

VALUE AT RISK ANALYSIS



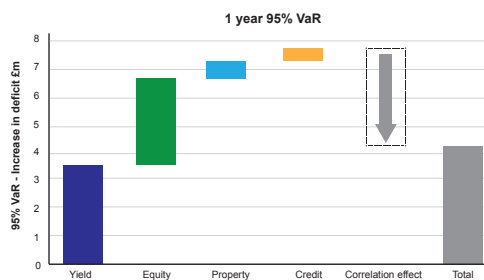
THE ANALYSIS AND REPORT

A Value at Risk (VaR) Analysis is used as a tool for understanding how short term investment market shocks could affect a scheme's funding level.

The analysis utilises the results of the most recent actuarial valuation. The calculations involve modelling a large number of economic scenarios to produce a range of potential funding outcomes. The VaR report provides the maximum projected deterioration in the funding position expected over one year with a 95% level of confidence.

VaR is provided:

- individually for key risks
- as a total for the scheme as a whole.



The results are illustrated by a waterfall chart. The format of the reporting to the trustees is a brief report, which includes the assumptions, methodology, results and relevant commentary.

WHO WOULD FIND THIS SERVICE USEFUL?

Trustees and sponsoring employers of Defined Benefit ("Final Salary") pension schemes who have recently received an actuarial valuation and wish to better understand the level of risk inherent in the scheme. This can help planning or prompt a change in asset allocation with the objective of reducing the VaR.

HOW LONG DOES THIS PROCESS TAKE?

The length of time taken will depend on the availability of the latest actuarial report. In order for us to use data and assumptions consistent with the actuarial valuation we would expect close contact with the scheme actuary. The estimated timescale following receipt of the necessary data and agreement of objectives is 6-8 weeks.

CHARGES

The cost of the service is calculated on a time-spent basis. A guide fee based on our experience of similar work we have undertaken can be provided upon request.

BWCI GROUP

Established in 1979 the BWCI Group is the largest group of actuaries and consultants in the Channel Islands with over 100 staff encompassing a wide range of disciplines.

The BWCI Group is a member of Abelica Global, the international network of leading independent actuarial firms.

FURTHER INFORMATION

For further information on this and other investment services provided by the BWCI Group please contact invservices@bwcigroup.com, or visit our website at www.bwcigroup.com.



Focused

because we are focused on our clients' needs and provide a service to suit their individual requirements.

Practical

because we deliver solutions in practical, commercial and cost-effective ways.

Innovative

because we seek innovative solutions to complex financial problems using advanced analytical tools and software.

Guernsey office | PO Box 68, Albert House
South Esplanade, St Peter Port
Guernsey, GY1 3BY
Tel | +44 (0)1481 728432
Fax | +44 (0)1481 724082
Web | www.bwcigroup.com

Jersey office | Kingsgate House,
55 Esplanade, St Helier
Jersey, JE2 3QB
Tel | +44 (0)1534 880112
Fax | +44 (0)1534 880113
Web | www.bwcigroup.com