

GREAT EASTERN LIFE BRUNEI (PARTICIPATING FUND) PARTICIPATING FUND UPDATE FOR 2019



Participating Fund

as at 31 December 2019

2019 Fund Investment Return:

12.38%

Total Assets:

BND\$ 315.2m

Total Benefits Paid:

BND\$ 12.5m

Value of bonus declared:

BND\$ 4.2m

The bonuses allocated to you will vest upon your policy anniversary. They have been approved by the Board of Directors, taking into account the written recommendations by the Appointed Actuary.

As our valued policyholder of participating policy, we are pleased to provide you an update on the performance of the Participating Fund ("Fund").

As at December 2019, the market value of the Fund was BND\$315.2 million. We had paid out BND\$12.5 million in benefits to policyholders last year. In 2019, the Fund achieved an investment return of 12.38%, due mainly to mark-to-market gains from equities.

For 2019 bonus declaration, we have maintained bonus rates at the same level as 2018. We will continue to manage the Fund prudently to provide a stable medium to long-term return to our policyholders.

If you wish to receive a copy of the updated policy illustration or make an inquiry, please email us at wecare-bn@greasternlife.com, call us on **223-3118**, or contact your Financial Representative.

ABOUT PARTICIPATING POLICIES & BONUSES

What is a Participating Policy and how does it work?

Premiums of participating policies are pooled together to form the Fund. This Fund is invested in a range of assets such as bonds and equities and is used to pay benefits to policyholders as well as to fund management expenses.

Policyholders share in the performance of the Fund through bonuses which are non-guaranteed. Bonuses are determined yearly based on the Fund's combined performance in investment, claims (from death, critical illness and surrender) and expenses, as well as future outlook of these factors.

Bonus allocations are smoothed over a period of time to reduce fluctuations arising from market conditions.



About Great Eastern

Founded in 1908, Great Eastern is a well-established market leader and trusted brand in Singapore and Malaysia. With more than S\$90 billion in assets and over 8 million policyholders, including 5 million from government schemes, it provides insurance solutions through three successful distribution channels - a tied agency force, bancassurance, and financial advisory firm Great Eastern Financial Advisers. The Group also operates in Indonesia and Brunei and has a presence in China as well as a representative office in Myanmar.

The Great Eastern Life Assurance Company Limited and Great Eastern General Limited have been assigned the financial strength and counterparty credit ratings of "AA-" by Standard and Poor's since 2010, one of the highest among Asian life insurance companies. Great Eastern's asset management subsidiary, Lion Global Investors Limited, is one of the largest private sector asset management companies in Southeast Asia.

Great Eastern is a subsidiary of OCBC Bank, the longest established Singapore bank, formed in 1932. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the World's Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore by The Asian Banker.

ABOUT THE PARTICIPATING FUND

What were the Fund's investment returns and expense ratios?

	2017	2018	2019
NET INVESTMENT RETURN	12.86%	-2.22%	12.38%
TOTAL EXPENSE RATIO	1.70%	1.69%	1.63%

Total expense ratio is the proportion of total expenses incurred by the Fund to the assets of the Fund. Total expenses include investment, management, distribution, tax and other expenses.

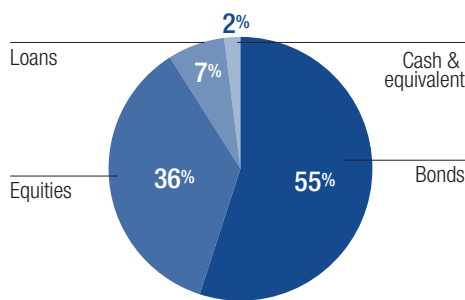
What factors affected the Fund's performance?

1. Performance of the global economy

In 2019, the world economy weakened as rising trade barriers and geopolitical risks weighed on business sentiment and activity globally. Despite the lackluster growth, financial markets performed surprisingly well, largely due to accommodative policy responses from central banks globally, especially the Fed and ECB. Towards year-end, equity markets were further buoyed by the de-escalation in US-China trade war with a "Phase 1" trade deal.

2. The asset mix of the Fund

Total market value of the Fund was BND\$315.2 million as at 31 December 2019 with the following asset mix.



Bonds

US 10 year Treasury bond yields fell in 2019, as the US Federal Reserve cut interest rates three times, by 25 basis points each time. Slowing global economic growth also caused bond yields to fall outside of the US, in Germany, Japan and Singapore, resulting in rising bond prices.

Global corporate bonds performed well in 2019, outpacing government bonds, on the prospect of lower Fed Fund rates in the US. Improved sentiments in the US-China trade negotiations towards the year-end also boosted corporate and emerging market bond prices.

Equities

Markets ended 2019 well. Unlike 2018, the end of 2019 saw equity indices holding on to most of their yearly gains across the world. In the US, the S&P500, Dow and Nasdaq rose more than 23%. Outside of the US, EuroStoxx 50, Nikkei and Hang Seng indices rose 14% to 25%.

3. Non-investment factors

Other factors affecting the Fund's performance are mortality/ morbidity claims, expenses and surrenders. The overall experience for the above factors is in line with expectations.

In 2019, benefit payments totaling BND\$12.5 million were made to our policyholders of the Fund.

What is the outlook for the Fund?

At the beginning of the year, it was widely expected that global economic growth will recover in 2020, due to the positive effects of monetary and fiscal policy stimuli, as well as diminished trade war risk. Unfortunately, with the COVID-19 coronavirus now a global pandemic simultaneously and severely affecting Asia, the US and Europe, the risk of a global recession has risen. The external shock caused by the COVID-19 pandemic has ravaged global economies and financial markets. This has prompted global policymakers to implement various monetary and fiscal stimulus measures.

In countries where epidemic containment and control measures have been more successful, stimulative monetary and fiscal measures can be expected to be more effective. Nonetheless, the economic outlook will still be highly uncertain. If containment strategy fails and there is prolonged COVID-19 spread leading to significant fatalities, we are likely to experience another global recession, resulting in more downside risk for equities, which will be a drag on the overall portfolio return.

This is a general commentary on the Fund and cannot be used to specifically describe individual policies.