

# Participating Fund 2021 Update

**Thank you for choosing  
Manulife as your preferred  
financial partner**

This update provides detailed information on the performance of Manulife's Participating Fund as at 31 December 2021. In addition, you will find our asset allocation strategy and our views on the future market outlook. Through this update, we hope to provide you with a better understanding of the factors that impact bonuses for your participating policies.

## 1 2021 Performance Overview

The Investment performance of the Par Fund has been volatile in recent years. This is reflected in the table below, which shows actual investment returns over the last 3 years.

<b>Investment Returns</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
ManuWealth Plus/ManuFortune/ManuHarvest/ Manulife Abundance/Manulife Boost Series/ Manulife Goal Series/SavvyEndowment Series	4.4%	4.2%	-0.2%
Participating Fund denominated in USD	12.9%	8.1%	8.0%
All other Participating Policies	11.9%	8.6%	3.1%

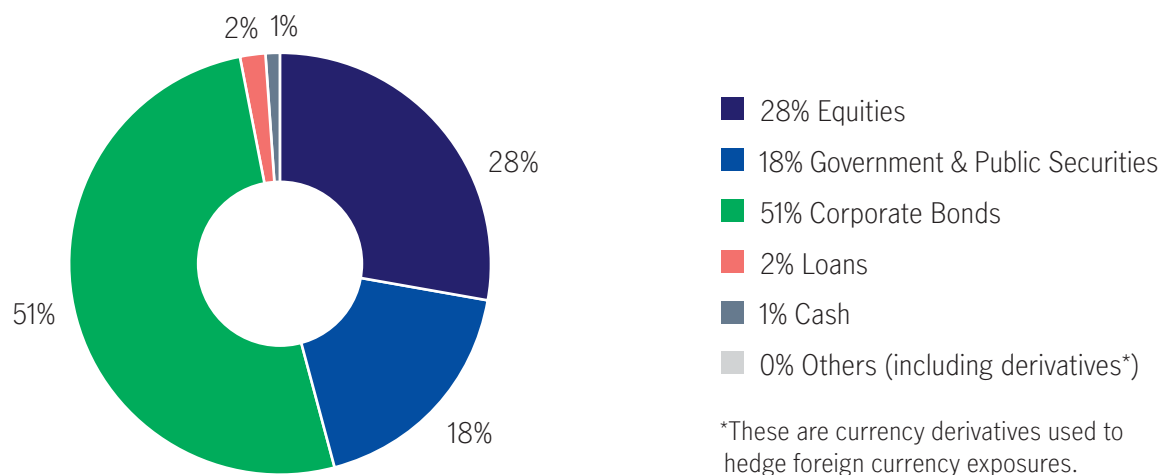
<b>Expense Ratio</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
All Participating Policies	4.74%	3.67%	3.30%

Please note that the actual investment returns shown vary due to specific strategic asset allocations relating to each group of participating policies. In addition, current investment performance is not indicative of future performance.

# 2

## Participating Fund Performance

As at 31 December 2021, the market value of the total assets in the Participating Fund increased to S\$17.5 billion from S\$13.3 billion in 2020. This is attributed to the increase in new business and investment gains from better equity market performance.



### Bonds

The fixed income segment recorded a respectable return for the year despite the continuing volatility in the financial markets. Bond markets started the year on good footing as vaccination campaigns rolled out globally. However, the later part of the year was faced with obstacles in the form of the Omicron variant and supply chain disruptions which led to inflationary pressures.

Unfavourable news regarding the Chinese property market also led to volatility in the Asian credit markets in the second half of the year. Against a backdrop of continued accommodative monetary policies by central banks, sovereign yields ended the year broadly higher whilst Singapore corporate bond spreads tightened broadly on the back of continued investor demand for higher quality Singapore issuers.

### Equities

For the period under review, global equity markets mostly recorded positive returns except for China/Hong Kong markets which faced regulatory headwinds domestically. In early 2021, market sentiment was positive, fuelled by vaccination campaign rollouts and a contained Covid-19 situation. However, surges in Covid-19 cases towards the middle of the year impacted economic activities and equity market performance. Reprieve came towards the end of 2021, where investors sought comfort in high vaccination rates, less severe complications from the Omicron variant and encouraging economic data which lifted market sentiment globally and in Singapore as well.

### Top 5 Equity Holdings as at 31 December 2021

Top 5 Equity Holdings	% of Equities Holdings
VANGUARD S&P 500 UCITS ETF	18.7%
ISHARES CORE S&P 500 UCITS E	13.3%
ISHARES CORE FTSE 100 UCITS ETF GBP DIST	8.7%
DBX EURO STX 50 (DR)	8.7%
UBS ETF CH-SMI CHF	5.0%

## Non-investment factors

Other factors affecting the Participating Fund's performance were claims, surrenders and expenses.

Key Factors	Impact on Bonus
Mortality/Morbidity Claims – Higher	Negative
Surrender Claims – Higher	Positive
Expenses – Lower	Positive

In 2021, benefits payments totalling S\$722 million were made to policyholders from the Participating Fund. S\$57 million was paid as management expenses.

## 3 Strategic Asset Allocation

The investment strategy aims to maximise the long-term returns required to meet all the projected benefits of the Participating Fund.

The target asset mix for each product category is indicated below.

	Fixed Income	Equities
ManuWealth Plus/ManuFortune/ManuHarvest/Manulife Abundance/Manulife Boost Series/Manulife Goal Series/SavvyEndowment Series	100%	0%
Par Fund denominated in USD	75%	25%
All other Participating Policies	70%	30%

Note: The investment strategy and asset mix choice are at our discretion and may change from time to time.

## 4 Future Outlook

Moving into 2022, despite the pandemic, valuations remain slightly on the richer end although we observed the continuous spread compression throughout 2021. With market uncertainties still lingering, slightly more demanding valuations and interest rate normalisation on the horizon, we continue to be discerning in our investment decisions, focusing on strong credits with robust fundamentals.

Economic activities are expected to continue its gradual recovery path in 2022 supported by the accommodative monetary policy stance and reopening of economies. That said, negative headlines related to geopolitical tensions, inflation trajectory and the speed of interest rate normalisation could potentially derail the recovery. Hence, being cognisant of the downside risks would continue to be crucial in 2022.

## 5 Our Commitment To You

With the aim of safeguarding your long-term interests, Manulife is committed to managing your investments diligently, giving you the highest level of security on your policies while also providing you with fair returns. With healthy solvency ratios that are well above local regulatory requirements, we are dedicated to maintaining our financial strength and fulfilling our commitments to you.

**Disclaimer:** This report is prepared by Manulife (Singapore) Pte. Ltd. and is provided for information only. Past performance is not necessarily a guide to future performance. This is only a commentary and cannot be generalised to any policy.

## Frequently Asked Questions

### 1. What is a participating policy and how does it work?

Premiums paid to participating insurance policies are pooled together to form a Par Fund. This fund invests in a range of assets, which are used to pay benefits to participating policyholders and to meet the expenses incurred in running the fund.

You are entitled to a share of the Par Fund's profits, distributed to you by adding bonuses to your insurance policy. Bonuses once added to your policy are guaranteed.

The future performance of the Par Fund is determined by factors such as investment returns, claims on policies (death, critical illness and surrenders) and the expenses incurred by or allocated to the Fund. This future performance will determine bonuses to be paid in the future. Bonuses not yet distributed/declared are not guaranteed.

### 2. How are bonuses declared?

Bonuses are declared once a year. When declaring bonuses, Manulife aims to smooth the bonus allocations over time to avoid short-term fluctuations that can occur in year-to-year investment performance.

All recommendations on bonus declarations are prepared by the company's Appointed Actuary and must be approved by the company's Board of Directors. When making recommendations, the Appointed Actuary must ensure that

- policyholders from all groups of participating policies are treated fairly and that no group is favoured over others, and
- bonuses which are allocated (and future bonuses) can be supported by the fund.

### 3. How do I know that my interest as a participating insurance policyholder is protected?

To prevent excessive distribution of profits to shareholders, the profit that can be paid to shareholders of Manulife is limited to a maximum of 1/9 of the value of bonuses allocated to participating policyholders. This means for every S\$9 distributed to policyholders, only a maximum of S\$1 is distributable to shareholders.

### 4. How would I know how much profit is allocated as bonus to me?

An anniversary statement will be sent to you on your next policy anniversary date. Please refer to the anniversary statement for details on the bonus declared on your policy. If you wish, a full benefit illustration can also be made available to you upon request.

### 5. When will the bonus be allocated to my policy?

The bonus declared will be effective from 1 July 2022 and will be added to your policy on the next anniversary of your policy in 2022/2023.

### 6. Should I consider making changes to my policy as a result of this bonus revision?

An insurance policy is intended to meet your long-term financial needs. Making changes to your policy may affect the level of protection provided by your policy. Before doing so, we strongly encourage you to contact your Representative to seek advice and discuss the best course of action suited to your financial needs.

## **7. Will Manulife increase bonus rates if interest rates increase in the future?**

Future bonuses will depend on the prevailing economic and investment environment. We will review future bonuses on an annual basis and determine if there should be any increase or decrease in the bonus rates.

### **Finding out more about participating policies and bonuses**

If you would like to know more about participating policies and the types of bonuses, you may refer to industry's guide to customers ("Your Guide to Participating Policies") which is available on our website, <https://www.manulife.com.sg/en/insurance-guides.html>.



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