

# Your Policy and its Investment in the Life Participating Fund

This is an annual update on the operating performance of the Participating fund as well as our future outlook for the fund.

## Why This Matters

Your policy participates in the profits of the PAR fund. Profits are shared through the declaration of bonuses to your policy. These bonuses are non-guaranteed and can increase/decrease depending on the overall PAR fund operating experience.

We have also included a useful reminder of how your plan works. If you want further information you can find it at [www.zurich.com.my/parfund](http://www.zurich.com.my/parfund)

If, having read the information, you think you might need to make changes to your plan but are not sure what to do, please consider talking to your sales agent.

## PAR FUND PERFORMANCE

### Historical PAR Fund Investment Performance

	2018	2019	2020	2021	2022
Gross Returns*	2.0%	6.2%	5.1%	0.3%	1.7%

*\*Important: This is strictly the investment performance of the PAR funds, not the returns earned on your premiums paid for the policy. Actual returns on your policy will be lower due to cost of insurance, management expenses and commission payable.*

### Review of 2022

The Malaysian market was hit by a series of negative news flow in 2022 – concerns over the outbreak of Covid-19 Omicron variant, Russia-Ukraine conflict, record high commodity prices leading to inflation concerns, US Fed raising rates to its highest in nearly 30 years raising concerns of US recession risks and domestic political uncertainties (hung Parliament post GE-15 leading to the formation of unity government for the first time in Malaysia's history).

### Outlook for 2023

The global macroeconomic backdrop remains volatile in 2023 as we expect the lagged effects of policy tightening to lead growth lower. For Malaysia, the resilient domestic demand coupled with robust foreign direct investment inflows going into 2023 should help mitigate the negative impact of external headwinds. We expect GDP to grow above 4% in 2023, which is encouraging amidst the global slowdown. For the Malaysian equity market, we expect corporate earnings to be relatively resilient, but political uncertainties could dent sentiment. For the Malaysian bond market, we expect inflationary pressures to stabilize and global central banks to slow down their monetary policy tightening which is likely to result in better performance for fixed income assets. But the performance is susceptible to changing growth and inflation outlook. We expect the domestic demand for the government bonds to remain resilient. At the macro level, BNM forecast headline inflation at average 2.8% to 3.8% and GDP at 4.0% to 5.0% for 2023.

## Non-Investment Performance

### Review of 2022

Overall non-investment experience for 2022 such as mortality, morbidity, lapses and expenses remained stable and consistent with our existing long term view.

### 2022 Declaration

Taking the above into account, we are pleased to inform you that we are able to maintain our bonus and dividend payouts to your policy on the same bonus scales as that which had been approved last year.

*Please note that all bonuses declared are approved by the Board of Directors, based on the latest actuarial investigations and recommendations by the Appointed Actuary.*

### Future Outlook

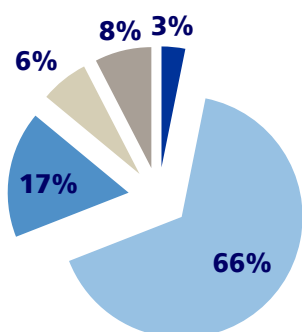
Future bonuses are non-guaranteed in nature and depend on the operating (both investment and non-investment) experience of the PAR fund. Notwithstanding any material unforeseen developments, our current outlook for the PAR fund remains broadly in line with longer term expectations. You can be assured that we will continue to maintain a sustainable investment strategy and adopt disciplined underwriting practices to support attractive policy values to meet your financial needs. Our decisions will be responsible and equitable at all times.

# Your Policy and its Investment in the Life Participating Fund

## PAR Fund Asset Mix

### PAR Fund Asset Mix (2022)

- Deposits & cash
- Equities
- Loans
- Fixed Income
- Properties/REITs



1. Fixed interest investments include Government Securities and Corporate Bonds
2. Loans include policy loans and fully securitised external loans
3. Properties include development land and commercial and residential buildings

### Why This Matters

The PAR fund investment performance is a crucial factor influencing the level of bonuses that can be provided to your policy. Asset mix of the PAR fund has been carefully selected to provide appropriate and sustainable returns on your monies that you have entrusted with us.

*\*Important: PAR fund monies are invested with a long term investment horizon in mind. We do not expect significant changes in asset mix from year to year. Nonetheless, we may choose to deviate from time to time for strategic reasons as we strive to provide attractive returns on your policy.*

PAR fund assets are predominantly invested in Fixed Income and Equities. Top 5 holdings within these asset classes are listed below for your information:

Equity Holdings	% of Equity Holdings	Fixed Income Holdings	% of Fixed Income Assets
CIMB GROUP HOLDINGS BHD	9.8%	MALAYSIA GOVERNMENT SECURITIES	16.5%
MALAYAN BANKING BHD	9.7%	GOVERNMENT INVESTMENT ISSUE	12.9%
PUBLIC BANK BHD	6.9%	DANAINFRA NASIONAL	5.5%
PETRONAS CHEMICALS GROUP BHD	4.2%	PROJEK LEBUHRAYA USAHASA	4.2%
HONG LEONG BANK BHD	4.0%	SARAWAK ENERGY BHD	4.1%


### How Can I Get Financial Advice?

If you are thinking of changing or ending your plan, we recommend that you speak to a qualified financial adviser, such as your Zurich servicing agent.

If you do not have a servicing agent or do not know how to get in touch with him or her, please let us know and we will make the necessary arrangements to put you in touch with your existing servicing agent or offer you a new one.

# Your Policy and its Investment in the Life Participating Fund

If you have any questions about this leaflet, or your plan, you can contact your servicing agent or get in touch with us directly by phone, letter or email.

 **1-300-888-622**  
between Mondays and Fridays, 8:30am to 5:15pm (excluding public holidays).

To protect your personal information, we will only give out information after confirming your identity. We will ask for your personal details and about your plan or your payments to it.

 Email us at [cem@zurich.com.my](mailto:cem@zurich.com.my)

 Write to us at  
**Zurich Life Insurance Malaysia Berhad**  
Level 23A, Mercu 3  
No. 3, Jalan Bangsar  
KL Eco City,  
59200 Kuala Lumpur.

You can of course also contact your servicing agent. If you do not have one or do not know how to contact him or her, please let us know.

We want everyone to find it easy to deal with us. If you need information in a different format, just let us know and we'll do our best to provide it.

This document is on our website and can be read by most text readers.

## Understanding Your Plan

Some of our customers have asked us to remind them how their plan works. Here are the answers to the questions that we are often asked. If you want more information, please go to our website or give us a call, we will be pleased to help.

### What is a Life Participating Policy?

A life participating policy is a life insurance plan which has both guaranteed benefits and benefits which are dependent on the performance of the Life Participating Fund, as the policy entitles the policyholder to a share of the profits in the fund. These bonuses are not guaranteed and depend on the performance of the fund.

### What Non-Guaranteed Benefits can I expect?

Non-guaranteed benefits can come in the form of reversionary bonuses, cash dividends or terminal bonuses or dividends. Reversionary bonuses are declared on an annual basis and are added to your policy. Once added, they cannot be taken away. For cash dividends, these are also declared on an annual basis and you have the choice of taking them as cash or leaving them to accumulate in the fund. Terminal bonuses or dividends are added at the end of your policy's lifetime, whether through death, maturity or surrender.

### Who Decides on The Non-Guaranteed Benefits to be Allocated?

The Bonuses are approved by the company's Board of Directors, on recommendation from the Appointed Actuary, who will have taken into account the financial and operating performance of the company and its future outlook, in making his or her recommendation.

### What Bonuses Have Been Declared for 2022?

The bonuses scales declared by the Company in respect of 2022 are the same as those communicated last year.

### Why Are The Benefits lower than those illustrated at the time I took out my policy?

Global market conditions and investment returns have changed since you took out your policy. Illustrations were based on the prevailing economic and investment outlook at that time and, as you are probably aware, interest rates have not stayed at those levels.

### What Is The Critical Year Option?

Critical Year is an option for Participating Policyholders allowing them to utilize the value that has built up in their policies to fund future premiums. This non-guaranteed feature allows policyholders to stop paying premium at a certain point, known as the 'Critical Year'. Because of reduced investment returns, the Critical Year for many policyholders has been extended to a point beyond that illustrated at the time of sale.

There are several options available to you when you reach Critical Year. Please contact us for further details.

### Why Do Bonuses not Change Every Year when Investment Returns are higher or lower than expected?

The bonuses are "smoothed" which means that in years of strong investment performance, surpluses are built up which allow us to maintain bonuses when returns are not so strong. This feature is unique to Participating Funds. However, if the under or over performance against expected continues for more than a certain period, then bonus rates will be adjusted. This smoothing can mean that non-guaranteed maturity bonuses can be different for two identical policies taken out at different times.

### As the PAR fund is closed, how are profits being shared out?

The fund has been substantially closed since 2006, although premiums from existing in-force policies are still being received. We are using final bonuses, where appropriate, to ensure that we pay a fair share of the fund's assets to policyholders as they leave the fund. Asset shares are used as a guide to the calculation of the final bonus.