

Portfolio **Enhancements**

Argus Select Funds • Frequently Asked Questions

Transition

1. What is happening?

The structure of the Argus Select Funds and the underlying investments will be changed to reflect evolving global best practices. Your account will be automatically transferred to the new Argus Select Funds structure based on your existing risk profile.

2. Why are you changing the Argus Pension Product?

AFL Investments Limited (“AFL”), the investment manager for the Argus Select Funds, regularly reviews our funds to ensure that they are appropriate for current and future market conditions and performing in line with our expectations. Following a recent review, AFL has recommended significant modifications to the Funds to improve investment performance and lower fees. With the new Argus Select Funds structure, our performance will be measured against relevant global peer groups, consistent with global best practice.

3. When will the new Argus Pension Fund structure be available?

The new Argus Select Funds will be available in April 2016.

4. What will be different in the Argus Select Funds?

The new Funds are focused on providing three core deliverables:

- **SIMPLIFIED OPTIONS:** The total number of managed investment strategies will be reduced from nine to five by consolidating the Capital Preservation and Traditional fund options. This consolidation will make it easier for you to understand and select the best investment option based on your individual risk profile.
- **LOWER FEES:** A simpler structure means lower fees and we are passing those savings onto you. The significant reduction in investment fees means you will retain more of the investment return, which is a key contributing factor in creating wealth over time.
- **BETTER PERFORMANCE:** The funds are now designed to track their target benchmarks more closely with our desired objective of performing in the top 1st or 2nd quartile of our relevant global peer group. We will measure performance against a global universe, not just locally.

5. What types of funds will be available?

We will continue to offer a broad range of investment strategy options from Conservative to Aggressive. The new Argus Select Funds will continue to provide excellent diversification with a larger portion now in benchmark tracking funds. The Funds will include a combination of traditional equity, fixed income, real estate and opportunistic asset classes. These cover the US, international and emerging markets with allocations based on risk tolerance.

Our Guaranteed Account will continue to be available as an option for members who prefer a no-risk option.

6. What do I need to do to take part in the new Argus Select Funds?

You will not be required to do anything. Argus Pensions will map your account to the corresponding strategy in the new Argus Select Fund offering based on your existing risk profile. You can always reassess your risk tolerance and select a new fund strategy at any time.

7. When my investments transfer to the new fund structure, will I lose any value during the transaction?

No, not at all. We will transfer your existing portfolio to the corresponding strategy in the new Argus Select Funds portfolio and there will be no transfer costs associated with this transaction. Your total market value will not decrease as a result of the transition. e.g. if the total market value of your portfolio is worth \$75,000 on the day of transition, Argus Pensions will subscribe the full \$75,000 in the corresponding new fund strategy on the day of transition.

For illustrative purposes only, here is an example:

- *The net asset value (NAV) of the old share classes will be calculated on the day of transition as usual.*
- *Let's assume the member has 500 shares valued at \$150.00 per share in the old share class for a total value of \$75,000.*
- *Assume the NAV for the new shares will be \$100 per share.*
- *The member will now own 750 shares at \$100 per share in the new share class for a total value of \$75,000.*

8. How will my fees be impacted?

Fees have been reduced substantially. This fee reduction is two-fold:

- a) AFL has reduced its investment management fee
- b) The expense ratio of the underlying managers has been reduced

The median total expense ratio has been reduced from 1.9% to 0.7%, a reduction of over half. AFL has been able to generate these significant savings by simplifying the investment structure and consolidating the holdings with fewer managers which provided them with greater negotiating leverage.

9. What happens next?

The change will happen automatically. The Argus Select Funds' existing share classes will be compulsorily redeemed, converted and reissued as the new share classes as follows:

Existing Share Classes	New Share Classes
Capital Preservation Conservative - Class A Traditional Conservative - Class F	Conservative - Class V
Capital Preservation Moderate - Class B Traditional Moderate - Class I	Moderate - Class W
Capital Preservation Balanced - Class C Traditional Balanced - Class G	Balanced - Class X
Capital Preservation Growth - Class D Traditional Growth - Class H	Growth - Class Y
Aggressive - Class E	Aggressive - Class Z

Your account will not be out of the market at any time as the switch from the existing Funds to the new Funds will occur on the same day. There will however be a processing delay while the conversion is done on our pension system. The valuation date for the switch to the new Funds is April 1, 2016. We anticipate that the processing for the conversion will be completed by mid-April. In the interim, contributions and investment election changes will continue to be effective on the applicable weekly valuation date. You will be able to check your contribution history on your online pension account, but the prices of the Funds and therefore the value of your account will not be updated until the conversion is completed.

Investment Performance

10. What will be the expected returns with the new Pension Funds?

We have worked with expert consultants to design a pension product that aims to deliver returns that are in the 1st or 2nd quartile of our global peer group. However performance returns are not guaranteed.

11. Will the new Argus Select Fund still protect my pension from volatility?

The Argus Select Funds will continue to be well diversified with exposure to a broad range of asset types and market sectors in order to better manage market volatility.

12. What else is Argus doing to add value to my Pension investment?

The Argus Select Funds are actively managed by AFL. To complement our existing Argus knowledge, AFL has partnered with The Bogdahn Group (“TBG”) who helped develop our new global “best-in-class” Argus Select Funds offering. They are a registered independent investment advisor and will be providing ongoing investment support to AFL. TBG has a singular focus on institutional investment consulting.

13. How does the Argus Select Fund’s performance compare to others?

In Bermuda, our performance is in-line with our peer group. However, the Bermuda peer group is extremely small, meaning the value of a direct comparison provides little value or comfort. Going forward we will also measure our performance to include relevant global peer groups, consistent with global best practices. This will provide a more relevant standard of performance measurement.

14. How can I find out more about the new Argus Select Funds?

Fund fact sheets on the new fund offering can be accessed via the Argus website, argus.bm. The new Funds are being launched effective April 1, 2016 and fact sheets for the month of April will be available by the middle of May 2016. The fact sheets will include performance and statistical data as well as details on the asset allocation and underlying holdings. Fund fact sheets are updated and posted each month.

**For more information, please call
Customer Service Centre at 441 298-0888
or email insurance@argus.bm**

Argus Select Funds are fund classes under Argus Investment Strategies Funds Limited (“AISFL”). AISFL is licensed as a standard fund under the Investment Funds Act 2006 and regulated by the Bermuda Monetary Authority (“BMA”). Investment advice to AISFL is provided by AFL Investments Limited (“AFL”) which is licensed to conduct investment business under the Investment Business Act 2003 and regulated by the BMA. Funds utilised and available under the 401(k) option are at all times intended to be appropriately licensed and regulated in their jurisdiction and are so at the time of publication; the Argus Group makes no representation or warranty that they will remain as such. Bermuda Life Insurance Company Limited (“Bermuda Life”), commonly referred to as Argus Pensions, is a wholly owned subsidiary of Argus Group Holdings Limited (“the Argus Group”) and was formed in 1957. Bermuda Life is registered with the BMA as a long term insurer and approved as a pension plan administrator by the Pension Commission. Bermuda Life Insurance Company Limited • 14 Wesley Street, Hamilton HM 11 • P.O. Box HM 1064, Hamilton HM EX • 298-0888 • insurance@argus.bm • argus.bm

AFL has partnered with The Bogdahn Group (“TBG”). TBG is a registered investment advisor that provides independent investment consulting services. TBG provides consultation and advise on investment strategy and portfolio monitoring.

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