

Dividend / Terminal Bonus Philosophy

Your policy is a participating policy and can share the divisible surplus from the product group determined by us. Annual dividends and/or terminal bonuses will be determined with an aim to ensure fair sharing of profits between policyholders and the Company. The annual dividends and/or terminal bonuses will be reviewed and determined by us at least once per year. In determining the annual dividends and/or terminal bonuses, we will take reference to both past experience and expected future outlooks for factors including, but not limited to, the following into account.

Claims: These include the costs of providing coverage such as death benefit.

Expenses: These include both direct and indirect expenses related to the policy.

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 annual dividends and/or terminal bonuses, we may retain returns during periods of strong performance to support or maintain stronger annual dividends and/or terminal bonuses during periods of less favourable 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.

Fulfillment Ratio of Annual Dividend and Terminal Bonus

The following tables show the fulfillment ratios of non-guaranteed annual dividends and/or terminal bonus for each product which has new policies issued in the last 5 calendar years prior to the reporting year.

Critical Illness Supreme 100+ Premium Refundable Plan

Product type: critical illness

Type of non-guaranteed benefit	Fulfillment Ratio for reporting year 2017						
	Policy Year 7	Policy Year 6	Policy Year 5	Policy Year 4	Policy Year 3	Policy Year 2	Policy Year 1
Terminal Bonus	N/A	N/A	N/A	N/A	N/A	N/A	N/A

PrimeHealth Saver 100+

Product type: critical illness

Type of non-guaranteed benefit	Fulfillment Ratio for reporting year 2017						
	Policy Year 7	Policy Year 6	Policy Year 5	Policy Year 4	Policy Year 3	Policy Year 2	Policy Year 1
Terminal Bonus	N/A	N/A	N/A	N/A	N/A	N/A	N/A

PrimeHealth Extra Saver

Product type: critical illness

Type of non-guaranteed benefit	Fulfillment Ratio for reporting year 2017						
	Policy Year 7	Policy Year 6	Policy Year 5	Policy Year 4	Policy Year 3	Policy Year 2	Policy Year 1
Terminal Bonus	N/A	N/A	N/A	N/A	N/A	N/A	N/A

PrimeHealth Extra Care

Product type: critical illness

Type of non-guaranteed benefit	Fulfillment Ratio for reporting year 2017						
	Policy Year 7	Policy Year 6	Policy Year 5	Policy Year 4	Policy Year 3	Policy Year 2	Policy Year 1
Terminal Bonus	N/A	N/A	N/A	N/A	N/A	N/A	N/A

PrimeWealth Saver Life Insurance Plan

Product type: participating whole life

Type of non-guaranteed benefit	Fulfillment Ratio for reporting year 2017						
	Policy Year 7	Policy Year 6	Policy Year 5	Policy Year 4	Policy Year 3	Policy Year 2	Policy Year 1
Terminal Bonus	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Respected Choice Life Insurance Plan

Product type: participating whole life

Type of non-guaranteed benefit	Fulfillment Ratio for reporting year 2017						
	Policy Year 7	Policy Year 6	Policy Year 5	Policy Year 4	Policy Year 3	Policy Year 2	Policy Year 1
Annual Dividend	91%	96%	96%	100%	100%	100%	N/A

Wealth Builder Life Insurance Plan

Product type: participating whole life

Type of non-guaranteed benefit	Fulfillment Ratio for reporting year 2017						
	Policy Year 7	Policy Year 6	Policy Year 5	Policy Year 4	Policy Year 3	Policy Year 2	Policy Year 1
Annual Dividend	84%	93%	98%	100%	100%	100%	N/A
Terminal Bonus	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

1. Fulfillment Ratios are calculated up to the respective policy anniversary in the reporting year.

$$\text{Fulfillment ratio of annual dividends} = \frac{\text{aggregate of actual accumulated annual dividends and interests}}{\text{aggregate of corresponding illustrated amounts at the point of sale for all relevant in-force policies}}$$

$$\text{Fulfillment ratio of terminal bonus} = \frac{\text{aggregate payout of terminal bonus}}{\text{aggregate of illustrated amounts at the point of sale for all relevant policies}}$$

2. The calculation of fulfillment ratios of annual dividends is based on the assumption that all annual dividends (if any) declared are left with the Company for interest accumulation since policy issuance.
3. Some fulfillment ratios may not be applicable due to the following reason(s):
 - The product has been launched for less than 1 year as of the end of the reporting year;
 - The amount of accumulated annual dividends and interest / terminal bonus illustrated at the point of sale for the respective policy year is zero;
 - No terminal bonus was paid in reporting year as no policy was terminated in the respective policy year.
4. The historical fulfillment ratios of annual dividend / terminal bonus are for reference purposes. They are not indicators of future performance of the products.
5. For the terms and conditions of annual dividend / terminal bonus, please refer to the policy provisions of the product.