INVESTMENT POLICY

Forever™ Guarantee Fund

Updated September 1, 2017

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I. INTRODUCTION

Our mission at Forever, Inc. (“FOREVER”, “the Company” ”we” ”us” or “our”) is to help people around the world to collect, curate, and celebrate their Memories and information throughout their lives, and then for generations beyond. To achieve this mission, FOREVER provides the world’s first guaranteed online permanent sharable storage service (“Forever Storage” or “Forever Account(s)”), where customers (“Account Owners” or “Forever Storage Account Owners”) purchase triple backed-up, encrypted, cloud storage accounts to save and share their photos, videos, journals, documents and other information (collectively “Memories”) with current and future generations.

Forever Storage™ includes the following:

- High quality cloud storage at world-class data centers, with redundant backups across multiple global locations designed to protect and preserve information for centuries.
- Leading-edge web and mobile applications to provide Account Owners with fast, easy ways to collect, curate, and celebrate as well as save, edit, organize, print, share, preserve, and protect their Memories, as well as the ability to preserve the original integrity of photos and other files.
- Industry-leading security and privacy features that enable Account Owners to secure their Memories and control what information they keep private, share with family and friends, or make publicly available.
- Legal protection of content ownership and digital rights, so that Account Owners know that their ownership of content and privacy are protected during their lives, and that they can determine who will manage their accounts after their deaths, and how their information will be shared with future generations.
- Automatic migration of content to new file formats over time, so that content can always be enjoyed in the present and future using then contemporary devices.
- The Forever™ Guarantee is a contractual commitment to each and every Forever Storage Account Owner (“Forever Storage Account Owner” or “Account Owner”) that we will preserve their content for their lifetimes plus 100 years, with a goal of many generations beyond.

To support the organization, technology, and operations needed to sustain this service over the long term, FOREVER has established the Forever™ Guarantee Fund (“FGF”). The FGF is a permanent investment fund that generates ongoing returns used to preserve Forever Accounts and fund FOREVER’s overall business.

When an Account Owner establishes a Forever™ Account with FOREVER, the Account Owner pays a one-time, up-front fee or monthly payments over a defined period that reflects the amount of Forever Storage purchased in gigabytes. When Account Owners expand their accounts by purchasing additional gigabytes of Forever Storage, they pay additional one-time fees or monthly payments for the extra capacity. FOREVER retains 37% of payments for Forever Storage as a management fee to compensate us for immediate acquisition,support, and account origination services. FOREVER transfers the remaining fees paid for Forever Storage into the FGF. Once in the FGF, these fees are aggregated with existing FGF assets, including $1,000,000 from FOREVER investors which was transferred into the FGF by FOREVER to start the fund. All funds in the FGF are restricted as defined in this Investment Policy.

The FGF is invested in a diversified global portfolio with four major objectives:

1. Maintain the real (inflation-adjusted) value of the principal over time.

2. Generate returns used to fund FOREVER's overall business and to preserve Forever™ Accounts over the very long term.
3. Preserve Forever Accounts and FOREVER's overall business through any crises (wars, economic depressions, etc.)
4. Pay any taxes, legal and investment costs.

The entire pool of assets in the FGF, including the $1,000,000 invested by FOREVER, and any growth in value over time, is restricted and cannot be used by FOREVER, except in accordance with Section IV. We make regular distributions from the FGF to fund FOREVER's overall business, including preserving Forever Accounts, and to pay any taxes, legal and investment costs incurred by the FGF. Fees paid by Account Owners are also non-refundable, except as described immediately below. While Account Owners may close an account and delete their content if they choose, they are not entitled to a refund of any amounts paid, with the exception that an Account Owner can rescind their decision to buy Forever Storage™ within 5 days of purchase and receive a full refund.

Fees paid for Forever Storage are payments for the services provided by FOREVER, including immediate acquisition,support, and account origination services. FOREVER owns the FGF, and Members do not have any interest in the FGF or a claim to its assets, individually or jointly. Instead, we manage the FGF to provide for the preservation of Forever Accounts over the very long term, and we provide a commitment to our Account Owners – the Forever™ Guarantee – which states:

> *"FOREVER guarantees that content will be preserved and accessible (using then current formats and supported devices based on FOREVER's best judgment and assessment of future technology) in your Forever Account for the lifetime of the Forever Account Owner and 100 years thereafter"* (See Section 4.1 of the FOREVER Terms of Service)

Moreover, our goal is to preserve accounts for much longer – hundreds or thousands of years – and we have set up the FGF with this goal in mind.

As part of our complete memory management platform, FOREVER provides additional products and services which are paid for by Account Owners and other customers separately from Forever Storage. These additional products and services include but are not limited to the following:

- Printing services so that Account Owners can celebrate and share their Memories stored at Forever.com through attractive photo books, calendars and other printed objects.
- Digital art that can be used by Account Owners to create attractive printed objects and other displays of their Memories.
- Media services to help Account Owners convert legacy content to high-quality digital formats, edit and organize Memories, and produce compelling photobooks, slideshows, and videos of their life stories.

* * *

The remainder of this Investment Policy describes how the FGF is and will be managed to achieve our objectives, specifically, how assets are invested and managed (Sections II and III), how distributions are calculated and how any loans are managed (Section IV), and the mechanisms we use for governance, control and review (Section V).

II. INVESTMENT OBJECTIVES AND CONSTRAINTS

The following objectives and constraints form the investment mandate for the FGF:

A. Return Objective

Over the long term, the objective of the FGF is to produce a minimum real (inflation-adjusted) after-tax return of at least 4% per annum, to fund the ongoing preservation of Forever™ Accounts and ensure Forever Account Owners that their Memories will be preserved for their lifetimes plus 100 years with a goal of many generations beyond. In order to accomplish this the FGF must:

- Achieve 4% annual real (inflation-adjusted) total return, available to meet authorized distributions to FOREVER as described in the Distribution Policy (Section IV).
- Maintain the real (inflation-adjusted) purchasing power of the principal amounts transferred into the FGF (e.g. the relevant portion of fees paid by Forever Account Owners). While general inflation measures (such as CPI) may be used to set capital market expectations and determine the strategic asset allocation, ultimately, returns must be sufficient to offset the inflation specific to preserving Forever Accounts.
- Pay for investment fees and expenses, such as brokerage costs to buy and sell securities, custody fees, and any management fees charged by a fund sponsor or manager.
- Pay for any taxes, such as income or capital gains taxes, incurred as a result of the investment activity of the FGF.

Anticipating that investment returns will fluctuate from year to year, the return objective represents an average over long periods of time, not a minimum requirement for a particular year. The FGF will take a total return approach to its investment activity, balancing the need for annual returns and long-term protection of principal.

B. Risk and Volatility Tolerance

We consider the risk and volatility tolerance of the FGF to be moderately high (approximately average for a long-term institutional endowment). Factors that enable the FGF to tolerate significant short-term volatility include: (i) the very long (perpetual) time horizon of the fund; (ii) the fact that fees paid by Forever Account Owners are non-refundable, and (iii) the potential for ongoing cash inflows as new or existing Account Owners buy Forever Storage from FOREVER. This is balanced against the impact of regular distributions from the FGF to FOREVER, which may create a negative drag on the compounding effect of returns during periods when returns are negative and market values have fallen. Therefore, the FGF will maintain a moderately high risk and volatility tolerance, but avoid aggressive risk positions in determining its portfolio asset allocation.

C. Investment Time Horizon

The FGF is intended to be a permanent fund. Investments will be managed to an indefinite time horizon (very long-term approach). Therefore, we expect and will tolerate interim volatility in the market value of portfolio assets (subject to the overall risk tolerance constraint) in order to achieve the long-term return objective.

D. Liquidity Needs

There are three liquidity needs (cash outflows) for the portfolio in the ordinary course of business. First, sufficient liquidity must be maintained to meet the regular distributions authorized by the Distribution Policy (Section IV). Second, liquidity is needed to pay any taxes on interest, dividends, capital gains, or other taxable distributions received by the FGF. Third, liquidity is needed to pay for any portfolio management costs, such as transaction costs, custody fees, investment manager fees, and costs incurred during portfolio rebalancing.

There are two additional potential liquidity needs for the portfolio. Liquidity could be needed if the Board of Directors of FOREVER (the “Board”) determines it is in the best interest of Forever Account Owners to extend loans to FOREVER in accordance with Section IV of this Investment Policy. In addition, liquidity could be needed, if FOREVER becomes insolvent, to pay for the costs of maintaining Account Owner access to their Forever™ Accounts for at least a period of two years and then moving the Memories within those accounts to an alternative sharable storage provider (if available) and paying for that alternative sharable storage for as long as possible. If no alternative sharable storage provider is available, then the remaining assets in the FGF would be used to maintain access to the Forever Accounts for as many years as possible.

The FGF balances liquidity needs in the ordinary course of business against expected cash inflows from new purchases of Forever™ Storage by new and existing Account Owners. During stages of high growth in new Account Owners, for example, cash inflows may significantly exceed anticipated distributions and other liquidity requirements.

E. Cost Control

Investment expenses can represent a meaningful drag on investment returns, and can compound over time to a significant loss of total value. Given the long-time horizon for the FGF, investment activity will be managed to reduce investment costs wherever reasonably achievable. This includes managing the cost of brokerage, custody and transaction services, managing trade execution quality and cost, and minimizing embedded investment fees in funds and products. Higher fee products, funds or managers will only be used to achieve important diversification benefits (e.g. investing in certain uncorrelated asset classes may incur higher fees), or where there is clear evidence of sustainable long-term return gains that exceed the higher costs. The managers of the FGF will regularly review the portfolio to determine if there are opportunities to reduce cost by using more competitive service providers or investment products.

F. Borrowing and Leverage

The FGF will not use borrowed funds or leverage, such as margin borrowing or other loans, whether secured or unsecured, to expand the pool of investable assets in the FGF portfolio. Subject to the risk and return objectives, as part of a prudently diversified portfolio, this restriction does not prohibit the FGF from investing in companies, securities, instruments, or funds that use leverage or debt as part of their operations or activities (e.g. publicly traded companies, real estate investment trust (REIT) stocks, and certain funds may use debt as part of their operations, and this restriction would not prohibit the FGF from allocating a portion of its portfolio to such companies or funds).

G. Tax Issues

The FGF is a taxable fund. Therefore, the investment portfolio will be managed on a tax-efficient basis to maximize the *after-tax* expected returns from any particular asset allocation or investment approach. In particular, the new cash inflows from purchases of Forever Storage can be used to minimize or defer capital gains taxes that would otherwise be incurred from the sale of securities to meet liquidity needs. Instead of selling securities, cash inflows can be allocated to meet distributions or to rebalance the portfolio to the desired strategic asset allocation.

H. Legal and Regulatory Factors

The FGF is a restricted fund, separate from the operating activities of FOREVER and managed as a separate account. The FGF will manage investments consistent with the Pennsylvania Business Judgment Rule, making informed decisions rationally believed to be in the best interest of Forever

Account Owners. At present, we know of no governmental regulations that apply specifically to funds dedicated to long-term preservation of digital property like the FGF, but the FGF will comply with any current or future applicable regulations of which we are aware.

I. Passive Portfolio Management

The FGF is and will be managed using a passive investment approach. There is a significant body of research that supports the view that while certain markets may contain inefficiently priced assets from time to time, over 90% of the return performance of institutional funds is attributable to asset allocation, not market timing or selecting individual investments. The FGF will not use a portfolio management approach that attempts to time the market (including tactical shifts in asset allocation or sector rotation based on attempts to time specific sectors) or attempts to trade individual securities. The focus will be on establishing and maintaining a strategic asset allocation, at lowest total cost, that will meet the long-term return objectives within the overall risk tolerance. This does not preclude an allocation to actively managed funds within the context of a well-diversified portfolio – such as private equity funds, venture capital funds, real estate funds, or certain hedge fund strategies – where there is compelling evidence of diversification benefits or access to asset sectors and strategies that produce good risk-adjusted returns over time. For example, private equity funds provide exposure to privately managed businesses that may comprise significant portions of certain sectors of the economy, and may not be comparable to publicly listed companies. Similarly, certain hedge fund strategies (for example, distressed credit or managed commodity futures) demonstrate good long-term returns and low correlations with many other asset classes. However, the FGF will avoid actively managed funds that simply invest in liquid, publicly available securities (e.g. S&P 500 mutual funds) where an index product would provide identical exposure at substantially lower cost.

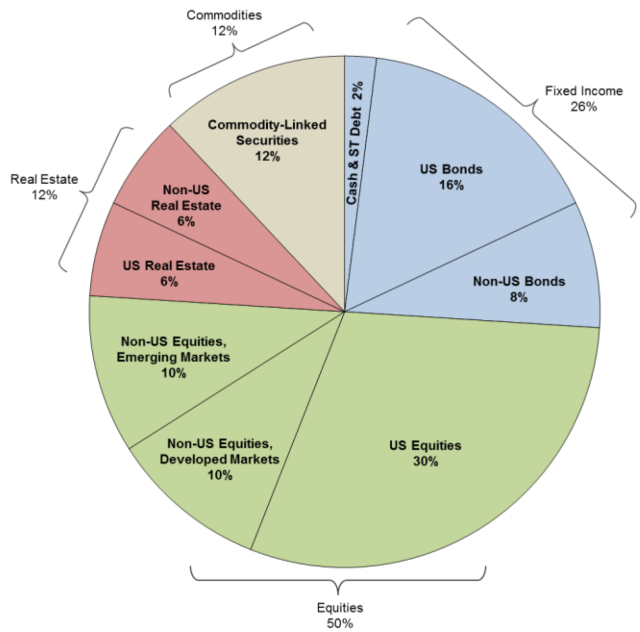
J. Integrity of FGF Assets and Loyalty to Stated Purposes

The assets contained in the FGF are restricted under the terms of this Investment Policy. All assets transferred into the FGF as the result of purchases of Forever Storage™ by Account Owners, as well as the $1,000,000 invested in the FGF by FOREVER to start the Fund, are restricted in accordance with the terms of this Investment Policy. FOREVER intends that the assets of the FGF will be managed and utilized consistent with this Investment Policy in perpetuity. If another entity or entities purchase FOREVER in the future, it is the intention of FOREVER that any and all future owners of the Forever Storage Services and the FGF will be bound by the terms of this Investment Policy and will continue to serve all Account Owners and manage the FGF consistent with this Investment Policy.

III. ASSET ALLOCATION AND PORTFOLIO MANAGEMENT

A. Strategic Asset Allocation

The FGF maintains a strategic asset allocation, for its long term assets, that meets the risk and return objectives for the FGF, and is broadly diversified across major asset classes and markets (developed and emerging) around the world.



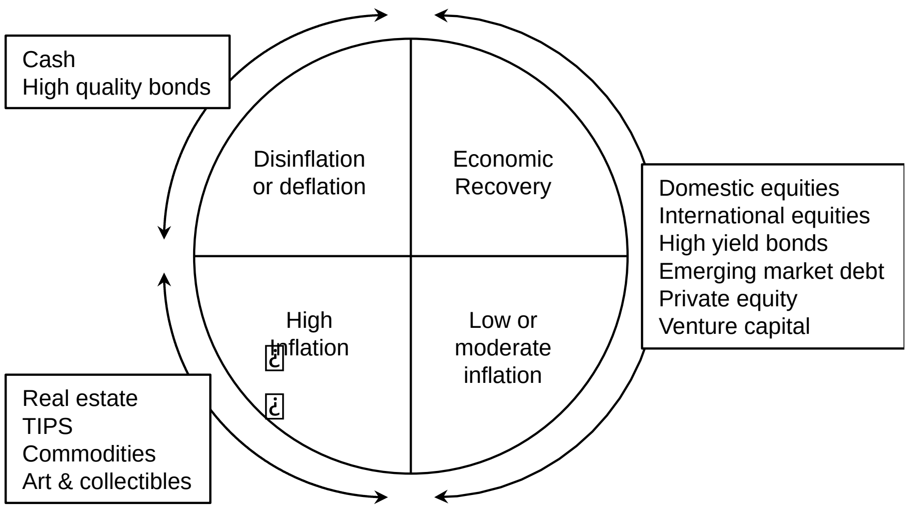
The strategic asset allocation was developed using asset class behavior – returns, variances, and correlations – over long time periods to reflect the long investment horizon for the FGF (as far back as 1925 for certain asset classes). The back-tested performance from 1973 to 2005, would have met the risk and return objectives for the FGF, and compares favorably to a series of alternative allocations including a US-only portfolio consisting of 70% stocks and 30% bonds. This period of time covers four bear markets (1973-74, 1980-82, 1991, and 2000-2003), and a market crash in 1987. Note: It is important to recognize that back-tested results represent past performance, and may not reflect future outcomes.

Because asset class returns are not perfectly correlated, our approach uses broad diversification with the aim of capturing the long-run performance from asset classes while smoothing overall portfolio volatility. The objective of this approach is to generate higher risk-adjusted returns.

In addition, diversification increases the chance that the portfolio will survive and generate returns through extreme market or economic conditions, such as high inflation, war, political instability, deflation, currency devaluation and natural disasters. Because FOREVER aims to preserve Forever™ Accounts for hundreds or thousands of years, we believe it makes sense to contemplate unusual conditions, even within countries that have developed and stable economies today.

The following two charts show how diversification across different asset classes offers a hedge against extreme market events.

Asset Classes that Outperform in Various Market Conditions



Protection and Exposure of Asset Classes Under Different Market Conditions

Asset Class	Objective					
	Inflation Hedge	Growth Exposure	Deflation Hedge	Provides Cash Flow	Volatility Hedge	Currency Risk
Equity						
US Equity	●	●		●		
Europe/Asia Equity	●	●		●		●
Emerging Markets Equity	●	●		●		●
Debt						
US High Quality Bonds			●	●	●	
US High Yield Bonds		●		●		
Developed Non-US Bonds			●	●	●	●
Emerging Markets Bonds				●		●
Alternative Assets						
Real Estate	●	●		●		
Real Assets	●	●			●	●
Private Equity	●	●				
Managed Futures					●	●
Hedge Funds	●	●			●	●
Inflation-Indexed Bonds	●	●	●	●		●
Cash & Equivalents			●		●	

Source: David Darst, “Asset Allocation” (2008)

B. Portfolio Rebalancing

We systematically rebalance the portfolio back to the strategic asset allocation as changes in asset values shift the actual allocation away from the target. Rebalancing enables us to capture two important benefits:

1. Over time, the FGF may generate small incremental gains compared to a buy-and-hold portfolio because rebalancing tends to result in selling assets when they rise in value (to reduce the percentage weight back to the asset allocation) and buying assets when they fall in value. At the margin, this is similar to automatically 'buying low', and 'selling high'. The only time a buy-and-hold portfolio would outperform this approach is if all asset prices drifted continuously in one direction. This can happen over shorter time frames, but over longer time frames assets almost always generate volatility that benefits the rebalancing approach.
2. Rebalancing acts as a risk control mechanism for the portfolio. Under a buy-and-hold approach, the level of systematic risk across the portfolio will drift, especially if a more volatile asset class such as equities performs well and therefore slowly becomes a larger percentage of the portfolio. Rebalancing continuously re-asserts the level of risk established by the original strategic asset allocation and prevents any drift from the investment mandate.

We will continuously monitor the portfolio, and rebalance whenever the market value of an asset class drifts outside thresholds set at +/-5% of the target asset allocation. When an asset class is rebalanced, the allocation is reset back to the target portfolio weighting (not back to the edge of the threshold). We will also use any net cash flows (inflows less liquidity needs) to perform rebalancing before any security is bought or sold so as to minimize taxes and transaction costs. By way of example, the table below shows the re-balancing thresholds initially established for the asset allocation.

Asset Class	Target	Min.	Max.
Cash and Short-Term Debt	2.0%	1.9%	2.1%
US Bonds	16.0%	15.2%	16.8%
Non-US Bonds	8.0%	7.6%	8.4%
US Equities	30.0%	28.5%	31.5%
Non-US Equities, Developed Markets	10.0%	9.5%	10.5%
Non-US Equities, Emerging Markets	10.0%	9.5%	10.5%
Real Estate	12.0%	11.4%	12.6%
Commodities	12.0%	11.4%	12.6%
	100%		

As the size of the FGF grows over time, we will make adjustments to how we rebalance to best reflect the trade-off between the benefits and costs of rebalancing (e.g. transaction costs or taxes), specifically by adjusting: (i) the level of the rebalancing thresholds; (ii) the degree of granularity in the breakdown by asset class; (iii) the frequency of rebalancing.

C. Product and Manager Selection

We will make a detailed review of each investment fund manager, product or security ("product") for the FGF, including the following due diligence items:

- Regulatory oversight. Ensure that each product is appropriately registered with the relevant regulatory body, such as the U.S. Securities and Exchange Commission (SEC), and has any required licenses or approvals.

- Correlation to asset class and style. Check that the composition of the product matches the asset class, and there is an appropriate degree of correlation to an appropriate index or manager peer group.
- Performance relative to benchmark. Compare the product's performance and risk attributes relative to an appropriate benchmark (or peer group) for annual and cumulative periods (e.g. 1, 3, 5, and 10-year results).
- Performance relative to assumed risk. Compare the product's risk adjusted performance when measured against the appropriate benchmark (or peer group), using an appropriate measure such as the Sharpe ratio, alpha, or similar risk-adjustment metric.
- Track record. Check the product's inception date, and the tenure and reputation of the manager and sponsoring company.
- Size and liquidity. Ensure that the assets under management, average daily volumes, and other liquidity metrics are sufficient and appropriate for the size of the portfolio allocation. Check that transaction costs for the product will not impair investment performance due to low liquidity.
- Holdings consistent with style. Ensure the holdings appropriately match the product objective and benchmark composition. Check the percentage of the product invested in unrelated securities (e.g. bonds or cash in an equity product).
- Counterparty risk and similar credit exposures. Check for counterparty risk or other credit exposures in products, especially those that may manifest only in a credit crisis or similar liquidity event. Preference should be given to high quality products and counterparties, and/or ownership of the underlying asset wherever possible (e.g. avoid an exchange traded-note, ETN, where the investor becomes an unsecured creditor in the event of bankruptcy of the sponsoring entity).
- Expense ratios, fees and transaction costs. Compare expense ratios, and any embedded fees or other costs, and focus on choosing products, wherever possible, that provide the desired asset class exposure at the lowest total cost.
- Stability of the organization. Check the stability of the company that sponsors or manages the product, and avoid products with known problems such as high personnel turnover or regulatory issues.

Initially, the FGF will be managed with index funds or exchange traded funds (ETF's) that provide low-cost passive exposure to major asset classes. As the fund grows in size, it may be appropriate to replicate passive exposure to an asset class with direct ownership of securities (e.g. to lower costs or reduce counterparty risk), or to gain exposure to alternative asset classes such as private equity, venture capital, private real estate, or certain hedge fund strategies.

In addition to the items discussed above, due diligence on alternative investments and fund managers will include the following:

- Market opportunity. Identify the market inefficiency and understand the causes, such as regulatory structures or behavioral biases. For most active funds, the degree of market inefficiency is simply too small for the strategy to be plausible and a passive approach would be better. A past history of active returns is meaningless unless it is clear why markets will allow those returns to be earned in the future.
- Investment process. Who does this best and what's their edge? Identify the best group of managers who seek to exploit the inefficiencies. Study the investment process, and identify best practice and competitive advantages among similar managers.

- Organization. Determine if the firm is well organized and stable. Evaluate whether research, trading, risk management and operations are properly staffed given the investment process and scale. Check turnover, succession and compensation.
- People. With alternative investments such as hedge funds it is critical to trust the people. Speak at length with the principals face to face, and look for experience, intelligence, candor, and integrity. Do reference checks (former bosses, colleagues, business partners, clients and past clients).
- Terms and structure. Determine if terms are fair, whether interests are aligned, and whether the fund is structured appropriately to the opportunity. Ensure that the fund is not over-sized compared to the amount of money that can or should be invested in the space (this will differ by market, asset class, and strategy). Check special terms such as fund minimums, lock-ups, preferences, hurdles and high water marks, and claw-back provisions.
- Service providers. Verify lawyers, auditors, prime brokers, and lenders, and check references. Investigate firms that are not familiar.
- Performance data. Check fund performance since inception, and the performance of prior funds. Obtain references where possible from investors who have invested with the manager in the past.

D. Short Term Asset Allocation

In any case where the management of FOREVER determines that the FGF needs full or partial short term liquidity, the management of FOREVER, with concurrence from the FOREVER Board, will quantify the amount of such short term liquidity needs required to fund a loan or to manage Forever™ Accounts through insolvency for FOREVER (see section II. D. above). The amount of any short term (normally 12 months or less) liquidity needs will be held in US cash instruments or short term US government bonds. Capital amounts in excess of such short term liquidity needs will continue to be managed within the strategic asset allocation described above.

IV. RESTRICTED FUNDS AND DISTRIBUTION POLICY

A. Restricted Funds

When FOREVER sells Forever Storage™ to an Account Owner, 37% of the payment for Forever Storage is retained by FOREVER as a management fee to compensate us for immediate acquisition, support, and account origination services. FOREVER transfers the remaining fees paid for Forever Storage into the FGF. Once in the FGF, these fees are aggregated with existing FGF assets (there is no segregation by Account Owner or account), including $1,000,000 invested by FOREVER to start the fund. This entire pool of assets is restricted and cannot be used by FOREVER, except as described in this document. This restriction ensures that assets placed in the FGF are preserved and used to maintain Forever™ Accounts over the long term. It is also consistent with the contractual commitment made to Account Owners in the Forever Account agreement, which commits FOREVER to:

> *"… consistent with the Agreement, transfer fees paid for Forever Storage to the Forever™ Guarantee Fund and invest these funds, and maintain the Forever Guarantee Fund, in accordance with the FOREVER Investment Policy."*

B. Authorized Distributions

The Board of Directors of FOREVER ("FOREVER Board") may authorize distributions from the FGF in accordance with this section of the Investment Policy. Authorized distributions from the FGF become unrestricted funds, and may be used by FOREVER to preserve Forever Accounts and support its overall business. The FOREVER Board will value the FGF as indicated below and authorize distributions as follows.

- **Closing Market Value of FGF Assets**. The Closing Market Value ("CMV") of FGF assets on any given day will be the sum of the closing values of all publicly traded securities, plus the Board's best estimate of the market value of any non-publicly traded assets such as interests in private equity, hedge, venture, or real estate funds, plus the value of the principal and accrued interest from any loans extended by the FGF to FOREVER.

- **Quarterly Distributions**. At the beginning of each calendar quarter, FOREVER may withdraw one percent (1.0%) of the CMV of FGF assets at the end of the prior calendar quarter. For example, the quarterly distribution on January 1 will be calculated using the CMV on December 31 of the prior year. The quarterly distribution on April 1 will be calculated using the CMV on March 31.

  FOREVER may make a one-time, irreversible, decision to switch to a smoothing rule as the basis for calculating the quarterly distribution. Under the smoothing rule, the quarterly distribution would be calculated using the Average CMV ("ACMV") of the FGF assets over the prior 20 quarters. Under the smoothing rule, the quarterly distribution would be calculated as follows:

  Quarterly Distribution = 1.0% x ACMV over prior 20 Quarters

  Where: ACMV is an equally weighted average of the CMVs of FGF Assets using the end of quarter market values for each of the twenty (20) immediately preceding calendar quarters.

  The timing of the decision to switch to a smoothing rule is in the FOREVER Board's sole discretion. Once made, the smoothing rule will begin to be applied in the next quarter. For example, if a decision to switch is made in December of 2025, the smoothing rule will be first applied for the quarterly draw on January 1, 2026. Once a switch to a smoothing rule has been made, the smoothing rule will be applied in all subsequent quarters to calculate the draw amount.

- **Valuation of Forever Storage™ Liability.** Each year, FOREVER will assess the present value of its Forever Storage Liability ("FSL") over the Forever™ Guarantee Period. The Guarantee Period is 100 years plus the average remaining lifespan of the population (e.g. according to US

Census or other relevant government statistics). The discount rate is the expected nominal after-tax return, comprised of the 4% real return requirement plus the expected long-term inflation rate plus the long term expected annual cost of investment fees and taxes. The FSL is calculated using the best possible estimate of long-term high quality sharable cloud storage costs for the then-current total amount of Forever Storage™ contracted to Account Owners, using a methodology reviewed and approved by the FOREVER Board, taking into account factors such as the average percentage of total storage capacity actually utilized by Account Owners, the average percentage of inactive accounts (where certain content may be stored using long-term storage that does not require real-time access to content), and the current and forecast costs of storage technology, file format migration, compensation costs for technical personnel, and other costs of long-term storage. The methodology for calculating the FSL may be modified from time to time provided the FOREVER Board determines that such change will not have a material adverse effect on the ability of the FGF to provide future distributions sufficient in amount to preserve Forever™ Accounts for its Forever Account Owners into the indefinite future.

- **Over-Funding of FGF**. If the FGF is substantially over-funded based on the value of the FSL, then the quarterly draw percentages and resulting distributions from the FGF to FOREVER may change over time according to the following formulas:
    - If the CMV of the FGF is more than 200% of the FSL, the quarterly draw percentage may be increased up to 1.5% (i.e. may be set at a level anywhere between 1.0% and 1.5% for a given quarter), provided fund assets do not fall below the 200% threshold. If fund assets fall below the 200% threshold, then the quarterly draw reverts to 1.0% per quarter.
    - If the CMV of the FGF is more than 300% of the FSL, the quarterly draw percentage may be increased up to 2.0%, provided fund assets do not fall below the 300% threshold. If fund assets fall below the 300% threshold, but above the 200% threshold, then the quarterly draw reverts to no more than 1.5% per quarter. If fund assets fall below the 200% threshold, then the quarterly draw reverts to 1.0% per quarter.
    - The higher draw percentages in the case of over-funding will apply to either: (i) the CMV of the FGF assets at the end of the prior calendar quarter; or (ii) the ACMV of FGF assets over the prior 20 quarters using the smoothing rule, whichever calculation basis is in effect at the time.
- **Under-Funding of FGF**. If the CMV of the FGF is less than 75% of the FSL, the quarterly draw percentage may be reduced to as low as 0.5% (i.e. may be set at a level anywhere between 0.5% and 1.0% for a given quarter), in the sole discretion of the FOREVER Board. The lower draw percentages in the case of under-funding will apply to either: (i) the CMV of the FGF assets at the end of the prior calendar quarter; or (ii) the ACMV of FGF assets over the prior 20 quarters using the smoothing rule, whichever calculation basis is in effect at the time.
- **Taxes, Legal Fees and Investment Fees, Costs and Expenses**. FOREVER may withdraw funds from the FGF to pay any: (i) investment taxes incurred by the FGF, such as taxes on capital gains, interest, dividends or other taxable distributions received by the FGF or related to its investment activity; (ii) legal fees, or investment fees, costs and expenses directly related to the investment activity of the FGF, including transaction fees, management fees for funds or products that the FGF invests in, overall management fees for the FGF, custody fees, or other similar investment costs and expenses. These withdrawals are in addition to the quarterly distributions described above.

C. Loan Authorization by FOREVER Board

The purpose of the FGF is to guarantee Forever Account Owners that their Memories will be preserved for their lifetimes plus 100 years with a goal of many generations beyond. The Board may, in its sole discretion, (i) determine that it is in the best interest of Forever Account Owners to make a loan from the

FGF to FOREVER and (ii) act as authorized representatives of the FGF to approve the loan pursuant to this FGF Investment Policy.

Any such loan authorized will be limited to the sum of money transferred into the FGF by FOREVER from capital invested into FOREVER by its investors ("Investor Deposits") plus the cumulative interest, dividends, and capital gains earned on the Investor Deposits. No money transferred into the FGF as the result of purchases of Forever Accounts ("Account Owner Deposits"), or interest, dividends, or capital gains earned from those Account Owner Deposits, can be accessed under this loan. For clarity, the principal plus accrued interest of any loan is an asset of the FGF.

The terms of any authorized loan should be consistent with the following:

- **Principal Amount**. The total principal amount of the loan may not exceed the sum of the Investor Deposits plus the cumulative interest, dividends, and capital gains earned on the Investor Deposits.
- **Rate of Interest**. FOREVER shall accrue interest compounded monthly on the outstanding balance, including principal and interest at a rate which is consistent with the FGF's long term rate of return objectives and that is approved by the FOREVER Board.
- **Repayment**. FOREVER must repay each advance and all accrued interest no later than the term authorized by the Board. FOREVER may repay advances or interest early with no penalty.
- **CEO Certification.** Prior to FGF making any loan, FOREVER's Chief Executive Officer must certify in writing to the Board that the total of all loans does not exceed the sum of the Investor Deposits plus the cumulative interest, dividends, and capital gains earned on the Investor Deposits.

V. GOVERNANCE AND CONTROLS

A. Investment Management

FOREVER is responsible for implementing the investment mandate and managing all investment activity for the FGF. The Vice President of Investment Management for FOREVER or another manager designated by the FOREVER Board will act as Portfolio Manager for the FGF, subject to review and approval of all decisions (including transactions) by FOREVER's Chief Financial Officer or senior financial manager of similar title (CFO) and the Chief Executive Officer (CEO). Key responsibilities include:

- Review this Investment Policy for the FGF and recommend changes from time to time as appropriate. Note: the Distribution Policy (Section IV) may not be changed, except as described below in Section C (Review, Controls and Audit).
- Develop and review the strategic asset allocation to ensure the portfolio is: (i) appropriately diversified across asset classes with different expected return, volatility, and correlation characteristics; and (ii) appropriate for the risk and return objectives and investment constraints set forth in the investment mandate (Section II).
- Prudently select investment options (e.g. exchange traded funds, mutual funds, securities, money managers) to meet the strategic asset allocation and investment mandate.
- Regularly review investment options, and recommend changes in managers or products as appropriate.
- Monitor the portfolio asset allocation and rebalance the portfolio in accordance with the investment policy.
- Select and monitor the FGF's brokerage provider, custodian, and any other key service vendors. Control and account for investment expenses, fees and other costs.
- Provide detailed performance reports, as required to the CFO, CEO and FOREVER Board, concerning the results, investment activity and other elements of the FGF.

B. Broker and Custodian

FOREVER has selected Fidelity Investments as the FGF's broker and custodian. FOREVER has the right to change the broker and custodian at any time. The broker and custodian is responsible for implementing transactions and the safekeeping of FGF assets. Specific responsibilities include:

- Maintain a separate account by legal registration (corporate account).
- Hold title to the assets on behalf of FOREVER.
- Value the assets on a regular basis.
- Make any authorized payments and collect all income owed to the FGF.
- Provide price and volume data, and other relevant information for making trade decisions.
- Provide best price and execution trades authorized by the FGF Portfolio Manager.
- Settle transactions on behalf of the FGF.
- Report to FOREVER on a regular basis with account statements, including a detailed list of transactions, cash activity, and market values for assets owned (number of securities, price and total value).

The Portfolio Manager will periodically review the performance, execution quality and cost effectiveness of its broker and custodian, and recommend changes as appropriate.

C. <u>Review, Controls and Audit</u>

All investment decisions must be recommended by the Portfolio Manager and approved by the CFO and CEO of FOREVER. Any transactions for the FGF must be approved and counter-signed in writing. In addition to the Portfolio Manager, The CFO and CEO will both have secure online access to the FGF account and may review the portfolio at any time. The CFO and CEO also have full access to all reporting capabilities provided by the brokerage platform. No other personnel within FOREVER will have access to the FGF account.

The FGF will be audited on a regular basis as part of the overall audit for FOREVER. Audits will normally occur on an annual basis, but the FOREVER Board may decide to conduct the audit on a more or less frequent basis if in the Board's best judgment this is in the best interest of FOREVER, its investors and Forever Account Owners. The Portfolio Manager will report, and the FOREVER Board will review, the performance, management, investment policy, audit and any other material aspect of the FGF on a regular basis, at least once annually. The FOREVER Board will also authorize distributions in accordance with the Distribution Policy (Section IV).

FOREVER has the ability to modify this Investment Policy for the FGF from time to time, upon the recommendation of the Portfolio Manager, CFO, and CEO of FOREVER, and with the approval of the FOREVER Board. However, this Investment Policy may not be changed or modified, except upon the recommendation of the Portfolio Manager, CFO and CEO of FOREVER to the FOREVER Board and a determination by the FOREVER Board that such change is in the best interest of Forever Account Owners because it improves the ability of the FGF and FOREVER to preserve Forever™ Accounts for Forever Account Owners into the indefinite future.

If the FOREVER Board votes to modify this Investment Policy, FOREVER will post the revised version on our website and may send an email to Account Owners notifying them that the Investment Policy has been revised, and or discuss the revisions publicly in articles we post on our blog. Account Owners should review our Investment Policy from time to time so that they become aware of any changes that we make. By continuing to access or use Forever Services after revisions to this Investment Policy become effective, our Account Owners agree to the revised policy.

D. <u>Ownership</u>

At the official time of establishment of the Forever™ Guarantee Fund – July 2013 – the FGF was owned by Forever, Inc., which was owned by a diverse group of private shareholders. At the time of this update – September 29, 2016 – the FGF is owned by Forever, Inc. which is owned by a diverse group of private shareholders. The provisions of this Investment Policy and customer agreements that reference this Investment Policy are binding on Forever, Inc. and its Account Owners regardless of what persons or entities own Forever, Inc. in the future.

Effective Date of this policy is September 1, 2017