

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 2023.

We prioritise communication to ensure that you are kept updated on how the Fund has performed in 2023. Policyholders share the profits and losses of the Fund through bonuses that are non-guaranteed in nature, and hence, this update aims to provide you insights on market movements and factors that are relevant to the Fund. Factors such as the Fund’s investment performance, claims and surrender experiences, as well as the cost to manage the Fund can have an impact on the annual bonuses that we declare.

This update also outlines the outlook of the Fund based on our latest actuarial investigation of policy liabilities and market analysis. It does not, however, address any participating policy specifically.

Fund performance in 2023

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

	2021	2022	2023 ¹	AVERAGE OF THE LAST...		
				3 YEARS	5 YEARS	10 YEARS
Net Investment Return of Life Participating Fund (S\$)	0.54%	-8.73%	4.19%	-1.48%	2.72%	3.50%
Net Investment Return of Life Participating Fund (US\$)	2.17% ²	-13.49%	8.65%	-1.34%	N/A ²	N/A ²
Total Expense Ratio	1.01%	1.07%	0.92%	1.00%	0.93%	0.88%

¹ Based on unaudited figures as of 15 February 2024

² Life Participating Fund US\$ was setup in June 2020

Participating plans by currency

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

Factors that affected the fund performance in 2023

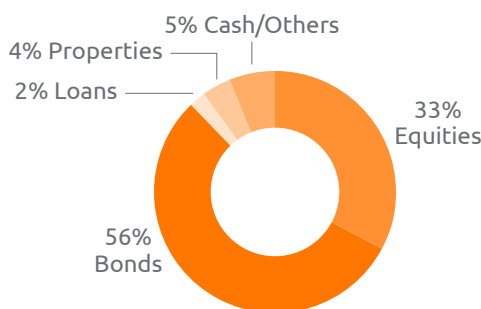
1. Performance of the global financial markets

Global financial markets generally had a positive year in 2023 as fixed income and equity assets contributed positively to performance. This was driven by several favourable factors namely, global inflation headwinds dissipating, resilient US consumer spending, as well as optimism around the positive impact of Generative-Artificial Intelligence on productivity growth. However, Chinese equities limited the upswing as they were dragged down by sluggish property overhang and pessimistic investor sentiments due to regulatory uncertainties.

2. Investment mix of the Fund

The investment mix of the Fund, with a total market value of \$32.3 billion as of 31 December 2023, is as appended.

Asset mix of the Fund



The asset mix in 2023 remained largely similar to 2022.

Asset mix of the Fund by currency

Asset Mix ¹	Equities ²	Bonds	Loans	Properties	Cash/ Others
Singapore Dollar Participating Plans					
2022	33%	55%	2%	4%	6%
2023	33%	56%	2%	4%	5%
US Dollar Participating Plans					
2022	28%	67%	0%	0%	5%
2023	32%	65%	0%	0%	4%

¹ Figures may not be additive due to rounding.

² Includes Collective investment schemes (CIS).

3. Non-investment factors

For the year ended 31 December 2023, 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 2023.

Deaths and Other Benefits ¹	Saving Proceeds ²	Annuity Payments
\$198 million	\$1,587 million	\$37 million

¹ Other Benefits include dread disease and total permanent disability (TPD) claims.

² 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 2023 based on the written recommendation made by the Appointed Actuary. The bonuses declared on your participating policy will be vested either on 1 April 2024 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 2024

It is expected to be challenging from 2024 onwards as global economies remain vulnerable to the long and variable lag of tighter monetary policies enacted by central banks, which will likely weigh on earnings and corporate defaults. Furthermore, ongoing concerns around sustainability of the US fiscal deficits, geopolitical conflicts including the developments in the Middle East and deflationary Chinese economy may lead to downside risks in equities.

This is balanced by easing inflation which provides central banks with ample room to cut interest rates. The increased likelihood of monetary easing by US central bank is expected to improve financial conditions and support the recovery of equities and fixed income.

Despite the uncertainties ahead, Income Insurance adopts a scenario-based approach towards delivering sustainable returns to our policyholders. We continue to stay vigilant to the fast-changing economic landscape and deploy a diversified strategy for our investment portfolios.

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. 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.