

# Participating Fund Update for 2024

As a valued policyholder of a participating policy from Income Insurance Limited ("Income Insurance"), we are pleased to update you on the performance of our Life Participating Fund ("the Fund") for the year ended 31 December 2024 and the bonuses allocated for the year.

Policyholders share the profits and losses of the Fund through bonuses that are non-guaranteed. This update, thus, provides you insights into factors that can affect the bonuses that we declare.

This update also outlines the outlook of the Fund based on our latest actuarial investigation of policy liabilities carried out under section 95(1) of the Insurance Act 1966 and update you on any changes in future non-guaranteed benefits. It does not, however, address any participating policy specifically.

## Participating Fund performance

The investment return and total expense ratio of the Fund are as follows.

	2022	2023	2024 <sup>1</sup>	AVERAGE OF THE LAST...		
				3 YEARS	5 YEARS	10 YEARS
Net Investment Return of Life Participating Fund (S\$)	-8.73%	4.19%	5.07%	-0.03%	1.86%	3.46%
Net Investment Return of Life Participating Fund (US\$)	-13.49%	8.65%	8.31%	0.60%	2.33% <sup>2</sup>	N/A <sup>2</sup>
Total Expense Ratio	1.07%	0.92%	0.89%	0.96%	0.94%	0.89%

<sup>1</sup> Based on unaudited figures as of 11 February 2025

<sup>2</sup> Life Participating Fund US\$ was setup in June 2020

The Participating Fund delivered a strong performance in 2024, which partially helped cushion the impact of past market challenges, especially in 2022 when central banks aggressively increased interest rates as a response to high inflation.

## Participating plans by currency

Singapore Dollar Participating Plans	US Dollar Participating Plans
All S\$ Participating plans	Grandeur Solitaire (US\$)

## Factors that contributed to the performance of the Participating Fund in 2024

### 1. Performance of the global financial markets

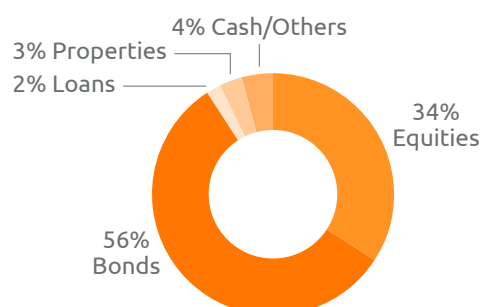
Global financial markets generally had a positive year in 2024, which resulted in another year of positive return for the Fund. Global equities performed well, driven by a resilient US economy and projected productivity gains from Generative Artificial Intelligence. Stimulative government policies in China and the technology sector boom in Taiwan spurred Asian equities to perform favourably.

As inflation eased, major central banks started cutting interest rates which benefitted fixed income assets. Additionally, low corporate default rates lead to tightening credit spreads Private assets also contributed meaningful gains for the Fund, driven by strong corporate fundamentals and resilient economic drivers, especially in the US. Singapore properties generated stable returns for the Fund, mitigating challenges in the global properties sector.

### 2. Investment mix of the Fund

The investment mix of the Fund, with a total market value of \$33.1 billion as of 31 December 2024, is appended below. The asset mix in 2024 remained largely similar to 2023.

#### Asset mix of the Fund



#### Asset mix of the Fund by currency

Asset Mix <sup>1</sup>	Equities <sup>2</sup>	Bonds	Loans	Properties	Cash/ Others
Singapore Dollar Participating Plans					
2023	33%	56%	2%	4%	5%
2024	34%	56%	2%	3%	4%
US Dollar Participating Plans					
2023	32%	65%	0%	0%	4%
2024	38%	59%	0%	0%	3%

<sup>1</sup> Figures may not be additive due to rounding.

<sup>2</sup> Includes Collective investment schemes (CIS).

### 3. Non-investment factors

For the year ended 31 December 2024, all non-investment factors including the cost to manage the Fund, as well as claims and surrender experience, were consistent with our expectation. The table below illustrates the total benefits paid to policyholders by the Fund in 2024.

Deaths and Other Benefits <sup>1</sup>	Saving Proceeds <sup>2</sup>	Annuity Payments
\$215 million	\$1,694 million	\$37 million

<sup>1</sup> Other Benefits include dread disease and total permanent disability (TPD) claims.

<sup>2</sup> Saving Proceeds include surrender and maturity pay-outs.

Some non-participating and investment-linked businesses were also written in the Fund. These businesses continued to enjoy guaranteed benefits and did not participate in the experience of the Fund. However, these businesses were subjected to mortality, lapses and other insurance-related risks, which were accounted for as profits or losses in the surplus of the Fund.

### Determining the level of bonuses

The level of bonuses is determined by the actual experience and the outlook of the Fund's performance. The factors that can affect the Fund's outlook include its investment performance and outlook, its claims and surrender experience, as well as the cost to manage the Fund. Bonus allocations are smoothed over time to avoid large short-term fluctuations in the bonuses declared.

Most participating policies have two types of bonuses. The first is annual bonus and the other is terminal or special bonus. An annual bonus is added to your policy each year. Once declared and added to your policy, this annual bonus amount is guaranteed. A terminal or special bonus is an additional amount of money added to your policy upon death, surrender or maturity. With bonuses, the money invested in your participating policy is expected to grow over a medium to long-term period.

### Bonus allocation

The Board of Directors of Income Insurance has approved the bonuses for 2024 based on the written recommendation made by the Appointed Actuary. The annual bonuses declared on your participating policy will be vested either on 1 April 2025 or at the policy anniversary, whichever is later. Please refer to your bonus statement for details on the bonus rates declared on your participating policy.

### Investment outlook for 2025

The new administration in the US is likely to introduce uncertainties to global financial markets. We could potentially see in 2025 heightened trade wars, growing US fiscal deficits and rising geopolitical tensions, which would be negative for risk sentiments and in turn, cause volatility in the equity markets around the world. Furthermore, even though inflation is moderating across developed economies, it remains stickier than previous decades. Therefore, major central banks could slow the pace of interest rate cuts, which could cast headwinds to financial assets going forward. China's domestic economy continues to struggle and could face even more challenges with geopolitical and trade tensions in 2025.

Nonetheless, the US economy remains resilient and continues to drive global economic growth. Given the pro-growth inclinations of the new US administration, it would not be surprising to see pro-growth policies rolled out to further support US businesses and consumers. In China, the policymakers of the world's second-largest economy are acutely aware of the challenges and are expected to deploy more fiscal and monetary measures to stimulate the economy. Therefore, such growth-friendly policies in these key economies may cushion the downside risks to global financial markets.

Income Insurance remains committed to delivering sustainable returns to our policyholders to navigate these markets uncertainties through our scenario-based approach. By staying vigilant in the face of a fast-changing economic landscape, we strategically deploy a diversified investment portfolio to navigate these risks and capitalise on emerging opportunities.

### Information about participating policies and bonuses

If you would like to know more about participating policies, bonuses and how we manage the Fund, please refer to the industry's guide for customers, "Your Guide to Participating Policies", which you can download from our website, [income.com.sg](https://income.com.sg). For your convenience, you may get a copy of the updated policy illustration via our customer portal. Alternatively, you may request for an updated policy illustration from your insurance advisor or get in touch with us through your preferred mode of contact at [income.com.sg/contact-us](https://income.com.sg/contact-us).