

Swiss Fortune (Premier) Universal Life Insurance Plan

Crediting interest rate, fees and charges philosophy
and investment policy, objective and strategy

Crediting interest rate¹, fees and charges² philosophy

Swiss Fortune (Premier) Universal Life Insurance Plan ("Swiss Fortune (Premier)") is a universal life insurance product designed for individuals looking for long-term financial planning to meet their financial needs. The premium received, after deducting applicable fees and charges², will be invested in an investment portfolio as determined by us, according to an investment policy developed by us. Your policy will accrue crediting interest at a declared crediting interest rate¹ determined by us. We aim to ensure a fair crediting interest determined from the underlying investment performance and among different groups of policyholders.

We will review and determine the crediting interest rate¹ to be declared to policyholders each month, reflecting ongoing investment performance. The crediting interest rate¹ may fluctuate over time which depends on the actual earned return at the time of declaration. Policyholders will receive investment returns, after accounting for costs incurred and profits attributable to the company, in the form of a crediting interest rate¹. The actual crediting interest rate¹ declared may be higher or lower than the crediting interest rate¹ illustrated in any product materials provided (e.g., product brochure or benefit illustration). We may retain returns during periods of strong investment performance to support or maintain a stronger crediting interest rate¹ during periods of less favorable investment performance. Therefore, the crediting interest rate¹ we declare may not immediately reflect the ups and downs in the asset portfolio. It is expected that Zurich will not make any gain or loss from such handling of the crediting interest rate¹ in the long run.

To determine crediting interest rate¹ and fees and charges² of the policy, we consider actual experiences and the expected outlook of various factors, including but not limited to the following:

Investment returns: These include interest earnings and investment earnings from changes in the market value of the asset portfolio backing the product. Investment returns may be affected by fluctuations in interest income (both current earnings and interest rate outlook) and various market factors, including credit spread, default experience and fluctuations in equity prices.

Persistency: This includes unusual experience in policy lapses, surrenders and partial withdrawals that leads to and the corresponding impact on investments (and hence investment returns) backing the product, which may be considered under extreme circumstances.

Claims: These include the cost of providing death benefit under the policies.

Expenses: These include applicable policy expenses, such as commission and general administrative expenses.

The non-guaranteed policy fees and charges² are subject to regular review and may be adjusted if necessary, with authorization from the Board of Directors. The determination and review of the crediting interest rate¹, as recommended by the Appointed Actuary, will be approved by our Board of Directors annually or more frequently if required.

You may browse our company website (<https://www.zurich.com.hk/en/crediting-interest-rate>) to view our crediting interest rate¹ history for reference. Please note that historical crediting interest rate¹ should not be taken as indicator of future performance of this product and the crediting interest rate¹ shown on the website is before the deduction of any applicable fees and charges².

Investment policy, objective and strategy

The investment policy aims to achieve the targeted long-term investment results, taking into account factors including risk control, diversification, liquidity and the relationship between assets and liabilities.

The investment objective is to provide policyholders with the upside potential of equity market exposure, while limiting downside risk from a traditional equity investment. The investment strategy utilizes a mixture of fixed income and equity-like assets to achieve this objective and is designed to profit from a moderate rise in equities.

Our current long-term target asset mix attributed to **Swiss Fortune (Premier)** is as follows:

Asset class	Target asset mix
Bonds and other fixed income assets	60% to 100%
Equity-like assets	0% to 40%

The bonds and other fixed income instruments predominantly include investment-grade government and corporate bonds, as well as private debt, mainly invested in the geographic region of the United States and Asia-Pacific. For equity-like assets, it may include exposure to commodities (e.g., gold), derivatives (e.g. options) and exposure to equities (e.g. U.S. stocks) to provide equity market upside with limited downside risk. Investments are predominantly denominated in US dollars. Actual investments (e.g. asset mix, geographical mix, credit rating) will depend on market opportunities at the time of purchase. Hence it may differ from the target asset mix.

The investment strategy is subject to change depending on the market conditions and economic outlook. Should there be any material changes in the investment strategy, we will inform policyholders of the changes, the reasons for the changes and their impact.

Remarks

1. The crediting interest rate is not guaranteed and may even be zero. It is determined by Zurich from time to time.
2. Zurich reserves the right to vary the current scale of fees and charges with not less than one month's prior written notice to policyholders.