GREAT EASTERN LIFE (PARTICIPATING FUND)

PARTICIPATING FUND UPDATE FOR 2017

As a valued policyholder of a participating policy from Great Eastern Life Assurance Company Limited, we are pleased to provide you an update on the performance of the Participating Fund ("Fund").

In 2017, our Fund achieved an investment return of 9.63% arising from good corporate earnings growth, a low inflation environment and rising asset markets. As at December 2017, the market value of the Fund was S$27.2 billion and we have paid out S$1.7 billion in benefits to policyholders in the year.

In addition to the bonus allocated in 2017, we are declaring a one-off special bonus for eligible policies as a result of their performance over the past years. Moving forward, we will remain vigilant against the risks of increased volatility and higher inflation. We will continue to manage the Fund prudently to provide a stable medium to long-term return to our policyholders.

Participating Fund as at 31 December 2017

<table>
<thead>
<tr>
<th>The Fund achieved an investment return of</th>
<th>9.63% in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets:</td>
<td>S$27.2b</td>
</tr>
<tr>
<td>Total Benefits Paid:</td>
<td>S$1.7b</td>
</tr>
<tr>
<td></td>
<td>S$ 500m</td>
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<td></td>
<td>Value of bonus declared</td>
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</table>

ABOUT PARTICIPATING POLICIES AND BONUSSES

What is a participating policy and how does it work?

Premiums of participating policies are pooled together to form the Fund. This Fund is invested in a range of assets such as bonds and equities and is used to pay benefits to policyholders as well as to fund management expenses.

Policyholders share in the performance of the Fund through bonus payments which are not guaranteed. Bonuses are determined yearly based on the Fund's combined performance in investment, claims (from death, offi calm and surrender) and expenses.

Bonds allocations are smoothed over a period of time to reduce fluctuations in the bonuses declared arising from market conditions.

The assets backing the short-term single premium policies are traceable separately from the rest of the Fund since inception and apply to the following plans:
- Choice Saver Series 3 and 4
- Single Premium Enhanced/ Special Rewards
- 3-Year Choice Saver
- Max Single Premium Yield
- Golden Saver
- Step Up Single Premium
- Prosperity Saver

When will the bonus be allocated to my policy?

The bonuses allocated to you will vest upon your policy anniversary. They have been approved by the Board of Directors, taking into account the written recommendations by the Appointed Actuary.

What is my bonus this year?

We are pleased to inform you that the annual bonus rates for year 2017 have been maintained at the same level as 2016.

For eligible policies, we are declaring a one-off special bonus in addition to the bonus allocated this year as a result of their performance over the past years.

Details of your bonus allocation for your participating policies are shown in the enclosed Bonus Statement. For policies with cash bonus, you will receive the relevant statement within one month from your policy anniversary when the cash bonus is due.

Past three years' bonus rates are available via econnect@greateastern.com.sg. To request for an updated Benefit Illustration or to make an enquiry, please email us at wecare@greateasternlife.com, call us on 1800-248 2999, or contact your Distribution Representative.
ABOUT THE PARTICIPATING FUND

What were the Fund’s investment returns and expense ratios?

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<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment Return</td>
<td>2.24%</td>
<td>3.81%</td>
<td>9.63%</td>
</tr>
<tr>
<td>Investment Expense Ratio</td>
<td>0.23%</td>
<td>0.23%</td>
<td>0.23%</td>
</tr>
</tbody>
</table>

In 2017, our Fund (excluding the short-term single premium policies) achieved an investment return of 9.63%.

The performance of the bonds supporting the short-term single premium policies are in line with expectations. The investment returns earned by this portfolio are 2.24%, 3.81% and 4.49% respectively in the past three years (2015 - 2017).

What factors affected the Fund’s performance?

1. Global performance of the economy

According to the January 2018 IMF World Economic Outlook Report, the global economy is estimated to have expanded by 3.7% year-on-year in 2017, faster than the 3.2% recorded in 2016. The growth rate seen in 2017 was the broadest synchronised global growth upsurge since year 2010. The result is the result of a pick-up in investment and trade against the backdrop of favorable financing conditions, accommodative policies and a recovery in commodity prices.

In 2017, equities outperformed bonds as investors’ risk appetite rose on the back of better than expected economic figures and corporate earnings growth.

2. The asset mix of the Fund

The total market value of the Fund was $27.2 billion as at 31 December 2017 with the following asset mix:

<table>
<thead>
<tr>
<th>Fund (excluding Short-term Single Premium)</th>
<th>4%</th>
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</thead>
<tbody>
<tr>
<td>Short-term Single Premium</td>
<td>11%</td>
</tr>
<tr>
<td>Equities</td>
<td>51%</td>
</tr>
<tr>
<td>Property</td>
<td>32%</td>
</tr>
<tr>
<td>Cash and Equivalents</td>
<td>97%</td>
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What is the outlook for the Fund?

In 2018, we will remain vigilant against the risks of increased volatility and higher inflation. From a geo-political perspective, there is also the fear that US trade policies could escalate to a global trade war which will impact Asian economies and hence their stock markets given the region’s high trade dependence. We will continue to manage the Fund prudently to provide you a stable medium to long term return.

Bonuses to be declared will depend on the performance of the Fund, which is largely dependent on its investment returns generated. As such, they may be revised in response to the actual performance. On non-investment factors, mortality/morbidity claims experiences and surrender experiences of the Fund are expected to remain stable in the near future, while expenses will continue to be monitored regularly for the Fund to remain cost efficient.

This is a general commentary on the Fund and cannot be used to specifically describe individual policies.