NOTICE TO MEMBERS

AMENDMENTS TO BENEFIT FUNDS RULES MADE DURING 2020/21 – SUMMARY

APRA APPROVAL DATE: 23 DECEMBER 2020

As advised in Futurity's Explanatory Notice to Benefit Fund Members dated 29 January 2021 regarding the ASG Funds Restructure, certain Clarifying Rule Amendments were required as part of the process.

These Clarifying Rule Amendments only relate to the Scholarship Plan type products and encompassed:

- **Unclaimed or unpaid monies** – these amendments were needed for some funds for proper identification and administration of applicable monies and for others, appropriate inclusions for inadequate or absent treatment for unclaimed or unpaid Member Benefits;
- **Reclassification of Benefit Fund type** – from Defined Contribution to Defined Benefit. This reclassification was required to properly describe the defined benefit or formula-based workings of these types of products;
- **Surplus distribution rule** – amendments needed for uniformity and for some rules rectification of distribution processes;
- **Expanding authorised investments** – removed certain authorised investment restrictions so as to allow 100% cash holdings. This facilitated investment operation efficiencies and streamlining, not only across Benefit Funds, but for the many investment Scholarship Pools separately managed within them;
- **Deleting certain outdated or incorrect asset classifications** – this only applied to certain New Zealand ASG Transferring Funds;
- **Effecting Benefit Fund new business closures** – the Funds will continue operationally, but will be closed to adding new Members and no further policies will be issued; and
- **Clarifying when Memberships ceases** – these were designed to clarify when a Member's interest in the Fund ceases.

Nineteen of the Scholarship Plan Funds essentially required the same Clarifying Rule Amendments. The rules of the Single Premium Part B Flexible Insurance Fund – Rule 38 were only amended to allow for new business closure and to allow for expanded cash investments as referred to above.

The rules of two Pathways Fund Group funds – Rules 65 and 66 did not need any amendment.

All Rule amendments took effect at the APRA approved Restructure Date, on 23 December 2020.

Should you have queries or concerns regarding the Restructure or your investment, please contact the Futurity Customer Care Team on 131 274 or by Email: investorcare@futurityinvest.com

NOTICE TO MEMBERS

AMENDMENTS TO THE MASTER PRODUCT RULE – FUTURITY MULTI-BONDS COMPRISING BOTH THE TRANSFERRING FUNDS AND THE RECEIVING FUNDS TO GIVE EFFECT TO THE RESTRUCTURE – SUMMARY

APRA APPROVAL DATE: 23 DECEMBER 2020

As advised in Futurity's Explanatory Notice to Benefit Fund Members dated 29 January 2021 regarding the ASG Funds Restructure, certain Rule Amendments were required to give effect to the Restructure. The Restructure process and the Rules amendments enabled the following:

- Transferring Funds to proceed with the Restructure so as to constitute each of them as a Benefit Fund under the Master Rules;
- Each ASG Transferring Fund, being merged into an identically named approved benefit fund referred to as the Receiving Fund (Prior to the Restructure, all the Receiving Funds had no Benefit Fund Members, assets or liabilities);
- Merging on an "in specie" basis, meaning the total assets, liabilities and undertakings of each ASG Transferring Fund has been merged unaltered with its corresponding Receiving Fund; and
- Each Receiving Fund continuing to operate in the future upon an "as was basis". This means they operate under the same ASG Transferring Fund rules, subject to minor operational changes called the "Clarifying Rule Amendments".
- In summary, each ASG Transferring Fund has been merged with its corresponding Receiving Fund with mirror image rules (basically unchanged) except for the Clarifying Rule Amendments needed to facilitate the Restructure.

Should you have queries or concerns regarding the Restructure or your investment, please contact the Futurity Customer Care Team on 131 274 or by Email: investorcare@futurityinvest.com

NOTICE TO MEMBERS

FAMILY PROTECTION FUND – RULE 32 AND CONTINGENCY FUND – RULE 39 AMENDMENTS TO BENEFIT FUNDS RULES – SUMMARY

APRA APPROVAL DATE: 24 MAY 2021

AUTHORISED INVESTMENTS RULE AMENDMENTS

A review of the Family Protection Fund – Rule 32 and the Contingency Fund – Rule 39 (Insurance Benefit Funds) was undertaken with the aim of streamlining the Insurance Benefit Funds' investment parameters and achieving operational efficiencies.

These measures were achieved by amending the Insurance Benefit Funds' authorised investments Rules. This was fully supported by the Appointed Actuary confirming that Members will not be disadvantaged or adversely impacted by the proposed amendments.

The rule amendments enable the Insurance Benefit Funds to each simply hold units in an externally managed Australian Cash Trust. The streamlined restructure of the authorised investments will result in two Australian Cash Trust investment accounts: one for each of the Contingency Fund and Family Protection Fund, rather than eight separate structures, some with multiple investments, compliance and reporting obligations. This will significantly reduce workloads and not impair returns.

The rule changes allow investments in Australian fixed and floating interest-bearing securities with a credit rating of BBB- or higher, thus retaining an investment grade rating of each security and reducing the credit rating of short-term debt securities from Moody's Prime 5 to Prime 3 (equivalent to Standard and Poor's of A-3).

This small shift in risk profile, is more than offset by a much simpler structure, less administration time and cost and lower accounting, actuarial, audit and bank fees.

Furthermore, the rule changes now enable an increase to the maximum allocation to cash and deposits from 80% to 100% of total assets.

Additional benefits from the changes are improved liquidity and expected marginally higher returns given the additional breadth of opportunities available to external investment managers. The two Funds are relatively small with total assets of ($5.6 million). These Funds are not investment-type benefit funds but are there to provide cover for members in certain circumstances.

The Appointed Actuary has advised that no unfairness to members results from changes to the Benefit Fund rules and the investment strategy proposed as there is no change to the benefits due to members.

The changes in investment strategy are not expected to have a material impact on Futurity's ability to pay claims to members.

Should you have queries or concerns regarding the Restructure or your investment, please contact the Futurity Customer Care Team on 131 274 or by Email: investorcare@futurityinvest.com