

Your Participating Fund Update for 2023  
Par Retirement SGD Sub-Fund

# Thank you for entrusting Prudential with your investment and protection needs.

This report details the performance of the **Par Retirement SGD Sub-Fund** and the bonus allocation for your participating policy for the year ending 31 December 2023.

## At a glance

In 2023, our Par Fund generated an investment return of **9.68%**. The total expense ratio was maintained at **less than 3%**.

YEAR	2021	2022	2023	AVERAGE OF THE LAST...		
				3 YEARS	5 YEARS	10 YEARS
Investment Return <sup>1</sup>	3.48%	-14.32%	9.68%	-0.93%	1.05%	NA
Total Expense Ratio <sup>2</sup>	2.67%	2.65%	2.03%	2.44%	2.53%	2.70%

## Your Bonus Allocation

Details of your bonus allocation can be found in your Bonus Notice.

Bonuses declared depend on the actual experience and future outlook of key factors affecting the performance of the Par Fund, including investment performance, operating expenses, and benefits payouts (from insurance claims, surrenders and survival benefits). We aim to provide stable bonuses and returns over the lifetime of your policy and may save a portion of the Par Fund's investment returns in good years to help us maintain bonuses in periods when returns are lower - an effect we term as "smoothing".

We are maintaining the bonus rates for all policies for financial year 2023.

Your Bonus Notice will be progressively issued between April to September 2024. Once ready, you can view it by logging in to **PRUaccess eDocuments**.

<sup>1</sup> The investment return is shown after deducting investment expenses incurred in managing the par fund. Past performance is not necessarily indicative of future performance.

<sup>2</sup> This Total Expense Ratio is computed at the total Participating Fund level and includes all participating sub-funds. This ratio is the proportion of total expenses incurred by the Participating Fund to the assets of the Participating Fund. These expenses include investment, management, distribution, taxation and other expenses. Past expense ratios do not necessarily indicate actual expenses that may be incurred in the future.

# Factors that affected the Par Fund's performance in 2023

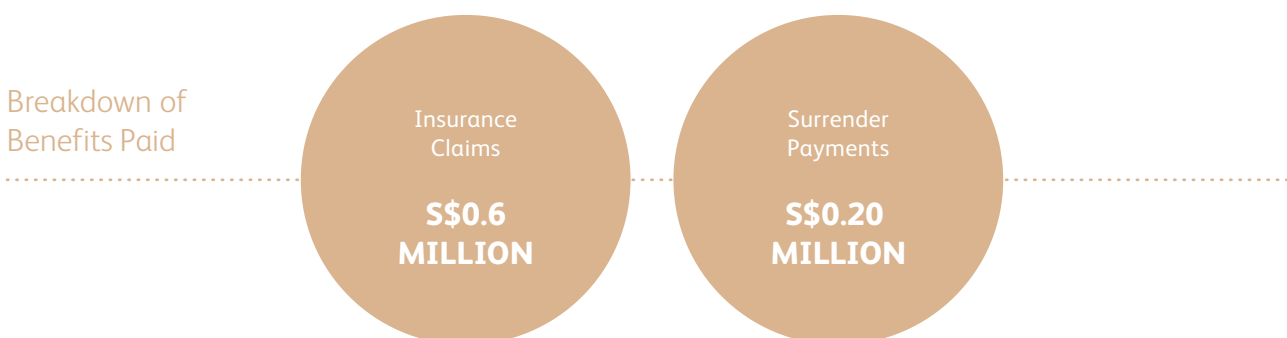
The Par Fund's performance and its declared bonuses are determined by several factors. These include the fund's portfolio composition and performance and non-investment-related factors, such as operating expenses and benefits payouts. Let's go through the details in the following pages.

## 1 / Non-investment Factors

Benefit payouts from insurance claims, surrendered policies, and operating expenses, could impact the Par Fund's performance and the level of bonuses declared. We do not expect short-term fluctuations in these non-investment factors to significantly affect current and future bonuses.

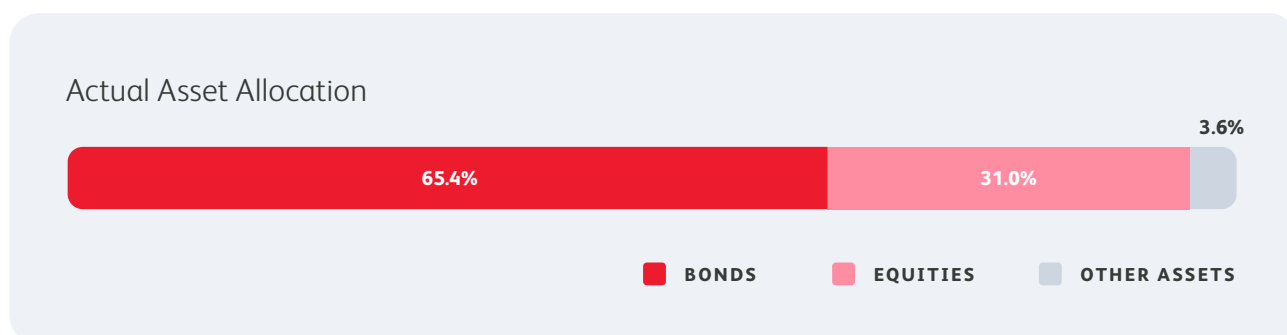
KEY NON-INVESTMENT FACTORS	IMPACT ON BONUS
Insurance claims were <b>lower than expected</b>	<b>Positive</b>
Surrender payments were <b>lower than expected</b>	<b>Negative</b>
Expenses were <b>lower than expected</b>	<b>Positive</b>

In 2023, the total amount of benefits paid to our customers was **S\$0.8 million**.



## 2 / Portfolio Composition

As of 31 December 2023, the size of the Par Fund is **S\$550 million**, and the Actual Asset Allocation is as follows:



## 3 / Market Review

2023 was a volatile year for global financial markets. For the most part of the year, economic data releases and interest rate hikes led to significant fluctuations, with consumers fearing a hard landing recession.

Market volatility could be attributed to events in the US regional banking sector during the first quarter and escalating geopolitical tensions in the later part of the year. Towards the end of the year in Q4, the better-than-expected corporate earnings and anticipated end of the US central bank's interest rate hikes in Q4 saw global equities ending 2023 with a positive performance. While investors may find positive 2023 returns across the regional equity markets, Singapore finished the year with a relatively flat performance. The Singapore equity index lagged behind its global peers due to the index's components being heavily weighted in banks and REITs, which had underperformed when compared against other sectors, such as Technology, during the year.

Global bond markets gained in 2023 with the major drivers of positive performance coming from Q4 due to a perceived market shift in monetary policy direction. The shift went from a "higher-for-longer" stance to prospective interest rate cuts. Although the US central bank raised interest rates four times over the year, officials signalled at their December meeting that no additional increases are expected. The market interpreted this as a possibility for interest rate cuts in 2024.

## Looking ahead

As we move forward into 2024, we are monitoring the markets closely. Amidst a more positive market sentiment, the risk of recession still exists. Central banks may decide to keep monetary policy restrictive for a longer time than necessary, especially if inflation levels remain high and the labour market remains tight. Additionally, with the US election year and increasing geopolitical risks globally, there is an elevated level of political uncertainty that may weigh on financial markets, businesses, and investors. Nevertheless, a limited range of sectors, such as Technology and Communications, may drive much of the equity market's positive performance worldwide.

As a leading life insurer, we are committed to being a responsible and sustainable leader. We have been actively engaging with our stakeholders to grow responsibly and have included environmental, social, and governance (ESG) considerations in our investment decisions. We continue to explore ways for our customers to invest more sustainably while managing portfolio risk through diversification across different countries and sectors to enhance our customers' stable long-term total returns. It is important to us that we remain a responsible leader in the industry while driving returns for our customers and shareholders.

For your convenience, we have provided both the English and Chinese versions of this update. It can be accessed at the following link: <https://www.prudential.com.sg/annual-bonus-update>

如果您需要我们华文版的年度红利报告, 您可浏览我们的网页: <https://www.prudential.com.sg/annual-bonus-update>

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The purpose of this report is to present you with an update on the performance of the Par Fund for the year ending 31 December 2023 and the bonuses allocated for the year. It also sets out our views on the future outlook of the Par Fund based on our latest actuarial investigation of policy liabilities carried out under section 95(1) of the Insurance Act and updates you on any changes in future non-guaranteed benefits.