

FWD Singapore Participating Fund Update for 2024

Fund performance in 2024



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FWD Singapore Participating Fund Update for 2024

As a valued policyholder of a participating policy from FWD Singapore Pte. Ltd. (“FWD Singapore”), we are pleased to update you on the performance of our Life Participating Fund (“the Fund”) for the year ended 31 December 2024. We are pleased to report that the Fund experienced significant growth in 2024, with total assets growing by more than 600% from S\$8.2m to S\$61.3m¹ by the end of 2024. This impressive expansion, along with a growing customer base, has empowered us to provide innovative and high-quality products to better meet the protection and savings needs of our valued clients.

We are happy to inform you that the bonus rates will remain at the same level as illustrated in the higher investment rate of return scenario outlined in the Policy Illustration provided to you at the time of policy inception. This decision underscores our dedication to providing stable returns for our policyholders, even amidst ongoing financial market volatility and uncertainty.

As your trusted partner, we believe that it is essential to keep you informed about the Fund’s performance. As a policyholder, you share in the Fund’s profits and losses through non-guaranteed bonuses. These bonuses are determined annually based on the Fund’s investment performance, claims, surrender experiences, and the expenses incurred by the Fund. This update also outlines the outlook of the Fund based on our latest actuarial investigation of policy liabilities and market analysis, offering you a comprehensive outlook on the Fund.

Fund performance in 2024

	2022	2023	2024
Net Investment Return ² of Life Participating Fund (%)	N/A	9.6% ³	3.9%
Total Expense Ratio (%)	N/A	720%	77%

Total Expense Ratio is the proportion of total expenses incurred by the Fund to the assets of the Fund. They include investment, management, distribution, tax and other expenses.

In 2024, the Fund achieved a positive investment return of 3.9%. The return for the year was adversely impacted by a spike in interest rates towards the end of 2024, which resulted in some unrealized losses from drop in the value of bonds in the Fund. However, we expect these unrealized losses to become unrealized gains if interest rates drop in the future. Over the two-year period from 2023-2024, the geometric average⁴ of investment return is 6.7% p.a.

We will continue to take a longer-term view, considering past performance as well as future outlook in determining bonus rates for customers, ensuring bonuses remain stable amidst a highly uncertain economic outlook for 2025 and beyond.

Total Expense Ratio dropped significantly to 77% in 2024 due to strong growth in the Fund’s total assets, and we expect Total Expense Ratio to drop further to levels similar to those observed in the industry, as the Fund continues to grow. Please note that FWD Singapore had provided seed funding to support expenses in early years of fund operations, until the Fund becomes more self-sustaining.

¹ This refers to the accumulated total assets in the Participating Policyholder Fund excluding the Participating Surplus Account.
² As approved by the Life Insurance Association of Singapore (“LIA”), investment return above is derived using money-weighted rate of return.
³ Based on money-weighted rate of return
⁴ Geometric average is calculated in accordance with LIA guidelines.

Factors that affected the Fund performance in 2024



Performance of the global financial markets

The global financial market experienced a mix of volatility and recovery in 2024. Our portfolio performance in 2024 was largely attributable to effective security selection amidst a volatile financial landscape shaped by central bank policies, geopolitical uncertainties, and election risks.

Our preference for high-quality credits proved advantageous helping to reduce bond yield volatility. Positive security selection contributed to performance, particularly in Global Equities, where strong selection was beneficial in a year marked by high dispersion of opportunities. However, the portfolio encountered challenges from overweight allocation in Singapore Government Bonds which suffered drop in value towards the end of 2024. These losses remain unrealized as we buy and hold these safe assets over the long term. Additionally, our exposure in Emerging Market (EM) Equities also underperformed amid market turbulence experienced for this asset class.

Overall, the broader market environment was influenced by the Federal Reserve’s rate cuts, which helped stabilize markets after earlier volatility, alongside improving inflation trends, and resilient employment data. This year’s performance highlights our dynamic risk management approach, as we have been gradually re-risking, balancing cautious positioning with capitalizing on growth opportunities in a volatile global market.



Investment mix of the Fund

The investment mix of the Fund, with a total market value of S\$61.3m as at 31 December 2024, is as appended:

Asset Mix	Equities	Bonds	Cash
Actual Asset Allocation	27%	57%	16%
Target Asset Allocation	30%	65%	5%

The higher allocation to Cash in the Asset Mix is to ensure sufficient liquidity in the Fund and is typical for a new participating fund. Over time, we expect the actual asset allocation to be closer to the target asset allocation as the Fund continues to grow and further gain scale.

Non-investment factors

Other factors affecting the Fund’s performance are claims payout, expenses and surrenders. The overall experience for the above is better than expected. The table below illustrates the total benefits paid to policyholders by the Fund in 2024.

Death, Total and Permanent Disability, Critical Illness Claims	Surrender, Maturity Payments	Cash, Annuity Payments
~S\$0m	S\$0m	S\$0m

Determining the level of bonuses

The level of bonuses is determined by both the actual experience and the future outlook of the Fund’s performance. The factors influencing the Fund’s performance include its investment performance, claims and surrender experience, and the expenses incurred by the Fund. Our goal is to provide stable bonuses and returns over the lifetime of your policy. Therefore, we may reserve a portion of the Fund’s investment returns during good years to help maintain bonuses during periods of lower returns. This approach allows us to smooth bonus allocations over time, thereby avoiding large short-term fluctuations in the declared bonuses.

Bonus allocation



Please refer to your bonus statement for details on the bonus rates declared on your participating policy.

The Board of Directors of FWD Singapore has approved the bonuses for 2024 based on the written recommendation made by the Appointed Actuary. The bonuses declared on your participating policy will be vested either on 1 April 2025 or at your policy anniversary, whichever is later.

Investment outlook for 2025

The global economic outlook for 2025 is characterized by a mix of growth, inflation, and uncertainty. The proliferation of tariffs and trade policy-related uncertainties continue to increase and raise the risk of a global hard landing. Further fragmentation of the global economy and disruption in supply chains and related implications are key concerns that could lead to higher-than-expected inflation. This, in turn might prompt more restrictive monetary policy and give rise to disruptive repricing in financial markets. Overall, we expect the global economy to continue growing, albeit at a slower pace than in the past. The investment landscape will be influenced by a variety of factors, including the pace of inflation growth, central bank policies, and geopolitical risks.

Against this highly uncertain backdrop, we will continue to manage the Fund prudently to provide stable medium to long term returns to our policyholders. In particular, we will continue to ensure a high degree of diversification in our investment portfolio to navigate the potential volatility. Additionally, we also stand ready to adjust risk exposure opportunistically during headline-driven corrections.

For more information

Please contact your financial adviser representative or check out our website.

fwd.com.sg



Visit our website to find out more



Call our hotline
+65 6820 8888

For the most up-to-date information regarding our operating hours, please visit our website.

About FWD

FWD Group is a pan-Asian life and health insurance business that serves approximately 30 million customers across 10 markets, including BRI Life in Indonesia. FWD's customer-led and digitally enabled approach aims to deliver innovative propositions, easy-to-understand products and a simpler insurance experience. Established in 2013, the company operates in some of the fastest-growing insurance markets in the world with a vision of changing the way people feel about insurance.

For more information, speak to your financial adviser representative.

This document contains only general information and does not have any regard to the specific investment objectives, financial situation and the particular needs of any specific person.

This advertisement has not been reviewed by the Monetary Authority of Singapore.

Information is correct as at 1 April 2025.