

# 2023 Non-Participating Fund Update for Future – S policyholders

Future - S is a non-participating whole life insurance product which offers lifetime protection and non-guaranteed benefits, paid in the form of Annual Additions and a Final Addition. We are pleased to share this annual update detailing the performance of the Future - S Non-Participating Fund for 2023 and the future outlook based on the latest actuarial investigation of policy liabilities. This update is intended to provide you with information that is relevant to the determination of your non-guaranteed additions.

## Summary of Outlook on Additions

Key factors	Impact on Additions
Investment	Positive
Mortality and Mortality Improvement	Neutral
Persistency and Surrender	Neutral
Other factors	Neutral

## Investment

### 2023 Investment Performance

The historical investment rates of return (after deducting investment expenses) of the assets backing Future - S, which is part of the Non-Participating Fund, are shown below:

	2021	2022	2023
Investment Returns	3.91% <sup>1</sup>	-9.78%	7.15%

<sup>1</sup>The Future - S asset portfolio was established in July 2021 and the rate shown is the annualized investment rate of return.

The Future - S investment portfolio performed well in 2023, with fixed income investments earning strong yields, positive market movements from credit spread movements, and equity performance on par with, but below expectations, due to our diversification across markets and geographies. Since the Future - S Non-Participating Fund was established in 2021, we have been able to take advantage of the rising rates through investment at new money rates.

### 2023 Market Review

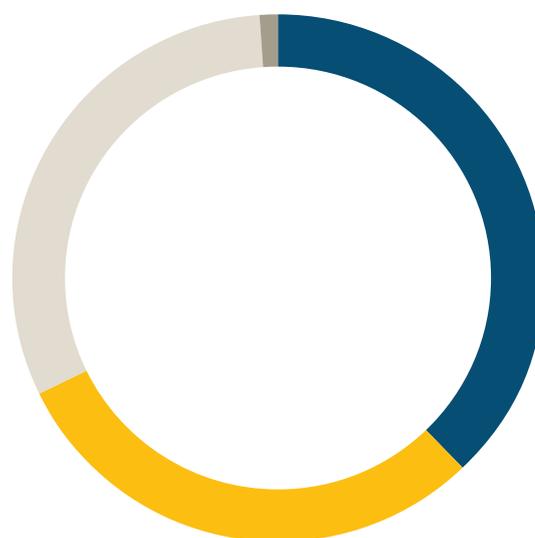
The 2023 calendar year might be characterized by an expected recession that never was.

As central banks tightened at a historic clip, the reflex view has been that something will surely break. But the big surprise has been the resilience. Households and corporations are still in good shape. Jobs are plentiful and wages remain high. Rising rates are having little effect on companies that have locked in fixed rates years ago and on mortgage holders that are in the same camp.

The strength of the U.S. consumer helped both equities and credit spreads to shake off successive threats from inflation, geopolitical conflicts, three large bank failures and sectoral challenges in health care, cryptocurrencies and office properties.

### Asset Mix

The market value of assets allocated to Future - S was US\$251 million as at 31<sup>st</sup> December, 2023. The investment strategy is managed with your long-term wealth protection and accumulation needs in mind. The assets supporting the investment strategy consist of a diversified range of fixed income and non-fixed income assets.



Overall Future - S allocation, as of December 2023

- Public Fixed Income 38%
- Private Fixed Income 30%
- Equity Securities 31%
- Cash & Equivalent 1%

## Market Outlook for 2024

As we enter 2024, most financial companies have leaned into predicting either a soft landing or mild recession, as the final vestiges of post-pandemic euphoria dissipate, combined with the hope that the U.S. Federal Reserve will be able to cut rates just in time.

While conflicts in Eastern Europe and the Middle East could remain serious concerns, dozens of nations around the world including the U.S. face elections in 2024. We are wary of potential event-related catalysts tied to inflation, energy and the U.S. dollar.

## Impact on Additions

The investment return is typically the most significant determinant of additions performance. Smoothing is used to reduce the volatility of policy values and helps deliver more stable returns. The historical investment returns include fluctuations in the value of assets from market movements. These fluctuations do not affect the long term returns of assets if they are held to maturity and therefore are not expected to materially affect your additions.

We have seen an increase in the expected yield on our fixed income portfolio, due to the sustained rise in interest rates and the corresponding increase in bond yields. Equity markets performed on par with, but below expectations in 2023. Our diversification across geographies and markets helped to ensure a strong overall performance. Equity performance is smoothed to reduce the volatility of policyholder benefits.

The impact of investment experience and outlook on your additions was positive, due to the improved outlook from increases in expected yield.

Further, we will increase the higher illustrated investment rate of return for inforce and new business illustrations from 4.75% to 5.00%, due to the increase in expected bond yields. These rates of return are purely illustrative and do not directly affect the benefits you will receive.

## Mortality and Mortality Improvement

We have not changed our expected outlook on mortality or mortality improvement, so there has been no impact on your benefits related to mortality claim expectations.

## Persistency and Surrender

We have not changed our expected outlook on persistency, so there has been no impact on your benefits related to persistency or surrender claim expectations.

## Other factors

There were no changes in our outlook of other factors that affected your benefits.

## Additions Updates

Future – S is a non-participating adjustable policy. As an adjustable policy, there are non-guaranteed benefits that can only be affected by certain factors. These factors include, but are not limited to, investment returns, claims, persistency, reinsurance, and taxes. Our Appointed Actuary will recommend any changes to non-guaranteed additions based on these factors. Any recommendations are reviewed by our internal Adjustable Governance Committee.

The Board of Directors of Sun Life (“the Board”) establishes criteria<sup>1</sup> for changes to all adjustable contracts of the Company. Sun Life regularly reviews the additions to ensure compliance with all relevant Singapore and Canadian regulations, guidelines, standards of practice, and the Company’s established criteria, as approved by the Board.

The Appointed Actuary of our head office reports annually to the Board as to whether the changes made to adjustable products in the preceding twelve months are fair and in compliance with these criteria. The additions management process seeks to achieve reasonable equity among classes and generations of policies, to the extent practicable.

## Additions Updates (continued)

Historical claims experience and volatility of claims cannot be used to determine the additions, however changes in the expected outlook of these factors can affect your additions. Our outlook on these factors may be affected by our experience, and therefore this update includes details on the experience of the Non-Participating Fund and how this experience may affect our outlook.

Expense experience, with the exception of investment expense, cannot be used to determine your additions. Similarly, outlook on future expenses cannot be used to determine your additions. Therefore, this update does not refer to expense experience, expense outlook or any allocation of expenses to the Non-Participating Fund.

An annual statement will be sent to you on your next policy anniversary date. Please refer to the annual statement for details on additions credited to your policy, if any.

A full Policy Illustration is available upon request. If you would like to see an updated Policy Illustration, please reach out to your Representative.

## Sun Life investment strategy – with you in mind

Our investment strategy is managed with Clients' long-term wealth protection and accumulation needs in mind. The investment strategy is reviewed periodically and controls are in place to meet the investment targets by type of assets, credit quality of the assets and risk tolerance limits. So that we can fulfil our core purpose of providing lifetime financial security and fair returns to you as our valued Client.

<sup>1</sup> You can find more information on our website at: [www.sunlife.com/sl/sg/en/product-solutions/adjustable-contracts-policy/](http://www.sunlife.com/sl/sg/en/product-solutions/adjustable-contracts-policy/)

## Important Information

Sun Life is not liable for any loss, damages or expenses that may be incurred from sole reliance upon the contents of this document. Please refer to the relevant insurance policy contract and related documents, as necessary, and contact your Financial Advisor Representative at the first instance if you have any questions.

Sun Life Assurance Company of Canada is an insurance company federally incorporated in Canada, with OSFI Institution Code F380 and its registered office at 1 York Street, Toronto, Ontario, Canada M5J 0B6. It is regulated by Office of the Superintendent of Financial Institutions, Canada. Sun Life Assurance Company of Canada Singapore Branch (UENT19FC0132B) is registered with the Accounting and Corporate Regulatory Authority of Singapore as a foreign company, with its registered office at One Raffles Quay, #10-03 North Tower, Singapore 048583. It is licensed and regulated by the Monetary Authority of Singapore. Where Sun Life Assurance Company of Canada Singapore Branch is referred to as "Sun Life Singapore", this is strictly for marketing and branding purposes only, and no legal significance is expressed or implied. Sun Life Assurance Company of Canada is a member of the Sun Life group of companies. The Sun Life group of companies operates under the "Sun Life" name. Sun Life Financial Inc., the publicly traded holding company for the Sun Life group of companies, is not a product offering company and is not the guarantor of the obligations of its subsidiaries.

© 2024 Sun Life Assurance Company of Canada. All rights reserved. The name Sun Life and the globe symbol are registered trademarks of Sun Life Assurance Company of Canada.

Sun Life Assurance Company of Canada Singapore Branch  
One Raffles Quay, #10-03 North Tower, Singapore 048583  
Tel: +65 6223 1102 | Website: [www.sunlife.com.sg](http://www.sunlife.com.sg)