

GREAT EASTERN LIFE BRUNEI (PARTICIPATING FUND) PARTICIPATING FUND UPDATE FOR 2023



Participating Fund

as at 31 December 2023

2023 Total Fund
Investment Return: **6.6%**

Total Assets: **BND\$371.5m**

Total Benefits
Paid: **BND\$14.7m**

Value of bonus
declared: **BND\$6.2m**

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.

Dear valued policyholder,

We would like to provide you with an update on the performance of the Participating Fund ("Fund").

The Fund had BND\$371.5 million in total assets at the end of 2023, after paying out BND\$14.7 million in benefits to policyholders last year. In 2023, despite challenges faced in the global market, the Fund achieved a positive return of 6.6%. The return is generated mainly from fixed income and equity assets.

For the 2023 bonus declaration, we have maintained the bonus rates at the same level as 2022. 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, you may contact us at wecare-bn@greasternlife.com, on our hotline at (673) 223-3118 during business hours on weekdays, or speak to your Financial Representative.

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

	2021	2022	2023	Average of last 3 years	Average of last 5 years	Average of last 10 years
NET INVESTMENT RETURN	-0.53%	-10.72%	6.63%	-1.80%	4.27%	4.89%
TOTAL EXPENSE RATIO [^]	1.59%	2.43%	1.41%	1.81%	1.74%	1.45%

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

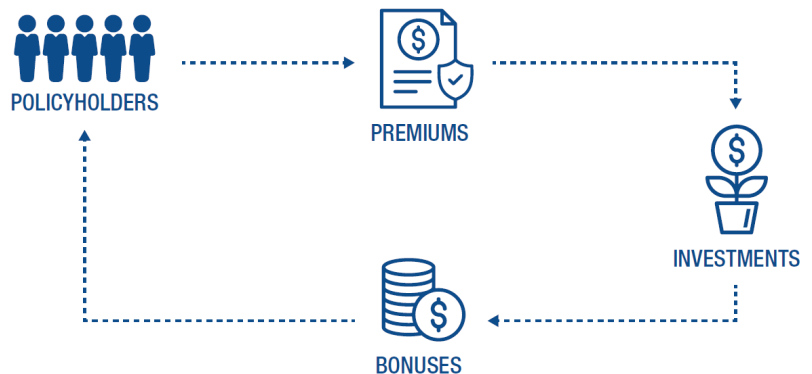
ABOUT PARTICIPATING POLICIES & BONUSES

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 the future outlook of these factors.

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



ABOUT THE PARTICIPATING FUND

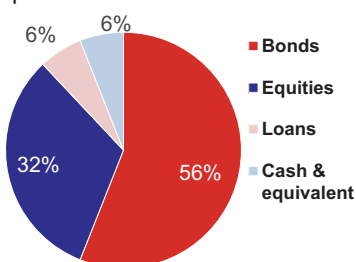
What factors affected the Fund's performance?

1. Performance of the global economy

In 2023, the global economy faced persistent challenges, including high inflation and rising interest rates, with fears of recession. Major economies like the US and Europe experienced slower-than-expected growth due to supply chain disruptions and labour shortages while China is grappling with real estate market multi-year downturn and ongoing regulatory actions against technology, finance and other economic sectors. Central banks worldwide continued to tighten monetary policy to control inflation, resulting in some economic deceleration and increased unemployment. However, by the end of 2023, there were positive signs of disinflation in consumer prices, allowing for potential adjustments in monetary policy.

2. The asset mix of the Fund

Total market value of the Fund was BND\$371.5 million as at 31 December 2023 with the following asset mix by the portfolio:



Bonds

Bond prices weakened amid concerns that major central banks would increase interest rates to quell inflation. U.S. 10-year treasury yields rose over 5% for the first time in 16 years, but turned around as investors piled into treasury bonds, resulting in the yield rallying to 3.9% by year end. The forced takeover of Credit Suisse also led to the highest spread level of the year but fell, with repeated interruption by short, sharp spread increases in April and in October. It was not until the year-end rally that credit spreads fell to their lowest level.

Equities

Major share indices recorded double-digit gains in 2023, as falling inflation at end 2023 made investors more hopeful of interest rate cuts in 2024. The S&P 500 Index and Euro Stoxx 50 Index rose by 22% and 21% respectively. A year-end rally enabled the Straits Times Index to generate a modest 4.7% total return. China's equity market struggled due to concerns about its housing and debt markets and the spillover effects. The MSCI China Index retreated by 13% in 2023.

3. Non-investment factors

Other factors that could affect the Fund's performance include claims payout, expenses, and surrenders. They were in line with expectation.

We do not expect short-term fluctuations in these non-investment factors to significantly affect current and future bonuses.

Here is the breakdown of the benefit payments made to our policyholders from the Fund:

BENEFIT PAYMENTS OF THE FUND (BND\$ '000)	
Maturity and Survival Benefits	7,009
Death, Total and Permanent Disability, Critical Illness Claims	2,300
Surrender Payments	5,022
Cash Bonuses	380

What is the outlook for the Fund?

Markets began 2024 pricing in mild or no recessions, alongside multiple rate cuts across major economies. The extent to which these anticipated conditions materialise will depend on the persistent inflation levels. With the financial markets pricing in more monetary policy easing than projected by central banks, inflation is expected to moderate at a quicker pace, enabling easier monetary policy while growth and employment remain resilient. However, if inflation continues to be persistent, central banks may be limited in terms of the extent to which they can reduce interest rates. Against this wide range of potential macroeconomic outcomes across the major economies, we will continue to invest in a prudent, well-diversified manner to provide a stable medium to long term return to our policyholders amid varying market conditions and through business cycles.

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

About Great Eastern

Founded in 1908, Great Eastern is a well-established market leader and trusted brand in Singapore and Malaysia. With over S\$100 billion in assets and more than 16 million policyholders, including 13 million from government schemes, it provides insurance solutions to customers 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.

The Great Eastern Life Assurance Company Limited and Great Eastern General Insurance Limited have been assigned the financial strength and counterparty credit ratings of "AA-" by S&P Global Ratings 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 and AA- by both Fitch and S&P. 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.