

HSBC Par Fund II (SGD) Update 2024

For the financial year ended 31 December 2024

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 of the HSBC Par Fund II (SGD) ("Par Fund") since the last review.

These updates include the performance of our participating fund for 2024 and our investment outlook for this year, based on the latest actuarial investigation of policy liabilities carried out pursuant to Section 95(1) of the Insurance Act 1966.

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

A review of the investment markets 2024

Favourable financial market performance aided Par Fund performance in 2024 on the back of strong risk asset returns, and decent corporate and government bond performance.

Strength in the United States economy was the main driver of developed market equity gains as robust GDP growth, stability in the labour market, and favourable corporate earnings, particularly in companies in the technology sector, boosted investor sentiment. A late third-quarter rally in Chinese equities salvaged an otherwise tepid Asian equity performance and helped to elevate overall equity performance for the year, which was also aided by US dollar strength relative to the Singapore dollar.

For the fixed income portion, while there were four interest rate cuts by the United States Federal Reserve and monetary easing by the Monetary Authority of Singapore in 2024, longer duration investment grade corporate bonds underperformed as government bond yields rose on the resilience of economic growth and elevated long-term inflation expectations. This underperformance was partially allayed through coupon income as well as from diversification benefits from Infrastructure debt, which benefited from greater credit spread compression during the year.

Alternative investment performance was generally positive with private equity performance mirroring its public equity counterparts on upward valuation adjustments, and this more than offset the continued valuation headwinds in the real estate segment as interest rates remained elevated.

Performance of the Par Fund

The Par Fund produced positive net investment return of 3.81% in 2024.

Year	2022	2023	2024	Average of last 3 years	Average of last 5 years	Average of last 10 years
Net Investment return	-14.07%	3.99%	3.81%	-2.47%	-1.06%	1.98%

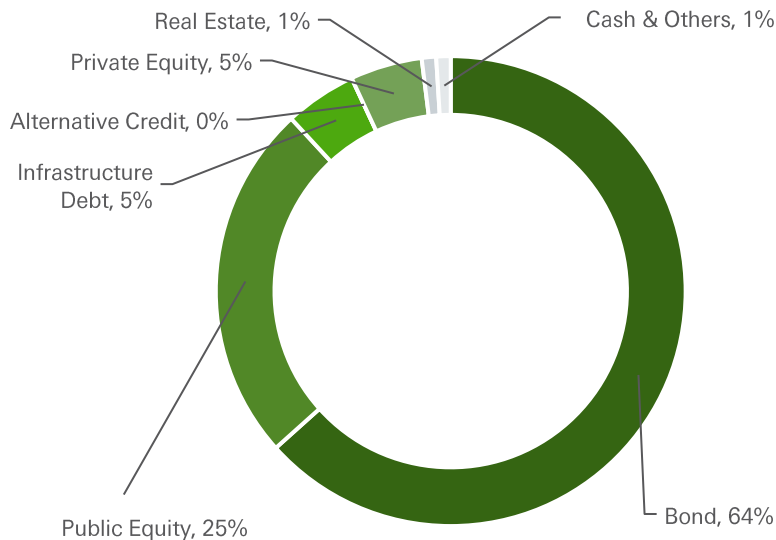
Net Investment return has been computed based on the Life Insurance Association Guidelines

SGD 1,462m

HSBC Par Fund II (SGD)

Asset mix of the Par Fund investments

Our plan to diversify the portfolio via alternative assets such as real estate, private equity, alternative credit and infrastructure debt to improve the portfolio's risk-adjusted return continued to progress at pace. The allocation of alternative assets was 10.3% at the end of 2024.



Figures may not be additive due to rounding.

Other factors affecting performance

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

Maturity benefits	Surrenders
S\$34.1million	S\$20.6million
Death & TPD & CI benefits	Cash advances
S\$10.1million	S\$17.5million

In 2024, expense and insurance claims experience were broadly in line with our expectations, and surrender experience was slightly higher than expected. Whilst demographic experience generally has a lower impact than investment returns on the overall performance of the fund, any observed systematic trend may be reflected in the form of bonus adjustment in future years.

The Total Expense Ratios are shown below:

Year	2022	2023	2024	Average of last 3 years	Average of last 5 years	Average of last 10 years
Total Expense Ratio	1.88%	2.39%	1.39%	1.88%	2.20%	4.43%

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

The investment outlook for 2025

While the initial optimism following the US elections and signs of economic resilience offered a constructive backdrop, the resurgence of trade tensions in Trump's second administration has reminded investors of the fragility in global markets. Nonetheless, despite the uncertain policy direction from the US, some key themes remain: the US is not on course for a recession (unless self-inflicted), and there is room for measured monetary easing across major developed economies, which creates selective opportunities for growth.

Emerging markets are also expected to remain resilient with India maintaining its strong cyclical and structural growth, and China with its meaningful fiscal and monetary stimulus push (though engagement with the US is a key risk).

Amidst this backdrop of elevated policy, geopolitical risk, and potential global easing, a diversified and balanced approach will be essential in managing the heightened volatility. Thoughtful risk taking, grounded in diversification and flexibility, will aid in navigating the potential shocks of geopolitical escalation, tariff impacts, and/or resurgent inflation. Alongside traditional assets such as public equities and fixed income, the private market allocation of our portfolios will continue to provide a relatively more favourable risk/return profile and mitigate these shocks given their longer-term investment perspectives.

In line with our bonus philosophy, our investment strategy aims to maintain stability in our bonus rates and deliver the current expectations of investment returns for all our policyholders. The guaranteed bonuses on the Par Fund's products, in relation to the basic sum assured and the bonuses earned to date, are and will continue to be effective regardless of the situation.

Bonus allocation

Premiums of participating policies are pooled together to form the Fund, which is invested in a range of assets and used to pay bonuses to policyholders like you. 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 performance of the Par Fund in the form of bonuses which are non-guaranteed.

Your future policy bonuses are dependent on the future Par Fund's performance, which includes investment returns, surrender experience, claims experience and expenses of the fund. 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 recommendation by the Appointed Actuary.

For a Policy Illustration of your policy based on the current projected bonus, register your request via e-mail to us at cc.life@mail.life.hsbc.com.sg.

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 58 countries and territories. With assets of US\$3,054bn at 31 March 2025, HSBC is one of the world's largest banking and financial services organisations.

HSBC Singapore

HSBC opened its first branch in Singapore in 1877. A qualifying full bank serving the international needs of individuals, corporate and institutional clients, HSBC offers a comprehensive range of banking and financial services including retail banking and wealth management; commercial, investment and private banking; insurance; forfaiting and trustee services; securities and capital markets services. In May 2016, HSBC subsidiarised its retail banking and wealth management business in Singapore and established, HSBC Bank (Singapore) Limited. HSBC in Singapore was recognised by Euromoney as "Best International Bank in Singapore" in 2024 and was conferred the Champion of Good by the National Volunteer and Philanthropy Centre.

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. HSBC Life Singapore has received an A+ rating by Standard & Poor's, most recently affirmed in March 2025. It provides a wide range of solutions that cater to life, health, retirement, protection, education, legacy planning, and wealth accumulation needs of retail and corporate clients.