



Results of the 2011 Annual General Meeting.

The Family Investments 2011 AGM held at the Brighton Metropole Hotel on 27th May was attended by 81 members.

The Chairman opened the meeting by welcoming everyone present and the script of his speech is appended below. This was followed by an Investment Review presentation by John Bearman, Chief Investment Officer of Santander Asset Management.

10,228 members voted by proxy this year, a decrease on last year's total of 12,275.

The Chairman and Chief Executive answered questions regarding the Report and Accounts 2010, the future of the Child Trust Fund, the Post Office ISA, the director's remuneration, and the staff pension scheme and fund performance.

The Chairman proposed each of the formal resolutions and asked for a show of hands. He announced the result of the show of hands, and the results of the proxy votes.

All resolutions were passed with a majority votes on a show of hands at the Meeting.

Proxy votes

Total number of proxy votes returned – 10,228

Votes cast	Number of votes for	Number of votes against	Number of votes abstain	% in favour
Ordinary resolutions				
Approve the financial statements	10,031	97	97	99.04%
Approve the directors' remuneration (advisory vote)	8,860	1,037	327	89.52%
Re-appoint Mazars LLP as auditors	9,792	287	144	97.15%
Election / re-election of Directors				
Robert Weir	9,621	392	213	96.09%



Rob Edwards	9,639	394	194	96.07%
Keith Meeres	9,641	381	204	96.20%
Norman Riddell	9,580	431	215	95.69%

The Chairman's opening speech.

Family Investments Annual General Meeting, 27th May 2011

Good morning ladies and gentlemen and welcome to the 37th Annual General Meeting of Family Assurance Friendly Society Limited.

My name is Robert Weir, your new Chairman. When Harper Lee the famous American author of *To Kill a Mockingbird* was asked to speak at a local literary awards ceremony in 2007 she declined saying "it's better to be silent than to be a fool". Well those of you who are frequent attendees may realise that I have been following that dictum for the past number of years – you will have seen me up here on the dais, but never heard from me. Obviously, I'm hoping to prove Harper Lee's aphorism wrong but one person in the room today who certainly PROVED that comment to be incorrect is Robert Dolman, who retired as your Chairman at this event a year ago. It is often the Chairman's role to preside at the time of his own departure, which makes it difficult for the Members of an organisation to express their appreciation at that time. Robert always enjoyed a special rapport with the Members, especially at this event, and I am sure you will want to join me in expressing our appreciation to Robert for all he has done for our Society over the years.

Down to business. On my far left is Rob Edwards, Executive Director and our Chief Operating Officer. Next to him is Ian Buckley, Non Executive Director, next is Miles Bingham, Business Development Director, next is Norman Riddell, Vice Chairman and Chairman of our Investment Committee. Now to my right is John Reeve, Chief Executive, next is Veronica France Non Executive and Chairman of the Remuneration Committee, next is Peter Box, Non Executive and Chairman of the Risk and Audit Committee, next John Adams, Finance Director and finally Keith Meeres our Corporate Services Director.

The format for today is for me to talk to you about how the business has performed over the past year and our plans for the future. I will then ask John Bearman of Santander Asset Management to make a presentation on Investment Strategy and then it will be your turn to question me, or if you so choose, any other member of the Committee with



regard to our management of the Society. After that I will put the formal resolutions to the meeting and then invite you all to join us for lunch following the closure of the formal proceedings.

I am pleased to report that 2010 was a good year for the Society and its members. The funds we manage grew by over £1 billion and the membership now exceeds 1¾ million people.

The result was especially pleasing as it was achieved by the Society developing its business base and broadening the products and services it offers. So not only did we continue our leadership of the children's savings market through records sales of the Child Trust Fund but also in partnership with the Post Office we established Family as a major provider of Cash ISA's.

Naturally we were very disappointed that one of the first acts of the new coalition government was to announce its intention to terminate the Child Trust Fund scheme for children born after the 2nd January 2011. Whilst we recognise that there was a clear need to reduce government expenditure, we and other providers, had advised how significant cost reductions could have been achieved in the CTF whilst keeping the essence of the scheme in place. All our protestations fell on deaf ears and I regret that at times logic can be supplanted by political expediency in the country's decision making.

Perhaps the best personal lesson I learnt from this experience is that the art of good chairmanship is timing. Last year's AGM was held a week earlier than this year on Friday 21st May. Robert Dolman retired that day. My first day as Chairman was on Monday 24th May when the Government leaked through the august pages of the Daily Mirror's business section the closure of the Child Trust Fund scheme! It is a tribute to the resilience of your Company that despite that announcement our embedded value, which is a commonly used measurement of the value of long term savings institutions such as ours, actually increased in the year. That is down to the investments we have made in the past towards developing other business streams and products.

More happily the Government has more recently announced the creation of the Junior ISA savings scheme which maintains a number of the features of the Child Trust Fund but with no Government contribution to encourage the savings habit.

Junior ISA's are planned to be available from 1st November this year and, unlike some in the savings community, Family is already well advanced with its plans to be ready on day one.

The scheme has a savings limit of £3000 per year which will give parents a way to save significant sums to meet amongst other things the rising costs of University education and will be available to all children who are not entitled to a Child Trust Fund. As such the Junior ISA could become a significant part of a family's savings portfolio in the years to come.



I am pleased to say that the Child Trust Fund will remain fully in force for those lucky enough to already have one and the saving limit will also be raised to £3,000 per annum in line with the Junior ISA. The Society already manages over one and a quarter million CTFs and we will continue to encourage and make it easy for parents, grandparents and others to add to their child's savings.

Indeed we wish to encourage all our members to continue the savings habit not only in conjunction with our partner offering competitive rates on the Post Office Cash ISA but also through our traditional Family and Junior Bonds where many members are choosing to extend their savings beyond the initial term of the policy.

I am pleased to say that the Society's strategy to keep the majority of its administration in-house rather than outsource it to external providers has continued to allow us to provide a flexible and responsive service to members and to launch new products and services in a timely fashion.

We cannot claim that we always get it right first time but our aim is to be responsive to the concerns of our members and deal with those concerns promptly. No doubt you will tell me whether you think we are achieving this when the time comes for questions.

Of course one of the principal concerns of members is the return you get on the money you entrust with the Society and John Bearman of Santander Asset Management will shortly present how we go about looking after your money. Suffice it to say that last year most of our managed funds achieved returns of between 9% and 11% after charges. The returns on cash funds were of course, much lower reflecting the fact that bank base rate has remained at 0.5% per annum for more than 2 years.

The future is always difficult to predict, however I believe that your Society is well equipped to meet new challenges and identify opportunities to build the business in the interests of its members. We therefore view the future of your Society with confidence.

Finally I would like to thank on your behalf the staff here in Brighton whose dedication and enthusiasm underpin our business but most of all I would like to thank you the members for your continued and valued support of the Society.

Thank you ladies and gentlemen that concludes the formal part of the meeting but just before we go to lunch I would like to tell you of our plans for next year's Annual General Meeting which will be held on 25th May 2012 at the splendid new Amex Stadium, the brand new home for the Brighton football team, which is situated close to Brighton's two universities.

The venue has ample free parking, Falmer railway stadium is close by and there is a frequent bus service from the centre of town.

I look forward to welcoming all of you to the Amex Stadium next year.