

Shepherds Friendly Society AGM

Tuesday 7th July 2015 - 6.00pm

Attendees from Shepherds Board of Management

Joanne Hindle (Chairman)
Ann-Marie O'Dea
Kim Harris
Geoff Ross
Nemone Wynn-Evans

Tim Robertson (Company Secretary)

The meeting was quorate.

The Chairman welcomed everyone to the 189th Annual General Meeting of the Shepherds Friendly Society.

The meeting notice was read by the Company Secretary.

The independent Scrutineer was Mr Barry Smith

The Chairman addressed the audience with the following;

There was little change in 2014 to the pattern of economic recovery in the world. The UK continued to strengthen slowly with unemployment falling, Gross Domestic Product improving and interest rates remaining at a record low. A similar pattern applied in the USA. On the downside, the Chinese economy, whilst still growing, slowed down considerably and this had a knock-on effect across the world as Chinese demand for raw materials weakened and demand for their manufactured goods fell.

The most difficult economic problems remain those of the Eurozone, which has been slow to adopt fiscal remedies such as Quantitative Easing. Towards the end of the year, many of the major European economies were approaching deflation and the added risk of Greece leaving the Euro currency was emerging.

Other major events appeared which affected the world economies and will continue to do so for some time. Paramount amongst these were war in the Ukraine, the emergence of Islamic State and the collapse in the price of oil.

Set against the above back-drop, investment markets did reasonably well in 2014. Major indices, including those of the USA, Japan and Germany made useful gains but unfortunately, at year end, the FTSE 100 was down almost 3% on the previous year.

The Shepherds' long term insurance fund is invested across a range of asset classes and this helped to offset the underperformance in our equity share portfolio, which is largely invested in the UK

market. The fixed interest portions of our investment portfolio showed a gain of 11.3%, and the equity portfolio a return of 5.2%. The fund, as a whole, achieved a return of 7.6%.

In terms of premium income growth of the in – force regular premium income was again higher than in 2013 at plus 10.1%.

Turning now to operational business matters, the Society had an excellent year. New business premiums on an annualised basis increased by 71%, total business premiums increased by 10%, and total operational costs although within the planned budget were 24.6% higher than 2013.

The increase in operating costs was driven by the growth in new business volumes and the associated acquisition costs, increased costs of regulation and governance and an increase in the costs of claims handling.

It is of strategic importance that the Society continues to sell a material volume of new With–profits business and we are pleased to confirm we were particularly successful in this respect in 2014 by virtue of increased take up of our ISA product.

The Society has continued to make good progress over the past twelve months, when investment conditions have remained challenging. This has meant that we have been able to award our members an annual bonus for the twelfth consecutive year and maintain rates at current levels set in 2013.

The Society has maintained the required margin of solvency in accordance with PRA regulations. I can confirm on behalf of the directors that the business is a going concern as evidenced in the Annual Report and Accounts which in our view, and taken as a whole, provides information which gives a fair, balanced and understandable view of the Society's performance, business model and strategy. The Free Asset Ratio at the end of the year had improved to a level of 8.5%.

Geoffrey Spencer retired from his role as CEO at the end of 2014 and left the Society on 15th January 2015. The Board wish to thank him for the valuable contribution he has made to the Society's success over recent years, and wish him all the very best in his retirement.

The Chairman then moved to the formal business of the day.

Resolution 1:

To receive the Annual Accounts for the financial year ended 31st December 2014, the Report of the Board of Management and the Auditors' Report.

Proposed by – J Hindle

Seconded by – A-M O'Dea

With no questions coming from the floor, the Chairman asked for a formal vote on the acceptance of resolution number 1.

The result of the voting was:

	For	Against
Chairman's Proxy	369	0
Members votes received	286	8
Show of hands	1	0
TOTAL	656	8
Votes withheld	21	

The Chairman declared resolution 1 carried by **648** votes.

Resolution 2: Board Appointment

That Mrs Joanne Hindle be re-elected as a Non-Executive Director of the Society.

Proposed by G Ross
Seconded by K Harris

The result of the voting was:

	For	Against
Chairman's Proxy	369	0
Members votes received	282	18
Show of hands	1	0
TOTAL	652	18
Votes withheld	15	

The Chairman declared resolution 2 carried by **634** votes

Resolution 3: Board Appointment

That Mr Geoffrey Ross be re-elected as a Non- Executive Director of the Society.

Proposed by N Wynn-Evans
Seconded by A-M O'Dea

The result of the voting was:

	For	Against
Chairman's Proxy	369	0
Members votes received	280	22
Show of hands	1	0
TOTAL	650	22
Votes withheld	13	

The Chairman declared resolution 3 carried by **628** votes

Resolution 4: Board Appointment

That Mrs Nemone Wynn-Evans be re-elected as a Non- Executive Director of the Society.

Proposed by G Ross

Seconded by J Hindle

The result of the voting was:

	For	Against
Chairman's Proxy	369	0
Members votes received	282	19
Show of hands	1	0
TOTAL	652	19
Votes withheld	14	

The Chairman declared resolution 4 carried by **633** votes

Resolution 5: Board Appointment

That Mr Barry Bibby be elected as a Non- Executive Director of the Society.

The Chairman confirmed that Barry has a career history which the Board are satisfied will enable him to perform the role of Non –Executive Director to the benefit of our members.

Proposed by N Wynn-Evans

Seconded by G Ross

The result of the voting was:

	For	Against
Chairman's Proxy	369	0
Members votes received	285	14
Show of hands	1	0
TOTAL	655	14
Votes withheld	16	

The Chairman declared resolution 5 carried by **641** votes

Resolution 6: Board Appointment

That Mrs Justine Morrissey be elected as an Executive Director of the Society.

The Chairman advised that Justine joined the Society in 2012 and is the Head of Finance and Risk. A prime focus within her role is heading up the implementation of Solvency II for the Society.

The Chairman confirmed that the Board are entirely satisfied with her performance and her capability to fulfil this role.

Proposed by J Hindle
Seconded by K Harris

The result of the voting was:

	For	Against
Chairman's Proxy	369	0
Members votes received	277	20
Show of hands	1	0
TOTAL	647	20
Votes withheld	18	

The Chairman declared resolution 6 carried by **627** votes

Resolution 7: Appointment of Auditors

To re-appoint Moore Stephens as Auditors of the Society until the conclusion of the next Annual General Meeting.

Proposed by A-M O'Dea
Seconded by G Ross

The result of the voting was:

	For	Against
Chairman's Proxy	369	0
Members votes received	282	13
Show of hands	1	0
TOTAL	652	13
Votes withheld	20	

The Chairman declared resolution 7 carried by **639** votes

On the conclusion of the voting on the Resolutions, the Chairman asked if there were any other issues or questions?

There were no other issues or questions raised.

The Chairman confirmed that the business of the meeting was concluded and declared the meeting closed.

The Chairman thanked the Members for their attendance.