 percent in 2025. However, services inflation is stalling progress on disinflation, which complicates the path of monetary policy normalisation by major central banks.

Our outlook for non-investment items remains unchanged. We expect future claims and expenses to remain in-line with our expectation as we continue to maintain disciplined underwriting and careful expense management.

While future bonuses and dividends cannot be guaranteed, we remain committed to managing our investments, claims and expenses prudently to maintain the solvency of the Fund and strive to safeguard our policyholders' long-term interests. We will continue to review the supportability of future bonuses and dividends, taking into consideration, amongst others, the market environment.

About TMLS

Tokio Marine Life Insurance Singapore Ltd. is part of the Tokio Marine Holdings, Inc. which was established as the first insurance company in Japan more than 140 years ago. Today, Tokio Marine is one of the world's largest insurance groups, with a robust network that spans across 46 countries and regions operated by high-performing teams of more than 40,000 employees.

Our alignment of strategy to drive a strong performance and people-centric culture has advanced our standing in Singapore as a leading life insurer. Our values and vision define and guide us in everything that we do. A firm commitment to the traits of customer centricity, integrity and excellence underpins our promise to be the go-to partner for all financial planning needs.

Contact Us

If you wish to learn more about the current protection and cash value of your participating insurance policy, you can request a full Policy Illustration from your Financial Representative or email customercare@tokiomarine-life.sg.

Important Notes:

This policy¹ is protected under the Policy Owners' Protection Scheme, which is administered by the Singapore Deposit Insurance Corporation (SDIC). Coverage for your policy is automatic and no further action is required from you. For more information on the types of benefits that are covered under the scheme as well as the limits of the coverage, where applicable, please contact us or visit the LIA or SDIC websites (www.lia.org.sg or www.sdic.org.sg).

¹ Exclude policies registered in Brunei

Common Reporting Standard (CRS)

CRS is an internationally agreed standard for automatic exchange of financial account information for tax purposes. With effect from 1 January 2017, CRS requires all financial account holders to complete and submit a self-certification form on tax residency status. This includes changes in circumstances such as change of personal details, occupational status or TIN number etc. Certification form is available on our website at tokiomarine.com. The form can be found under Life & Health > Resources > Forms. You may send a completed and signed softcopy to customercare@tokiomarine-life.sg or through your representative. Alternatively, a completed and signed hardcopy may be submitted to us by mail. For more information on CRS, please visit the IRAS website at www.iras.gov.sg.