

Notice of Annual General Meeting

Notice is hereby given that the sixty-fourth Annual General Meeting (AGM) of **Phoenix Health Fund Limited** (ACN 000 124 863) (the Company) will be held on **Wednesday, 18th October 2017 commencing at 5.00 p.m.** at the offices of the Company, Suite 1/ 4 Honeysuckle Drive, Newcastle, NSW.

1. Minutes of the previous meeting

The minutes of Phoenix Health Fund Limited's AGM held on the 19 October 2016, being in order, were signed by the Chair and are tabled for the information of members.

2. Financial statements and report

To present and consider the Company's Annual Report and financial statements for the twelve months ended 30 June 2017.

3. Election and re-election of directors

To consider, and if thought fit, pass the following resolutions as separate ordinary resolutions:

- a) *That Mr Brett Bancroft, being eligible, be re-elected as a Director.*
- b) *That Mr Adrian Howard, being eligible, be re-elected as a Director.*
- c) *That Mr Stephen James, being eligible, be elected as a Director.*

4. Amendments to the Company's Constitution

To consider, and if thought fit, pass the following special resolution:

Resolution: *'That the revised Constitution tabled at this meeting and signed by the Chair for the purposes of identification, be adopted as the Constitution of the Company in place of the current Constitution, with effect from the close of this AGM.'*

5. Other business

To transact any other business that may be brought forward in conformity with the Constitution of the Company and the *Corporations Act 2001*.

Additional Information

Please refer to the Explanatory Notes on pages 2 and 3 for more information on items 3 and 4.

By Order of the Board

R. Harland, Company Secretary, 19 September 2017

Proxies

Members are entitled to appoint a proxy to attend and vote in their stead at the meeting and such proxy need not be a member of the Company. The Proxy Form should reach the Company's registered office not less than forty-eight (48) hours before the time for holding the meeting. A Proxy form is available by contacting the Company.

*If you are unable to view the documents on the website, email enquiries@phoenixhealthfund.com.au to request a copy.

EXPLANATORY NOTES, COMMENTARY AND RECOMMENDATIONS

This information forms part of the notice of the Annual General Meeting.

Note: References to the *Corporations Act 2001 (Cth)* use the abbreviation 'CA'.

ITEM 3 – ELECTION AND RE-ELECTION OF DIRECTORS

The following Directors retire in accordance with Rule 4.8 of the Company's Constitution, and being eligible, offer themselves for re-election:

- Mr Brett Bancroft
- Mr Adrian Howard

In accordance with Rule 4.3 of the Company's Constitution, Mr Stephen James was appointed by the Board in March 2017 to fill a casual vacancy and, being eligible, offers himself for election.

Recommendation: *The Board recommends the re-election of Mr Brett Bancroft and Mr Adrian Howard, and the election of Mr Stephen James, as directors.*

ITEM 4 – AMENDMENTS TO THE COMPANY'S CONSTITUTION

The purpose of this item is to seek approval of members to adopt an amended Constitution for the Company. Pursuant to s 136(2) CA, an amendment to the Company's Constitution requires at least 75% of the votes cast to be in favour of the amendments.

The Company's existing Constitution was adopted in October 2013 and has not been amended since. Subsequent to this, there has been a number of legislative changes, with certain Acts being repealed and replaced with new legislation. Additionally, since the last review, the private health insurance regulatory body has changed from the Private Health Insurance Administration Council (PHIAC) to the Australian Prudential Regulation Authority (APRA).

As such, the Company has recently undertaken a general and legal review of the Company's existing Constitution to ensure it is reflective of current legislation and practice. To ensure completeness, the existing Constitution was reviewed by the Company's lawyers, Hall & Wilcox, in February 2017. The proposed changes in the new Constitution are predominantly of an administrative nature and are intended to ensure the Constitution reflects applicable legal requirements and contemporary corporate and commercial practice.

Additional concise comments in relation to the main changes to the revised Constitution are set out in the table below. This table does not comment on every change from the current Constitution and may not refer to every point that a member may consider to be significant. A copy of the revised Constitution (marked-up version) is available for review by members on the Company's website (<http://www.phoenixhealthfund.com.au/app/uploads/2017/09/PHF-proposed-constitution-July-17.pdf>), or on request from the registered office of the Company.

Proposed Constitution amendments

Rule	Title	Explanatory comments
1.6	Definitions	Remove the definition for 'Approved Fees'. Remuneration of directors is considered in Rule 12.3, and 'salary and bonuses' should not be included in the term Directors 'Fees'. Remove references to repealed legislation and replace with current legislation and relevant APRA Prudential Standards.
3.2	Health Benefits Fund Rules	Remove reference to 'Company' and replace with 'Board' as the authority which must make Fund Rules. Include reference to the <i>Private Health Insurance Act 2007</i> as the applicable legislation.
4.2	Eligibility	Correct the existing numbering.

4.3	Appointment by the Board	Insert the word 'members' for the appointment of directors at a general meeting.
4.4	Election (of Directors) by general meeting.	Replace the word 'company' with 'members' as the appropriate authority for appointing Directors in accordance with the CA.
4.7(a)	Nomination for eligible candidates (for Director)	The current Constitution requires that nominations for director are to be submitted at least <u>90 days</u> before the AGM. This is inconsistent with Rule 4.8(b) where a director seeking re-election is required to advise their intentions <u>90 business days</u> before the AGM. It is recommended that Rule 4.7(a) be amended from '90 days' to '60 days'. Consequently, it is proposed Rule 4.8 be amended to '90 days'.
4.8(b)	Retirement of Directors	In conjunction with the proposed amendments to Rule 4.7(a), remove the word 'business' to require ' <u>90 days</u> ' notice to seek re-election.
4.11	Eligibility and cessation of Director's appointment.	Remove references to the now redundant Private Health Insurance Administration Council (PHIAC).
4.12	Removal from office	Insert the words 'at a general meeting of members' to ensure Directors' appointments are consistent with the wording of s203D CA.
5.1(b)	Powers of Board	Insert the words 'except as the Act or this constitution require to be exercised at a meeting of members', consistent with the CA.
11.4	Director interested in a matter	The wording of this Rule is not in accordance with s195(1) CA. A director of a public company who has a material personal interest in a matter must not be: <ul style="list-style-type: none"> counted in determining a quorum; present while the matter is being considered, or vote on the matter (specific exceptions in s195(2)-(4) CA). The wording has been amended to ensure compliance with the CA.
12.3	Remuneration of Directors	Include the words 'The fees payable to a director under this Rule 12.3 do not include any payments made as compensation for loss of office or in connection with retirement from office...or any insurance premium paid by the Company or any indemnity payments under rule 13.' Retirement benefits generally require member approval (s200B and s200E CA).
12.4	Payments to Directors with Board approval	Remove rule 12.4(d) to preclude interest paid to Directors for money loaned to the Company. PHF will not seek loans from Directors, therefore this clause is not required.
14.4 & 16.4	Chairing meetings	Amend the words 'Chairman' and 'Vice Chairman' to be 'Chair' and 'Deputy Chair' respectively, consistent with the CA and current practices.
15.2	Calling meetings of members	Include the provisions contained in s249F CA, where members with more than 5% of votes that may be cast, may call a general meeting at their own expense.
15.4(b)	Short notice	Include the words 'if any other general meeting is convened', consistent with s249H(2)(b) CA.
15.5(a)	Postponement or cancellation (of general meeting)	Include the words 'for a period not exceeding one month' for the postponement of a meeting of members. If a meeting is postponed for more than 1 month, it is deemed a new meeting and fresh notice is required to be provided to members (Rule 15.6, s249M CA)
19.2	Demanding a Poll	Amend the requirement of 'at least three members' to 'at least five members, or members with at least 5% of the votes that may be cast', to ensure consistency with s250(L)(1) CA.
21.1	Minutes must be kept	Include reference to the requirement that minutes must be recorded 'within one month of the meeting' (s 251A CA).
26.3(c)(i)	When notice is given	Increase the deemed notice period for mail from 'two' days to 'four' days, due to changes to Australia Post's delivery timeframes.

Recommendation: *The Board recommends members vote in favour of all proposed amendments to the Company's Constitution.*