

HSBC Par Fund II (SGD) Update 2025

For the financial year ended 31 December 2025

HSBC Life Singapore

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Dear valued client,

Thank you for being a participating policyholder of HSBC Life (Singapore) Pte. Ltd. It is our pleasure to provide you with the annual updates on the HSBC Par Fund II (SGD) ("Par Fund") since our last review.

These updates include the performance of our Par Fund for 2025, based on the latest actuarial investigation of policy liabilities carried out pursuant to Section 95(1) of the Insurance Act 1966, and our investment outlook for 2026.

Please note that this bonus update contains only general commentary on the Par Fund and cannot be applied specifically to any participating policy. Any changes to future non-guaranteed bonuses for individual policies are provided separately in the Annual Bonus Update.

Review of the investment markets in 2025

Financial markets generally performed positively in 2025, creating a supportive backdrop for the Par Fund. Although tariff-related developments caused a brief period of uncertainty in April, investor confidence improved over the course of the year as inflation became more manageable across major economies and growth remained relatively steady and aligned with central bank targets.

Equities posted gains overall, led by the United States and a notable rebound in Asia, particularly China and Hong Kong. Investor sentiment was underpinned by resilient corporate earnings and sustained interest in technology and innovation-related sectors. Fixed income assets also performed well, mainly because long-term Singapore yields declined, which lifted bond prices. Bonds continued to provide stability as interest rates became more favourable, with coupon income supporting returns. However, with yields starting from lower levels going into 2026, future bond returns are likely to be more muted. US dollar-denominated assets were weighed down by currency weakness during the year, though this was largely offset through our currency hedging of the portfolio.

Alternative assets, including private equity and infrastructure debt, delivered positive performance, broadly in line with public equity and bond markets. Real estate returns were also positive, although uneven regional recoveries remained a headwind and weighed on the pace of recovery, with returns lower than the average over the last 10 years.

Performance of the Par Fund

The Par Fund produced a positive net investment return of 13.46% in 2025.

Year	2023	2024	2025	Average of last 3 years	Average of last 5 years	Average of last 10 years
Net investment return	3.99%	3.81%	13.46%	7.00%	-0.48%	3.49%

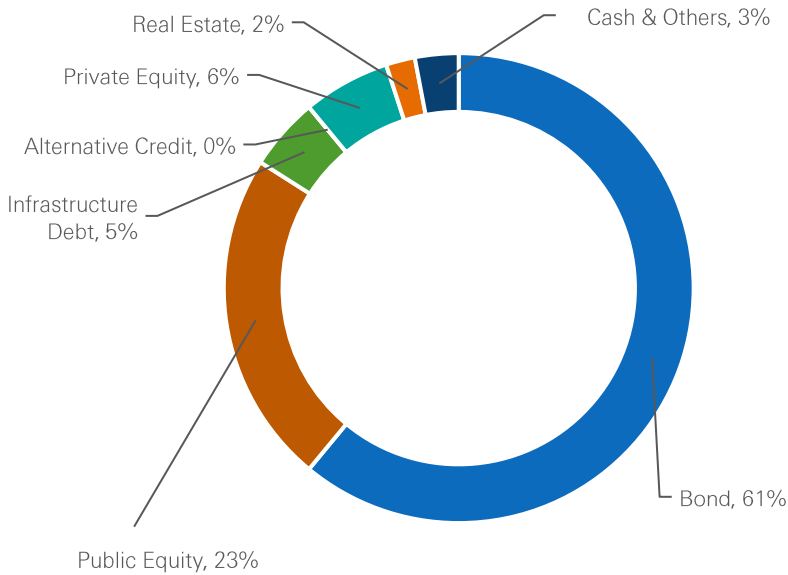
Net investment return has been computed based on the Life Insurance Association Guidelines.

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HSBC Par Fund II (SGD)

Asset mix of the Par Fund investments

We remain invested across a diversified range of assets, including real estate, private equity, and infrastructure debt. This long-term approach helps us build a portfolio that is better placed to support policyholders through varying market conditions with more favourable risk-adjusted returns.



Figures may not add up due to rounding.

Other factors affecting performance

Besides investment returns, other factors affect fund performance, including mortality and morbidity claims, voluntary surrenders, and expenses incurred and allocated to the Par Fund.

Maturity benefits	Surrenders
S\$37.8million	S\$22.7million
Death & TPD & CI benefits	Cash advances
S\$12.4million	S\$25.6million

In 2025, expense experience was broadly in line with our expectations, surrenders were slightly higher than expected and insurance claims were lower than expected. While short-term fluctuations in non-investment performance are not expected to significantly affect future bonuses, any observed systematic trend will be reflected in the form of bonus adjustments in future years.

The total expense ratios are shown below:

Year	2023	2024	2025	Average of last 3 years	Average of last 5 years	Average of last 10 years
Total expense ratio	2.39%	1.39%	0.86%	1.51%	1.72%	3.60%

Please note that past expense ratios may not be indicative of actual expenses that may be incurred in the future.

Investment outlook for 2026

Geopolitical uncertainty remains an important theme as we move into 2026. Ongoing global conflicts and developments affecting energy supplies could increase market volatility and add pressure to international supply chains. If disruptions to major transport routes persist, this may contribute to higher inflation and slower growth in some regions.

Even so, the global economy entered 2026 in a relatively robust position. Recent fiscal and monetary measures continue to support activity, corporate balance sheets are generally resilient, and labour markets in major economies remain stable. Together, these factors provide a degree of underlying support, even if markets experience intermittent turbulence.

Past experience suggests that geopolitical shocks often lead to short-lived market dislocations. Remaining invested and following a disciplined, long-term approach continues to be the most effective response. We therefore continue to manage the Par Fund prudently with a long-term focus, using diversification and measured risk-taking through our asset allocation.

In line with our bonus philosophy, our investment strategy aims to maintain stability in bonus rates and deliver investment returns that meet current expectations for policyholders. The guaranteed bonuses on Par Fund products, in relation to the basic sum assured and bonuses earned to date, remain intact and will continue to be honoured regardless of market conditions.

Bonus allocation

Premiums from participating policies are pooled together to form the Fund, which is invested in a range of assets and used to pay bonuses to our customers. The main feature of your participating policy is its ability to provide stable long-term returns on your policy, allowing you to participate in the Par Fund's performance in the form of bonuses which are non-guaranteed.

Policy bonuses are dependent on the Par Fund's performance, which includes investment returns, surrender experience, claims experience and expenses of the fund, based on both past experience and future outlook. Bonus allocations are smoothed over a period of time to reduce fluctuations arising from market conditions.

All bonuses are approved by the Board of Directors of HSBC Life (Singapore) Pte. Ltd. and based on the written recommendation of the Appointed Actuary.

To request a Policy Illustration based on the current projected bonus, please email us at cc.life@mail.life.hsbc.com.sg.

HSBC Holdings plc

HSBC Holdings plc, the parent company of HSBC Life (Singapore) Pte. Ltd., is headquartered in London. The HSBC Group serves customers worldwide from offices in 56 countries and territories. With assets of US\$3,233bn at 31 December 2025, HSBC is one of the world's largest banking and financial services organisations.

About HSBC Life Singapore

HSBC Life (Singapore) Pte. Ltd. is a wholly owned subsidiary of HSBC Insurance (Asia Pacific) Holdings Limited, which is ultimately owned by HSBC Holdings plc, the London-based holding company of the HSBC Group. It provides a wide range of solutions that cater to the life, health, retirement, protection, education, legacy planning, and wealth accumulation needs of retail and corporate clients. In 2026, HSBC Life, the insurance arm of HSBC was named the World's Best Insurance Provider for Wealth Management by the Euromoney Private Banking Awards. It was also ranked the #1 insurer for high-net-worth-individuals in Singapore by the AFFLUENTIAL™ WealthLens™ Report for 2024 and 2025.