YF Life 萬通保險

Terminal Bonus Philosophy

A committee has been set up to provide independent advice on the determination of the terminal bonus amounts to the Board of the Company. The actual terminal bonuses, which are recommended by the Appointed Actuary, will be decided upon the deliberation of the committee and finally approved by the Board of Directors of the Company, including one or more Independent Non-Executive Directors.

Terminal bonuses will be determined with an aim to ensure fair sharing of profits between policyholders and the Company. In the plan, profit and loss arising from including, but not limited to, investment performance and surrenders will impact your asset share. To align our interest with yours, we aim to share with you no less than 90% of the distributable profit while the remaining portion goes to us. The amount of the distributable profits is determined separately from and may not be the same as the total profits.

The terminal bonuses will be reviewed and determined by us at least once per year. In determining the terminal bonuses, we will take into account both past experience and expected future outlooks for factors including, but not limited to, the following.

Investment performance: This includes interest / dividend income and changes in the market value of the invested assets. Investment performance could be affected by fluctuations in interest / dividend income and various market risk factors, such as credit spread, default risk, fluctuations in equity prices, property prices, commodity prices, exchange rates, etc.

Surrenders: These may include policy lapses, surrenders, partial surrenders and other deductions and benefit payments; and the corresponding impact on investments.

To provide more stable terminal bonuses, we may retain returns during periods of strong performance to support or maintain stronger terminal bonuses during periods of less favourable performance.

Investment Policy, Objective and Strategy

The investment objective of YF Life Insurance International Ltd. ("the Company") is to optimize policyholders' returns over the long-term with an acceptable level of risk. Assets are invested in a broad range of investment vehicles, which may include global equities, bonds and other fixed-income instruments, properties and commodities. This diversified investment portfolio aims to achieve attractive and stable long-term returns.

Past and expected future performance, volatility, and the associated risks of investment assets are considered in selecting investment assets and managing our investment portfolio.

To achieve the long-term target returns, the Company implements a strategy utilizing a mix of fixed-income and equity-like investments. The current long-term target strategy is to allocate assets as follows:

Asset Class	Target Asset Mix (%)
Bonds and other fixed-income instruments	80% - 100%
Equity-like assets	0% - 20%

Bonds and other fixed-income investments mainly include high credit rating government bonds and corporate bonds (which are mainly invested in the geographical region of the United States) across a variety of industries, making up a diversified bond portfolio with high asset quality.

Equity-like assets may include global equities (public and / or private), mutual funds, exchange-traded funds, high yield debts, properties and commodities. Investments are diversified across various geographical areas and industries. Derivatives may also be used for risk-management purposes.

This investment strategy may be subject to change, depending on the prevailing market conditions and economic outlook.