

6. The Company's Investment

Investment Business

The Company's investment policy focuses on investing in assets with fixed returns (Fixed Income) such as government bond and renowned state enterprise's highly secured debenture of which credit rating is not below BBB-, or equivalent to, and accredited by well-known credit rating institutes. The debenture must be issued by a well-known company that has trustworthy operations and strong financial status.

The Company focuses on investing received premiums in the investments that provide safe and secured returns in order to manage the investment cash flows to ensure that they will meet contractual obligations of policyholders. Anyway, the investment must comply with Office of Insurance Commission ("OIC")'s regulations.

Investment management guideline

The Company's investment unit will propose the investment management guidelines as mutually agreed to the Investment Committee for approval before implementation with the investment manager. The investment guidelines require the conservative investment management according to the investment policy and compliance with the regulation. The scope of investment guidelines includes investment objectives, scope and type of asset allocation, and additional investment limitation other than the minimum requirement of OIC regulation and investment requirement in compliance with the laws and regulations of OIC Re: Investment in Operating Other Businesses by Life Insurance Companies.

The Company appoints Eastspring Investments (Singapore) Limited to perform investment management of Company as per company's investment guidelines.

Assumption and valuation method

- **Financial Statements**

The assumption and valuation are prepared in accordance with Thai Financial Reporting Standards (TFRSs), guidelines promulgated by the Thailand Federation of Accounting Professions ("TFAC").

- Cash and cash equivalents, and policy Loans, are stated at the principal amounts less allowance for doubtful accounts which approximates the fair value.
- Debt securities, are stated at the clean price on the last day of the period provided by the Thai Bond Market Association and foreign issued debt securities are based on broker and dealer quotes.
- Listed equities use quoted prices (unadjusted) published by Security Exchange.
- Equity securities which are not marketable are stated at cost less any impairment losses.
- Unit trusts, use quoted prices (unadjusted) in active markets for identical assets or liabilities, or using the net asset value (NAV) on the last business day of the period provided by assets management companies.
- Promissory notes, use a discounted cash flow technique, which uses contractual cash flows and a market - related discount rate.
- For simple over-the-counter derivative financial instruments are based on counterparty quotes.

- **Solvency Report**

The assumption and valuation are prepared in accordance with announcement of OIC committee: Assessment of Asset and liability of Life Assurance Company.

- All invested asset valuations are similar to the financial statements except that for equity securities which are not marketable are stated at the multiple of price per book value of the invested company.

Unit: Million Baht

Investment assets	As at 31 December			
	Year 2019		Year 2018	
	Book value	Appraisal Value	Book value	Appraisal Value
Cash and Deposits	1,917	1,917	1,359	1,359
Debt securities	94,505	94,505	81,947	81,947
Equity securities	6,892	6,897	1	6
Unit trust	17,852	17,852	15,443	15,443
Policy loans	2,530	2,530	2,209	2,209
Other Loans	-	-	-	-
Warrants	-	-	-	-
Derivatives	254	254	286	286
Others	-	-	-	-
Total	123,950	123,955	101,245	101,250

Remark:

- Book value refers to assets and liabilities as assessed by the Financial Reporting Standards
- Appraisal value refers to the assets and liabilities assessed under the Notification of the Insurance Commission on Asset Valuation and Life Assurance Valuation. Primary purpose is for overseeing the financial security of insurance companies and to ensure that the Company is able to fully cover the Insured Person's insurance benefits according to the insurance policy.

For more information about the Company's Investment, please visit our website

<https://www.prudential.co.th/corp/prudential-th/en/our-company/our-financial-performance/index.html>