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24 April 2019

Report to the Communication Workers Fund with-profits policyholders from the With-Profits Actuary

Dear policyholders

As the With-Profits Actuary ("WPA") for Forester Life Limited ("Forester Life"), it is my responsibility to advise the Board of Forester Life on the key aspects of discretion that it exercises on with-profits business in the course of its management of the Communication Workers Fund (the "CW Fund").

Under the rules of the Financial Conduct Authority ("FCA"), I am required to report annually to the with-profits policyholders of the CW Fund on the Board's exercise of discretion in relation to that business for the period covered by the report, and whether, in the course of the exercise of discretion, the Board has taken account of the interests of the with-profits policyholders in a reasonable and proportionate manner.

Forester Life published an updated Principles and Practices of Financial Management ("PPFM") for the CW Fund on 1 November 2018, and this is available on Forester Life's website. As a summary of the key changes, the PPFM was updated as follows:

- To reflect the change to asset shares being calculated separately for each individual policy, whereas previously they had been calculated for sample with-profits policies;
- The target range for pay-outs as a percentage of asset share was increased from a range of 90% to 110% to a range of 80% to 120%;
- The target proportion of the assets in the CW Fund that should be invested in equities or similar investments was increased from 40% to 50%;
- Wording was changed to reflect the fact that the CW Fund's assets, with the exception of direct holdings of property, are now managed by Schroders Plc and not an in-house investment team; and
- The wording describing the use of derivative instruments was changed to reflect the restrictions and guidelines provided to Schroders Plc by Foresters.

I have based my considerations on compliance with the PPFM during 2018 on this updated version.

I have considered the annual report from the Directors of the CW Fund to with-profits policyholders.

In my opinion:

- The report is a fair reflection of how the with-profits business has been managed during the year;
- The discretion exercised by the Forester Life Board in respect of the CW Fund in 2018 may be regarded as having taken the interests of the with-profits policyholders into account in a reasonable and proportionate manner; and
- Forester Life has, in all material respects, complied with the PPFM in 2018.



In reaching this opinion, I have relied without verification upon the accuracy and completeness of the data and information provided to me by Forester Life. I have also taken into account the relevant rules and guidance issued by the FCA and the Prudential Regulation Authority, and applicable standards issued by the Financial Reporting Council and the Institute and Faculty of Actuaries.

Sincerely,

Oliver Gillespie, FIA
With-Profits Actuary for Forester Life Limited