



### **Address by the Chairman**

In his speech the Chairman, Andreas Whittam Smith described the last financial year as a 'one-in-two-hundred year event', as it was one of the most difficult years for financial institutions since the 1930s.

In setting out the rationale behind the Board's difficult decision in declaring a zero annual bonus for 2008, Mr Whittam Smith explained that in effect the directors were saying that at this time they did not believe it was wise to add to the guarantees on policies. He explained further that the term 'bonus' in the context of with profits policies meant a guarantee which is an undertaking on the part of the Society to add a certain proportion of the gains already made on members' investments and which will be paid out at maturity regardless of what subsequently happens to stock markets. Because life and endowment policies are held in a common fund the situation could arise where the only place from which these payments could come is from other members whose policies have yet to mature and this would obviously be unfair.

Mr Whittam Smith described the Child Trust Fund savings as very different as they are very like unit trust savings except that the value of the fund can only be cashed in when the child reaches the age of 18. He pointed out that whereas no guarantees are offered regarding the final payouts, the lengthy period in which funds are invested does serve to even out fluctuations. He added that the additional regular investments made by families regardless of whether stock markets are rising or falling is a very valuable way of investing, known as 'pound cost averaging'.

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**Tunbridge Wells Equitable Friendly Society Limited was established in 1881.**

The Chairman cautioned that although 2008 had been a very difficult year which the Society had come through very well, 2009 may not be any better and he felt sceptical of the strong rise in stock markets in recent weeks. He thanked members of the Board and the staff of the Society for their work during the year.

In conclusion Mr Whittam Smith announced that it is his intention to stand down as Chairman and explained that when he accepted the appointment as Chairman he had intended to complete five years in the position. He expressed his wish to continue in office until December 2010 subject to three things, God willing, the wishes of the membership and the wishes of the Board.

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