

# ANNUAL BONUS UPDATE FOR PRUINVESTOR CAPITAL GROWTH SUB-FUND

As a valued customer of a participating policy from Prudential Assurance Company Singapore (Pte) Limited, we are pleased to provide you with this Annual Bonus Update.

The purpose of this report is to provide you with an update on the performance of the PruInvestor Capital Growth Sub-Fund (Fund) of the year ending 31 December 2013 and how it impacts the bonuses allocated to your participating policy. It also set out our views on the outlook of the Fund based on our latest actuarial investigation of policy liabilities and updates you on any changes in non-guaranteed bonus.

If you would like to know how a participating fund operates in general, a copy of Your Guide to Participating Policies is available on Prudential's website ([www.prudential.com.sg](http://www.prudential.com.sg)) or you may request for a copy from your Financial Consultant.

## What are the benefits of your participating policy?

PruInvestor Capital Growth (PICG) is a capital guaranteed 5-year single premium participating endowment plan, launched in 2008. The benefits under this plan are made up of guaranteed and non-guaranteed benefits. The investment portfolio of the Fund comprises 2 components:

1. Bonds, which support the guaranteed benefit of the plan upon maturity
2. Alternative assets, which provide a potential return above the capital guarantee. These are used to provide the non-guaranteed benefit.

### Guaranteed Benefit

The guaranteed benefit upon maturity is the single premium payment, which is supported by investment in bonds. The guaranteed benefit will be paid regardless of the performance of the Fund.

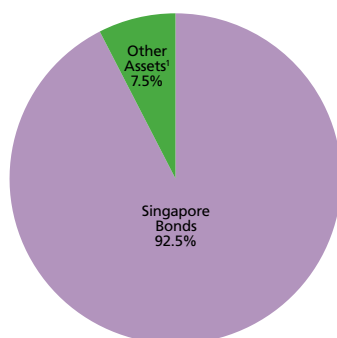
### Non-Guaranteed Benefit

The non-guaranteed benefit is in the form of Growth Bonus, which is supported by investment in alternative assets. Full Growth Bonus may be payable only if the policy is held to maturity. The level of Growth Bonus depends on the actual performance of alternative assets, claims (with respect to death), surrenders and expenses experiences. Among these, the actual performance of the alternative assets is the key factor that determines the level of Growth Bonus.

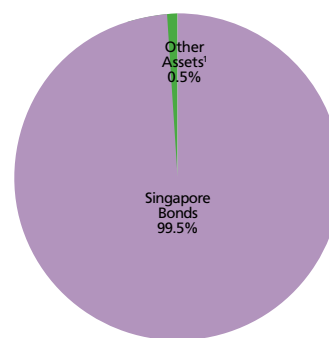
## Asset Allocation

The Strategic Asset Allocation and Actual Asset Allocation of the Fund as of 31 December 2013 are as follows:

Strategic Asset Allocation



Actual Asset Allocation



<sup>1</sup> Other assets include alternative assets, policy loans and cash

## Investment Performance of the Fund

Investment performance is the key factor that determines the level of bonuses. The investment return and investment expense ratio over the past 3 years are as follows:

Year	Investment Return <sup>2</sup>	Investment Expense Ratio <sup>3</sup>
2011	3.3%	0.29%
2012	1.0%	0.28%
2013	0.5%	0.28%

Source: Sub-Fund's financial statement.

<sup>2</sup> This investment return is shown after deducting investment expenses incurred in managing the fund. Past performance is not necessarily indicative of future performance.

<sup>3</sup> Investment expense ratio is defined as the costs incurred in investment (which would include investment fees paid to fund managers for providing fund management services) expressed as a percentage of the size of funds under management.

In January 2014, we informed you of the investment performance of the Fund and the impact on the projected maturity values of your policy. The bond holdings of the Fund have performed as expected. However, the alternative assets have continued to under-perform due to the continued volatility in the markets and a weak global economic environment. As a result, the projected maturity values were revised to reflect the actual performance of the Fund.

Following this, we would like to inform you that the projected maturity values of your policy remain unchanged, reflecting the actual performance of the Fund up to financial year end of 2013. You may also refer to the enclosed Bonus or Policy Notice (where applicable) for more information.

## Other Areas of Performance

For the year 2013, the insurance claims and surrender payments under the Fund were lower than expected while operating expenses were higher than expectations.

## Assets and Benefits in 2013

Your policy is written out of the Fund which has a size of S\$64 million as at 31 December 2013. Benefit payments of S\$0.4 million were made out to policyholders in 2013, with the following breakdown:

Insurance Claims	S\$223,381
Surrender Payments	S\$175,654

Source: Sub-Fund's financial statement.

## Outlook

The investment strategy of the Fund comprises investment in bonds and alternative assets. The bonds are likely to perform as expected to meet the capital guarantee. The return on alternative assets has been lower than expected. We foresee that the price expectations for the alternative assets will continue to remain weak and the prospect of an improvement is low. With this, the level of investment returns which the Fund is expected to deliver, has been reflected in Policy Notice.

In line with our bonus philosophy, we will continue to manage the Fund prudently to protect the interests of policyholders.

This Annual Bonus Update is also available in English and Chinese at our website [www.prudential.com.sg/visit/APU](http://www.prudential.com.sg/visit/APU)

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[www.prudential.com.sg/visit/APU](http://www.prudential.com.sg/visit/APU)

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