

Participating Fund Information (Par Fund)

As of 30 June 2023

Objective

The Par Fund has the objective to invest in a broad range of fixed income and equity securities that produce a 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, affiliate of Prudential plc, an asset manager with assets under management of USD228 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 Life insurance products' long-term saving propositions.



Asset quality

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

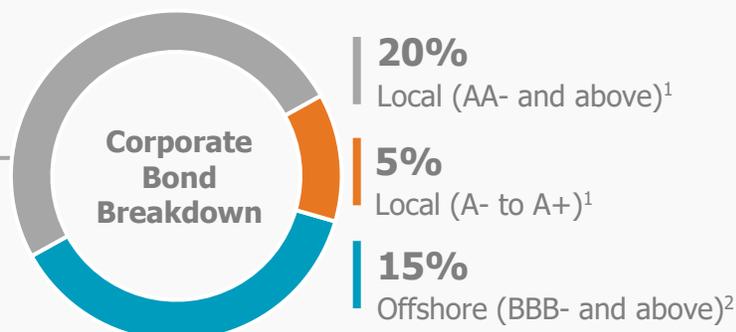
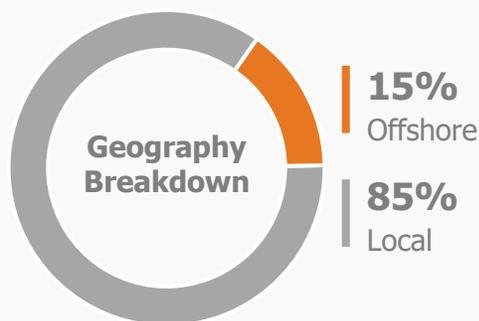
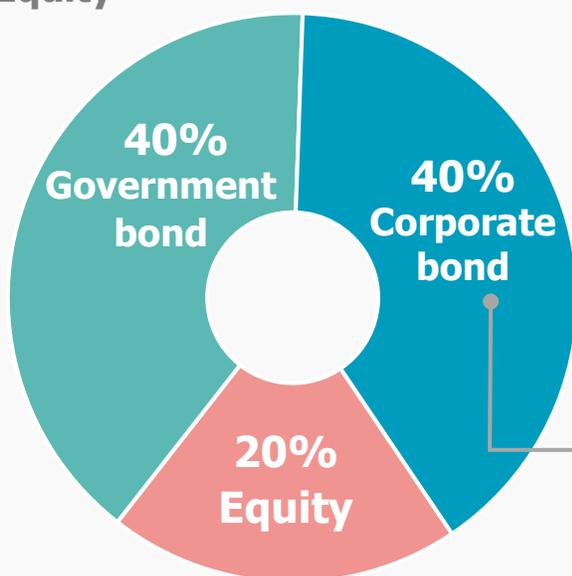


Diversification

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

Note: 1. Local credit ratings
2. International credit ratings

Annualized Past Performance

Global inflation is likely to have peaked, as more positive economic data since beginning of the year and tightening monetary policy have eased the upward pressure on prices. The market expects that the policy interest rates are near the neutral levels, implying that the monetary tightening cycles are coming to an end, which also supports the bond prices. Furthermore, the strong demand for long-term Thai government bonds from local institutional investors, as evidenced by the solid bond auction results, has contributed to the outperformance of bonds during the first half of 2023.

Our Par fund performance has bounced back strongly, delivering a positive three-year annualized return despite the high interest rate levels that eroded the bond returns in 2022. Our long-term investment strategy, with a high proportion of good quality long duration bonds, has benefited from the bond price gains as the longer-term interest rate has declined in the first half of 2023.



- Returns are annualized (average annual return)
- Par Fund return is calculated based on investment at the beginning of the period
- Bonuses and dividends on Par policies will depend on both the actual experience and future outlook of the investment performance of the Par Fund, and may be smoothed at the company's discretion to reduce fluctuations
- Par fund 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 United States (US), there are growing concerns about higher US interest rates for a longer-than-expected period, as US inflation remains sticky with a resilient labor market. Many research houses have revised their expectations for cutting interest rates from the second half of 2023 to 2024. In the short term, bond prices will still face downward pressure, but the global rate hike cycle that seems to be reaching its peak this year would limit the downside.

For Thailand, the economy is expected to recover gradually from the revival of tourism and the clearer political outlook that could also boost the equity market sentiment. Thai inflation has already fallen substantially and is projected to be within the Bank of Thailand's inflation target band (1%-3%), but there are still upside risks from potential higher food prices amid a more severe El Nino effect. Moreover, the new government stimulus policies may require more financing needs that will likely be met through the issuance of more government bonds. These potential supply risks could pose another downside risk for local bond prices. PLT will continue to explore and diversify long-term investment opportunities in global assets with solid fundamentals and attractive returns.

Note: Any opinions, predictions, forecasts, or forward-looking statements made are not necessarily indicative of further or likely performance.
Source: ThaiBMA, Bloomberg