

30 May 2017

Dear Investor,

I am pleased to inform you that I have updated Long Beach Capital's fee structure for both the Long Beach Flexible Prescient Fund and the Long Beach Managed Prescient Fund, and with effect from 1 June 2017; both funds will no longer charge a performance fee. The annual management fee of 1.25% (ex VAT) is unchanged for both funds.

Long Beach Capital's purpose is to be of service to clients through the responsible management of their investments and has the single goal which is to achieve investment growth for client assets. The decision to no longer charge a performance fee will lower the cost of investing in the two Long Beach Capital funds and will enhance client returns over time.

Long Beach Capital has a single investment view which is expressed through our two unit trust funds; the Long Beach Flexible Prescient Fund, which is intended for after-tax savings, and the Long Beach Managed Prescient Fund, which is Regulation 28 compliant and intended for pre-tax savings. The Long Beach Managed Prescient Fund can be used as an underlying investment fund in a Prescient Retirement Annuity, Living Annuity or Preservation Fund.

Long Beach Capital also offers a Tax Free Savings Account (TFSA) option via an investment into either the Long Beach Flexible Prescient Fund or the Long Beach Managed Prescient Fund. The TFSA investment is into a separate fee class in each fund and the annual management fee for the TFSA A3 fee class has been reduced from 1.5% pa (ex VAT) to 1.25% pa (ex VAT) for both funds to align with the standard A1 fee class.

I would like to thank Long Beach Capital's clients for your ongoing support and input; it is greatly appreciated and valued.

Please let me know if require any additional information.

Yours sincerely

David Hansford

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