

Participating Fund Information (PAR Fund)

As of 31 December 2021

Objective

The Par Fund has the objectives 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, while maintaining a low risk profile. Our investment philosophy marries fundamental security selection with macro views. The fund invests approx. 40% of assets in local government bonds, 40% in corporate bonds, and 20% in equities.

Strategy



Global Expertise

The fund is managed by Prudential Life Assurance (Thailand) PCL, together with Eastspring Investments, part of Prudential plc, an asset manager with assets under management of USD254 billion, and over 25 years of track record.



Long term focus

The fund invests in long-term bonds, such as 10 years or longer government bonds and equities with strong fundamentals, to match with the products' long-term saving propositions.



Asset quality

The fund invests in government bonds and Investment Grade bonds, as well as equity in local and developed markets. Return is driven by in-depth research to find market leaders with attractive valuations.

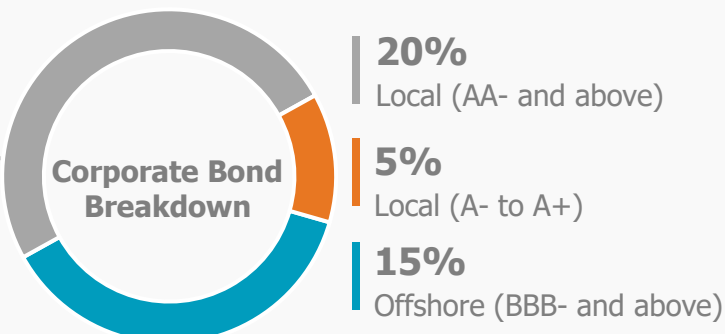
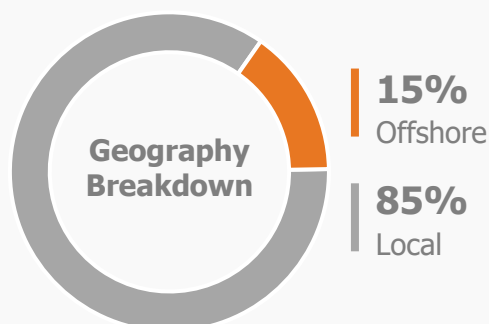
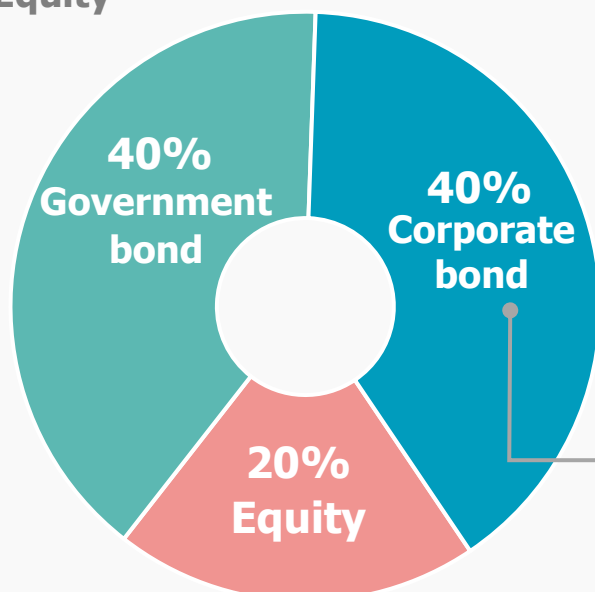


Diversification

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.

Asset Allocation

80% Fixed Income
20% Equity



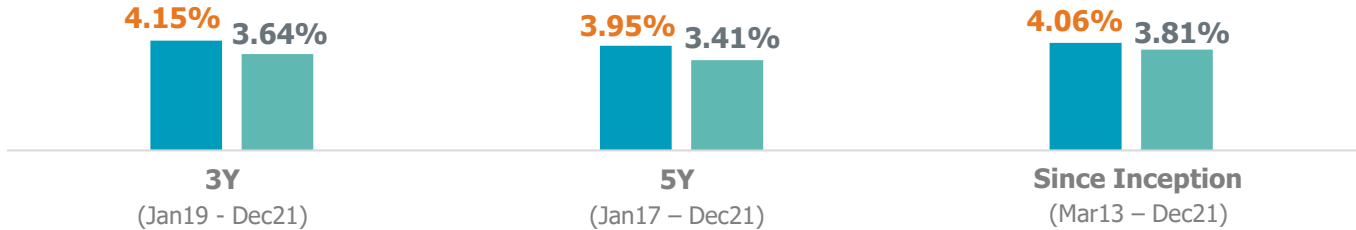
Actual allocation, including geography and corporate breakdown, may change based on market conditions

Annualized Past Performance

Three-year annualized performance has continued to improve from recovery of COVID19 situation, as growth of many regions began to recover led by the strength in US economic. Key drivers would be a rebound in equity price thanks to the relaxation of control measures, an acceleration in the rollout of vaccinations, and the reopening of the country.

The main driver for long-term return is the income from bonds together with bond price gains as interest rates declined over the last five years. The gains in bond prices could be temporary and could be lowered in the future when rates stabilize. Equity has delivered return as expected, even though volatility has risen due to COVID.

■ PAR fund return ■ Reference Index

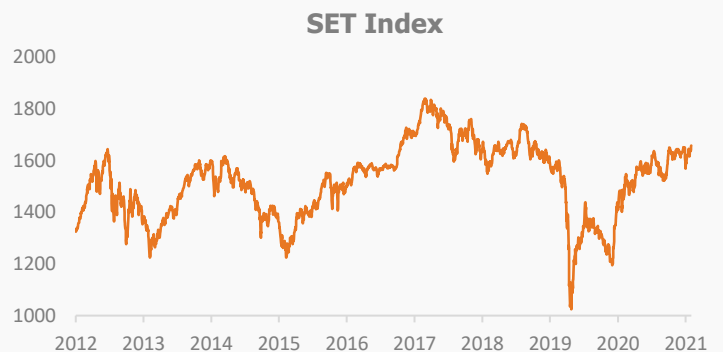
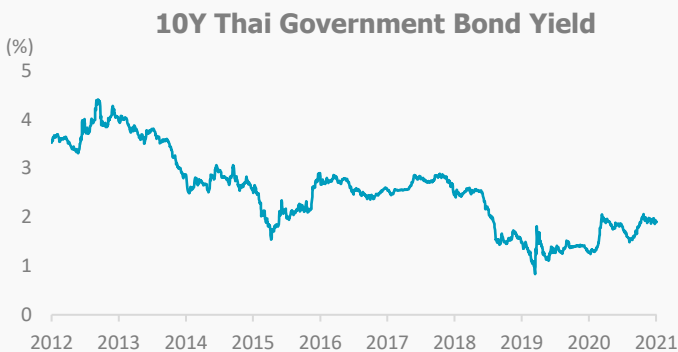


- Reference Index: 80% Thai Government Bond 7-10Y Net Total Return Index + 20% SET Index
- Reference index is not performance benchmark and may change based on product features and market conditions
- Returns are annualized (average annual return)
- Par return is calendar year basis and is calculated based on investment at the beginning of the period
- Actual return of Par policies will differ as Par policies invest in instalment over the years and Par dividends may be smoothed to reduce fluctuation in return
- Par return is net of investment expense
- Past Performance is not a guarantee or reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future

Outlook

For the next 1-2 years, bond and equity markets are expected to remain volatile, given uncertainty surrounding COVID and geopolitical situation. Upward trend foreseen in interest rate from a rise in inflation signaling central bank to begin raising interest rates. This could weigh on bond return temporarily as bond prices fall when rates rise.

In the long term, the fund is expected to deliver rate of return that is consistent with the products' saving propositions. Fixed income securities will be the main driver to generate steady rate of return, while equity is expected to lift the return over the economic cycle. Higher interest rate could weigh on short term return, though will be positive in the long run, as investment will ride on the higher bond yields over time. The fund will continue to explore opportunities globally for assets with solid fundamentals and attractive risk-adjusted returns.



Any opinions, predictions, forecasts, or forward-looking statements made are not necessarily indicative of further or likely performance. Source: ThaiBMA, Bloomberg. Data range from Jan2013 to Dec2021.