

# Wealth Management under the Development Mode of Asset-liability Dual Engines

**New China Life Insurance Company Ltd.**  
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# 01 | Wealth Management Strategy Background

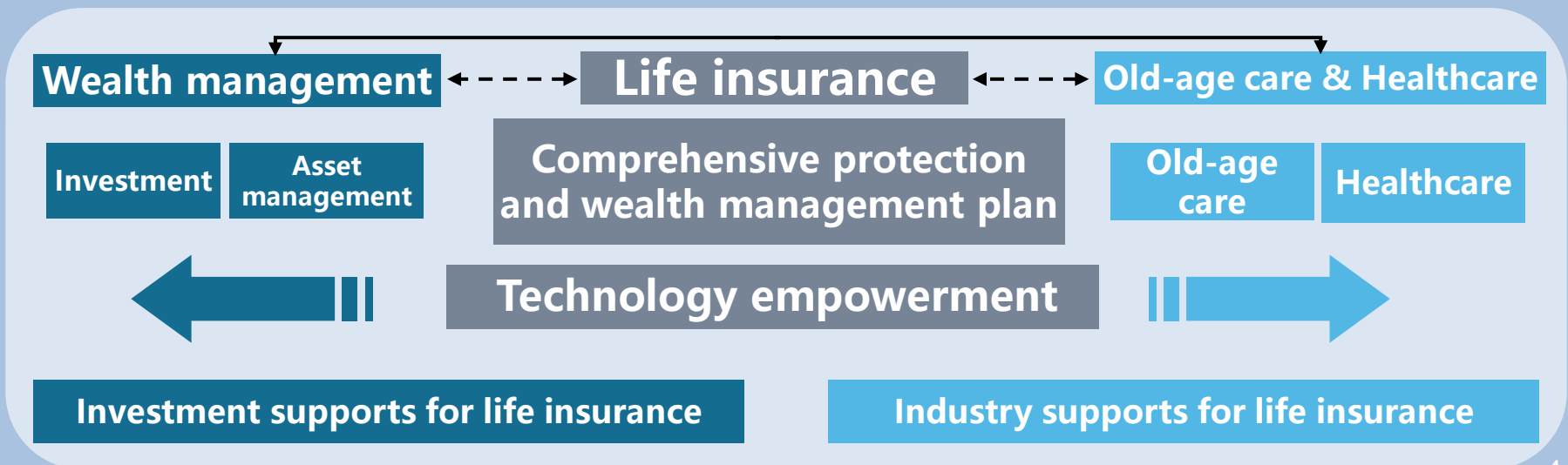


# “One body, two wings” + technology empowerment

To inherit and implement the “one body, two wings” development layout proposed at the beginning of listing, in 2019, the Company proposed the “1+2+1” strategy, with life insurance as the core, wealth management, old-age care and healthcare industry as the support, and for the first time technology empowerment is included in the Company’ s strategy.

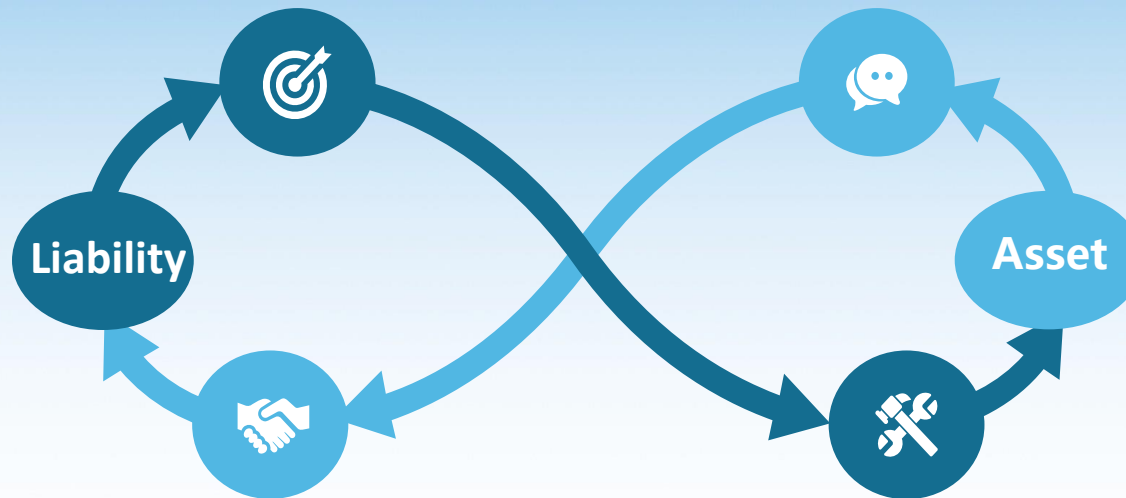
**Our vision: to be China’ s best financial service group with comprehensive life insurance business as its core**

“One body, two wings” + technology empowerment:  
“1+2+1” development strategy



# Wealth management is one of the Company's "dual engines"

## Asset-liability Dual Engines Driving Both Value and Volume Growth



### Liability: Life Insurance Business

- Risk prevention and wealth management functions to seize market demands and expand asset volume
- Maintain sound business structure for balanced volume and value growth

### Asset: Wealth Management

- Play the role of investment, seek high-quality assets for higher return to support life insurance
- Meet customers' demands and create value for the Company

# Wealth management under dual engines

## Asset management

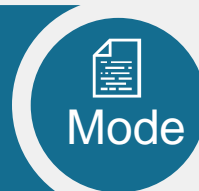
Insurance funds and simple product system



Shareholders



Liability driving asset



Added value

## Wealth management



Multi-channel funds and expanded product system



Customers and shareholders

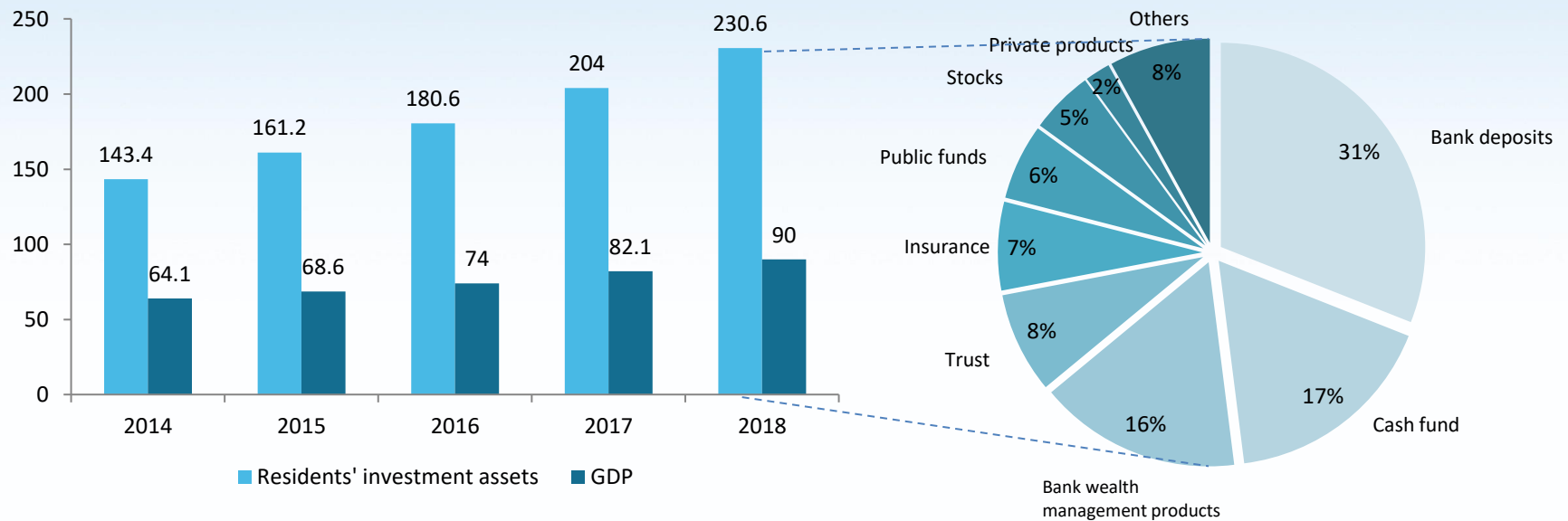


Asset-liability dual engines

# China's wealth management market potential

Chinese residents' investment assets have maintained a momentum of growth in recent years, providing market potential for integrated wealth management services and products.

The scale and allocation of investment assets of Chinese residents from 2014 to 2018  
(unit: trillion yuan)



Source: <https://www.iyiou.com/>



# Wealth preservation and inheritance: in line with the investment philosophy of insurance funds

High-net-worth individuals are more risk-averse in asset allocation. The demand for “wealth security” and “wealth inheritance” is growing, which is in line with the investment philosophy of insurance funds.

**Wealth preservation**



**Wealth appreciation**

**Wealth accumulation**



**Wealth inheritance**



# Deepening financial supply-side structural reform, returning to the essence

Wealth management, as a bridge between investment and financing, provides customized products for institutional and individual customers, and facilitates the development of real economy with the advantages of insurance investment.

**Enrich products to meet financing and investment demands**



**Residents' savings becoming investments with a customer-centric mind**

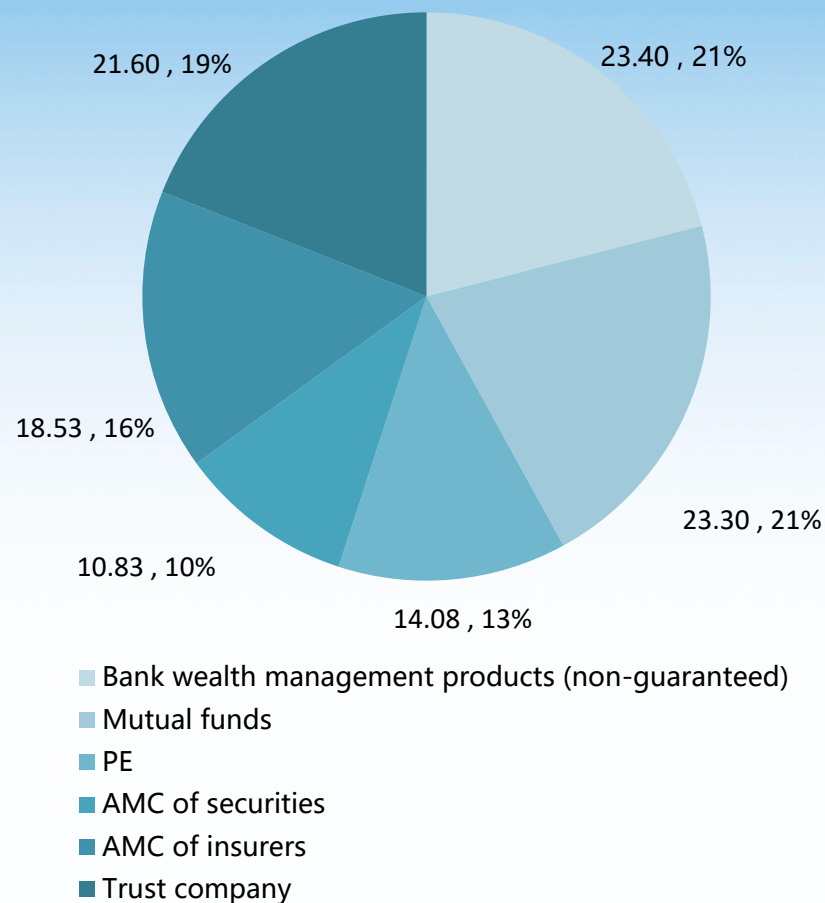
**Prevent risks  
Ensure compliance  
Safeguard customer rights and interests**

# Differentiated competition and common opportunities brought by the New Asset Management Regulations

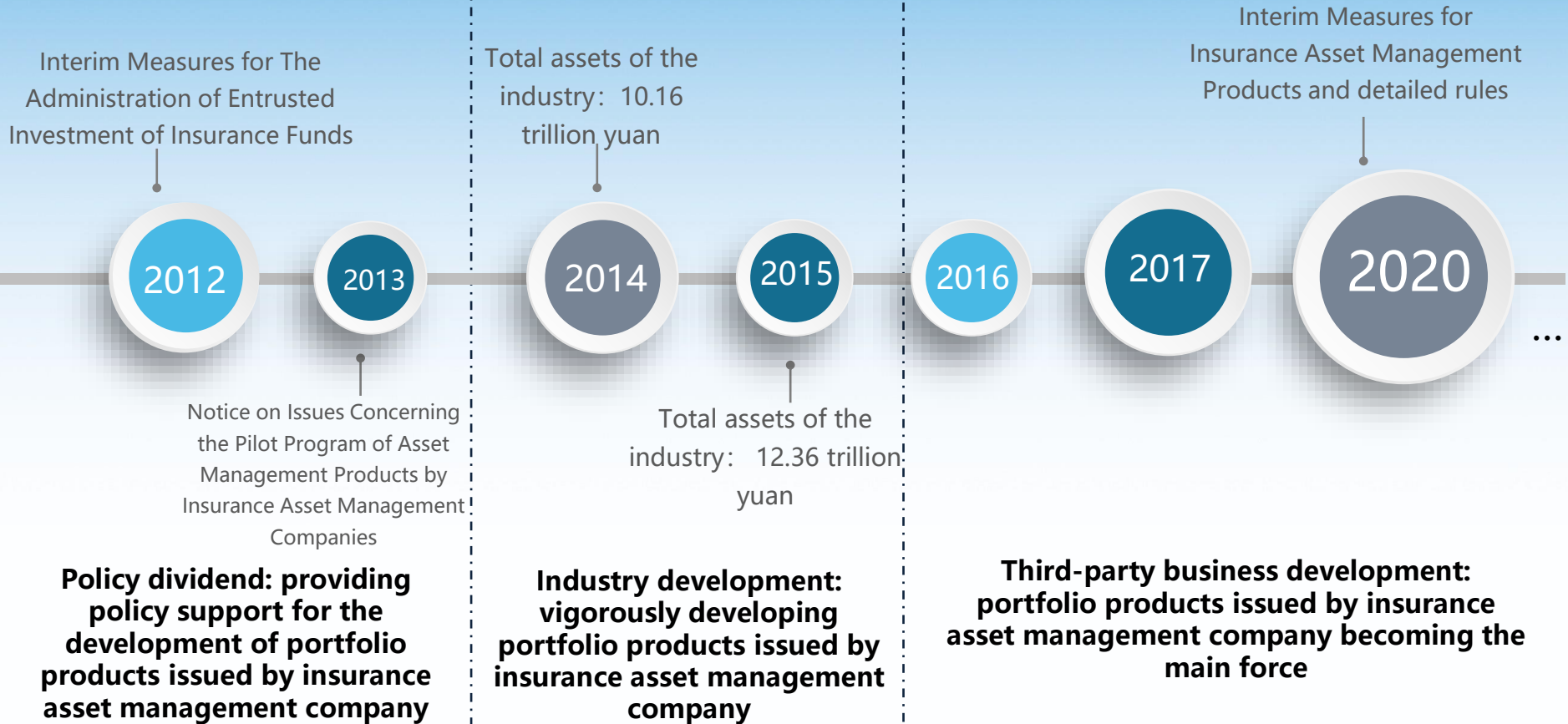
## New asset management regulations and major supporting policies

Top Authorities	Guiding Opinions on Regulating the Asset Management Business of Financial Institutions
	Notice on Matters Related to Guidance on Further Clarifying and Standardizing the Asset Management Business of Financial Institutions
	Rules for the Determination of Standardized Debt Assets
CBIRC System	Measures for the Supervision and Administration of the Wealth Management Business of Commercial Banks
	Measures for the Supervision and Administration of Wealth Management Subsidiaries of Commercial Banks
	Notice on Further Regulating the Structured Deposit Business of Commercial Banks
	Measures for the Management of Net Capital of Wealth Management Subsidiaries of Commercial Banks (Trial)
	Notice on Regulating the Management of Cash Management Financial Products (Draft for Solicitation of Comments)
	Interim Measures for the Administration of Insurance Asset Management Products
CSRC System	Regulations on the Liquidity Risk Management of Publicly Offered Open-end Securities Investment Funds
	Measures for the Operation and Management of Private Asset Management Plans of Securities and Futures Business Institutions
	Administrative Measures for the Private Asset Management Business of Securities and Futures Institutions
	Guiding Opinions on "Regulating Asset Management Business of Financial Institutions" Applicable to Securities Companies' Collective Asset Management Business
	Guidelines for Manager of Managers (MOM) Products of Securities and Futures Operating Institutions (Trial)
	Provisions on Strengthening the Supervision of Private Investment Funds (Draft for Solicitation of Comments)
Others	Notice on Further Clarifying and Regulating the Asset Management Products of Financial Institutions to Invest in Venture Capital Funds and Government Assets Industry Investment Funds Related Matters

## Distribution of assets of China's asset management industry at the end of 2019 (unit: trillion yuan)



# Bright prospects for insurance asset management products

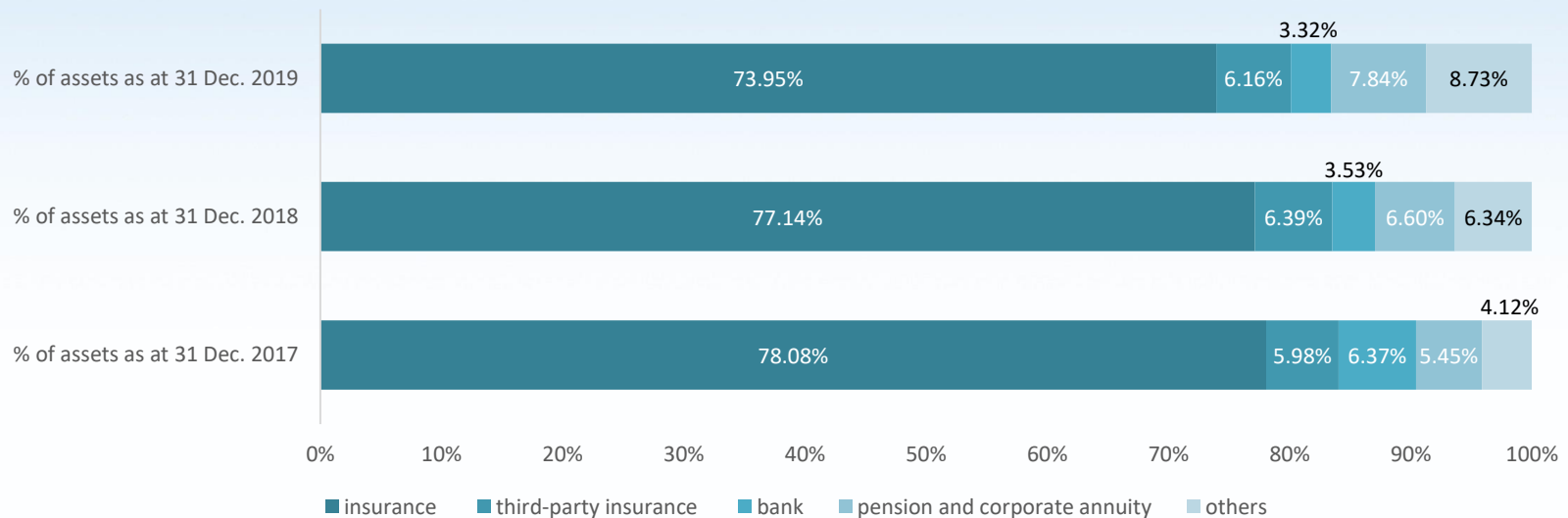


Source: *Insurance Asset Management of China (2019)*

# Third-party business becoming the new engine

With the increase in demand for wealth management and the gradual liberalization of insurance participation in third-party and pension funds, the sources of funds for insurance institutions are diversified. Pension is becoming a vital strategic direction for insurance institutions.

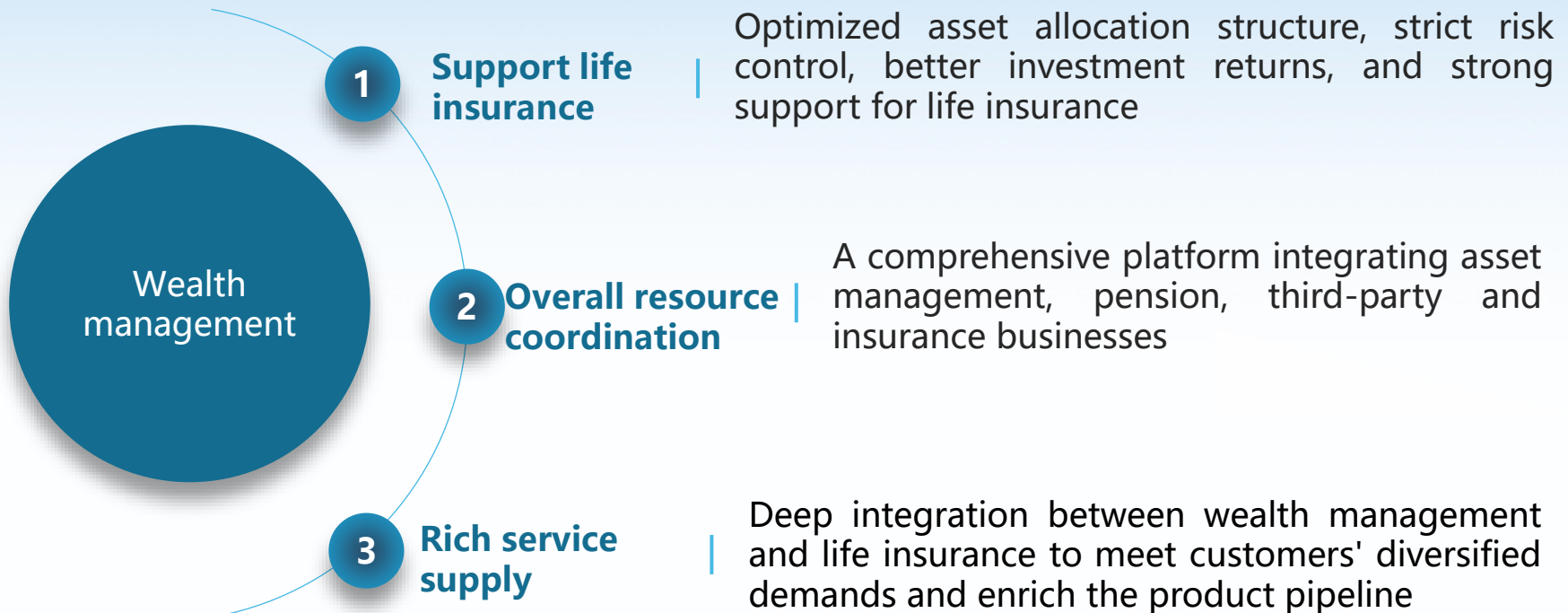
Sources of funds managed by insurance asset management institutions in 2017-2019



Source: "Insurance Asset Management Industry Research Report 2019-2020" by IAMAC

# Guideline for wealth management

The Company will build a top-down unified management platform, realizing investment return, enriching service supply, supporting the development of life insurance, expanding the volume of asset management, and forming dual engines.



# Advantages in wealth management

**1 High-quality funds from life insurance business**

**2 Comprehensive investment management system**

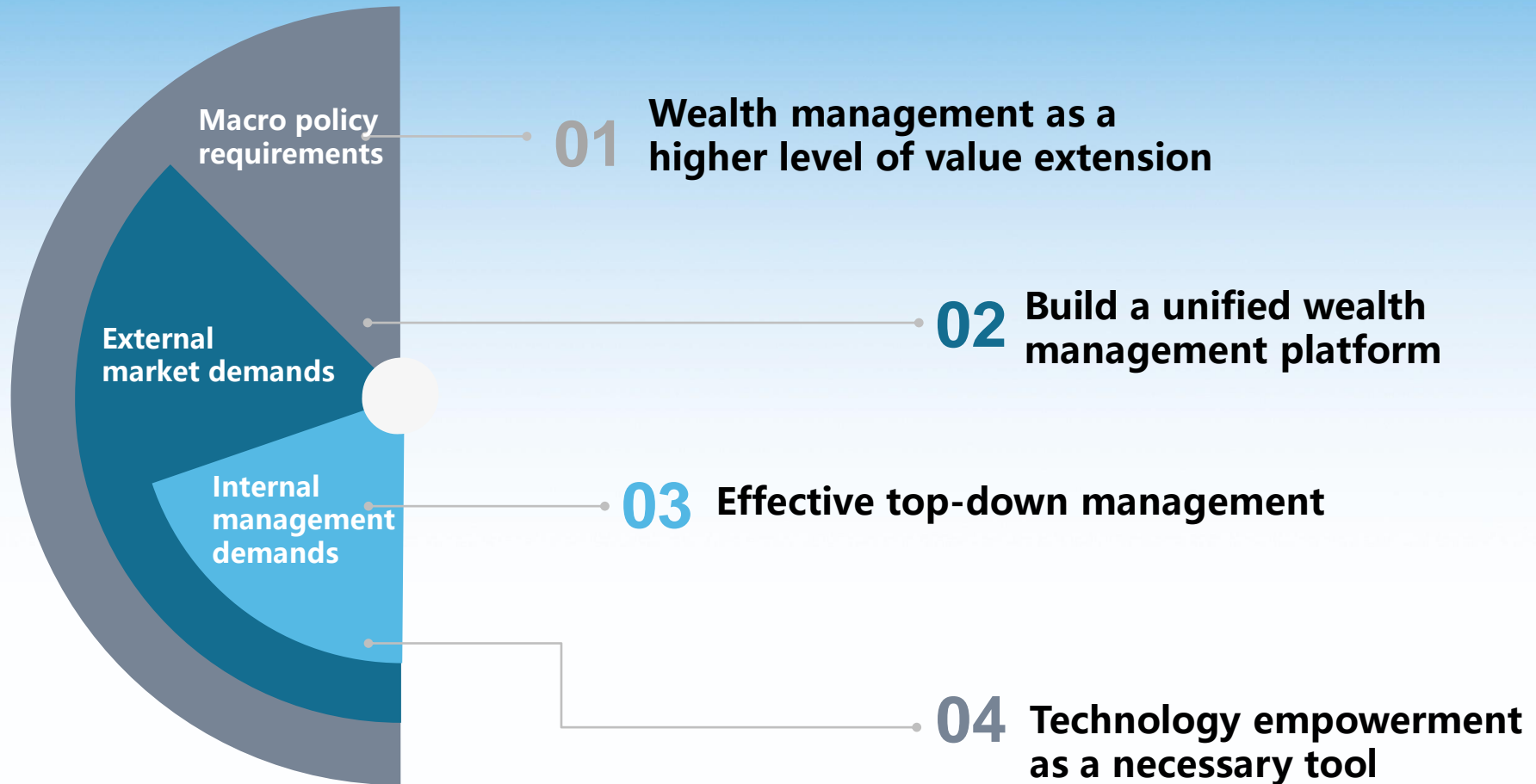
**3 License and first mover advantage**

**5 Strong customer base**

**4 Rich investment assets and product development capabilities**



# Directions for wealth management strategy





# 02 | Wealth Management Implementation



# Building a comprehensive wealth management institution

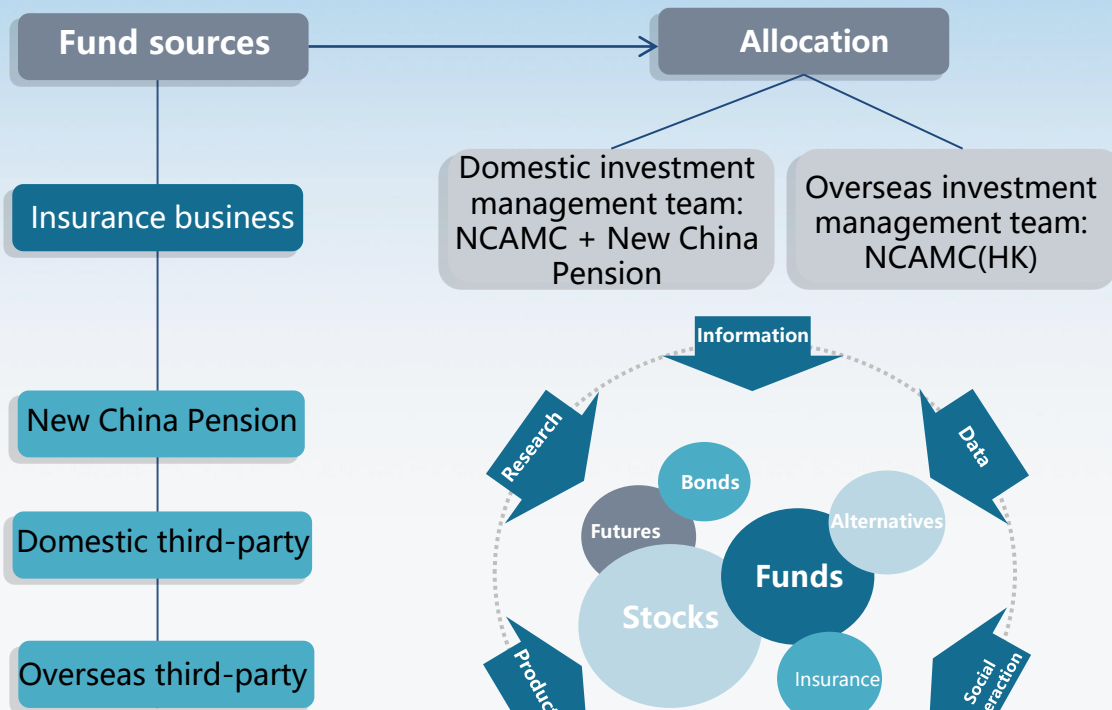
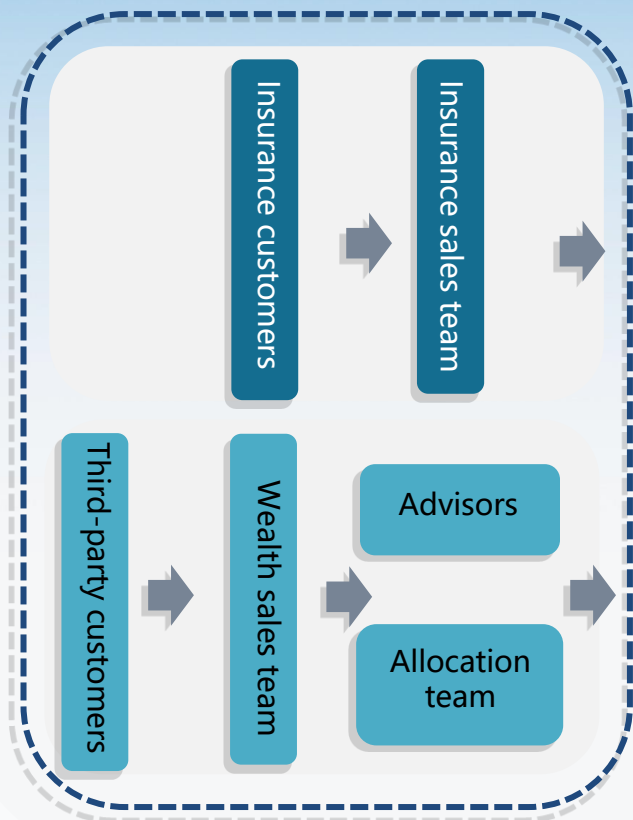
**Strategic objectives:** Forge a customer-centric, all-round, professional, and distinctive wealth management platform based on the life insurance business and overall "1+2+1" strategy, expand assets volume.

**Strategic positioning:** Unified wealth management platform, taking pension funds and third-party funds as breakthrough points, strengthening customer acquisition capabilities through technology empowerment, enriching product system to drive the insurance business with dual engines.



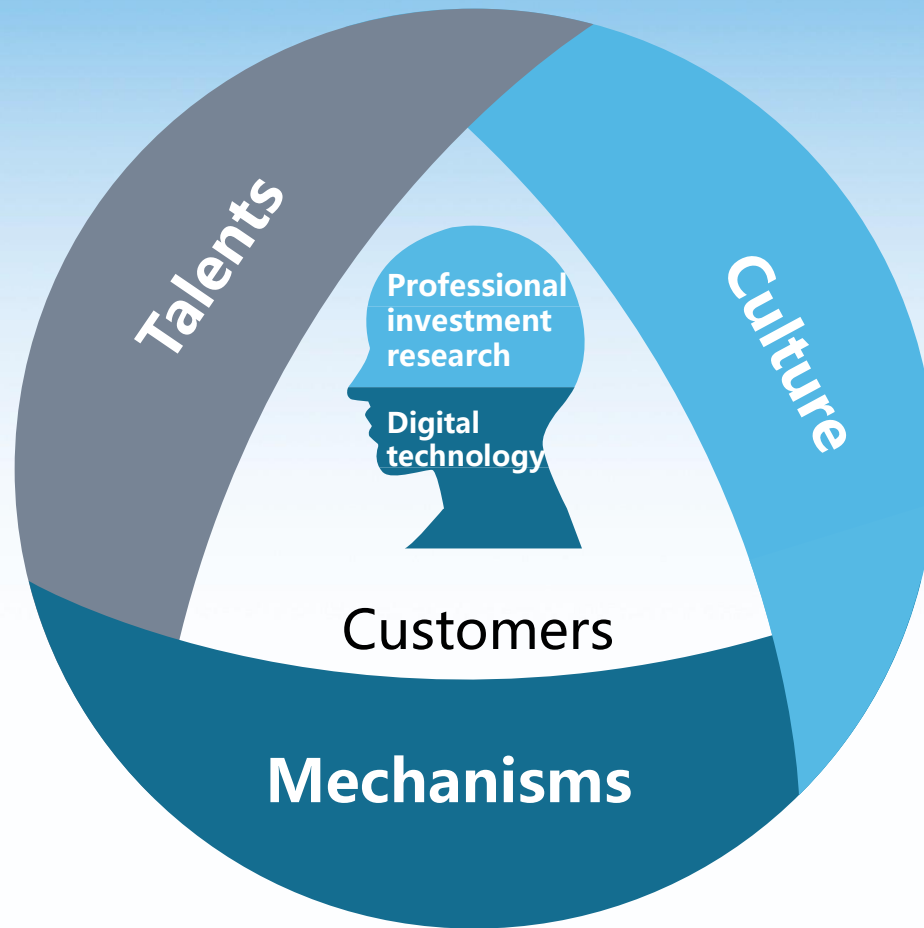
# Building a unified and integrated wealth management platform

An asset-liability dual engines, unified and integrated wealth management platform under technology empowerment



One-stop platform for investment research, information, and social interaction

# Investment capacity building ideas: one center, two cores, three pillars



# Stay true to the characteristics of insurance funds and investment research

Security

Stability

Returns

**Give full play to the characteristics of insurance asset management and seek absolute returns**

Scientific and rigorous investment procedures

Professional and in-depth investment research

Strict and complete risk management

Capable and professional investment team

# Improvement of professionalism in investment research of various products

## A share

Core promising companies  
Business growth

01

## Hong Kong stocks and overseas investment

Periodic opportunity for strategic allocation  
High dividends and other strategies

02

## Funds

Funds investment advantages  
Market structural opportunities

03

## Bonds

Seizing market opportunities  
Strategic allocation on long duration interest rate bonds

04

## Non-standard assets

Quality assets  
Credit risk control

05

## Equity and real-estate

Industry research  
Long-term quality targets

06

# Rich Product Mix: insurance asset management products (domestic)

## Sector strategy

- Internet media
- Technology innovation
- Pharmaceutical

## Quantitative strategy

- Multi-factor quantitative stocks
- Multi-factor quantitative funds
- Stable income funds

## Cash management

- Mingxin series (No. 1-7)

## Active equity management

- Mingdao Wenjian
- Southbound Trading Select No. 3

## Special relief

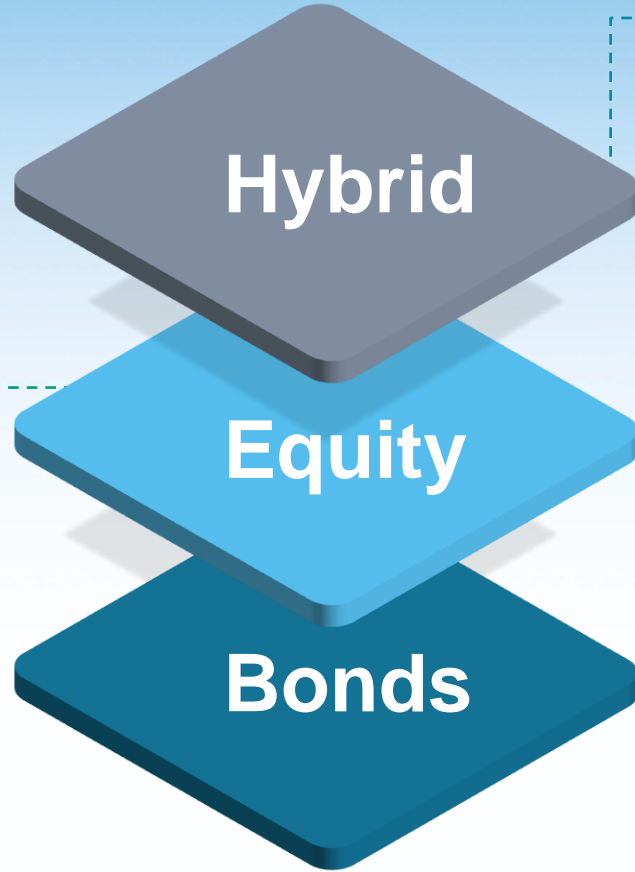
- Jingxing No. 6

## Fixed-income

- Mingyi No.5
- Mingyi No.6
- Mingmiao No.3

# Rich Product Mix: insurance asset management products (overseas)

- Medical treatment
- Internet technology
- Education
- New economy consumption



- Promising IPO projects
- Additional issuance, block trade
- Fixed income: preferred stocks, convertible bonds, bonds

- Credit
- Asset allocation
- Macroeconomic, exchange rate, fiscal and monetary policy
- Fund flow analysis



# Rich Product Mix: pension products

## Improve the second pillar pension products

- Scale up
- Performance consolidated
- Strategy enriched

## Explore the third pillar individual pension products

- Follow up national policies and develop the third pillar long-term individual pension products

## Steady development in the third pillar individual pension business

- Make good use of the Internet to steadily develop the third-pillar individual pension business

# 03 | Wealth Management Outlook



# Wealth management blueprint 2020-2025

**Stage 1**  
(2020)

## **Transition**

Internal resources  
integration and  
structural  
adjustment

**Stage 2**  
(2021-2023)

## **Construction**

Training professional  
teams, building  
technology  
platforms

**Stage 3**  
(2024-2025)

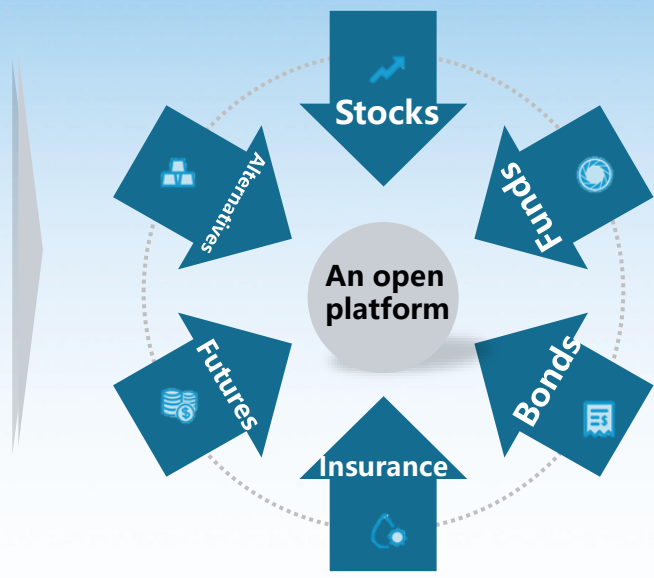
## **Improvement**

Management  
system improving  
and integrated  
platform building

# An open, multi-asset and multi-strategy product platform

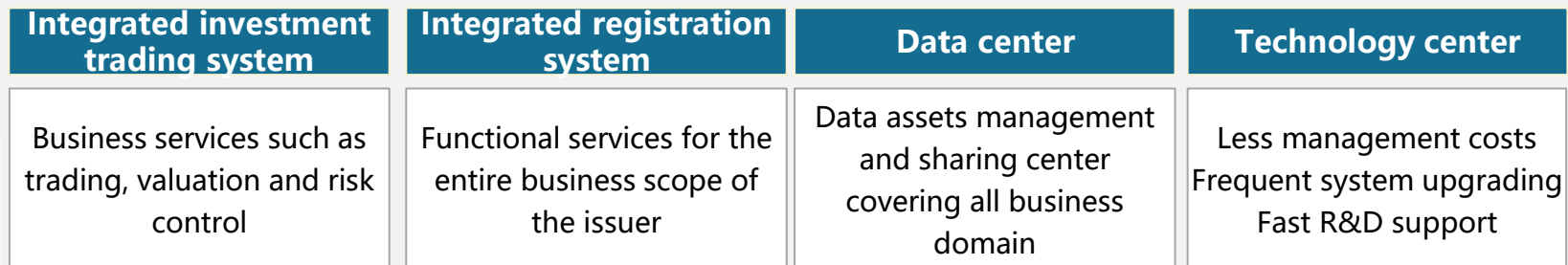
<b>Different durations</b> Short-term and long-term projects	<b>Differentiated risk level</b> Meet customer' s risk preference and maximize risk-adjusted returns
<b>A global view</b> One-stop asset allocation for domestic and overseas investment	<b>Diversified strategies</b> Quantitative hedging, sector rotation and multi-asset strategies

**Multi-strategy product system**



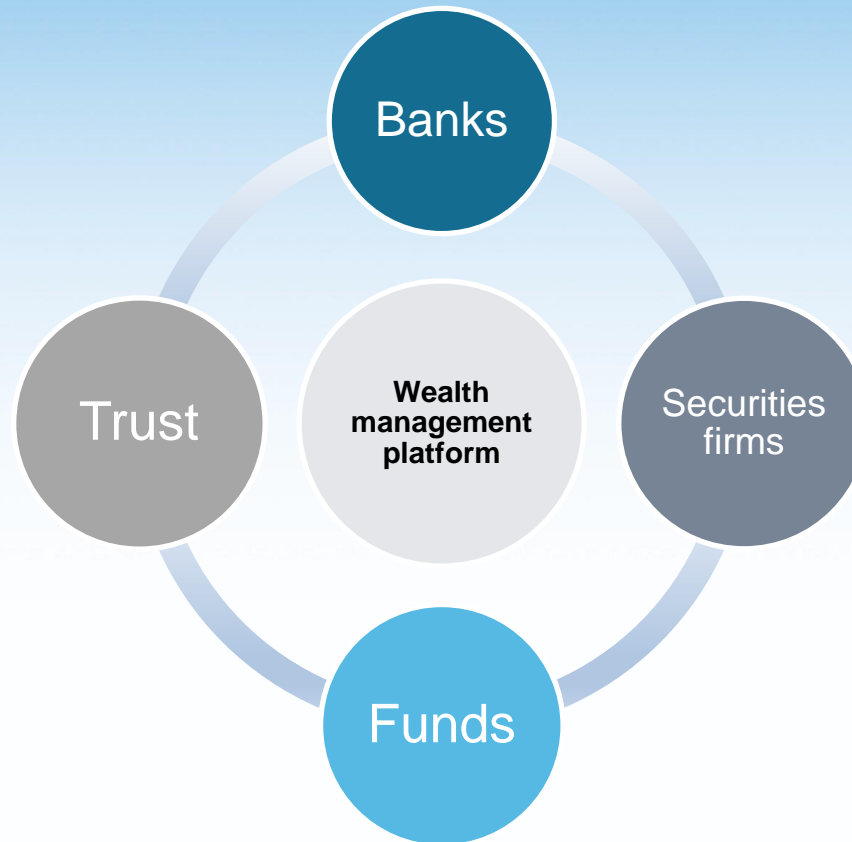
**Multi-asset product system**

# Intelligent platform for technology support



# New wealth management outlook opened up by multi-party cooperation

- Long-term asset
- Equity
- Pension



- Developing alternative projects
- Seeking high-quality projects

- Cooperation through asset securitization, etc.

- Fintech
- Product innovation

# Integrated wealth management team

## Marketing and customer service



Professional asset allocation and advisory team

## Investment management



Professional and stable investment team





# Conclusion

In the era of unified regulation, the Company 's wealth management, based on the advantages of long-term, all-round asset allocation, will actively expand cooperation channels, innovate product design, enrich investment strategies, optimize management systems to push forward wealth management under the development mode of asset-liability dual engines.



# NCI

## CARE FOR EACH AND EVERY DAY

