

## **6. The Company's Investment**

### **Investment Business**

The company's investment objectives are to invest in a broad range of fixed income and equity securities that produces a consistent and stable rate of return in the long run and in those securities that matches with the liability characteristics, while maintaining a low risk profile. The investment philosophy marries fundamental security selection with macro views. The fund invests in government bonds and Investment Grade corporate bonds, as well as equity with strong fundamental. The low risk profile is achieved by having a well-diversified portfolio of high-quality assets in different markets and classes. Offshore securities include bonds issued by sovereigns and companies with solid profile in Asia and the US.

### **Investment management guideline**

The Company's Investment Committee and Asset-Liability Committee approve the overall investment mandates, including Strategic Asset Allocation and investment risk framework. Eastspring Investments (Singapore) Limited is appointed as fund manager to manage the portfolio as per the investment guidelines. The Investment Committee is responsible for the oversight of the investment execution and performance to ensure they are in compliance with the mandates and regulations.

### **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.

Unit: Million Baht

Investment assets	As at 31 December			
	Year 2020		Year 2019	
	Book value	Appraisal Value	Book value	Appraisal Value
Cash and Deposits	2,446	2,446	1,917	1,917
Debt securities	103,774	102,934	94,505	94,505
Equity securities	4,276	4,276	6,892	6,897
Unit trust	8,052	8,052	17,852	17,852
Policy loans	2,705	2,705	2,530	2,530
Other Loans	-	-	-	-
Warrants	-	-	-	-
Derivatives	266	266	254	254
Others	-	-	-	-
<b>Total</b>	<b>121,519</b>	<b>120,679</b>	<b>123,950</b>	<b>123,955</b>

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/about-prudential-thailand/our-financial-performance/>