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Report to the Forester Life With-Profits 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 Forester Life With-Profits Fund (the "WP Fund").

Under the rules of the Financial Conduct Authority ("FCA"), I am required to report annually to the with-profits policyholders of the WP 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 WP 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 to state that:

- All investment management is now outsourced to Schroders Plc;
- Investment in exchange-traded equity index futures contracts is permitted;
- The timeframe for adjusting the level or mean term of the WP Fund's fixed interest securities so that they remain in line with the requirements of the PPFM is 6 months (it was previously 3 months);
- The proportion of the WP Fund that may be invested in fixed interest investments is in a range of 43% - 53% (it was previously 48% - 58%);
- The maximum proportion of fixed interest investments allowed with a BBB rating is 20% (it was previously 10%);
- Annual bonus rates may be reduced in order to increase the percentage of enhanced asset share payable on claim, and the same percentage change in annual bonus rates would be used for all policies; and
- The change in the percentage of enhanced asset share payable on claim from one period to the next will be limited to five percentage points.

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 WP 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 WP 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