

Building a Resilient Asset Liability Management System across Economic Cycles

- Introduction to ALM of CPIC

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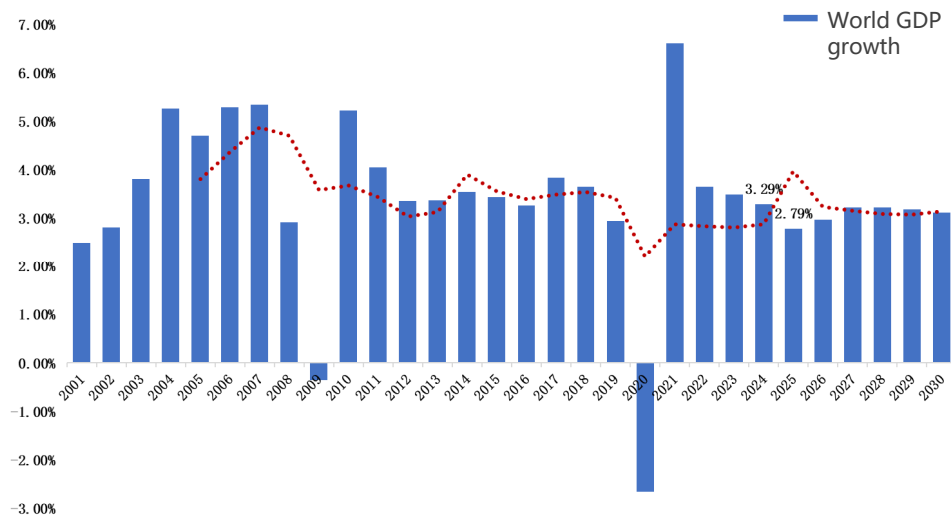
Part 1

Challenges & Opportunities of Insurance Asset Management under New Circumstances

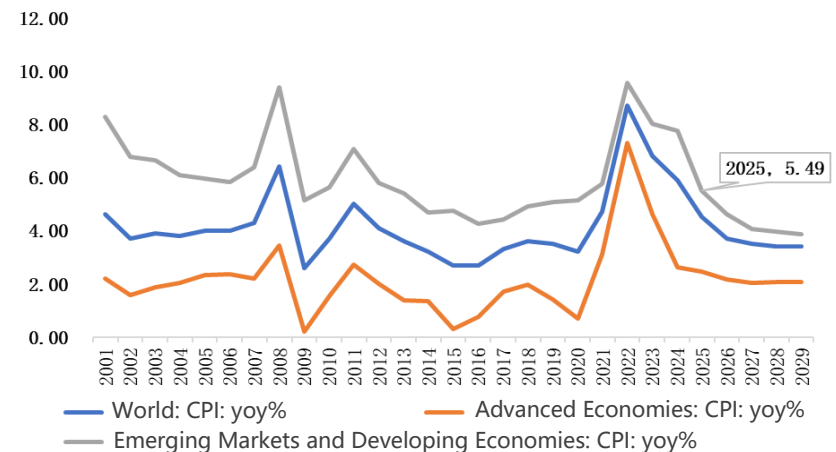


Tariffs disrupt global industrial chains and trade order, weakening economic growth

IMF Forecast: Economic growth

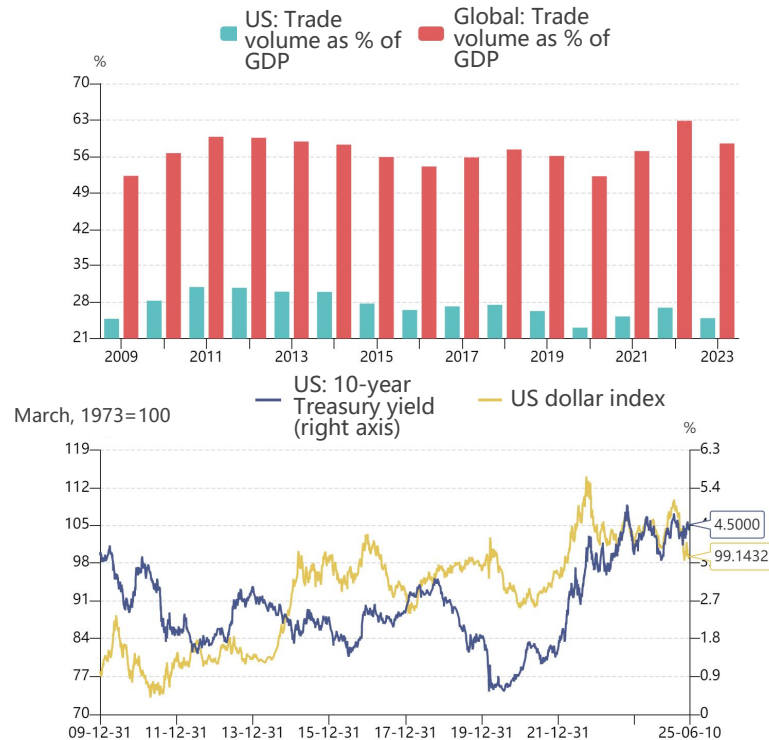
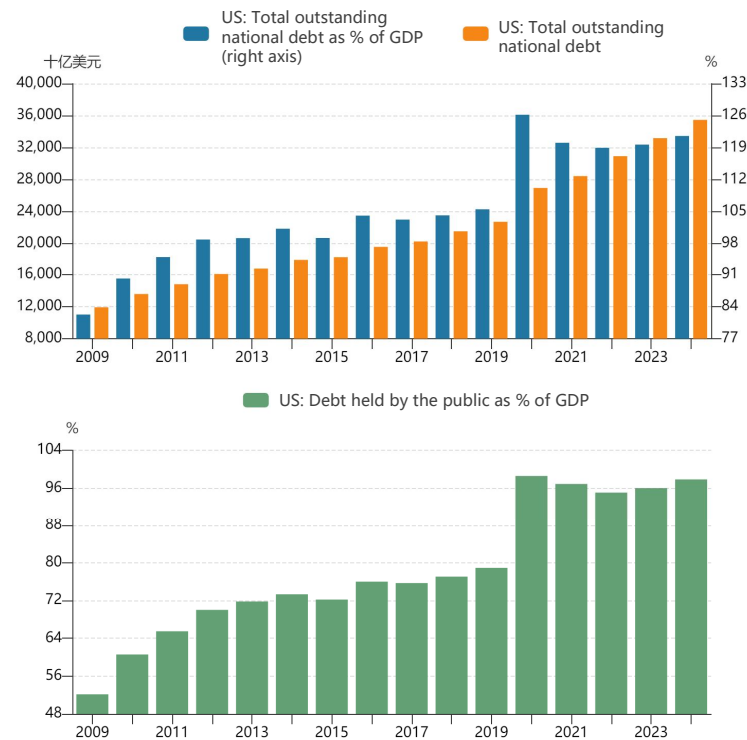


IMF Forecast: Inflation



Source: IMF, Wind; Forecast as of April 2025.

With tensions over tariffs, global trade volume shrinks and the dollar-based credit system faces unprecedented challenges

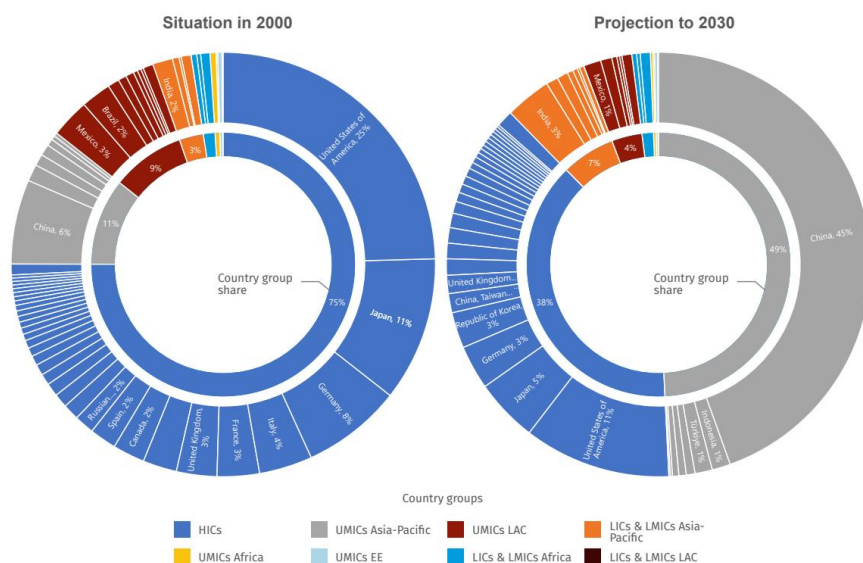


Source: Wind; US Treasury; World Bank.

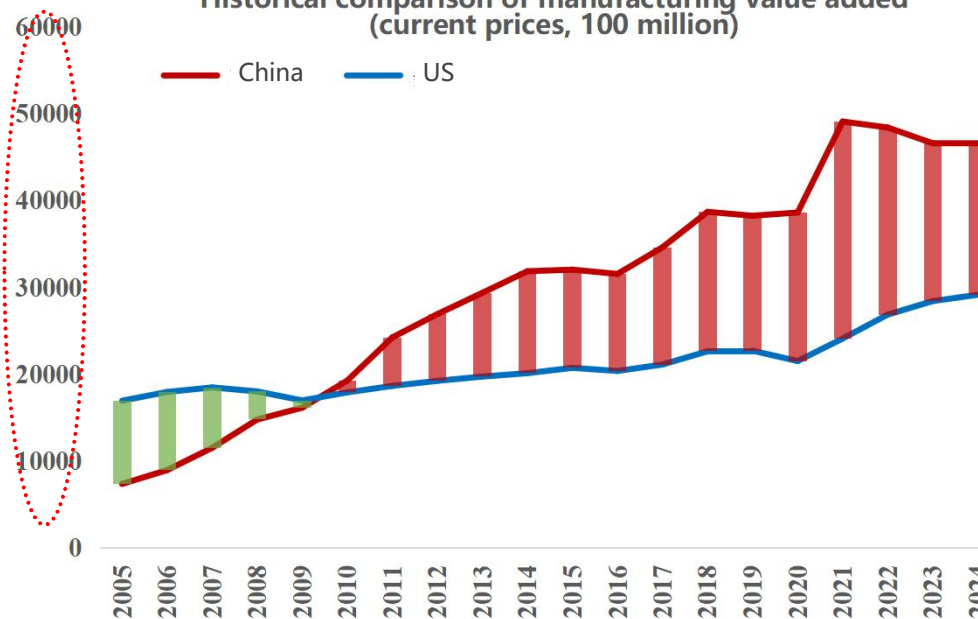
China's manufacturing sector boasts strong strength and leads the world

- In 2024, China accounted for 31.6% of global manufacturing output, leading for 15 consecutive years; by 2030, China's share is expected to rise to 45%, four times that of the US.

The global manufacturing landscape is evolving, with China taking the lead



Historical comparison of manufacturing value added (current prices, 100 million)



Source: UNIDO; World Bank.

Independent technological innovation delivers breakthroughs and cultural innovation sets global trends, pointing to long-term investment value of China's assets



AI Large Models: DeepSeek-R1

Performance in mathematical operations, code writing and natural language reasoning is on par with OpenAI's official o1 version.

China's "artificial sun" achieves 100 million degrees for a thousand seconds

The Experimental Advanced Superconducting Tokamak (EAST) achieved steady-state long-pulse H-mode plasma operation at 100 million degrees Celsius for 1066 seconds, setting a new world record.



China's first high-power, wide-format magnetron sputtering equipment passed acceptance

Provide key technological support for domestic autonomy in new-energy battery materials supply chain

Another breakthrough in domestic chips! Loongson released the 3C6000 series server chips

Established an independent information industry ecosystem, the world's third and China's first autonomous system independent of foreign control



Breaking cultural barriers by "global expression of Oriental stories"

"Ne Zha 2" earned a staggering 15.9bn yuan at the global box office, setting 113 records and making cinematic history, which secures it the No. 5 spot on the all-time worldwide chart.

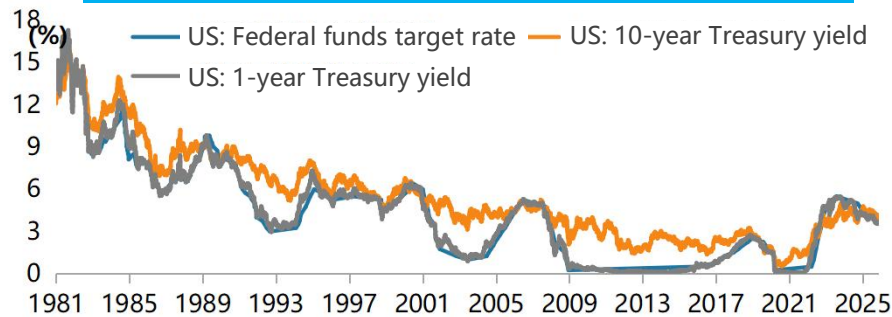
Chinese IPs are rewriting the underlying code of global consumer culture with open cultural symbols

When Gen Z creates comics for Crybaby's tears and composes theme songs for Skullpanda, Pop Mart evolves from "product" into a lingua franca of emotional communities

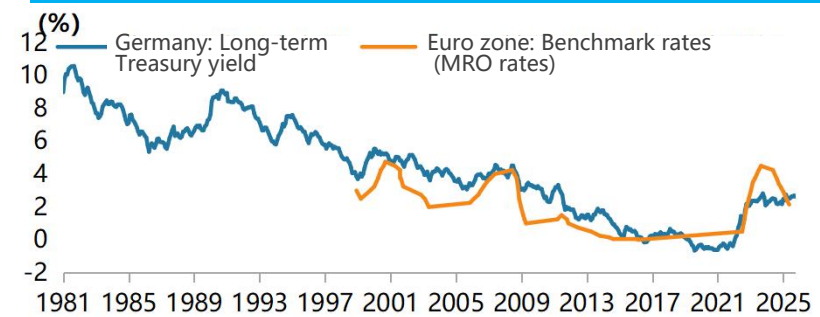


Major developed economies experienced secular declines of interest rates, with China's rates trending downward in recent years

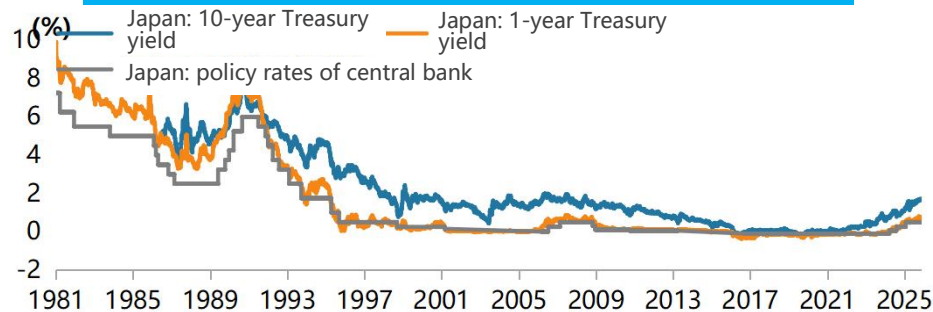
US: Interest rates in downswing cycle for about 40 years



Germany: Interest rates in downward trend for about 30 years



Japan: Interest rates in decline for about 30 years



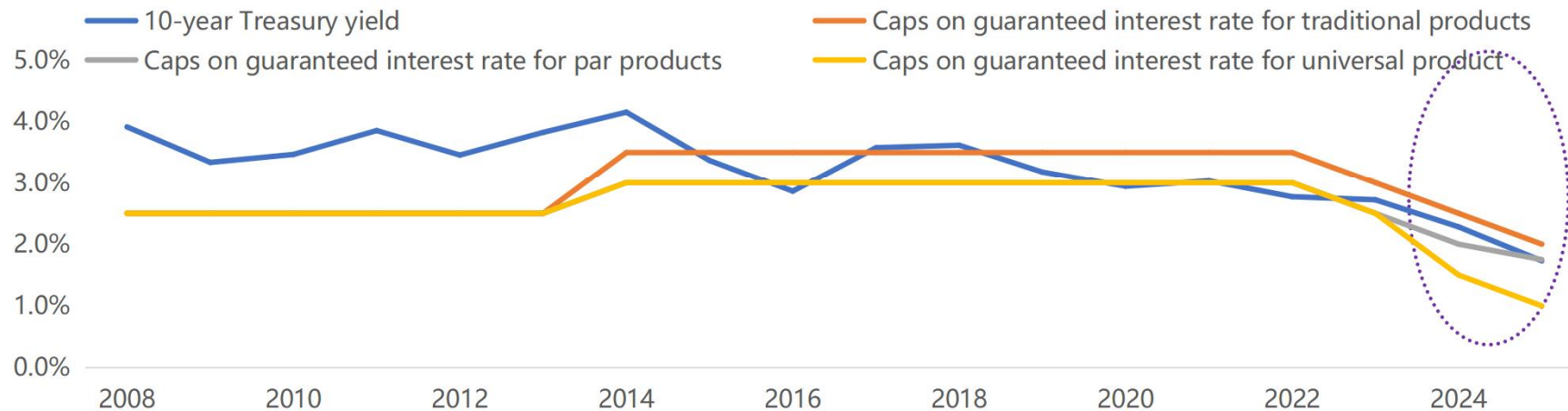
China: Interest rates have fallen considerably in recent years



Liability costs are sticky, and addressing the potential risk of interest margin erosion faces challenges

- In October 2024, senior officials of NFRA highlighted the need to “strengthen interest rate transmission and asset liability management to effectively manage narrowing spreads and the risk of negative spread” .
- In a low interest rate environment, ALM is vital for insurers to maintain operational stability and effective risk control, and a top priority in strategic planning, business deployment and sustainable development.

Comparison: China Treasury yields vs. caps on guaranteed interest rates



Part 2

Asset Liability Management Methodology



Enhancing ALM capability is both business necessity and a regulatory requirement

Sound ALM is vital to an insurer's survival

- In 2018, the former CIRC issued a notice on trial implementation of “Insurance Asset Liability Management Regulatory Standards (No.1–5)”, which states that **“ALM capability is a core competence of an insurer; sound ALM is the cornerstone of sustainable industry development and is essential for preventing systemic risks amid an increasingly complex environment”**.

The "New 10-Point Guidelines" explicitly calls for strengthened ALM supervision

- In 2024, China's State Council promulgated "Opinions on Strengthening Supervision, Preventing Risks and Promoting High-Quality Development of the Insurance Industry". It explicitly states that **it is necessary to strengthen supervision of asset liability coordination, improve interest rate transmission and liability cost adjustment mechanisms, guide insurers in optimising asset allocation mix, and enhance cross-market, cross-cycle investment management capabilities.**

Nature of insurance funds determines the rigid demand for long-term asset-liability matching



Nature of insurance assets

About 90% of insurance assets stem from policy liabilities. Long liability duration naturally requires long-term fund management.



Core tasks of ALM

The core of ALM is to allocate long-term funds into assets that can withstand interest rate, credit and liquidity shocks, lock in a safety cushion so that insurers' financial objectives and regulatory requirements are met and policyholders' interest are protected.



Liability-side risks

Given the rigidity of liability cash flows and the stickiness of liability costs, a prolonged decline in asset returns would erode capital and increase solvency volatility.

Challenges faced by traditional allocation strategies in a low-interest-rate Cycle

In a low-interest-rate environment, traditional allocation strategies are pressured on both sides; reinvestment risk persists, which calls for a long-term logic that spans market cycles.

Traditional Allocation Strategies

Short-duration credit bonds + "Fixed-income-plus" strategies supported by non-standard assets



Long-term government-bond yields continue to decline; credit spreads are squeezed to their limits



Supply of non-standard assets contracts severely; high-quality assets are scarce



Time lag in adjustment of liability costs aggravates risk of negative spread.

Return to ALM: 3 principles and 3 areas of matching

3 Principles

Safety: Defend the red line

- Exceed guaranteed interest rates over the long term
- Reasonably competitive crediting rates
- Meet solvency requirements

Profitability: Create value

- Deliver long-term positive spread contribution
- Competitive long-term expected investment return
- Short-term volatility under control

Liquidity: Avoid crises

- Ability to liquidate funds without loss of asset value

3 Areas of Matching

Cost-return matching

- NII (net interest income) vs. guaranteed interest rates
- Core net value growth vs. customer liability costs
- Core net value growth vs. long-term investment return assumptions

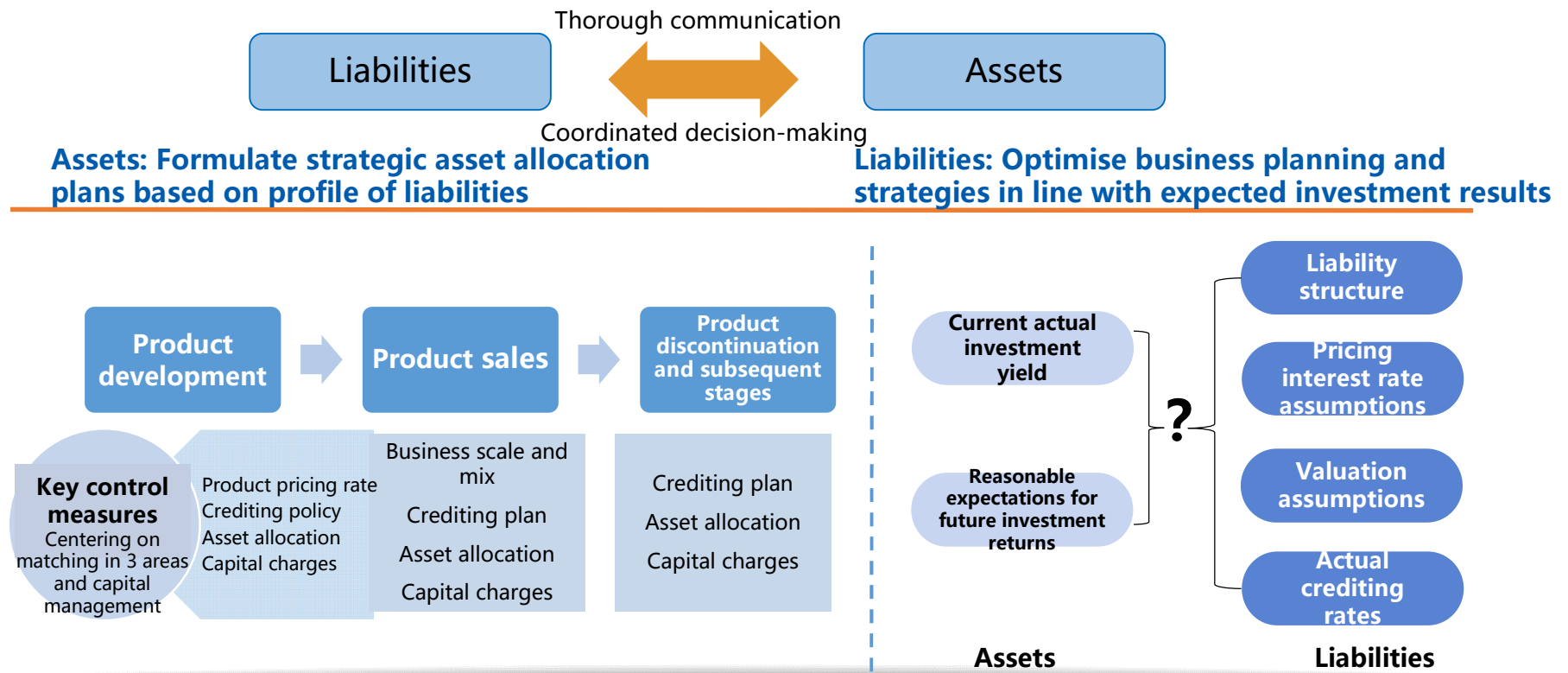
Maturities matching

- Asset liability duration gap
- Key rate duration gap
- Basis point value changes

Cash flow Matching

- Daily liquidity assessment, stress testing, and contingency plans

Enhance asset-liability coordination and establish "product-oriented" ALM mechanisms



Asset: With the goal of cycle spanning, promote the continuous optimisation of asset allocation

Long-termism

Long-term economic cycles
Long-term industry trends
Long-term policy trends

Long-term perspective and short-term opportunities

Vision

Capitalising on long-term trends
Seizing long-term opportunities

Opportunity

Optimising asset allocation
Optimising "dumb-bell" shaped allocation

Fixed income allocation

Strengthen long-term government bond allocation based on reasonable management of duration gap

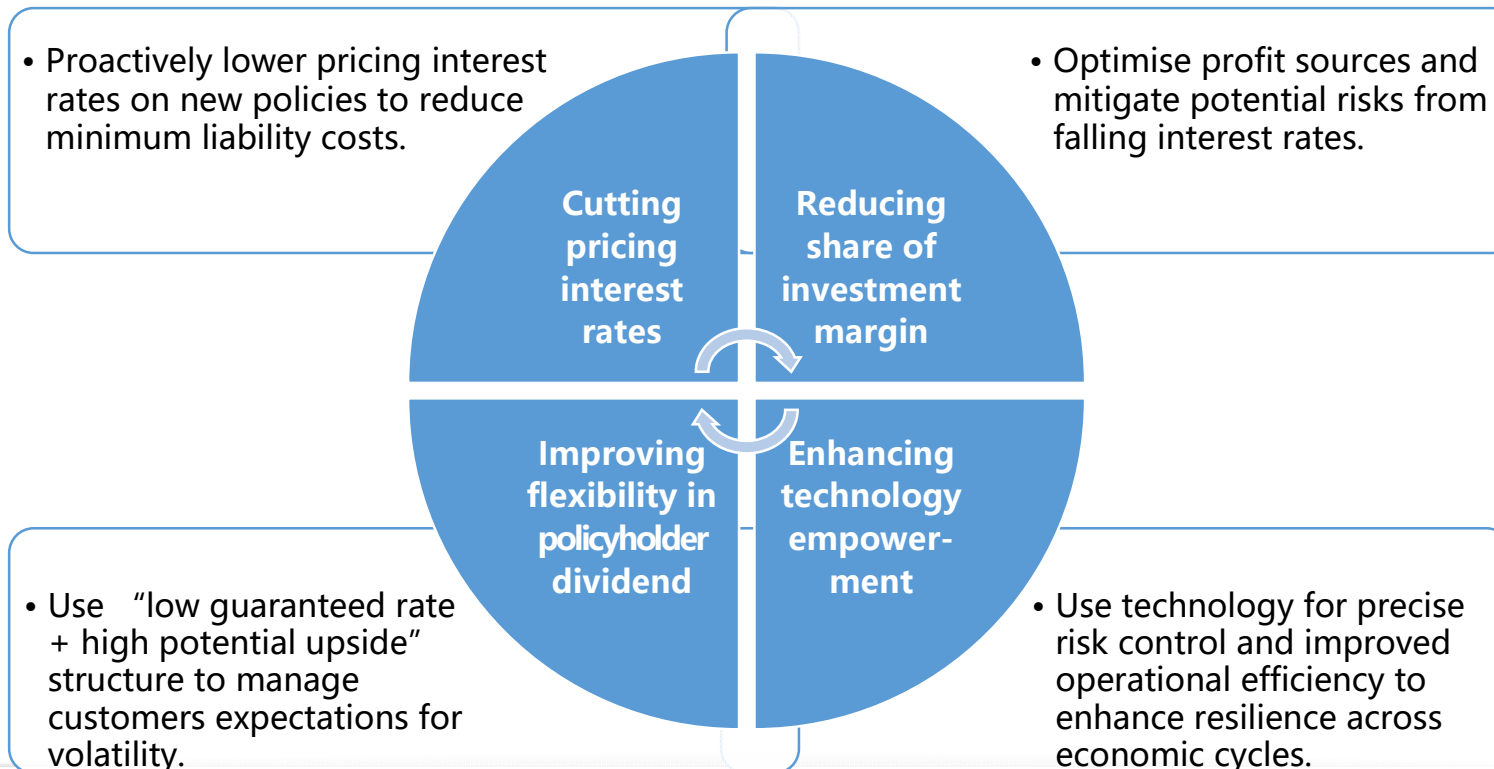
Equity allocation

Adhere to core dividend value strategy supplemented by diversified satellite strategies under new accounting standards

Alternative investments

Promote equity, mezzanine, quasi-fixed-income and REITs, etc.

Liabilities: Reduce costs, optimise structure and enhance flexibility



Part 3

Asset Allocation and Investment Strategy



Investment philosophy: Accompany your life's journey across economic cycles

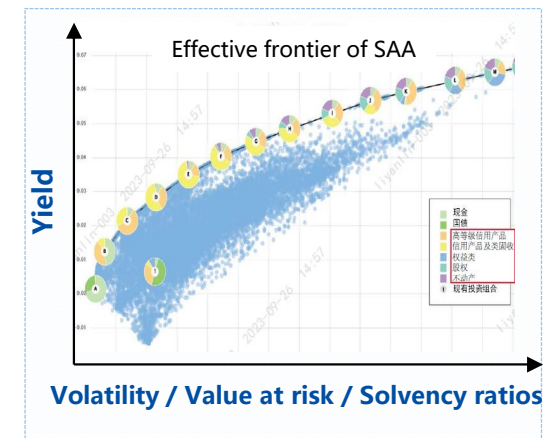
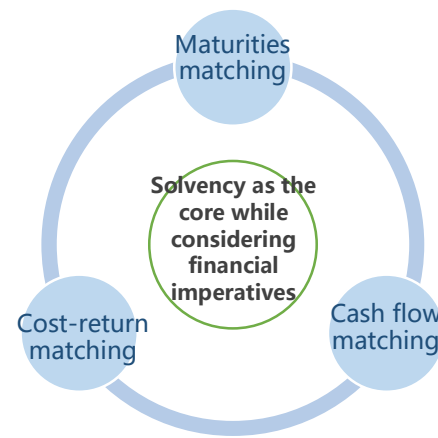
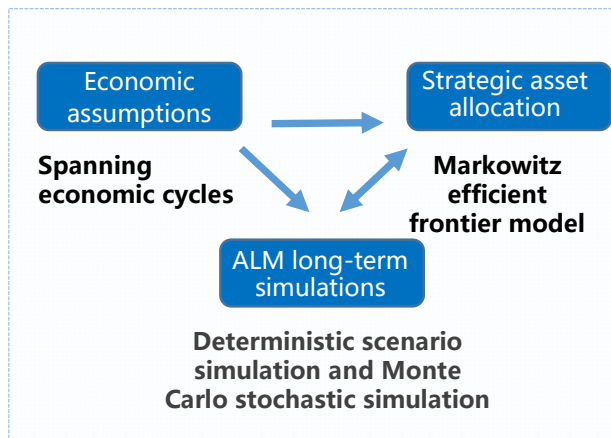


Adhere to value investing, ensure margin of safety, and pursue long-term, steady compound returns

Integration of ESG objectives (environmental, social responsibility, and corporate governance)

Asset allocation method: A systematic approach towards SAA management system and implementation

Three-dimensional theoretical framework



CPIC Group and subsidiaries

Holistic methodology

- With solvency as the core dimension of risk appetite.
- Span economic cycles.

Build and maintain models

- Asset allocation models.
- Asset liability coordination models.

Formulate long-term economic assumptions

- Assets: risk, return and correlation.
- Deterministic scenarios, stochastic scenarios.

Approve SAA Plan

- Overall SAA plan for each company.

Liability profiles

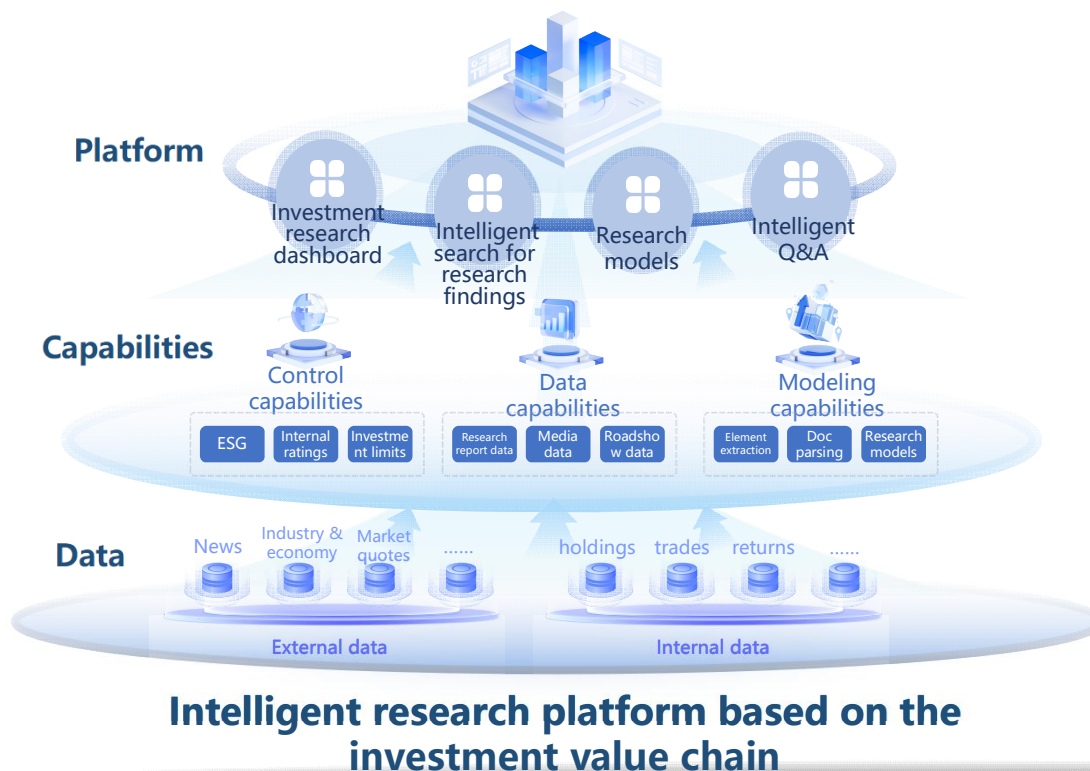
Return targets

Risk appetite

Allocation constraints

Allocation by accounts

Investment research: Build foundation with investment research platform, empower development via co-construction and sharing



- **Strategic alignment**

Coordinate Group-wide plan with subsidiary business models to ensure strategic alignment across levels.

- **Co-development and sharing**

Identify common needs of Group and subsidiaries; achieve optimal use of resources and promote collaboration through co-development and sharing of research and technology capabilities.

- **Value foresight**

Build an industry-leading quantitative research system driven by key metrics; use multi-dimensional data modeling at macro- and sector levels to enable forward-looking investment decisions.

Performance assessment: Anchor value with long-term assessment, activate efficiency via market-oriented mechanism

Long-term assessment mechanisms

- 3- to 5-year rolling evaluation implemented for years to smooth out capital market volatility and achieve long-term out-performance versus industry average.

Value chain mechanisms

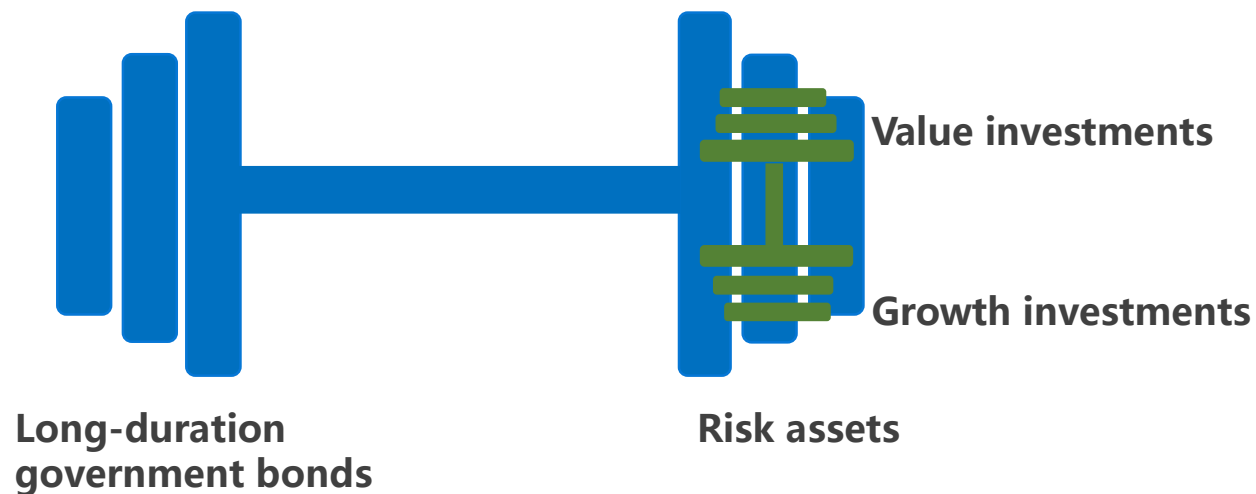
- Transparent, multi-layered performance attribution analysis and evaluation mechanisms to align responsibilities, powers and incentives.

Market-oriented mechanisms

- Established a market-based model for internally-outsourced asset management which combines competition and cooperation, DNA of SOEs and market awareness of publicly listed companies.

Overall long-term investment strategy

- CPIC adopts a refined “dumb-bell” shaped allocation strategy that balances between fixed income, public-market equities and alternative assets to achieve stable investment returns across macro-economic cycles.

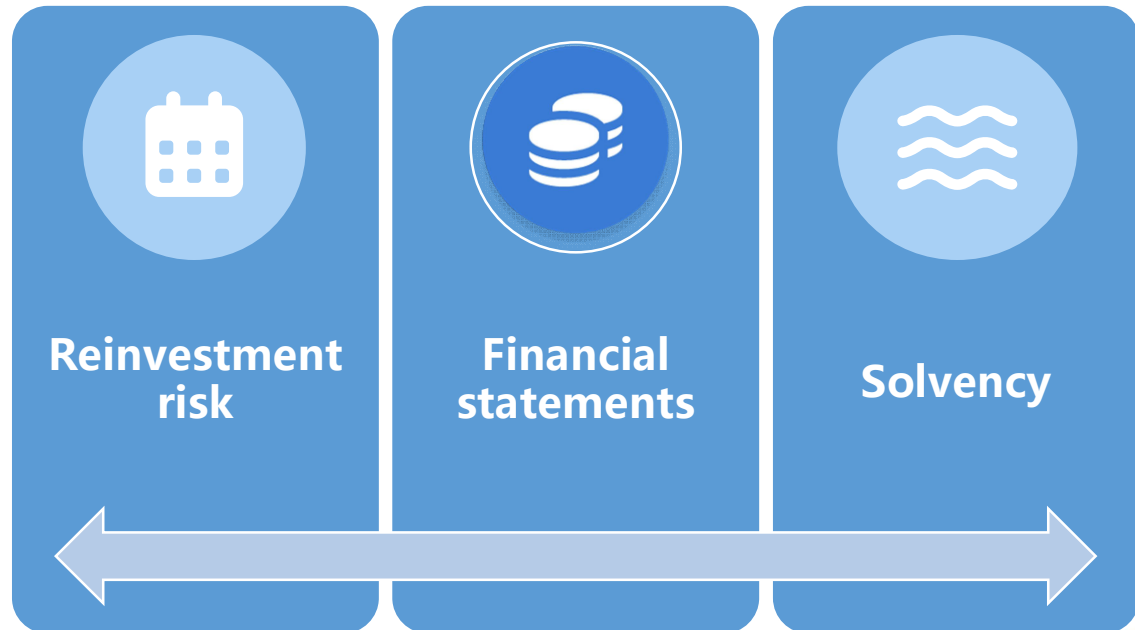


Fixed income: Manage reinvestment risk via duration control

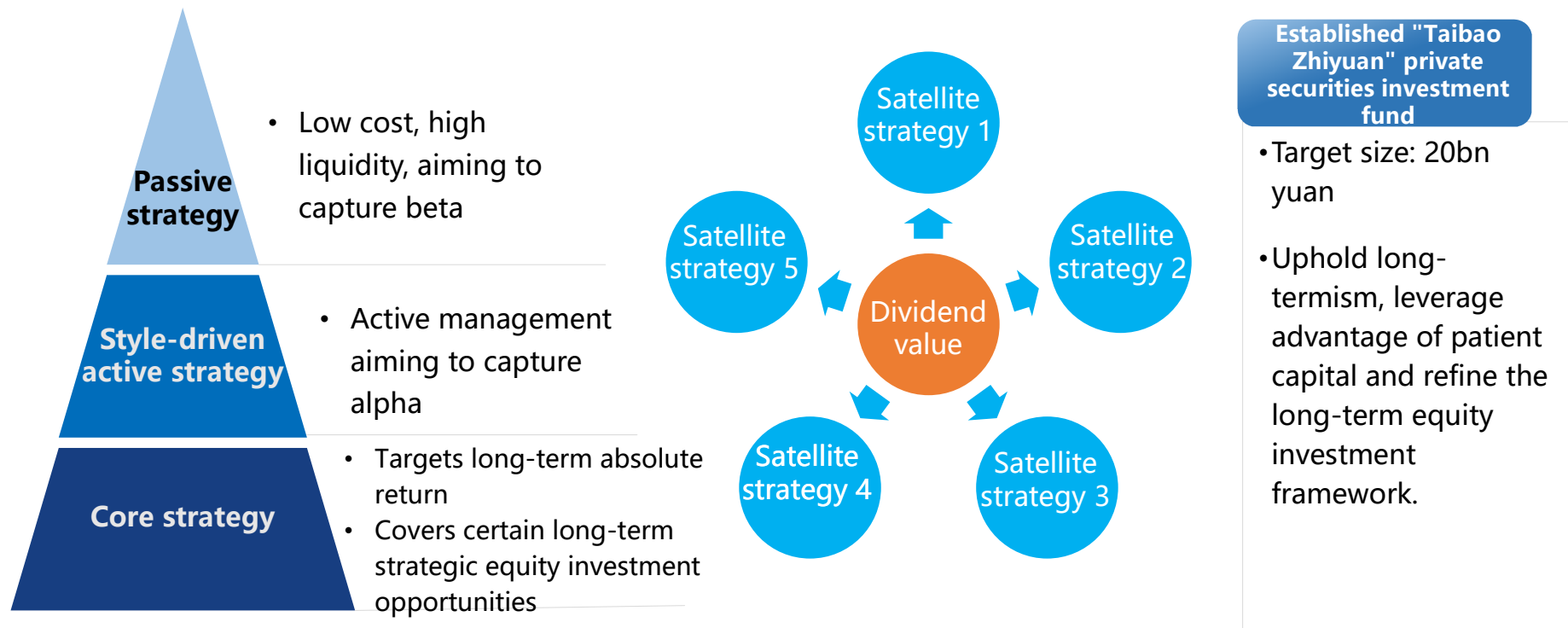
Duration management

- Extend duration of fixed income portfolios to a reasonable level to control reinvestment risk.
- Set differentiated management objectives and strategies for different types of insurance products (accounts).

Multi-dimensional comprehensive assessment and management



Equities: Continuously reinforce dividend value core strategy and steadily promote diversification



Alternative investments: Focus on healthcare and national strategies and vigorously explore investment opportunities

Equity investments: focusing on opportunities in healthcare and strategic emerging industries

- In recent years, CPIC has strengthened equity investment through multiple channels, such as fund-of-funds, direct investment funds, equity plans and direct equity investments, with a focus on healthcare and strategic emerging industries.
- In 2025, it launched the CPIC Strategic Emerging Industries M&A Private Fund with a target size of 30bn yuan, focusing on key areas such as Shanghai's SOE reform and modern industrial systems, so as to boost the development of Shanghai's strategic emerging industries and strengthen/supplement key industrial chains.

Real estate: vigorously exploring investment opportunities in dual-carbon strategy and areas relating to people's livelihood

- Committed to national strategies, CPIC has identified 5 priorities in deployment of its underlying assets. In view of market changes and profile of insurance funds, it implements a "stable yield strategy" to secure steady current cash flows and meaningful holding period value growth.

Gold: Conduct active allocation based on long-term logic

财联社电报
财经通讯社

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[NFRA: Pilot programme for gold investment by insurance money launched]

The NFRA issued the "Notice on Launching Pilot Programme for Gold Investment by Insurance Fund", effective upon issuance. Participants include PICC, China Life, Taiping Life, China Export & Credit Insurance, Ping An P/C, Ping An Life, CPIC P/C, CPIC Life, Taikang Life and NCI.

While the international monetary system faces unprecedented challenges, the gold market presents historic opportunities for allocation

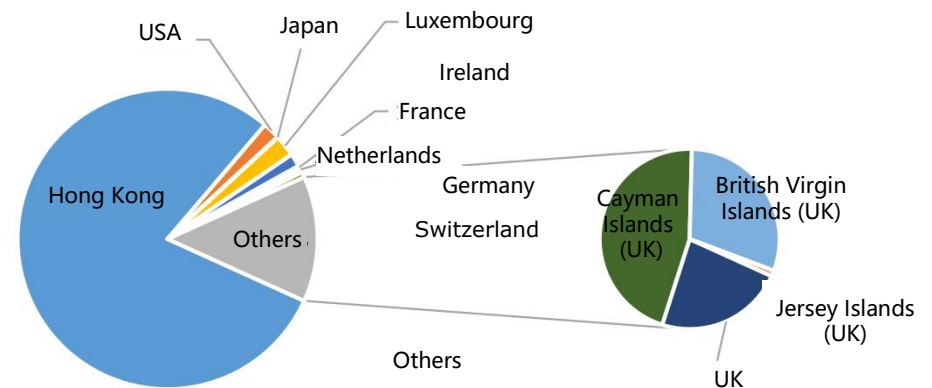
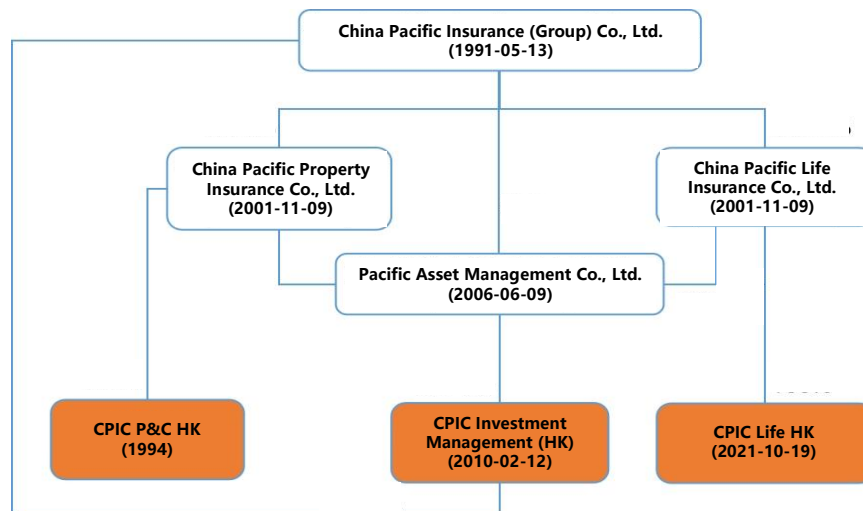


Data source: Wind

- Gold's low correlation with other asset classes supports more efficient portfolios

Global asset allocation: Steadily advance internationalisation with Hong Kong as the hub

- CPIC leverages Hong Kong's role as an international financial centre and established investment, P/C and life insurance subsidiaries in Hong Kong, which enabled integrated cross-border services and access to global high-quality assets.



Healthcare & elderly care ecosystem: Solidify foundation of development



太保家园
PACIFIC CARE HOME

源申康复
YUANSHEN REHABILITATION

Independent living

Assisted living

Short-term stay, Short-term residence, Short-term care

Rehabilitation of women and children

Post-operative, cardiopulmonary rehab

Oncology, critical care rehab

Bone & joint rehab

- Investments in CPIC Home and hospitals under Yuanshen Rehabilitation will further enhance CPIC's capabilities in health & elderly care; CPIC Home has established **15 retirement communities in 13 cities**, with a total of 16,000 beds.

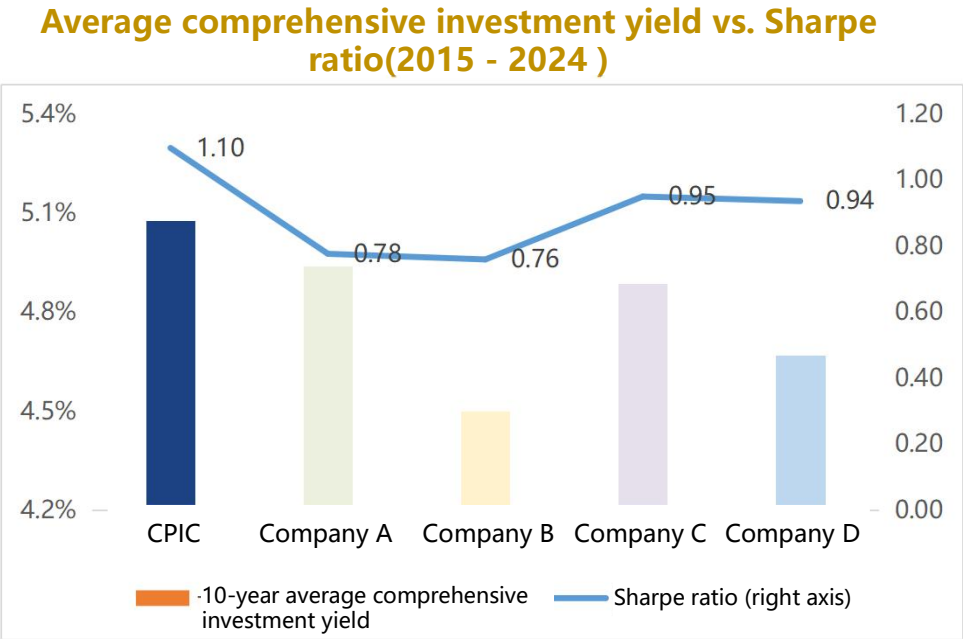


Part 4

Investment Performance and Management Outcomes



CPIC's long-term investment performance over the past decade ranks among the top of peers, with stable returns and low volatility



Annual rankings of comprehensive investment yield

1	Company A	Company A	CPIC	Company C	Company C	Company A
2	Company B	CPIC	Company A	Company D	Company D	CPIC
3	CPIC	Company B	Company B	CPIC	CPIC	Company B
4	Company C	Company D	Company D	Company B	Company B	Company C
5	Company D	Company C	Company C	Company A	Company A	Company D
	2019	2020	2021	2022	2023	2024

Source: Annual reports, adjusted for comparability

CPIC P/C and CPIC Life achieved top-tier rankings at regulatory ALM capability assessments

➤ CPIC P/C: Ranking in top tier at 2023 annual ALM capability assessment

CPIC P/C	Score	2018 Trial	2018	2019	2020	2021	2022	2023
Tier 1	≥95	0	0	0	1	1	—	✓
Tier 2	[90, 95)	0	3	3	4	3	✓	—
Tier 3	[85, 90)	2	2	3	0	8	—	—

➤ CPIC Life: Ranking in top tier at annual ALM capability assessment for 3 consecutive years

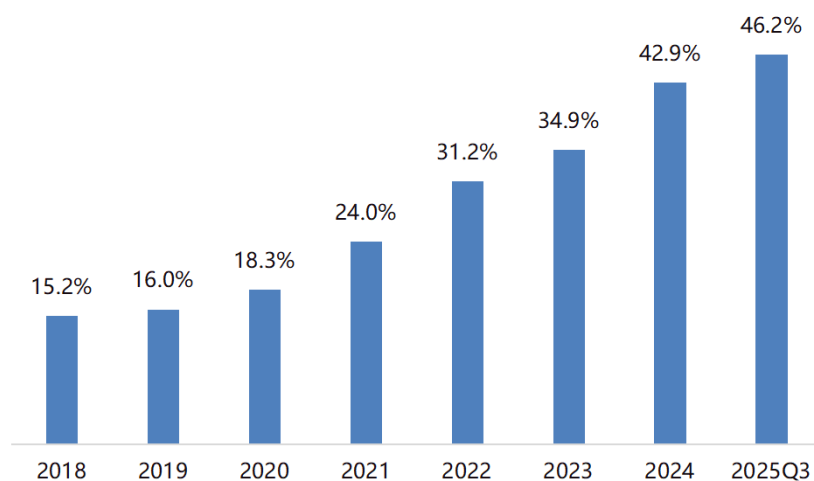
CPIC Life	Score	2018 Trial	2018	2019	2020	2021	2022	2023
Tier 1	≥95	0	3	2	3	6	✓	✓
Tier 2	[90, 95)	2	2	7	7	5	—	—
Tier 3	[85, 90)	3	12	4	9	15	—	—

Note: There are ten tiers in total; only the top 3 tiers are shown above.

CPIC Life has continuously narrowed the effective duration gap, with a well-matched term structure

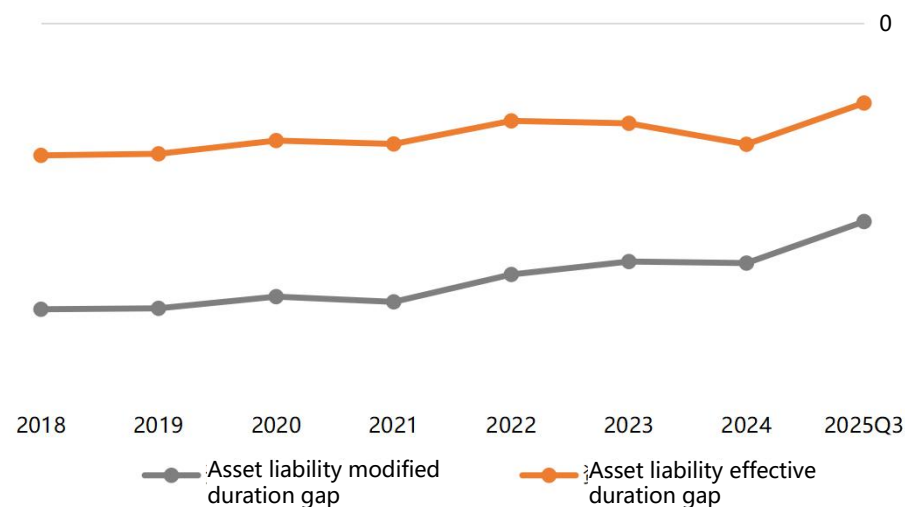
- From 2018 to Q3 2025, long-term government bonds as a share of CPIC Life's allocation rose from 15.2% to 46.2%, a relatively high level compared with industry average; effective and modified duration gaps continued to narrow, with maturities matching in sound status.

Share of government bonds of CPIC Life



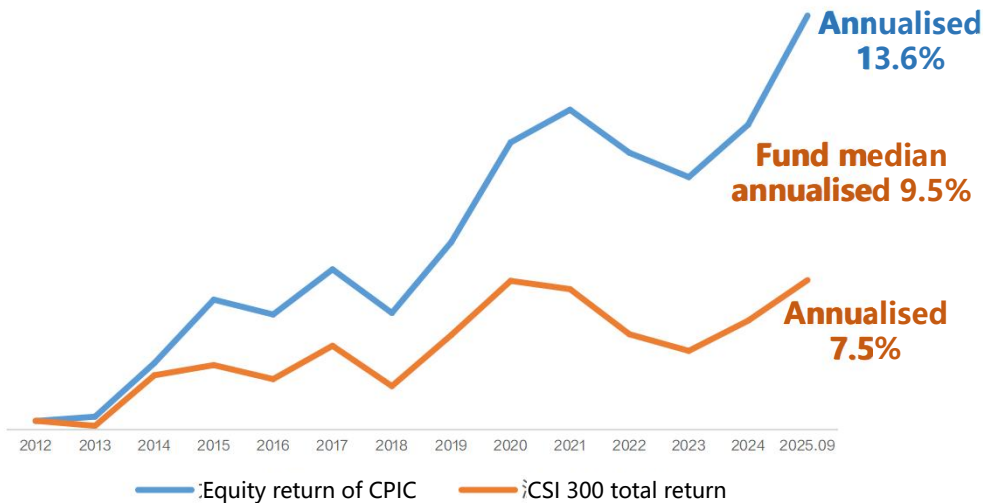
Duration gaps of CPIC Life

Unit: years



Active equity strategies consistently outperformed benchmarks; dividend value strategy delivered absolute returns across bull and bear markets

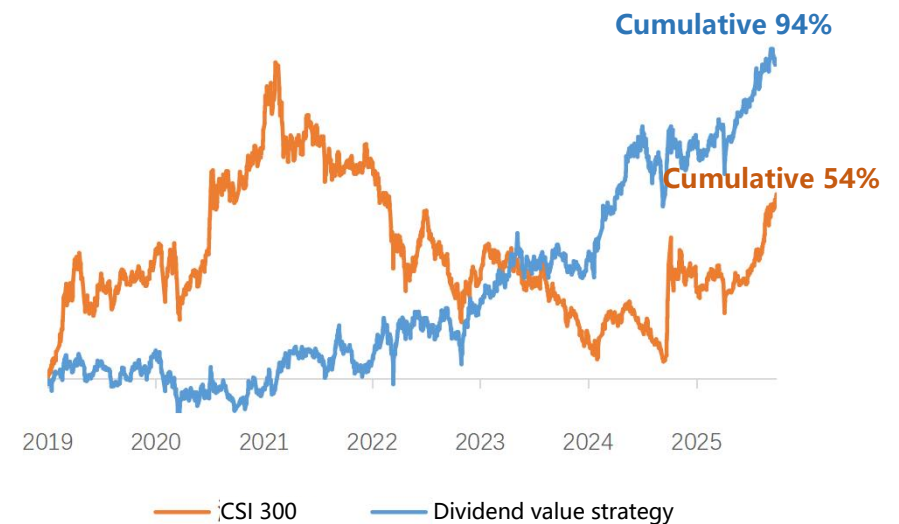
Active equity cumulative performance vs. market index



Note: Data of overall active equity investment performance of CPIC.

Source: Internal data; Wind Information.

Core dividend value strategy vs. market index



Note: Data of investment performance of core dividend value strategy mandate of CPIC Life.

A Multi-Strategy Approach towards Long-term Value Creation

—Introduction to Equity Investment Strategy of CPIC AMC



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1. Investment Research System and Structure

2. Historical Performance

Principles for Building the Investment Research System



Long-term performance assessment mechanisms for investment

Culture of "Value, Equality, Independence, Sharing"

Fully integrated and continuously evolving investment research teams

Specialised investment research personnel on industrial chains

Strategy-driven investment management system

Market-oriented incentive and constraint mechanism

Long-term Performance Assessment Mechanisms and Cross-Cycle Asset Allocation

Long-term in-house investment system based on market-oriented principles

Asset liability management principles

Guidance from clients' investment objectives

Three-year assessment cycle

Out-performance relative to CSI 300 Total Return Index

Understanding and support from clients

Cross-cycle asset allocation framework

Based on asset allocation models

Enhanced analysis of long-term market trends

Diverse strategies with dividend value at core

Professional expertise, courage for contrarian investing



Deeply Integrated Investment & Research Model

	2011-2017	2018-2020	2021-Present
Model Overview	Investment Research 1.0 Clear departmental boundaries but limited personnel interaction <ul style="list-style-type: none"> Research department provides investment support Clear departmental boundaries but limited personnel interaction Collaboration mode of strategy teams initially in place 	Investment Research 2.0 Breaking boundaries to promote cooperation <ul style="list-style-type: none"> Breaking departmental boundaries, establishing investment teams by style Investment managers and researchers jointly explore investment opportunities, incubate strategies based on client needs An integrated investment research model initially in place 	Investment Research 3.0 Fully integrated investment & research with close cooperation <ul style="list-style-type: none"> Investment managers and researchers form research teams by industrial chain, explore industrial investment opportunities Research findings are used to build thematic portfolios, maintained and shared by team members Asset allocation team provides recommendations, and investment managers select optimal sectors for portfolio
Coordination Process			
Response Mechanism	Reactive and Matter-of-fact Investment managers adjust investment portfolios	Tactical Forecasting, Demand-driven Incubating strategies based on market demand	Long-term Planning, Proactive Approach Investment managers construct product portfolios based on a set of themes
Response Efficiency	Front office plays central role, with mid- and back-office resources yet to be activated	Mid- and back-office resources deployed, but yet to maximise coordination with front office to achieve efficiency gains	Efficient coordination across front, middle and back office, optimising use of resources to meet demand

Value, Equality, Independence, Sharing-Investment Research Culture

Value Discovery

Equal Exchange

Independent Research

Active Sharing

Value

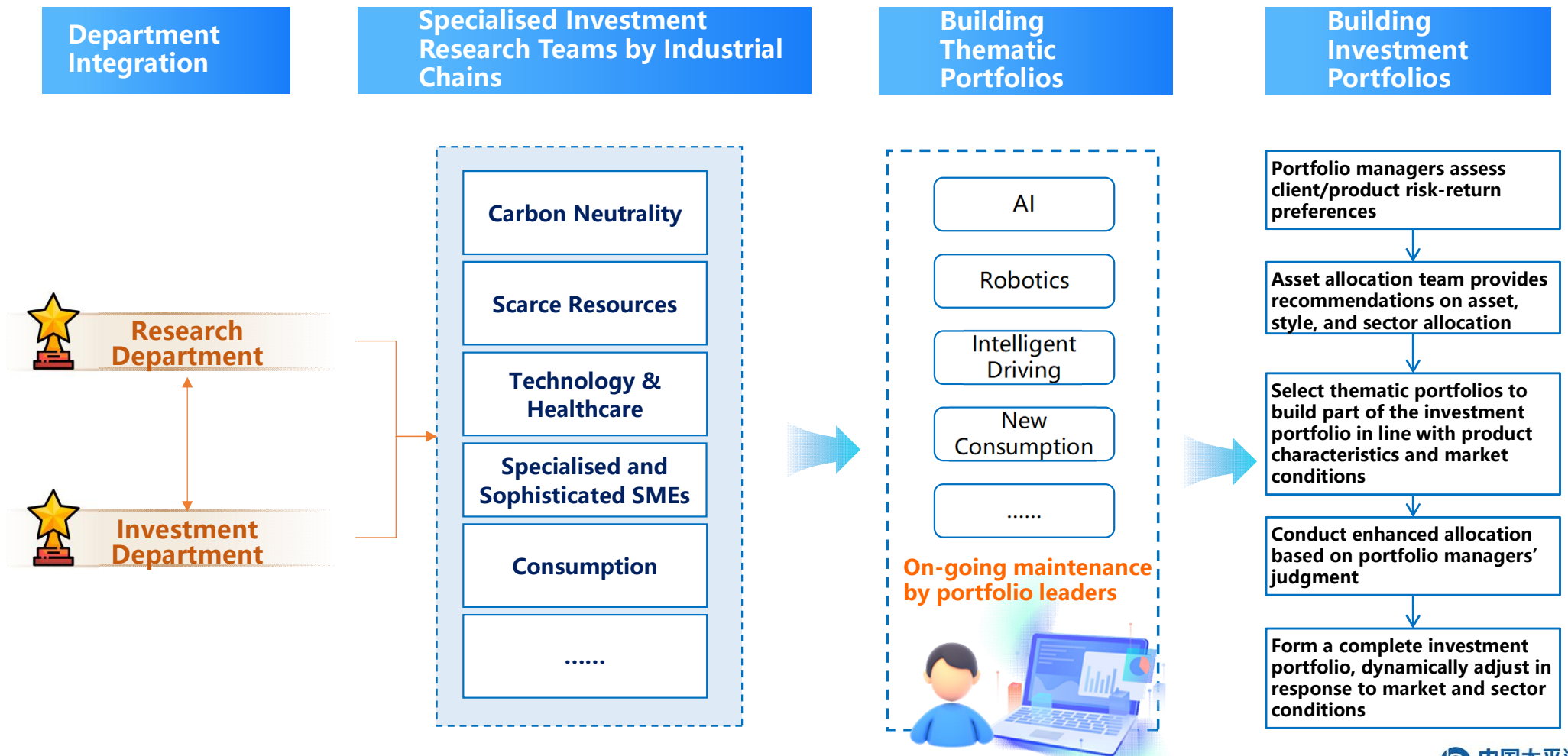
Equality

Independence

Sharing

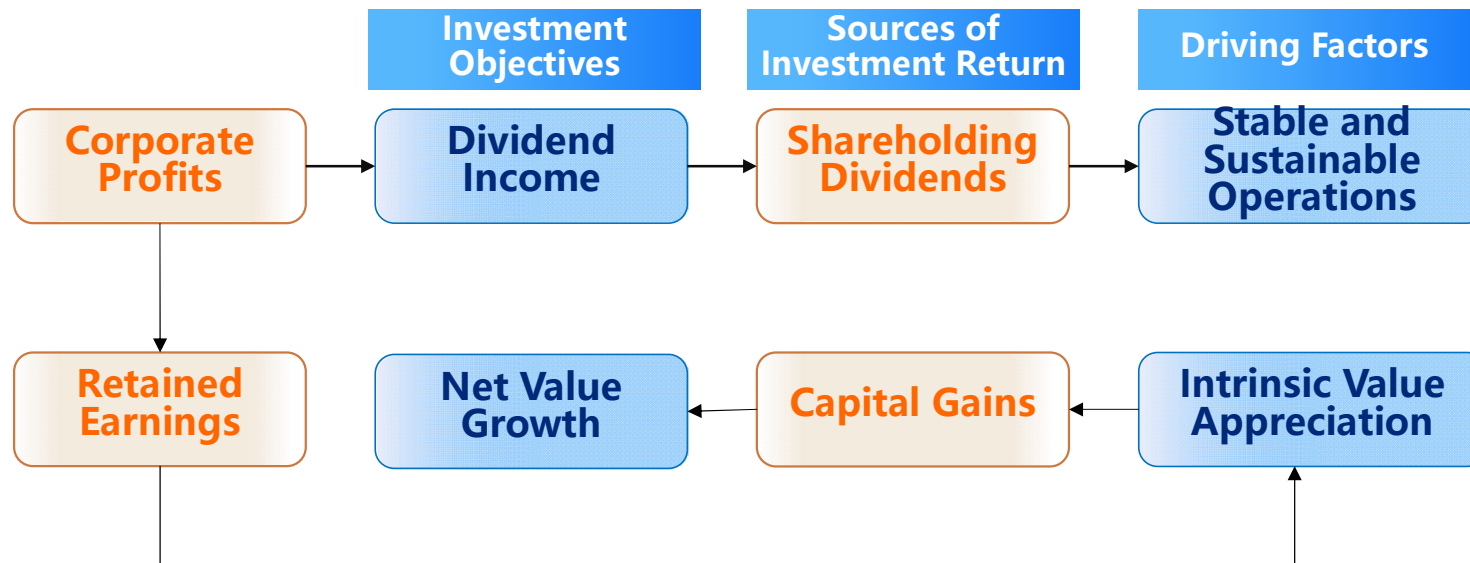
Our investment research culture
Creates value through professionalism

Specialised Investment Research Teams by Industrial Chains



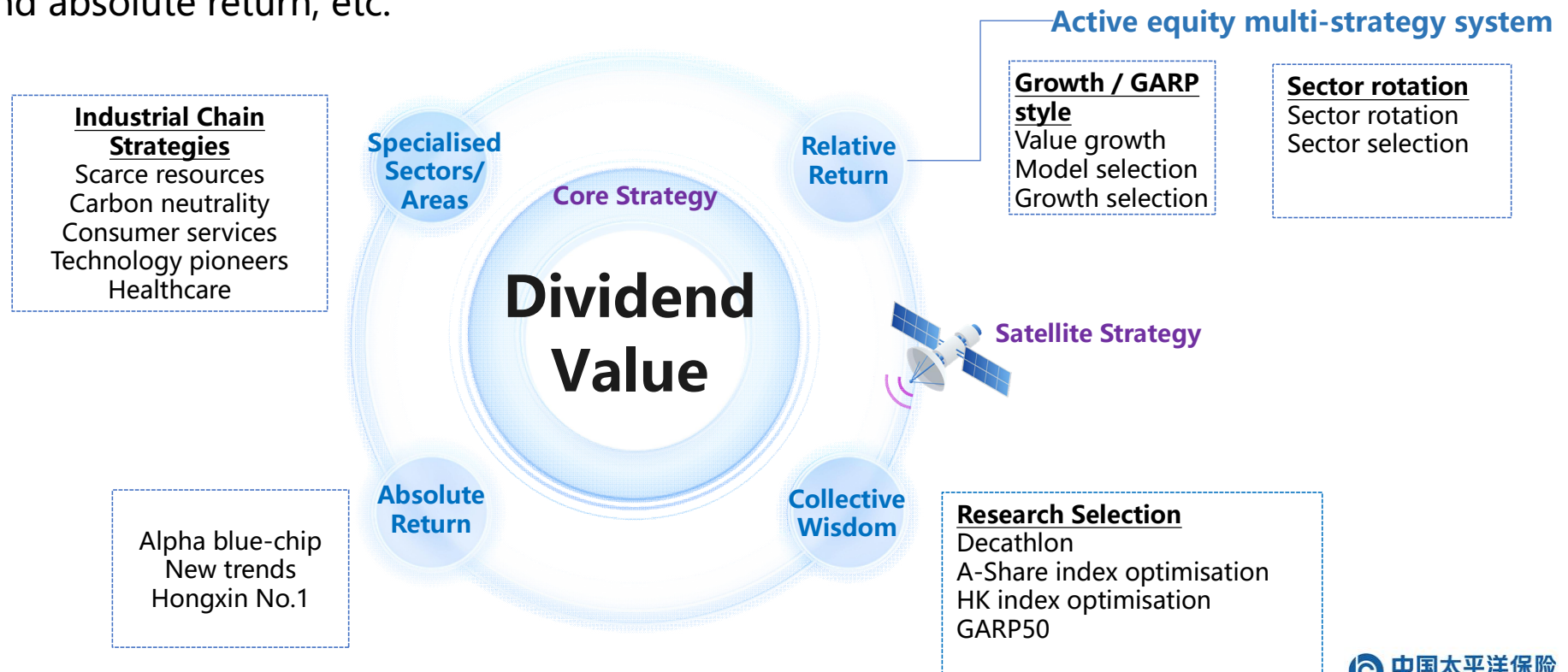
Dividend Value Strategy as the Core

- Based on years of experience, our thinking on investment principles and our insights into the insurance business model and attributes of insurance money, we defined the **dividend value** as the **core equity investment strategy** in 2012. The goal of the strategy is to pursue long-term net value growth that outperforms the CSI 300 Total Return Index, on the basis of sustained and stable dividend income.
- Dividend value is not just about dividends; it's about the **value of a company**. Instead of merely comparing dividend yields, we place greater emphasis on research and discovery of a company's intrinsic value.



Dividend Value Strategy as the Core

- Continuously optimising and refining satellite strategy via forward thinking and model innovation to complement core strategy, and to improve overall portfolio's resilience and risk-return profile.
- Active strategies across multiple dimensions, such as sector, style and team collaboration have been in place, including industrial chain strategies, growth strategies, sector rotation strategies, research selection and absolute return, etc.





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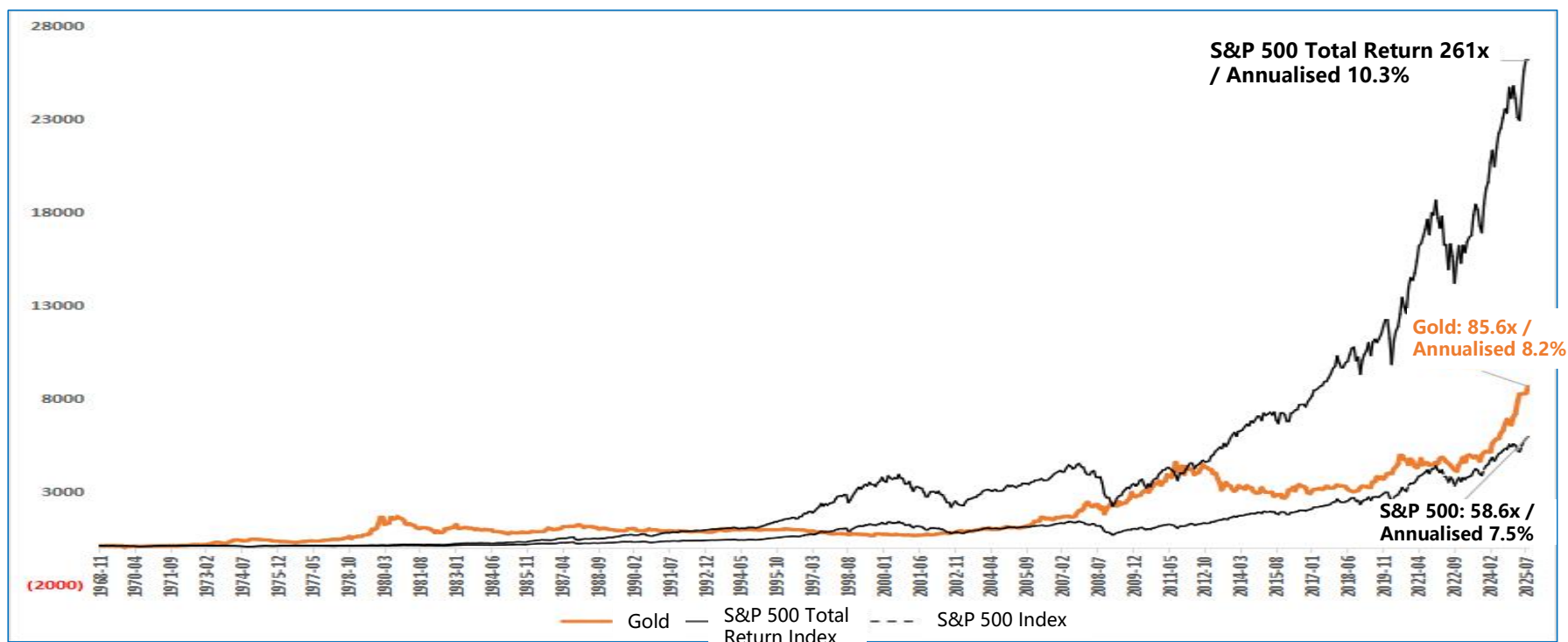
1. Investment Research
System and Setup

2. Historical Performance

Benchmark for Long-term Institutional Investors: Total Return Index

- S&P 500 Index returned 59x, while Total Return Index 261x
- Reinvestment of annualised dividend income of 2%, compounded over 50+ years, can make a significant difference

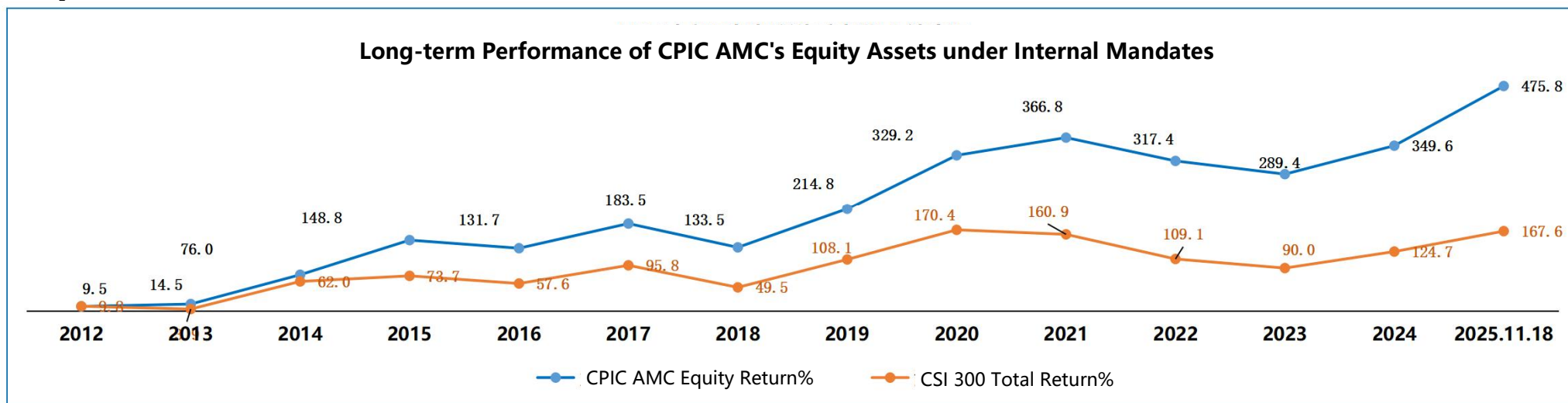
Chart: In USD terms, S&P 500 Total Return rose 261 times



Source: Wind, CPIC AMC, as of August 2025

Long-term Performance of in-house investment assets

- Since we are a professional investment institution, our clients within CPIC Group choose the CSI 300 Total Return as the benchmark, rather than the commonly used CSI 300 Index.
- **Despite a challenging benchmark, the long-term performance of our internally managed equity assets has been outstanding.** Since 2012, CPIC AMC's equity investments have generated a cumulative return of 475.8% over the past 14 years, which represents a significant excess return of 240.2% against the peer median of the mutual funds, placing its cumulative performance in the top 9% of fund rankings. Furthermore, against the benchmark, the strategy achieved a cumulative excess return of 308.2%, or an absolute amount of 54.6bn yuan in excess income.



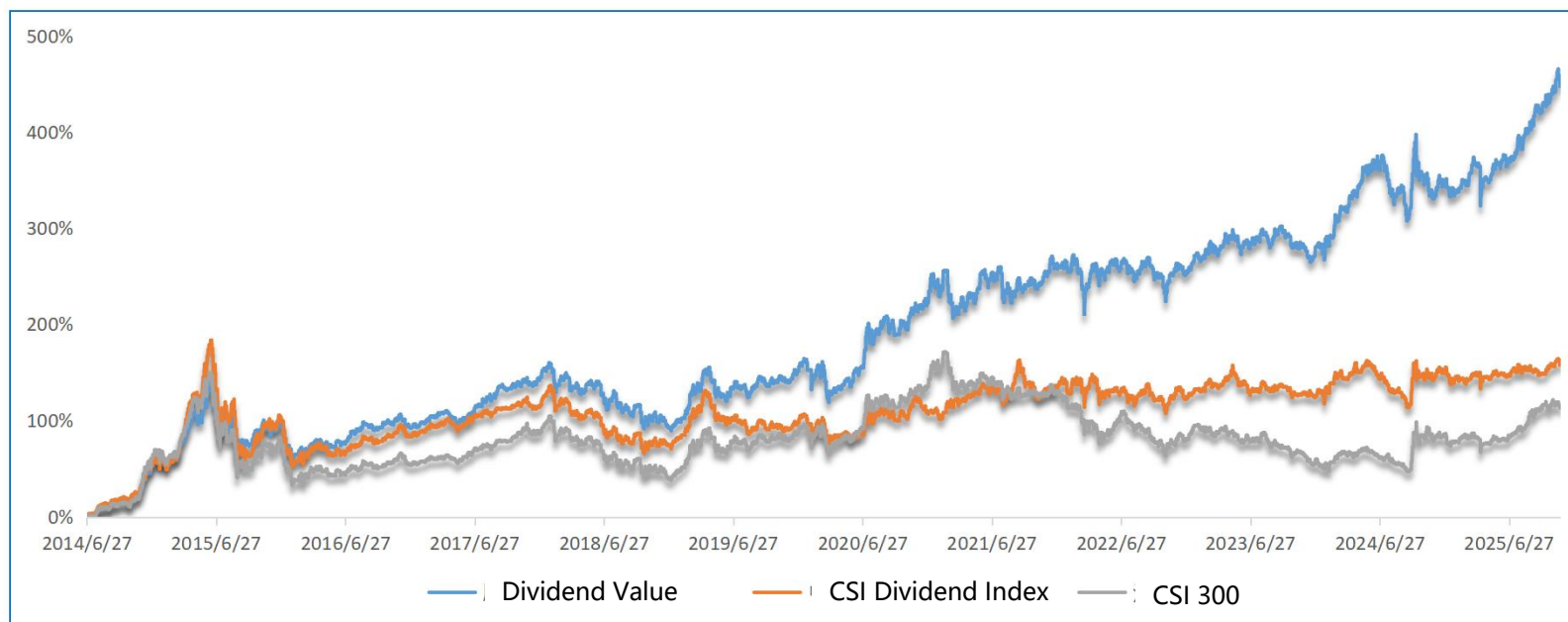
Notes:

1. Data as of November 18, 2025, including equity assets mandated to CPIC AMC by the Group.
2. The comparable fund pool comprises ordinary equity funds from Wind that were inceptioned in or before early 2012, with no restriction on fund size.
3. Internal data, for reference only.

Core Strategy Mapping: Excellence Fortune Dividend Value Product (Wind Code BZ14005)

- Established in June 2014, the product has generated a return of 447.6% since inception, with an annualised return of 16.08%. Ranked 4/63 among all-market asset management products over the past 5 years, and 1/63 for maximum drawdown.
- Current product AUM is 10.8bn yuan, ranking top among the largest domestic equity-type insurance asset management products. The product currently has 35 external clients, accounting for 90.28% of AUM.

Chart: Comparison of Product NAV with Major Indices



Source: WIND

Note: Data as of November 18, 2025

Summary: Strengths of CPIC AMC's Equity Investments

1. An Integrated, Differentiated and Self-contained Investment System

An integrated six-in-one system that encapsulates assessment, culture, personnel, organisation, strategy and incentives. The key is long-term, market-oriented performance assessment mechanisms established under auspices of the Group.

3. Stable Management with On-going Improvement

Core personnel stable and mature, having built a unique team structure based on industrial chains, a strategy-driven organisational system, and effective employee incentive mechanisms.

2. Long-term Stability on the Liability Side

Liability side is a natural fit for long-term value investing, enabling us to translate investment philosophy into practice.

4. Advantages of Core Dividend Value Strategy

Dividend value was established as the core strategy as early as 2012. It has been refined over the years, delivering outstanding performance and earning broad market recognition.



Long-term Investment with Patience, Discipline and Innovation

- Fixed income asset allocation strategy in a low interest rate environment

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01

Investment Research System and Business Framework

- Investment philosophy
- Research framework
- Risk control system
- Historical performance

02

Fixed income Strategies under New Circumstances

- Market conditions
- Fixed income strategies

Chapter I



Investment Research System and Business Framework

Investment philosophy: steady progress, capital preservation before appreciation, maximising beneficiaries' interests

Upholding underlying logic of asset management and building outstanding investment research capability

Long-term investing, Value investing, Prudent investing, Responsible investing

Long-term vs
Short-term

Absolute vs
Relative

Return vs Risk

Pursue relative return on top of absolute return and
strive for maximum risk-adjusted returns

Prudent investment style

Capital safety for steady,
long-term operation

Rigorous risk control

Multiple layers of control,
strict execution

Pragmatic credit-rating management

Real-time tracking,
early warning

Leading asset sourcing

Substantial pipeline of projects
to match long-term needs

Investment philosophy: focus on long-term allocation and active investment

With strategic asset allocation at the core, we put safety first, stay active, strive to control drawdowns and achieve investment targets.

Conduct forward-looking allocation across major asset classes based on forecasts of medium- to long-term interest-rate cycles to ensure fulfillment of absolute-return targets

SAA
as the **CORE**

Dynamically adjust sub-asset-class allocation based on risk-return analysis of portfolios to generate excess returns from active management

Tactical asset
allocation
as the **lever**

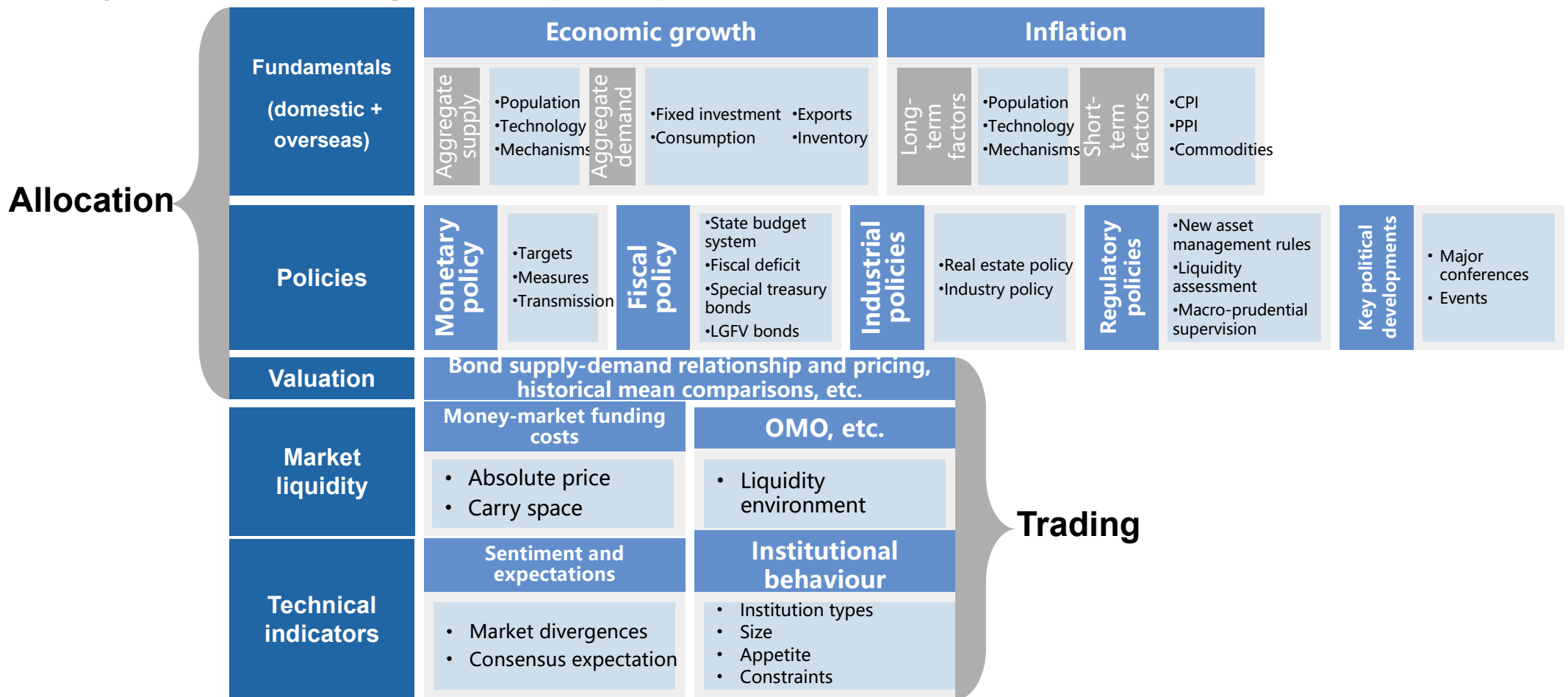
Reasonably allocate to low-volatility assets by accurate calculation of portfolio risk tolerance to ensure long-term performance stability

Low-volatility
assets
as the **cornerstone**

Search for excess return opportunities and identify value pockets through solid investment research to ensure out-performance against benchmarks

Issuer and individual
security selection
as the **enabler**

Investment research framework: a comprehensive analytical system with global perspective



Risk control: establishing an all-round risk management system, translating rules into systematic processes

In light of the risk appetite of outsourced funds, we established differentiated risk limit system for investment access, counter-parties, credit management, individual issuers, industries and regions.

Established comprehensive investment risk limit system empowered by technology to effectively control risks

8 Risk Dimensions

Market risk, credit risk, liquidity risk, concentration risk, strategic risk, operational risk, reputational risk, money-laundering risk

Full Coverage of Business Lines

Proprietary funds, Group in-house accounts, insurance asset management products, retirement plans, occupational annuities, enterprise annuities, pension products, alternative products, derivatives investments, etc.

408 Limit Indicators

Mainly include share of holdings in a single stock, share of credit instrument holdings of a single issuer, credit risk exposure to a single issuer, share of non-investment-grade bond holdings, share of liquid assets, concentration by industries and regions, etc.

109 Analysis Indicators

Risk analysis involves daily monitoring of indicators; their data and trends are regularly monitored, and in cases of abnormal fluctuations, front-office investment departments are alerted.

Multi-dimensional risk exposure management indicators



Differentiated criteria for investment access depending on risk appetite of funds; unified credit rating within the Group; stricter access requirement for non-standard investments



Established counter-party whitelists; banks and issuers are included in unified credit risk management

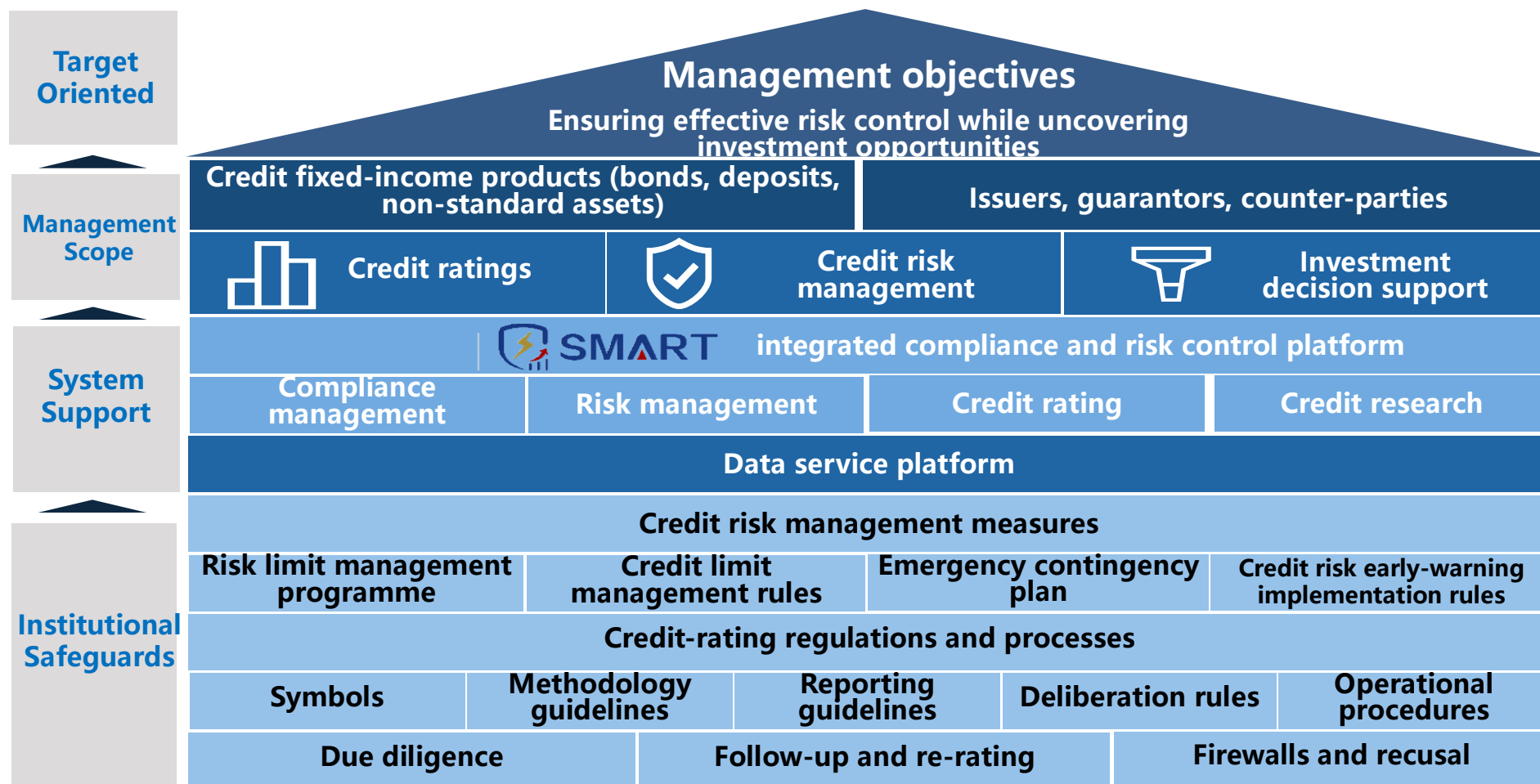


Concentration risk limits for single asset categories, issuers, instruments, non-investment-grade credit instruments, perpetual bonds, and private placement bonds



Developed risk indicators for industry / regional concentration to promptly control credit risk exposures in high risk industries and regions

Credit-rating system: long-term perspective to build multi-tiered credit-rating and credit risk control framework



Credit-ratings system from a long-term perspective

Full coverage of credit ratings, with ranking of credit risk and balance between safety and return

- ❑ **LGFVs (local government financing vehicles):** select core LGFVs at provincial, provincial-capital or major-city level; may expand to top-tier counties in regions with a strong economy, fiscal health and manageable debt. Avoid weak LGFVs (i.e., non-core LGFVs in regions with weak fiscal strength/high debt pressure; LGFVs with weakening government backing; LGFVs in bottom quartile with net population outflow and no industrial support). Issuers of our LGFV investments are primarily provincial and municipal platforms; platforms of counties or industrial parks are mainly in more developed provinces; holdings in 12 key provinces are mostly provincial or provincial-capital core platforms, with issuers mostly in transport and infrastructure sectors and **overall credit risk under control.**
 - ❑ **Real estate:** prefer high-quality central/regional SOEs with moderate financial leverage and robust operating performance; **steered clear of defaults of private property developers due to rigorous access requirements.**
 - ❑ **Industrial sector:** amid increasing sectoral divergence, we favor leading firms with resilience across economic cycles. Focus on comprehensive fundamentals analysis and prudent assessment of government and shareholder support; **successfully avoided large, impactful corporate defaults.**
 - ❑ **Commercial banks:** strictly enforce “whitelist” management; state-owned large commercial banks + national joint-stock banks + major city / rural commercial banks.
-
- ❑ Internal credit rating covers issuers of all bonds with an external rating of AA+ and above, involving over 5,000 issuers. Defined clear thresholds in access; investable pool balances yield and safety.
 - ❑ Update the whitelist of banks and counter-parties annually to control credit risk exposure to small- and medium-sized banks.
 - ❑ Implement credit limit management for all investable issuers.
 - ❑ Higher internal credit-rating thresholds for non-standard products; adjust their access requirements in compliance and risk control in a timely manner in view of market and regulatory changes. **Successfully steered away from the wave of defaults on non-standard products issued by weak LGFVs; also avoided default risk of real estate developers with hybrid ownership.**

Historical performance: sustained industry leadership in long-term performance

Outstanding performance in enterprise annuity investment management

- ✓ Amid extreme market volatility in recent years, the fixed-income enterprise annuity portfolios managed by Changjiang Pension **ranked consistently among the top in industry.**

Social security pension investment won recognition

- ✓ At recent evaluations of domestically-outsourced investments for social security pension, our portfolios **consistently received the highest rankings**; our portfolio managers **won multiple awards**, pointing to recognition by the Social Security Fund Council.

Single-bond Fixed Income

8 / ₂₁	1 / ₂₂	1 / ₂₂	8 / ₂₂
2021	2022	2023	2024



Pooled Fixed Income

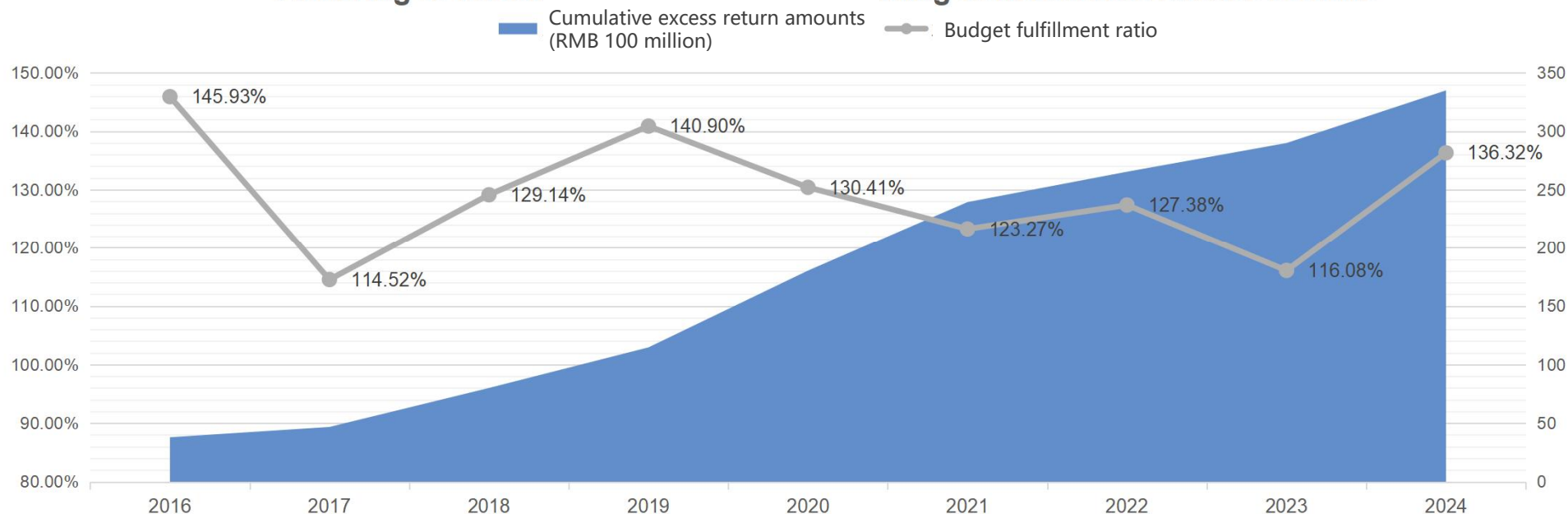
6 / ₁₅	2 / ₂₁	2 / ₂₁	7 / ₂₁
2021	2022	2023	2024

- Pooled fixed income 1st place (**1**/21)
- Single-bond fixed income 2nd place (**2**/22)
- Pooled fixed income 1st place (**1**/21)
- Single-bond fixed income 2nd place (**2**/22)
- Pooled fixed income 3rd place (**3**/21)
- Single-bond fixed income 2nd place (**2**/22)

Historical performance: internally managed assets delivered significant excess returns

- ✓ Entrusted with internal funds, we adhered to absolute return, benchmarked against SAA target returns, and consistently generated excess returns.
- ✓ We significantly outperformed benchmarks each year since 2016, accumulating considerable excess returns over the years.
- ✓ As of end-2024, we cumulatively generated 33.5bn yuan in excess returns, laying a solid foundation for stable, long-term performance.

Adhering to absolute return and accumulating considerable excess returns



Chapter II



Fixed income Strategies under New Circumstances

Fixed-income investing in a low interest rate era: prudently and flexibly employ five core strategies

Fixed-income investing in a low interest rate era

Main characteristics	Decline of interest rates with investment under pressure	Interest rates drop significantly, with decline of yields on fixed-income assets across the board
	Polarisation of credit-worthiness with insufficient compensation	Credit risk intensifies, but risk premiums fail to provide adequate compensation
	Paradigm shifts amid changing dynamics	Risk-return profile of traditional fixed-income assets undergoing profound changes

Pro-active integration

- Pro-actively embed into insurance ALM to enhance TAA

Refined and professional

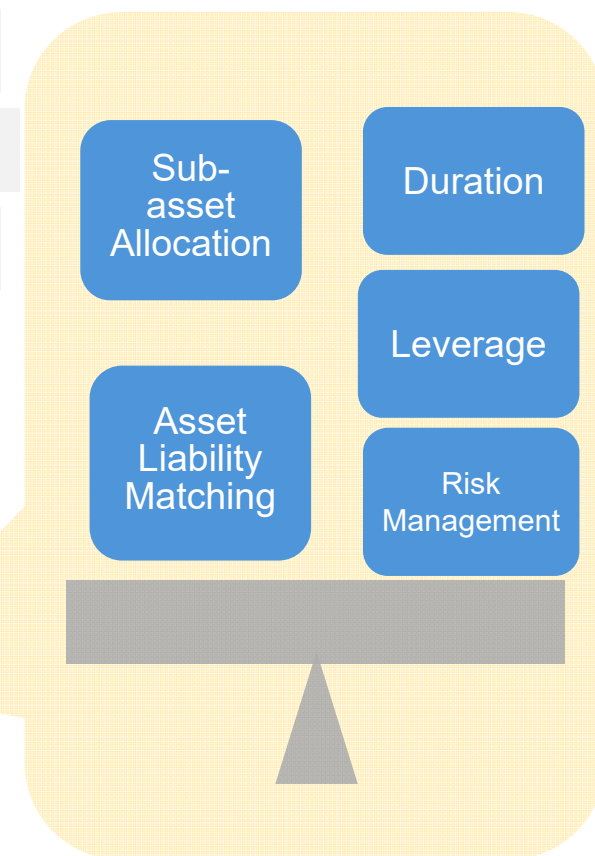
- Enhance professional management in an all-around way in terms of risk control, duration and leverage strategies

Diversification of capabilities

- Foster core insurance investment capabilities to fill gaps in traditional strategies and enhance returns via “fixed income+”

Expand investment channels

- Cultivate new capabilities, enter new fields, expand into new instruments to generate new sources of return



Integrate into ALM system and leverage the central role of SAA

Precise matching of liabilities to consolidate safety cushion

Respond to business transformation

- Focus on coupon income to lower return volatility in response to transformation of life insurance business.

Insights into profiles of liability

- In-depth understanding of liability maturity mix, cash flows and return requirement to ensure prudent planning of asset allocation.

Comply with regulatory requirements

- Strengthen asset transparency in response to new solvency regulations.

Dual-driver approach to enhance low volatility return

Optimise asset allocation and unlock extra sources of income

Reassess asset profiles

- Analyse changes in risk-return profile of major asset classes in low interest rate environment; follow structural changes on fixed income market.

Build robust portfolios

- Construct internal low-correlation portfolios to enhance long-term return.

Leverage expertise

- Create synergy with insurance fund management based on our expertise in pension fund management

Refine management to support flexible use of multiple strategies

Deepen duration management

- Strengthen analysis of macroeconomic conditions including monetary policy to identify mid- to long-term interest rate trends.
- Strategically extend asset duration to lock in long-term returns when market yields are relatively high.

Optimise curve strategies

- Conduct in-depth analysis of changes to yield curves to assess the holding period return (HPR) of assets across maturities.
- Flexibly employ carry / roll-down strategies and tactical band trading to dynamically position the portfolio at advantageous points along the curve.

Refine leverage use

- Establish mechanisms to monitor financing costs, which would enable proactive, targeted control measures.
- Carefully structure asset maturities and cash flows to enhance net contribution from leverage strategies.

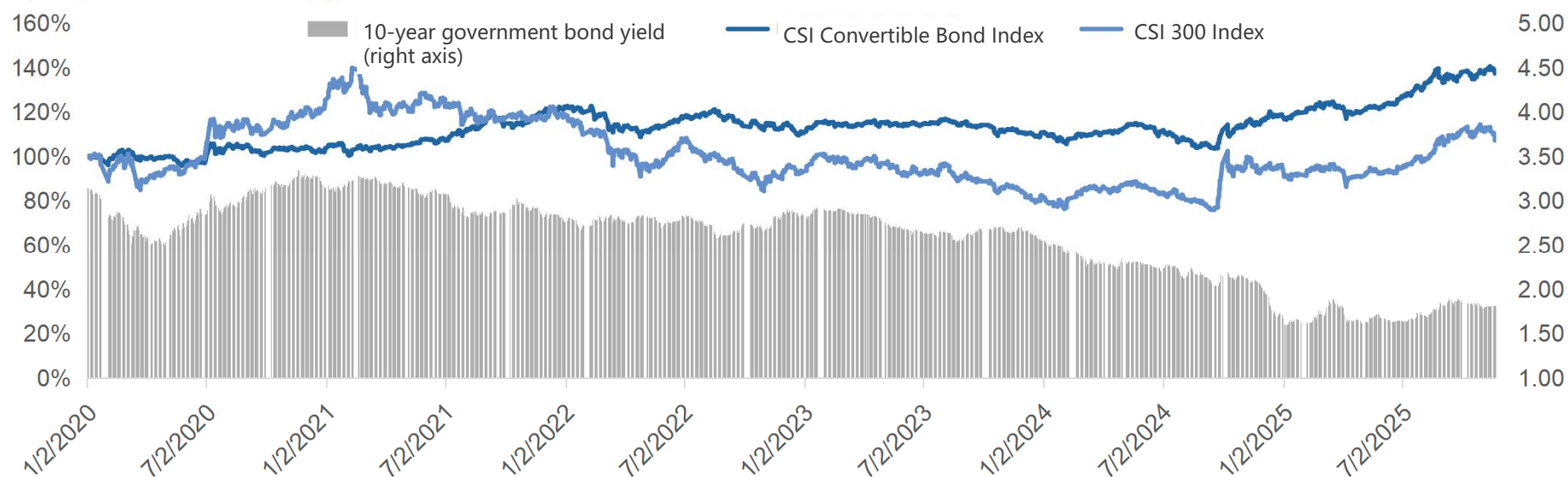
Strengthen credit risk control

- Shift from reactive response to pro-active early warning by improving internal credit-rating and access systems.
- Rigorously execute credit-rating procedures and prudently assess impairments; enhance absolute returns by strictly controlling losses.

Enrich strategy scenarios and use “fixed income+” to enhance returns

Apply more strategy scenarios to meet needs of asset allocation for strategies and tools

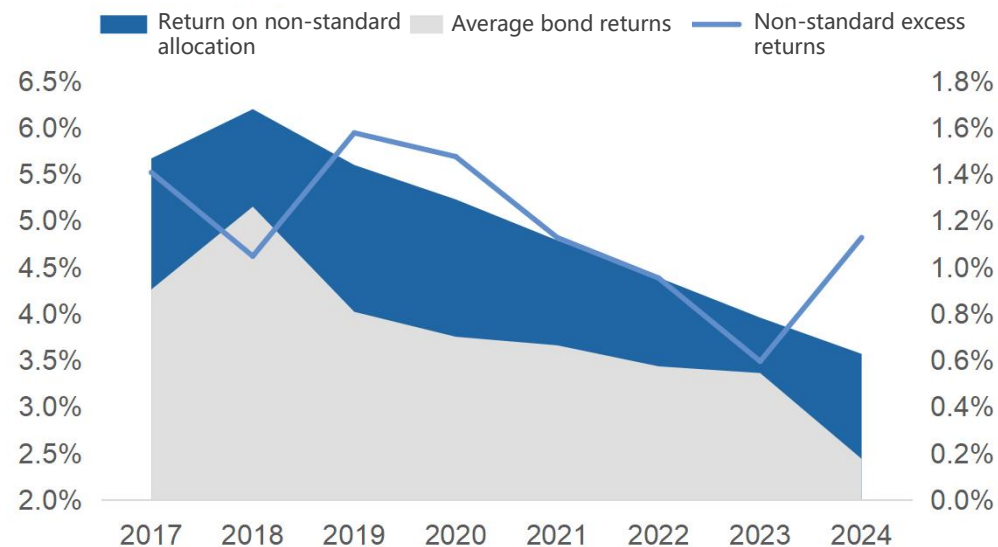
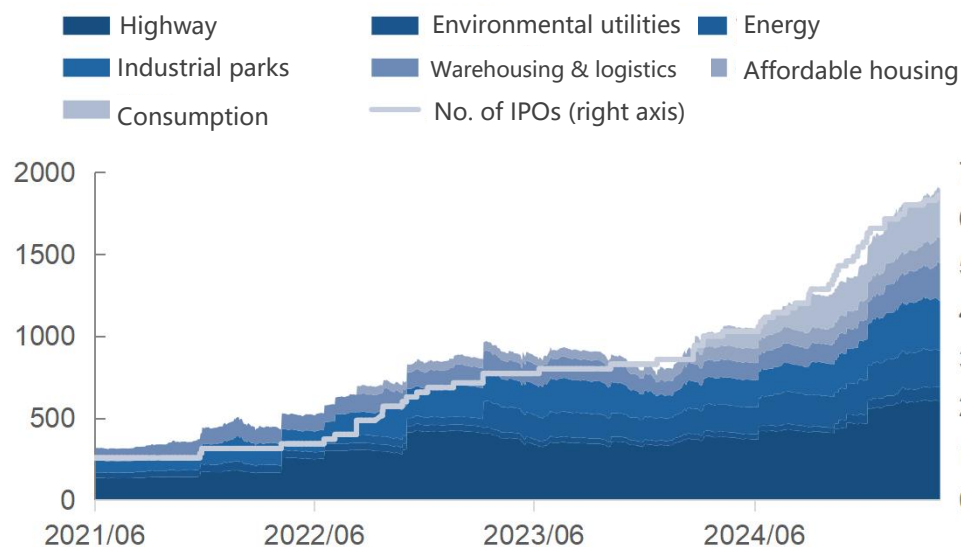
- **Leverage strengths to fill gaps:** capitalise on our managers’ market proximity and complement traditional asset allocation with tactical trading, carry (roll-down) and hedging strategies.
- **Focus on structure to seize opportunities:** follow market changes in a low interest rate environment and adopt trading strategies in **treasury bonds, financial bonds, etc., to enhance returns.**
- **Value the “fixed income+” approach:** its risk-return profile **differs from traditional stock/bond portfolios** and plays an increasingly critical role in both SAA and TAA.



Expand investment channels for new sources of excess return

Diversifying investment channels is a long-term challenge for fixed income investing

- Traditional loan-type non-standard business faces formidable challenges such as contracting scale and unfavourable risk-return profile
- Insurance asset managers need to cultivate new capabilities to access innovative fixed income instruments
- With local government finance pivoting toward asset revitalisation through REITs, it is imperative to build strategic positioning in securitisation, particularly within the infrastructure REITs sector.



Value-driven, Steady Advancement and Long-term Excellence

—Value creation and allocation principles of insurance
alternative investment

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I. Alternative Investments for Insurance Asset Allocation

II. Trends & Dynamics of Alternative Investments Market

III. CPIC Capital's Alternative Investment Practices



Alternative assets enhance long-term returns and hedge market volatility

- Alternative assets refer to financial assets outside the scope of traditional investments, including private equity, infrastructure, etc. They exhibit low correlation with traditional asset classes, optimising overall portfolio performance through asset diversification, enhance long-term returns and hedge against market risks.

Value Proposition of Alternative Asset Allocation



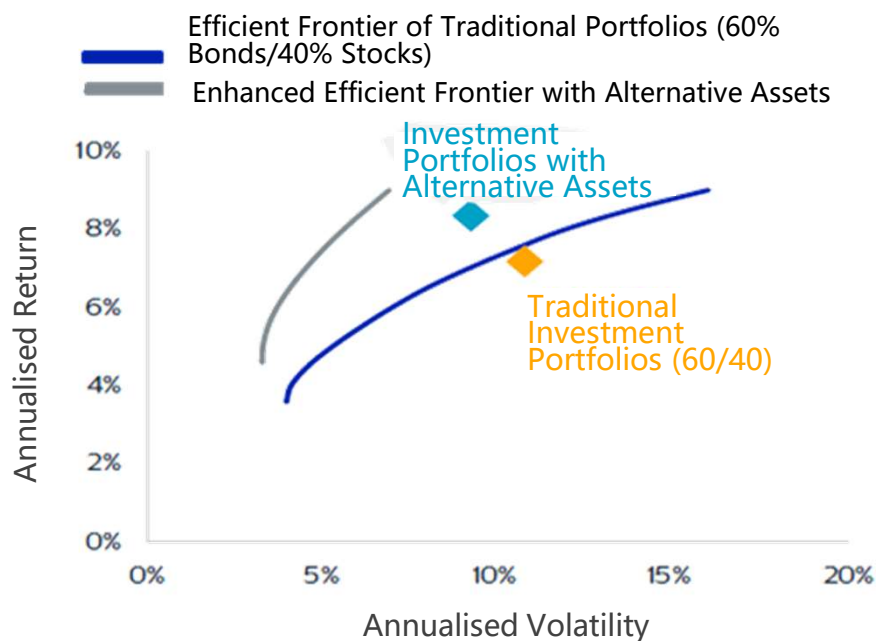
Enhance long-term investment returns: Provide alternative sources of investment returns, achieve portfolio diversification and capture long-term growth opportunities.



Hedge against traditional asset volatility: Low correlation with traditional assets, effectively diversify risks arising from market fluctuations.

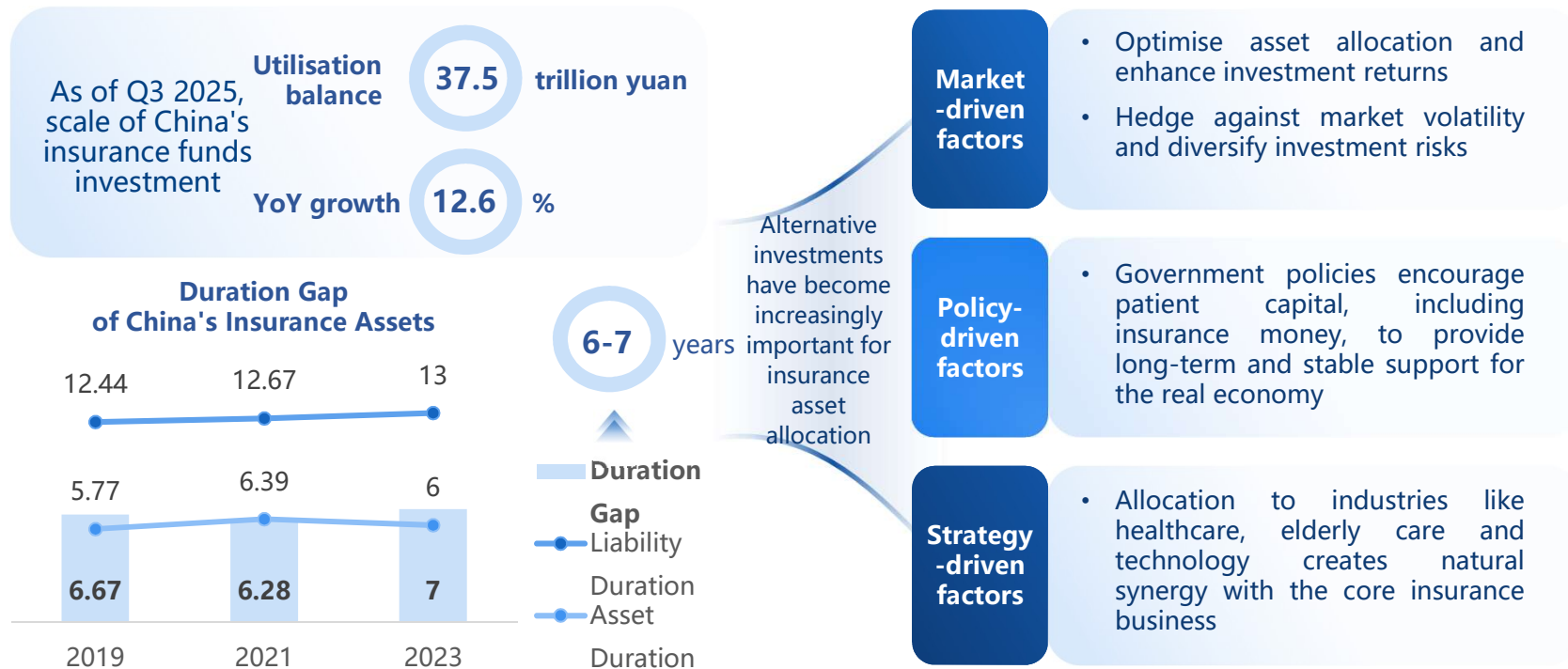


Potential inflation protection: Provide relatively resilient and stable income during periods of economic uncertainty or rising inflation.



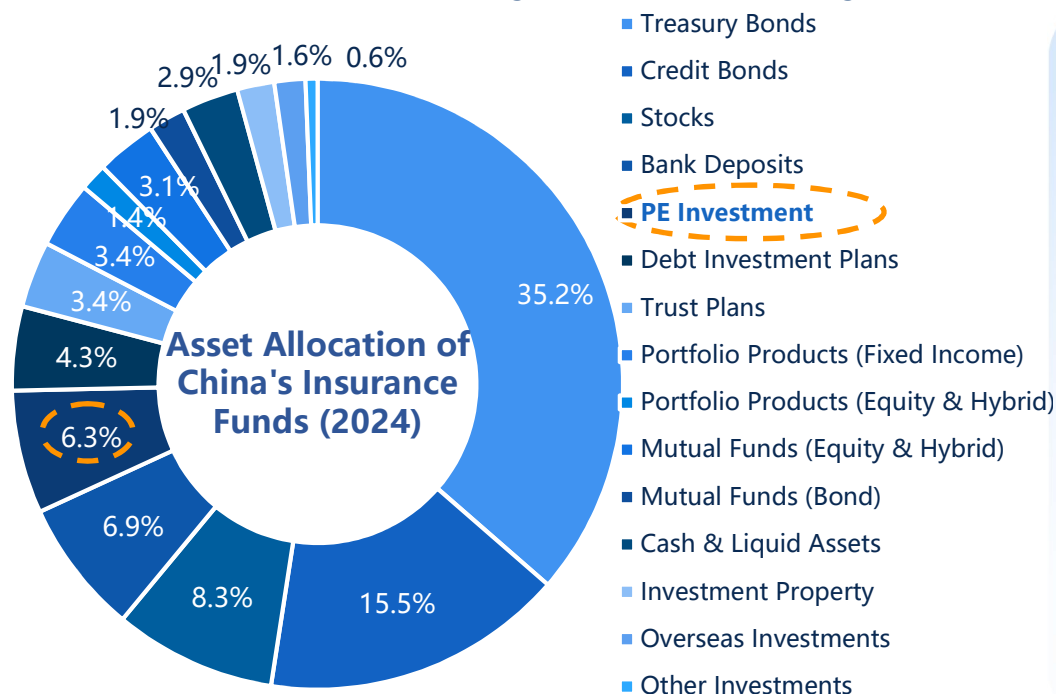
Alternative assets match insurance funds' allocation needs and represent an important direction for fund deployment

- In the current low-interest-rate environment, alternative investments are increasingly important for insurance asset allocation to enhance portfolio resilience.

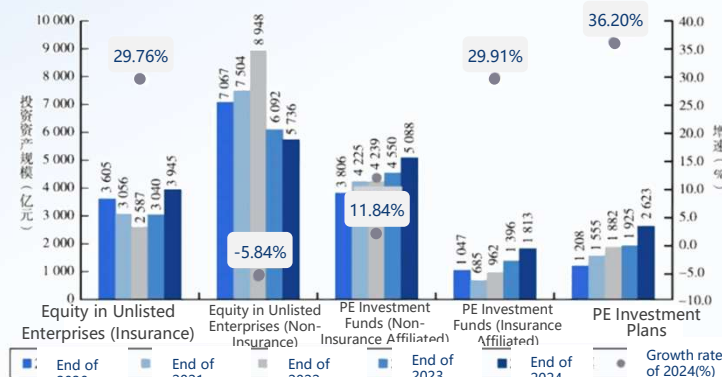


With favorable government policies, scale of insurance alternative investments is expected to grow further

- With continued optimisation of regulatory policies, insurers are expected to further leverage advantages of insurance funds in long-term, value investing and increase their allocation to alternative investments.



As of the end of 2024, private equity investment assets of China's insurance companies amounted to approximately 1.92 trillion yuan, a yoy increase of 12.95%. Its share of investment assets ranked fifth, after treasury bonds, credit bonds, stocks and bank deposits. Of this, private equity fund was 690.108bn yuan, a yoy growth of 16.1%.



Note: based on data from survey by the Insurance Asset Management Association of China covering 201 insurance companies and 34 insurance asset management companies.

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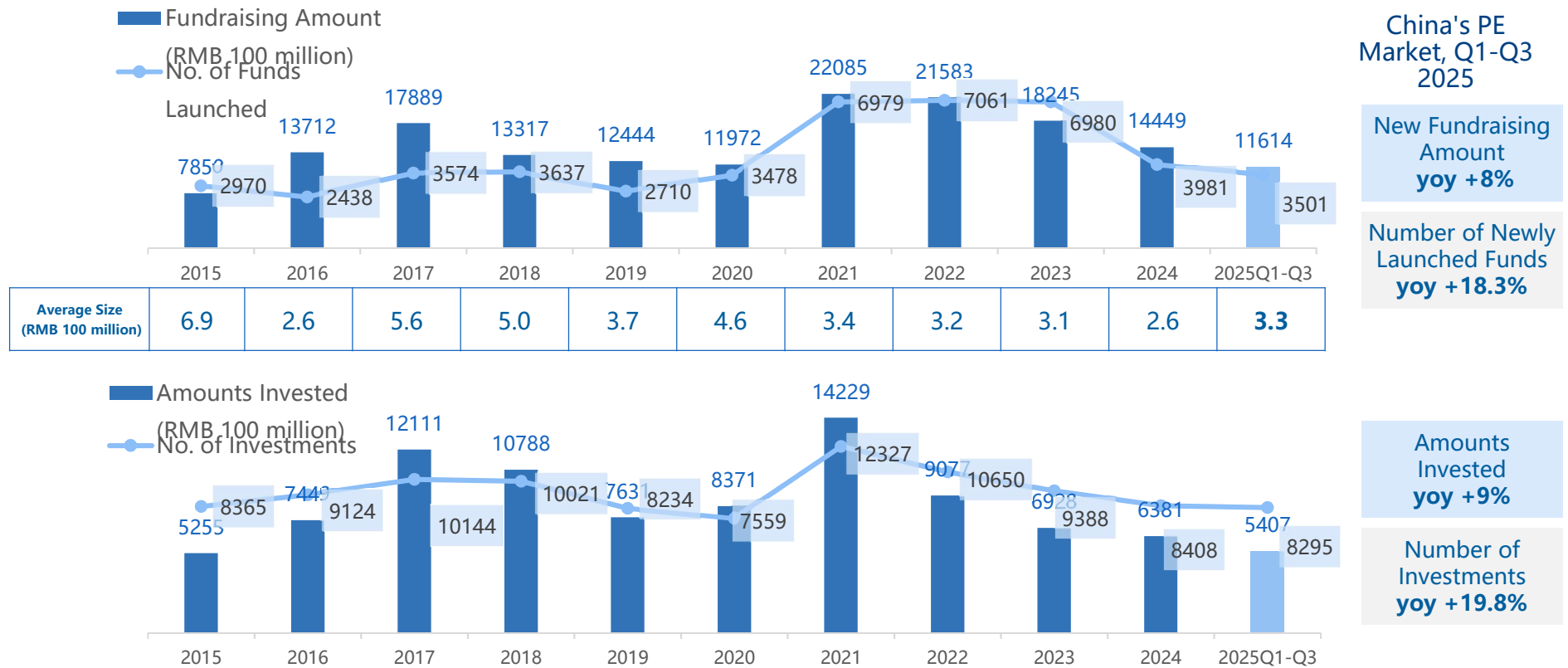
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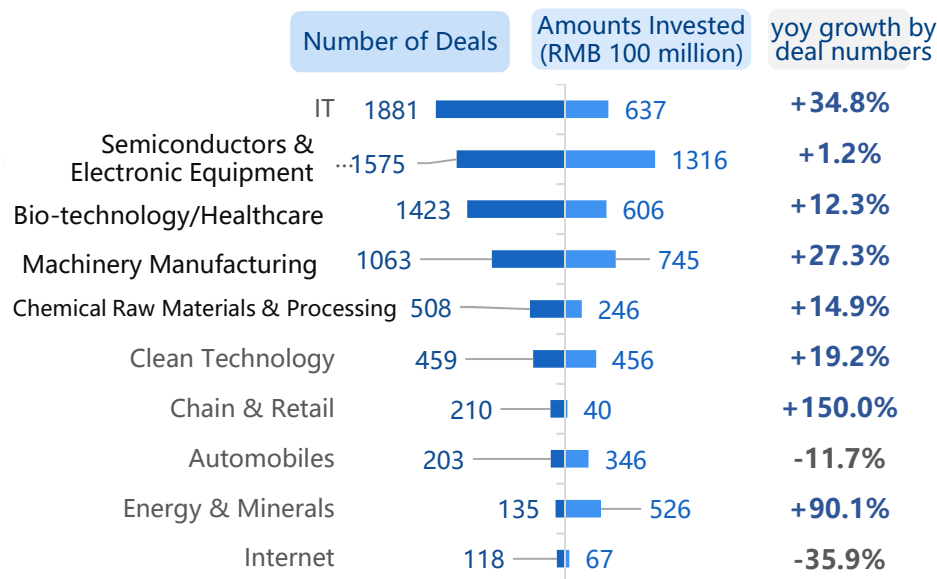
PE market is gradually recovering, fundraising and investment performance both improve year on year



With new quality productive forces coming to the fore, structural opportunities have emerged for M&A transactions

- Since the release of the new 10-Point Guidelines for insurance in September 2024, a host of supportive policies and reform measures have been implemented, seeking to guide insurers toward steady, orderly private equity investments and boost the development of new quality productive forces.

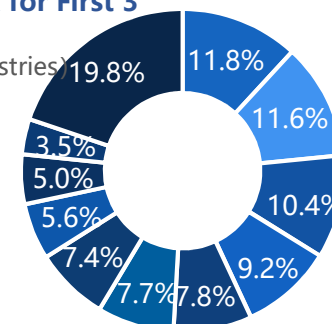
Industry Distribution of China's PE Investments for First 3 Quarters of 2025



Industry Distribution of China's M&A for First 3 Quarters of 2025

(based on percentages of target industries)

- Machinery Manufacturing
- Semiconductors & Electronic Equipment
- IT
- Clean Technology
- Energy & Minerals
- Biotechnology/Healthcare
- Chemical Raw Materials & Processing
- Finance
- Automotive & Transport
- Chain & Retail
- Others



Pace of IPO is picking up, with total volume of fundraising increasing year on year

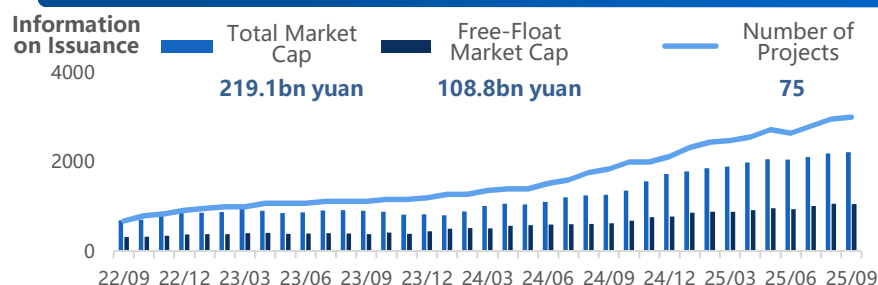
- As regulators implement the new "National 9-Point Guidelines" and the capital market's "1+N" policies, the A-share market shows a steady uptrend, with IPO numbers and funds raised both rising. As the mainland streamlined procedures and encouraged leading companies to list in Hong Kong, Hong Kong market also experienced brisk IPO activity.



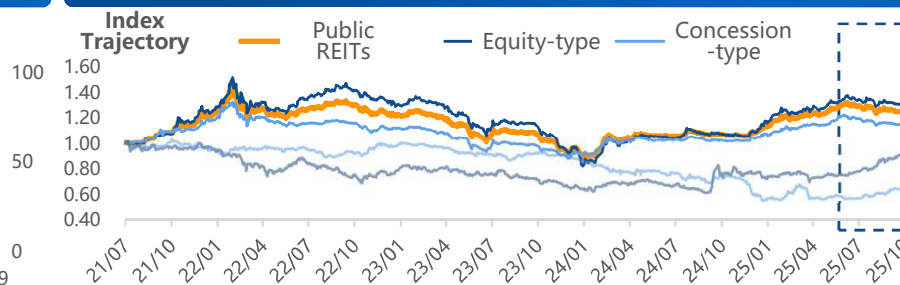
REITs issuance has normalised, with expansion of market capacity and improvement in quality, as well as differentiation of sector performance

- Issuance of public REITs accelerated. Differentiation of sector performance continues, and sectors with robust operational fundamentals and stable dividends demonstrate resilience amid market movement.

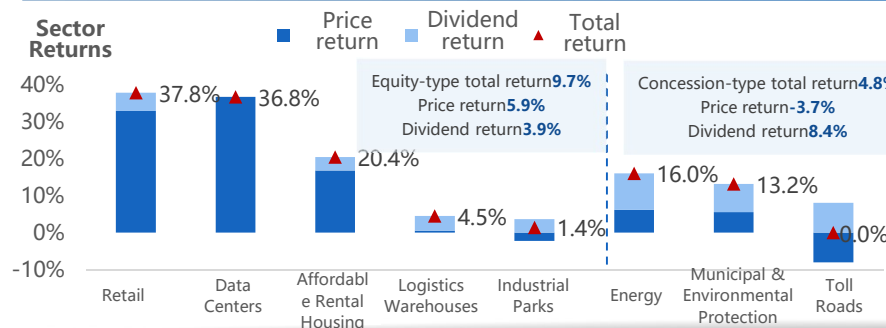
Further Expansion of C-REITs Market



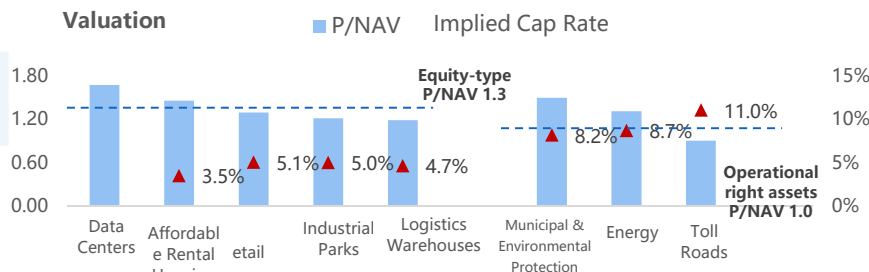
Continued Price Adjustment in C-REITs Trading



Equity-type: Affordable rental housing and retail assets show robust fundamentals and leading returns; data centers gain market recognition. Operational right assets: Overall stable dividends, energy, municipal & environmental protection demonstrate resilience

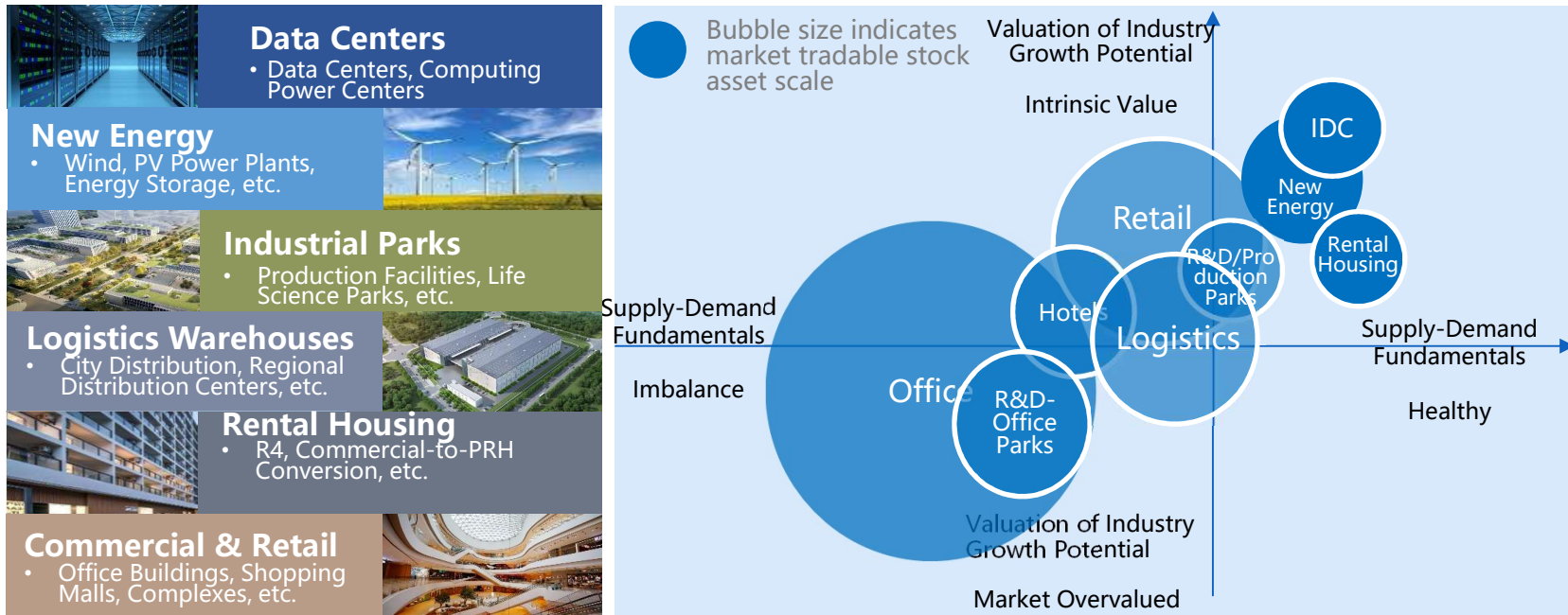


Valuation



New infrastructure sectors gain momentum, with emergence of long-term strategic allocation opportunities

- Sectors such as new energy and data centers are benefiting from rising demand, driven by national strategies and technological advancement. The fundamentals of weak-cycle assets such as long-term rental apartments remain resilient.
- Recovery is yet to be secured for office, industrial parks, and logistics warehouses, with supply and demand under pressure in some regions. Strong-cyclical sectors are undergoing periodic adjustment.

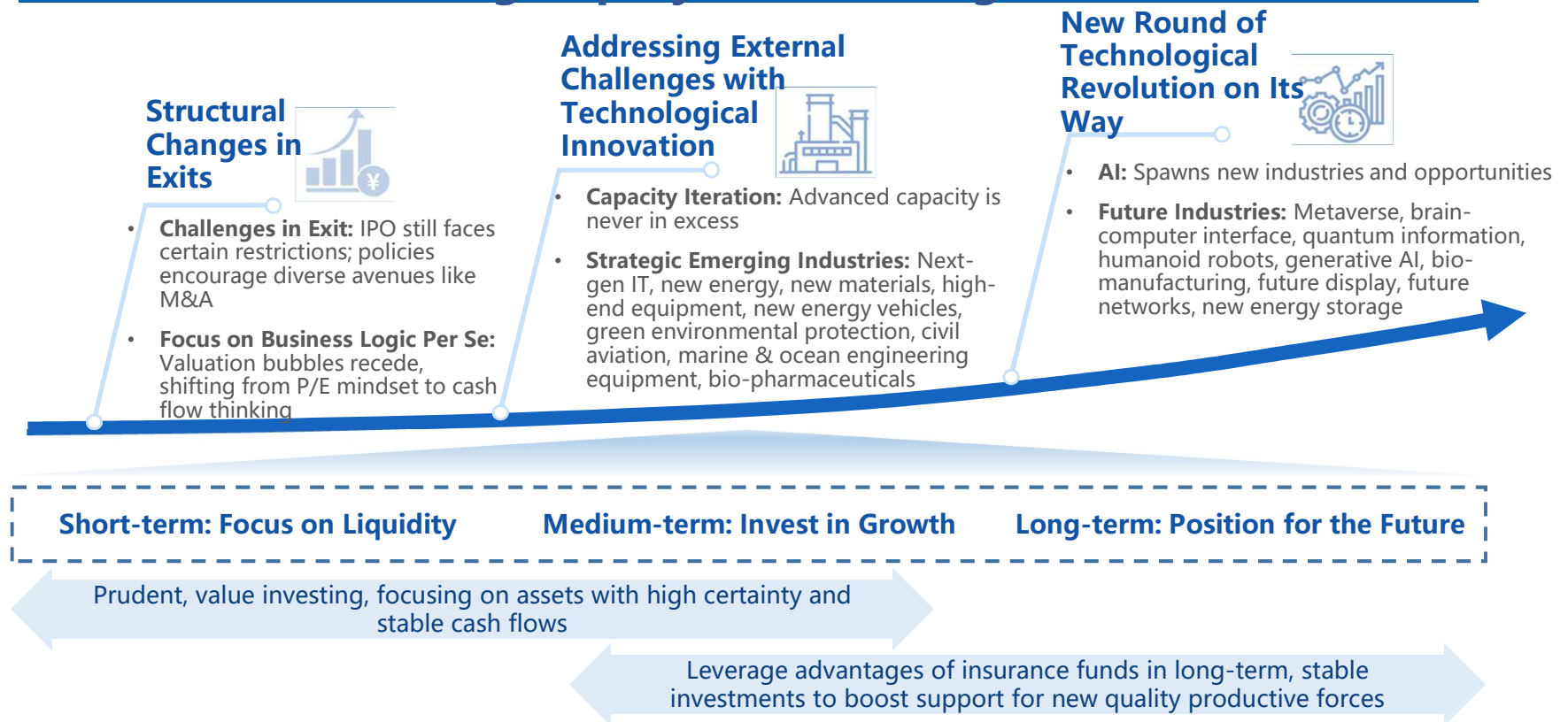


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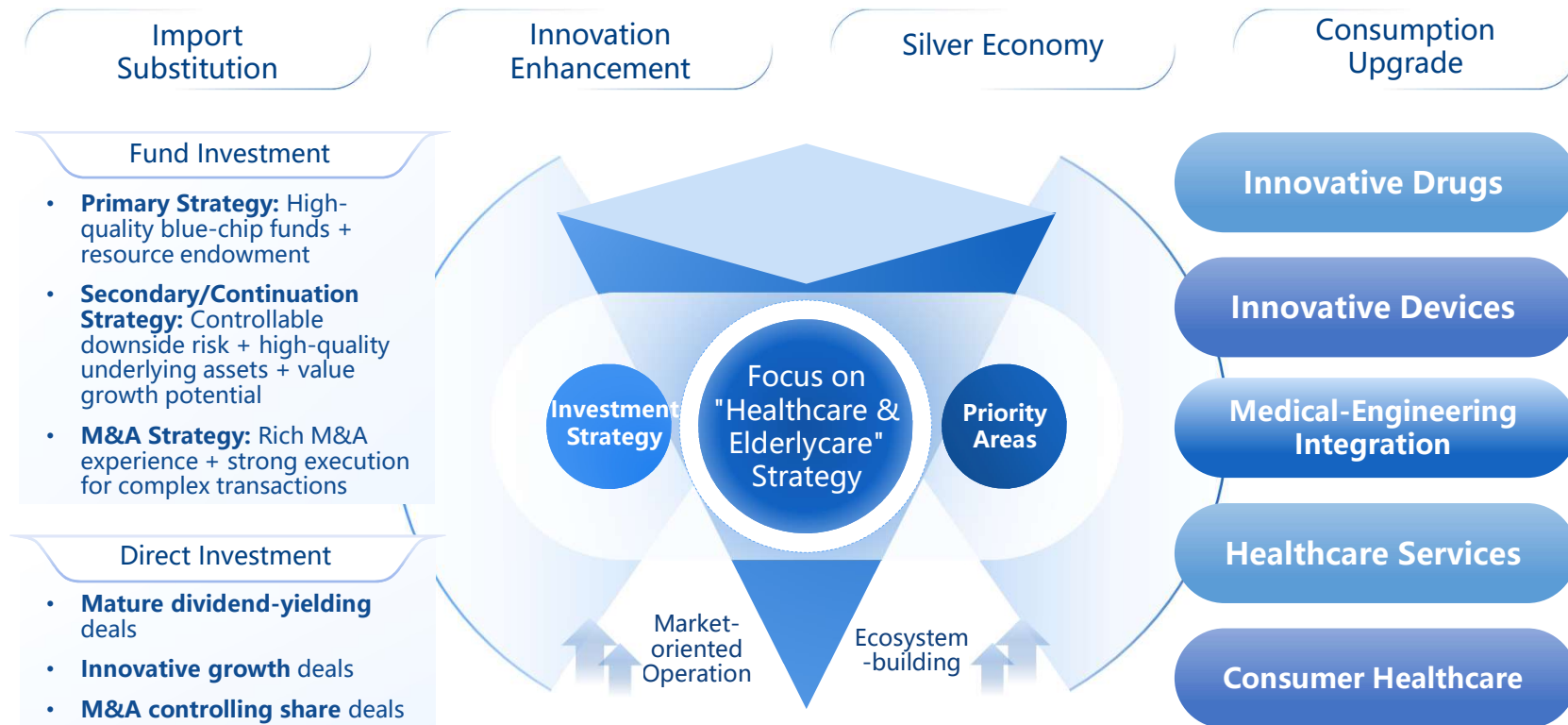
Steady allocation in short term, growth seeking in medium term and forward-looking deployment in long term



Establish a multi-strategy fund product system to seize opportunities in key areas



Deepen investment in healthcare ecosystem to capture emerging growth opportunities



Deepen investment in healthcare ecosystem to capture emerging growth opportunities



Investment value in new drugs is gradually being realised

Underlying innovative drug deals covered:
over **300**

Overseas
BD deals
nearly **50**



Total transaction
value
USD8.4bn



Total transaction
value
USD5.2bn



Total transaction
value
USD4.23bn

M&A deals
9



Acquired by Danish
drug firm Genmab
for USD1.8bn



Wholly acquired by
Sino Biopharm
(1177.HK) for nearly
USD950mn

IPO deals
Approx. **30**



Continuous Enhancement of Investment in Industrial Chains

**Brain-
Computer
Interface**



Leading enterprise in China's
BCI field

**Artificial
Heart**



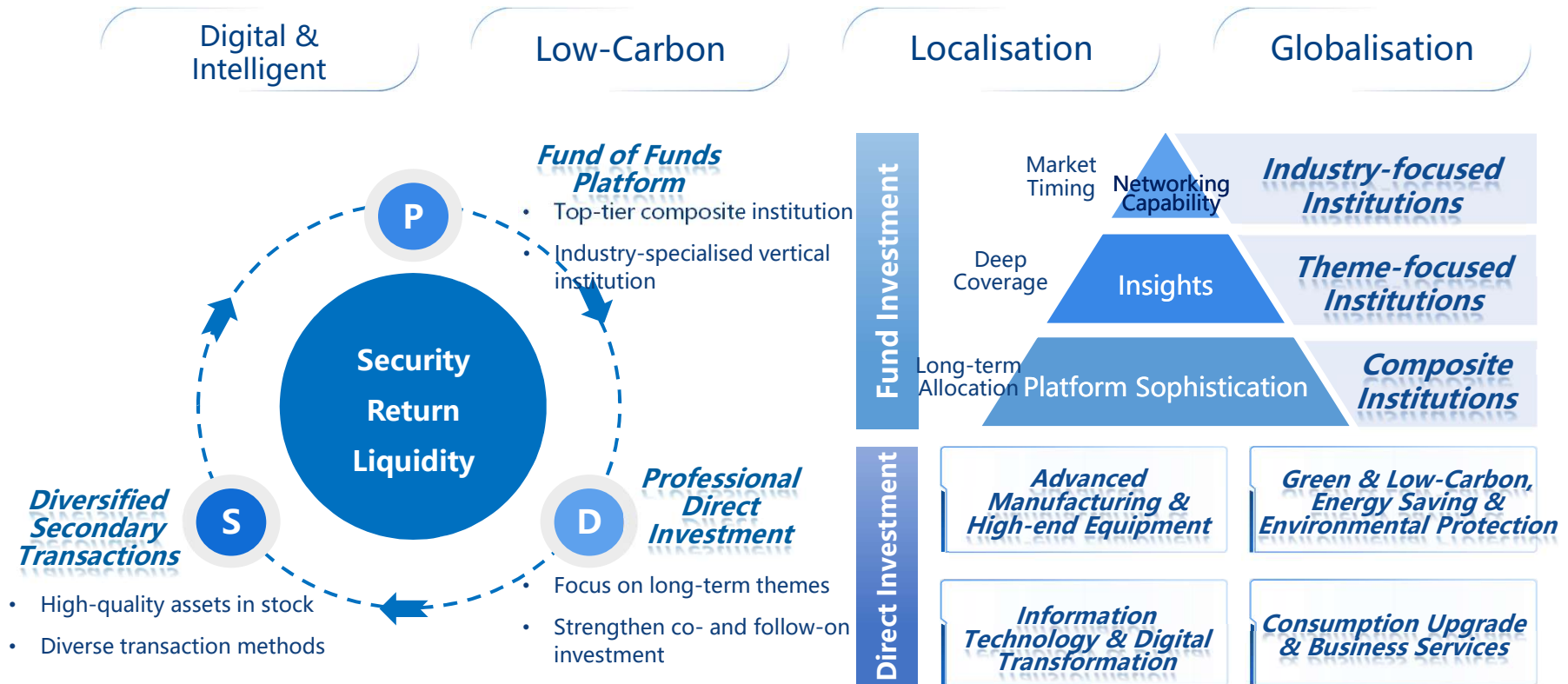
1st innovative medical device
company whose IPO application
was accepted after resumption
of STAR Market's 5th edition
listing criteria

**Surgical
Robots**



Iconic leading enterprise in
China's surgical robot field

Focus on new quality productive forces, fostering virtuous cycle of technology, industry and finance



Focus on new quality productive forces, fostering virtuous cycle of technology, industry and finance



Build an innovative ecosystem of "Long-term Capital + M&A Integration + Resource Alignment"

In June 2025, CPIC officially launched its Strategic Emerging Industries M&A Fund

Target Size: 30bn yuan
First Close Size: 10bn yuan



Support strategic emerging industries, serving high-quality development of the real economy

- Participate in development of M&A Fund Matrix, facilitating SOE reform and industrial upgrading

- Leverage long-term insurance funds and serve the real economy with patient capital

- Promote asset diversification and enhance core functions of ALM

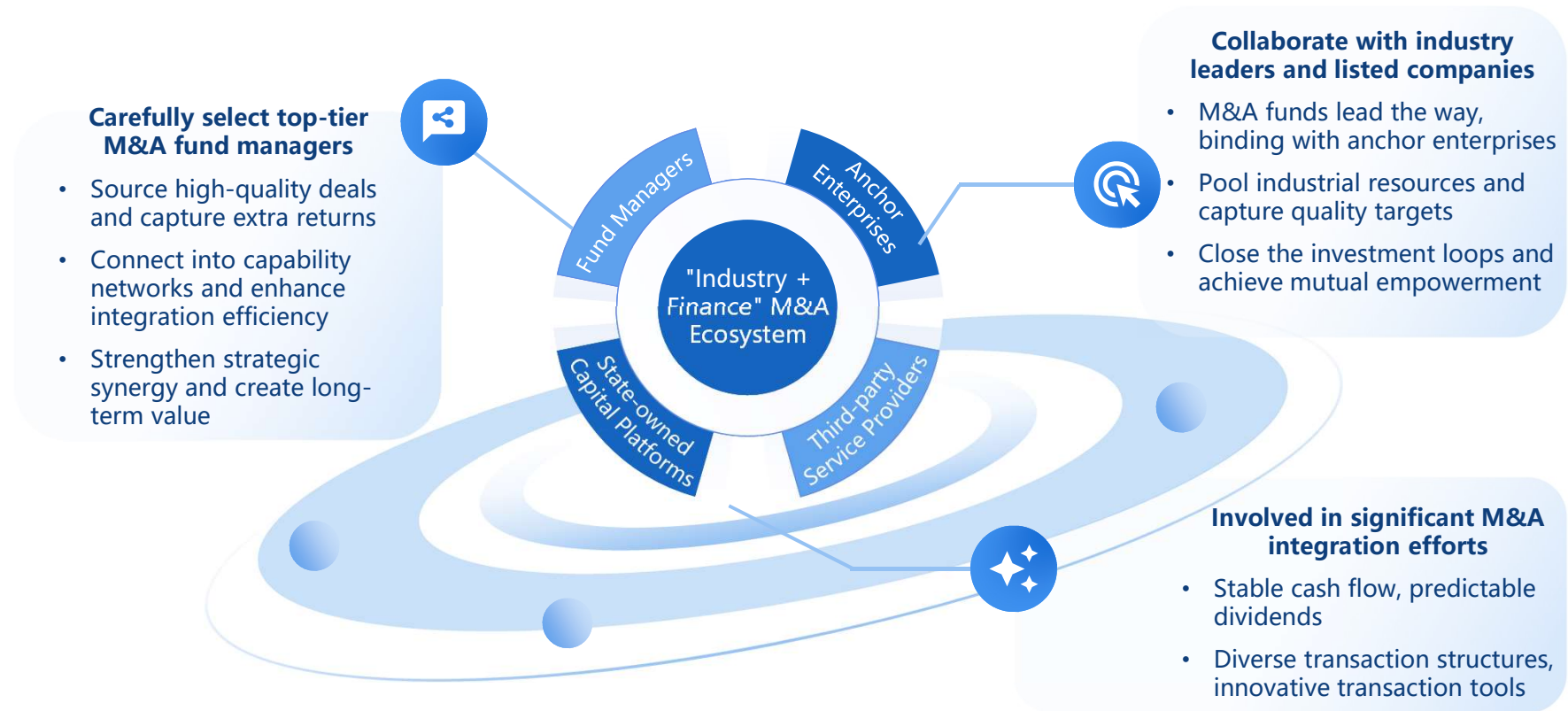
Adhere to innovation-driven development, exploring new models of M&A investment by insurance fund

- Leverage leadership of SOEs in allocating "Long-term Capital"

- Facilitate industrial value enhancement via M&A

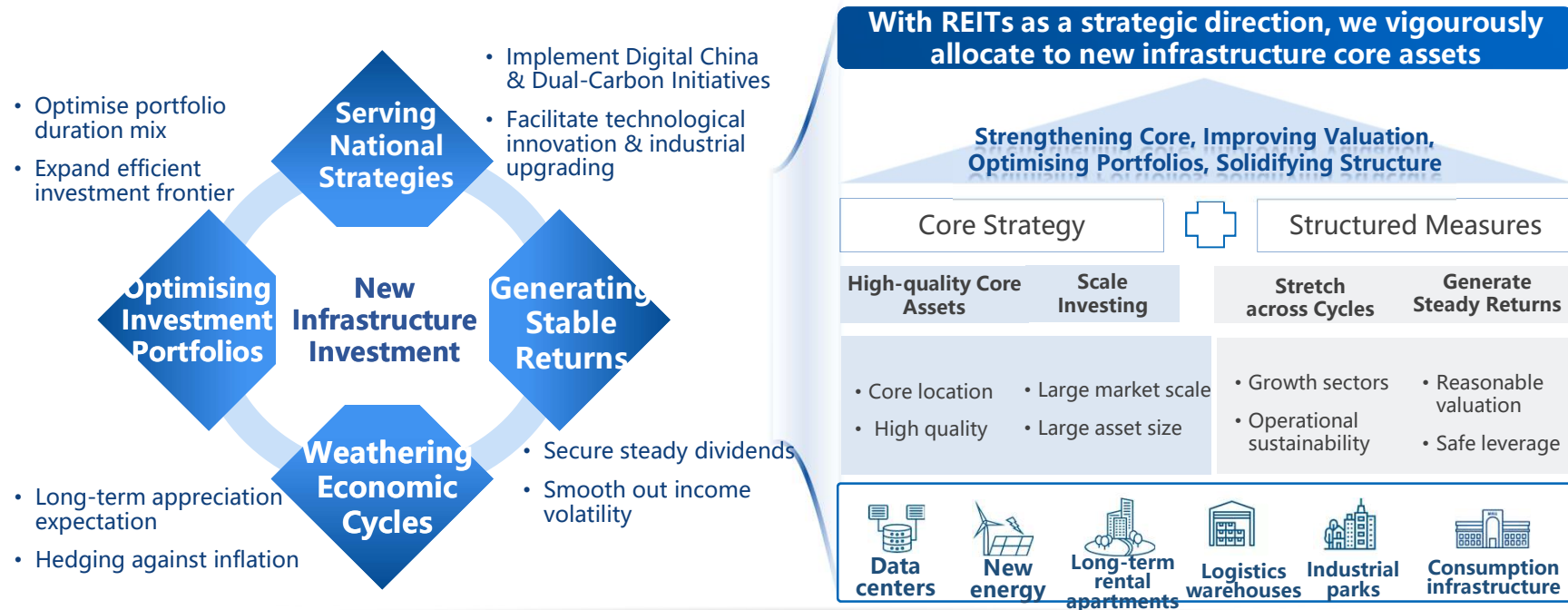
- Build an ecosystem of empowerment based on alignment of resources

Build an innovative ecosystem of "Long-term Capital + M&A Integration + Resource Alignment"

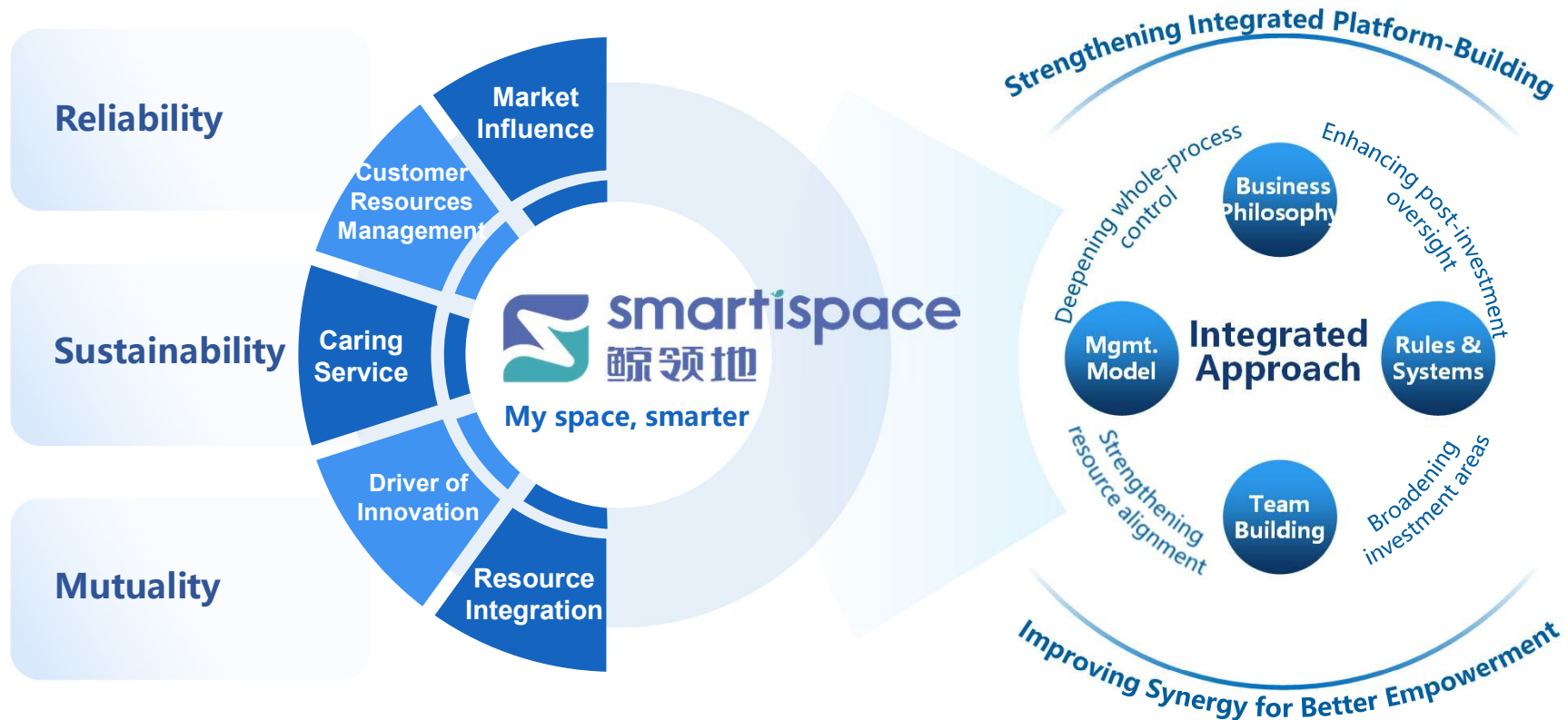


Leverage advantages of patient capital and proactively deploy assets in core assets of new infrastructure sectors

- In alignment with the strategic guidance of REITs, we focus on core assets of new infrastructure, adhering to an investment strategy that seeks to “**strengthen core assets, reinforce, optimise portfolios and refine structures**” to achieve steady returns across cycles.



Build an integrated platform with holistic operational capacity to empower performance enhancement of underlying assets



Thanks!