

FWD Life Insurance Company (Bermuda) Limited (Incorporated in Bermuda with limited liability)

FWD CAPITAL GUARANTEE PLAN

Monthly fact sheet as at 8.31.2020

IMPORTANT

- FWD Capital Guarantee Plan (the "Plan") is a pooled retirement fund scheme.
- The Plan is an insurance policy issued by FWD Life Insurance Company (Bermuda) Limited ("FWD Life"). The guarantee is also given by FWD Life. Your investments in the Plan are therefore subject to the credit risks of FWD Life. The guarantee is subject to qualifying conditions. Please refer to section 1 of Part II of the Principal Brochure for details of the guarantee features and conditions.
- You should consider your own risk tolerance level and financial circumstances before making any investment choices. If you are in doubt as to whether the Plan is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice.
- You should not invest based on this document alone. You should read the Principal Brochure for details.

INVESTMENT OBJECTIVE

FWD Capital Guarantee Fund ("the Fund") is one of the managed funds under the Plan. The Fund's investment objective is to preserve the capital of the assets and to seek a stable return to the fund investors so as to enable FWD Life to provide the guarantee specified at the "Guarantee Feature" below.

The guarantee is subject to qualifying conditions.

Long Term Investment Strategy:

Fixed Income Securities	67%-100%
Equities	0%-33%
Cash	0%-10%

INVESTMENT POLICY

The Manager adopts a prudential approach in seeking stable return from high-graded fixed income securities and at the same time, an excess return from some exposure in equities.

GUARANTEE FEATURE

The Fund under the Plan is a managed fund that guarantees the declared rate of return every year will not be less than 0% per annum on the total contributions, less any withdrawals and less any charges and fees applicable, received for the period of ten years from the commencement date of the participation in the Fund. After ten years from the commencement date of the Fund, unless FWD Life decides otherwise, the guarantee will lapse. The annual declared rate will be announced after each fiscal year end of the Fund. To obtain the annual declared rate of return, the employer and employee contributions must be retained in the Fund until the announcement of the declared rate for the immediate preceding fiscal year; otherwise, the interim declared rate of return shall be given. Such guarantee shall remain unchanged until the expiry of such period of ten years or the termination of this Fund, whichever is the earlier. The guarantor is FWD Life. In case there is any shortfall, FWD Life will make up the difference over the first ten policy years. The guarantee is subject to qualifying conditions. Please refer to section 1 of Part II of the Principal Brochure for details of the guarantee features and conditions.

The declared rate as declared annually by FWD Life at its absolute discretion is based on the yield earned and may be nominal value on the investment, net of all relevant taxes and charges but including realized and unrealized gains and adjustments made by the actuary to smooth market fluctuations.

Investment involves risk. There is no assurance on investment returns and your investments may suffer significant losses.

MARKET REVIEW

Risk appetite in the Asian credit market remained healthy in August on the back of stronger than expected macro data points and optimism on virus containment, which continued to more than offset the negative sentiment arising from US-China tensions. Asia high yield and investment grade credit spread tightened by 19bps and 12bps respectively. Total return, however, was adversely affected by the bear steepening of the US treasury curve. The J.P. Morgan Asia Credit Index reported 0.4% total return with the high yield sector and the investment grade sector reporting 2.2% and -0.1% total return respectively. Corporate interim results released during the month generally showed the negative impact of COVID-19, but overall, there have been more upside surprises against the bearish expectation ahead of the results. Asia US dollar bond supply slowed down in August due to the interim results season with USD21bn in August. YTD gross issuance is up +5% yoy at USD203bn though net issuance is still tracking 13% lower yoy. The interest differential between the Hong Kong dollar swaps curve and the US dollar swaps curve widened in August, reversing its recent trend. Although, the Aggregate Balance, which is a measure of HKD liquidity, increased by 9.7bn HKD this month to 193bn HKD. On the back of strong IPO activities, HKD interest rates rose, and we think the interest differentials may narrow again after big IPOs, as well as quarter end seasonality, are over.

MARKET OUTLOOK

Following the 5th consecutive month of spread tightening, Asia credit spread levels remain wider than historical average and are still pricing in excessive rating and default risks, in our view. As reflected in the latest round of interim results, corporate fundamentals remain broadly resilient despite the economic disruption. As we enter the last third of the year, the focus will increasingly shift on some fundamental milestones, notably the US elections, the evolution of the pandemic and the uneven economic recovery. The Federal Reserve's formal shift to average inflation targeting at the Jackson Hole conference cements a highly accommodative monetary policy stance for the foreseeable future. We expect this will support demand for Asian credits given the spread differential with other similar markets. Overall, in our credit positioning, we are light in sectors which have lower visibility of recovery trajectory and/or sensitive to the US-China tension, while continue to favor companies which will withstand the current economic downturn and benefit from various supportive government measures. We expect rates in Hong Kong to follow the rates trajectory of the US in the long term, but the local economy and political issues, including US and China tensions, present a risk premium to interest rates in Hong Kong. Planned listings of Chinese companies in Hong Kong and the inflow to invest in those stocks will continue to support the HKD for now, in our view.

DECLARED RATE

Annual update in Nov of the year

Interim Declared Rate

01 Oct 2019 – 31 Dec 2019	1.50%
01 Jan 2020 – 30 Sep 2020	1.50%

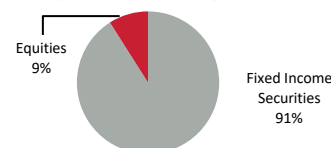
Annual Declared Rate (From 1 Oct to 30 Sep)

2018 / 2019	2.20%
2017 / 2018	2.20%
2016 / 2017	2.40%
2015 / 2016	2.20%
2014 / 2015	2.20%
2013 / 2014	3.10%
2012 / 2013	3.05%
2011 / 2012	3.15%
2010 / 2011	3.60%
2009 / 2010	5.10%
2008 / 2009	5.25%
2007 / 2008	3.00%
2006 / 2007	7.25%
2005 / 2006	6.25%
2004 / 2005	6.25%
2003 / 2004	6.25%
2002 / 2003	7.00%
2001 / 2002	6.00%
2000 / 2001	6.25%
1999 / 2000	7.50%
1998 / 1999	8.75%
1997 / 1998	7.00%
1996 / 1997	7.50%
1995 / 1996	8.10%

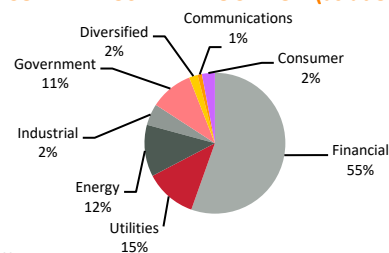
Source: FWD Life Insurance Company (Bermuda) Limited

The above are historical rates FWD Life has declared to its clients. Please note that the declared rate is the actual rate at which interest has been credited to the Fund accounts and that no deductions are made by FWD Life from such interest. Please also note that the figures are for indication only and that past performance is not necessarily a guide to future performance. Investment return may fluctuate. The interest will be credited to individual member's account on the policy anniversary (or the termination of membership). Subject to the guarantee feature as described under the "Guarantee Feature" sector above, the declared rate will be determined entirely at FWD Life's discretion. Moreover, FWD Life, at its sole discretion, has the right to retain the investment income of the Fund in excess of the declared and guaranteed benefits under

ASSET ALLOCATION (as at 8.31.2020)



FIXED INCOME INDUSTRY ALLOCATION (as at 8.31.2020)



Important Notes:

- The Plan has been authorised by the Securities and Future Commission Authorisation does not imply official recommendation.
- Investment involves risk and past performance information presented is not indicative of future performance. The Plan may be not suitable for everyone. There is no assurance on investment returns and your investments/accrued benefits may suffer significant losses.
- For further details including the features, the investment objectives and risks involved of the Plan, please refer to the details in the Principal Brochure. If you are in doubt about the meaning or effect of the contents of the Principal Brochure, you should seek professional advice.
- This fund fact sheet is issued by FWD Life Insurance Company (Bermuda) Limited.