

FAMILY ASSURANCE FRIENDLY SOCIETY LIMITED
Investment Sub-Committee

This Committee is a Sub-Committee of the Committee of Management and is so constituted.

TERMS OF REFERENCE

Purpose

To give strategic direction to the investment policy of the Family Investments Group and to review and monitor the activity and performance of the external investment managers. To appoint and terminate satellite investment managers and to make recommendations to the full Committee of Management on the appointment and termination of the core manager.

Scope

1. Set and review regularly investment guidelines, objectives, asset allocation benchmarks and the Investment Management Policy (including a review that counterparty, credit, liquidity and market risks are within the risk appetite established by the Committee of Management) in respect of each fund. Make asset allocation decisions of up to 15% of the fund.
2. Set appropriate performance benchmarks for each fund and review regularly performance relative to those benchmarks (but with the clear understanding that the Investment Manager is accountable for performance).
3. Review overall investment strategy focusing on macro-economic conditions and their translation into financial asset returns.
4. Review adherence to regulations, policy and Investment Management Agreement.
5. Meet with the external actuary at least once per annum to review and approve recommendations as regards the Non Linked funds and, where necessary, review the investment strategy of other funds.
6. Report promptly to the Committee of Management any material departure, failing or potential failing of the Investment Management process or Investment Manager; any material concerns as regards investment risks that ought reasonably be drawn to the attention of the Committee of Management.
7. Seek approval of the Committee of Management to any proposal to: materially alter the Investment Management process or objective of any fund, change the core fund manager.

Appoint and terminate external satellite managers, i.e. Absolute Return, property, emerging markets, cash, Far East.

8. Appoint, with approval of the Committee of Management, external experts as appropriate to help in the performance of its duties.

Frequency: Approximately every six weeks

Location: Capital Club, 15 Abchurch Lane, London, EC4N 7BW

Members: One external advisor, Chairman, Chief Executive, Mr. N. Riddell (Chairman), and Mr. I. Buckley. Other Investment personnel/managers may be invited to attend as appropriate.

Report: Reports of the Investment Manager and minutes of the Committee meetings shall be tabled at each meeting of the Committee of Management.