

Crediting Interest Rate Philosophy

The crediting interest rate and/or non-guaranteed bonuses will be reviewed and determined by us from time to time. In determining the crediting interest rate and/or non-guaranteed bonuses, we will take reference to both past experience and expected future outlooks for factors including, but not limited to, the following into account.

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 crediting interest rate and/or non-guaranteed bonuses, we may retain returns during periods of strong investment performance to support or maintain stronger crediting interest rate and/or non-guaranteed bonuses during periods of less favourable investment performance.

Investment Policy, Objective and Strategy

MassMutual Asia Ltd.'s investment objective 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, including 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.

MassMutual Asia Ltd. implements a proactive asset-allocation strategy and asset allocations are adjusted in response to changing market conditions and economic outlook.

To achieve the long-term target returns, MassMutual Asia Ltd. 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 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.

Historical Crediting Interest Rate

The following tables show the historical base crediting interest rates for each product which has new policies issued in the last 5 calendar years prior to the reporting year.

FLEXI-ULife Prime Saver

	Reporting year 2017						
	2017	2016	2015	2014	2013	2012	2011
Base crediting interest rate (p.a.)	4.00%	4.00%	4.00%	4.00%	N/A	N/A	N/A

FLEXI-ULife Insurance Plan

	Reporting year 2017						
	2017	2016	2015	2014	2013	2012	2011
Base crediting interest rate (p.a.)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Target Lifetime Annuity Saver series/ Target Education Smart Saver series

	Reporting year 2017						
	2017	2016	2015	2014	2013	2012	2011
Base crediting interest rate (p.a.)	4.00%	4.00%	4.00%	N/A	N/A	N/A	N/A

Target Annuity Saver/ Target Education Saver

	Reporting year 2017						
	2017	2016	2015	2014	2013	2012	2011
Base crediting interest rate (p.a.)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Prestige U-Life Insurance Plan

	Reporting year 2017						
	2017	2016	2015	2014	2013	2012	2011
Base crediting interest rate (p.a.)	3.70%	3.70%	3.70%	3.70%	N/A	N/A	N/A

Privilege U-Life Insurance Plan 3.0

	Reporting year 2017						
	2017	2016	2015	2014	2013	2012	2011
Base crediting interest rate (p.a.)	3.70%	3.70%	3.70%	3.70%	3.70%	N/A	N/A

Privilege U-Life Insurance Plan 2.0

	Reporting year 2017						
	2017	2016	2015	2014	2013	2012	2011
Base crediting interest rate (p.a.)	3.90%	3.89%	3.89%	3.89%	3.95%	4.12%	4.65%

Notes:

1. The base crediting interest rate shown above is the time-weighted average base crediting interest rate of the policies in that calendar year, before any relevant policy charges (e.g. cost of insurance, administrative charge etc.).
2. The base crediting interest rate shown does not include any retrospective additional interest rate and / or additional interest bonus (if applicable). For details of the retrospective additional interest rate and / or additional interest bonus (if applicable), please refer to the product brochure and policy provisions of the relevant products.
3. Some base crediting interest rates are not available because the products were not yet available at the relevant time.
4. The historical base crediting interest rates are for reference purposes. They are not indicators of future declaration of the products.
5. For the terms and conditions of the crediting of interest, please refer to the policy provisions of the product.