

# VALUE AT RISK ANALYSIS

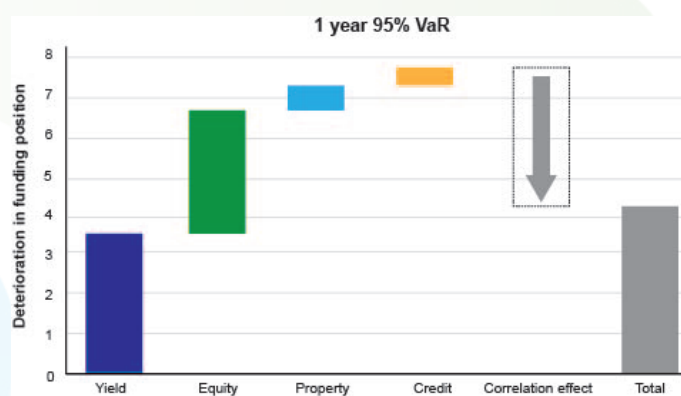
## THE ANALYSIS AND REPORT

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 and associated data. 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

The BWCI Group is the largest group of actuaries and consultants in the Channel Islands, with offices in both Guernsey and Jersey. It is a member of Abelica Global, the international network of leading independent actuarial consulting firms.

## FURTHER INFORMATION

For further information on this and other investment services provided by the BWCI Group please contact [invservices@bwcigroup.com](mailto:invservices@bwcigroup.com), or visit our website at [www.bwcigroup.com](http://www.bwcigroup.com).



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