HEALTH WEALTH CAREER

SCHEME FUNDING REPORT OF THE ACTUARIAL VALUATION

AVX LIMITED PENSION SCHEME

AS AT 5 APRIL 2018

MAKE TOMORROW, TODAY

MERCER

CONTENTS

1 INTRODUCTION

This report is addressed to the Trustees of the AVX Limited Pension Scheme ("the Trustees") and is provided to meet the requirements of Section 224(2)(a) of the Pensions Act 2004. It describes the factors considered by the Trustees when carrying out the actuarial valuation as at 5 April 2018 and the decisions reached as a result.

The purpose of the actuarial valuation is for the Trustees to determine:

- The expected cost of providing the benefits built up by members at the valuation date (the "liabilities") and compare this against the funds held by the Scheme (the "assets").
- An appropriate plan for making up the shortfall if the Scheme has less assets than liabilities.
- The contributions needed to cover the costs incurred in running the Scheme.

SIGNATURE	Simon Hall	DATE OF SIGNING	12 March 2019
SCHEME ACTUARY	Simon Hall	QUALIFICATION	Fellow of the Institute and Faculty of Actuaries

This report has been prepared in accordance with Technical Actuarial Standards TAS 100: Principles for Technical Actuarial Work and TAS 300: Pensions which are issued by the Financial Reporting Council. The calculations referred to in the report use methods and assumptions appropriate for reviewing the financial position of the Scheme and determining a contribution rate for the future. Mercer does not accept liability to any third party in respect of this report; nor do we accept liability to the Trustees if the information provided in this report is used for any purpose other than that stated. The report may be disclosed to members and others who have a statutory right to see it. It may also be disclosed if the Trustees and Mercer consent to other third parties.

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KEY RESULTS OF THE SCHEME FUNDING ASSESSMENT

PAST SERVICE FUNDING POSITION

The table below compares the assets and liabilities of the Scheme at 5 April 2018. Figures are also shown for the last valuation as at 5 April 2015 for comparison.

£m	5 April 2018	5 April 2015
Total assets	128.3	104.2
Liabilities:		
Active members	0	0.6
Deferred pensioners	63.4	50.4
Pensioners	62.6	58.0
Total liabilities	126.0	109.0
Past service surplus / (shortfall)	2.3	(4.8)
Funding level	102%	96%

The table shows that at 5 April 2018 there was a surplus of £2.3m. An alternative way of expressing the position is that the Scheme's assets were sufficient to cover 102% of its liabilities – this percentage is known as the funding level of the Scheme.

At the previous valuation at 5 April 2015 the shortfall was £4.8m, equivalent to a funding level of 96%. The key reasons for the changes between the two valuations are considered in Section 3.

The liability value at 5 April 2018 shown in the table above is known as the Scheme's "Technical Provisions". The Technical Provisions are calculated using assumptions that the Trustees have determined are appropriate based on the Trustees assessment of the strength of the Employer covenant, having agreed with the Employer over the approach. Throughout this report "Employer" means AVX Limited.

The Trustees assessed the strength of the Employer covenant to be "strong". This took into account the parent company guarantee provided by AVX Corporation. Further details of the way in which the Technical Provisions are calculated are set out in Appendix A.

EMPLOYER CONTRIBUTIONS

As the Scheme is in surplus as at 5 April 2018, employer contributions are only required to cover the administrative and other expenses incurred by the Trustees in running the Scheme. However, the Employer will continue to pay discretionary contributions of £4.5m pa until 30 April 2019 to support longer-term de-risking. The Employer has agreed to pay £230k per annum to meet these costs.

3
EXPERIENCE SINCE LAST VALUATION

SUMMARY OF KEY INTER-VALUATION EXPERIENCE

The last actuarial valuation was carried out with an effective date of 5 April 2015. Since the last valuation, no significant changes to benefits have occurred. The one active member that was present in the last valuation has since retired so there are no active members remaining, resulting in no further member contributions paid into the Scheme.

During the inter-valuation period, the investment return on the Scheme's assets has been 6.7% per annum.

The table summarises the contributions paid over the inter-valuation period. These figures are from the audited accounts and are in line with the rates agreed at the last actuarial valuation.

DATE	EMPLOYER CONTRIBUTIONS	MEMBER CONTRIBUTIONS
6 April 2015 to 5 April 2016	£4,802k	£27k
6 April 2016 to 5 April 2017	£4,750k	£6k
6 April 2017 to 5 April 2018	£4,730k	n/a

REASONS FOR THE CHANGE IN FUNDING POSITION SINCE THE LAST ACTUARIAL VALUATION

The shortfall at the last valuation date was £4.8m. The table below sets out the main reasons for the change in the surplus between 5 April 2015 and 5 April 2018.

	£M
(SHORTFALL) / SURPLUS AT 5 April 2015	**(4.8)**
Expected Interest on shortfall	(0.5)
Employer contributions in excess of accrual	14.3
Investment returns – higher than expected	12.4
Inflation lower than expected (pension increases in payment and deferment)	1.6
Change in funding strategy from dual to single discount rate	(9.2)
Changes in financial conditions	(13.6)
Change to the demographic assumptions	2.5
Miscellaneous membership experience	(0.4)
(SHORTFALL) / SURPLUS AT 5 APRIL 2018	**2.3**

4

PROJECTED FUTURE FUNDING LEVEL AND VOLATILITY

PROJECTED FUNDING POSITION AT NEXT ACTUARIAL VALUATION

The next actuarial valuation will take place with an effective date no later than 5 April 2021. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the agreed rates or amounts, the surplus at 5 April 2021 would be £2.5m, equivalent to a funding level of 102%.

MATERIAL RISKS FACED BY THE SCHEME

The Scheme is subject to some potentially material risks that are, to an extent, outside the Trustees' control, but could affect the funding level. Any material worsening of the funding level will mean more contributions are needed (either at an increased rate or at the same rate over a longer period) to be able to provide the benefits built up in the Scheme – unless experience acts in other ways to improve the funding level. Examples of such risks, and how the Trustees manage them, are:

- If the Employer becomes unable to make good deficits in the future, the Scheme's assets will be lower than expected and the funding level will be worse than expected. The Trustees regularly monitor the financial strength of the Employer. In addition, they have a parent company guarantee from AVX Corporation to cover the full benefits if the Scheme were to wind up.

- If future investment returns on assets are lower than assumed in the valuation, the Scheme's assets will be lower, and the funding level worse, than expected. The Trustees have a process in place to monitor financial related movements in the Scheme's funding position daily and de-risk the Scheme's investments when funding permits.

- If gilt yields change such that the liability values increase by more (or decrease by less) than the assets, the funding level against the Technical Provisions and on the wind-up basis (see section 5) will be worse than expected. The Trustees invest a proportion of the Scheme's assets in gilts, which will help to offset some of the risk associated with movements in gilt yields.

- If improvements in life expectancy are greater than assumed, the cost of benefits will increase because members are living longer than expected. This will mean the funding level will be worse than expected. The Trustees regularly review the Scheme's experience and ensure that the assumptions they make about members' life expectancy take the most recent information available into account.

- If members make decisions about their options, which increase the Scheme's liabilities, the funding level will be worse than expected. An example would be if members do not commute 25% of their pension for cash, as is being assumed. The Trustees review the Scheme's experience at each valuation to ensure that their treatment of member options remains appropriate.

SENSITIVITY OF FUNDING POSITION TO CHANGES IN KEY ASSUMPTIONS

The value placed on the Scheme's liabilities is critically dependent on the assumptions used to carry out the calculations. If future experience differs from the assumptions the Trustees have agreed the Employer, then the projected future funding level will be different from the level described above.

To illustrate how sensitive the funding level is to experience being different from assumed, the table below shows how the valuation results at 5 April 2018 would have differed given changes in the key assumptions.

DATE	CHANGE IN SURPLUS AT 5 APRIL 2018 (£M)
Investment return is 0.25% p.a. lower than assumed	(5.8)
Long-term inflation is 0.25% p.a. higher than assumed	(3.3)
Members live one year longer than assumed	(4.5)

5
WIND-UP POSITION

If the Employer were to become insolvent or decide not to support the Scheme, the Trustees could decide to wind up the Scheme and secure the benefits built up with an insurance company. Insurance companies use different assumptions to the Trustees' Technical Provisions when calculating the value of the Scheme's liabilities and the price they would charge to provide the benefits.

The table below shows an estimate of the funding level of the Scheme at 5 April 2018 assuming all benefits were bought out with an insurer. The wind-up position at 5 April 2015 is also shown for comparison. The wind-up position is shown for information only, and does not mean that the Trustees or Employer are considering winding up the Scheme.

£m	5 April 2018	5 April 2015
Total assets	128.3	104.2
Liabilities:		
Active members	-	0.8
Deferred pensioners	77.7	87.9
Pensioners	62.8	59.6
Expenses	3.7	3.9
Total liabilities	144.2	152.2
Past service surplus / (shortfall)	(15.9)	(48.0)
Funding level	89%	68%

As the table shows, the Scheme would have had a shortfall of £15.9m if it had been wound up at 5 April 2018. This means that, on average in the absence of additional funding, members could expect to receive 89% of the benefits earned to date from the Scheme (although the percentage coverage would differ between members depending on age and when their benefit was earned).

In practice, if the Scheme was wound up due to the Employer becoming insolvent, the members may be eligible for compensation from the Pension Protection Fund (PPF) if the Scheme's assets were less than needed to buy that compensation from an insurance company. If this was the case, members could receive a higher proportion of the benefits they have earned to date. Further details of the compensation payable from the PPF are given in Appendix E. However, in practice, due to the parent company guarantee currently provided by AVX Corporation members could receive their benefits in full.

If experience is in line with the assumptions underpinning the agreed recovery plan, and contributions are paid at the agreed rates or amounts, the shortfall at 5 April 2021 on a wind-up basis would be £16.2m, equivalent to a funding level of 89%.

APPENDICES

A
ASSUMPTIONS

HOW THE BENEFITS ARE VALUED

In order to calculate the liabilities, the Trustees need to make assumptions about various factors that affect the cost of the benefits provided by the Scheme – for example, how long members will live, or the future level of inflation. The table below explains the key assumptions being made in the valuation.

ASSUMPTION	WHY IT IS IMPORTANT AND HOW IT IMPACTS ON THE LIABILITIES
Discount rate	The majority of benefits in a pension scheme are paid many years in the future. In the period before the benefits are paid, the Trustees invest the funds held by the scheme with the aim of achieving a return on those funds. When calculating how much money is needed now to make these benefit payments, it is appropriate to make allowance for the investment return that is expected to be earned on these funds. This is known as "discounting". The higher the investment return achieved, the less money needs to be set aside now to pay for benefits. The calculation reflects this by placing a lower value on the liabilities if the "discount rate" is higher.
Inflation	Pensions in payment typically increase in line with price inflation, subject to a cap. A higher inflation assumption will, all other things being equal, lead to a higher value being placed on the liabilities.
Life expectancy	Pensions are paid while the member (and potentially their spouse or partner) is alive. The longer people live, the greater is the cost of providing a pension. Allowing for longer life expectancy therefore increases the liabilities.

The liabilities of the Scheme are calculated projecting forward all of the future benefit cash flows and discounting them back to the effective date of the valuation, using these assumptions. For example, the liability for a single pensioner is calculated by estimating the amount of each pension payment they will receive in the future, multiplying by the probability that the member will still be alive by the date of each payment, and then discounting each payment back to the effective date of the valuation; and then summing up all of these discounted amounts. The liabilities for the whole Scheme are calculated by summing the liabilities for each of the individual members.

FUNDING OBJECTIVE AND INVESTMENT STRATEGY

The assumptions for the Technical Provisions have been selected by the Trustees to reflect their funding objective, after agreeing with the Employer. Further details are available in the Scheme's Statement of Funding Principles dated 28 February 2019.

In addition, as part of their process for choosing the assumptions and determining the size of the margins to include, the Trustees have taken into account their objective assessment of the Employer's covenant and the level of risk present in the investment strategy of the Scheme. The Trustee's current investment strategy is set out in Appendix C and further details are available in the Scheme's Statement of Investment Principles.

ASSUMPTIONS USED TO CALCULATE TECHNICAL PROVISIONS

The tables below summarise the key assumptions used in the calculation of the Technical Provisions and those used for the 5 April 2015 actuarial valuation.

FINANCIAL ASSUMPTIONS	5 April 2018	5 April 2015
Discount rate:		
Pre-retirement	1.85% p.a.	4.30% p.a.
Post-retirement	1.85% p.a.	2.45% p.a.
Price inflation (RPI)	3.30% p.a.	3.10% p.a.
Price inflation (CPI)	2.55% p.a.	2.35% p.a.
Salary increases	n/a	4.10% p.a.
Pension increases in payment:		
RPI capped at 3% p.a.	2.40% p.a.	2.50% p.a.
RPI capped at 5% p.a.	3.10% p.a.	3.05% p.a.
RPI capped at 2.5% p.a.	2.10% p.a.	2.20% p.a.
CPI capped at 3% p.a.	2.05% p.a.	2.10% p.a.
CPI capped at 2.5% p.a.	1.85% p.a.	1.90% p.a.

DEMOGRAPHIC ASSUMPTIONS	5 April 2018	5 April 2015
Retirement	Age 65 Allowance for equalisation periods (where age 60 applies)	Age 65 Allowance for equalisation periods (where age 60 applies)
Mortality – base table	S2PA year of birth tables	S2PA year of birth tables
Mortality – future improvements:	CMI 2017 projections with 1.75% p.a. future long-term improvements rate	CMI 2014 projections with 1.25% p.a. future long-term improvements rate
Commutation	25% of pension	25% of pension
Proportion married	90% males / 75% females	90% males / 75% females
Age difference	Males are three years older than females	Males are three years older than females
Cash Equivalent Transfer Values	Deferred members transfer out at 3% p.a.	n/a

The mortality assumptions used for the 5 April 2018 valuation result in the following life expectancies. This information may be useful to the Trustees when completing the annual scheme return.

	COHORT	PERIOD
Life expectancy for a male aged 65 now	22.3	20.8
Life expectancy at 65 for a male aged 45 now	24.3	n/a
Life expectancy for a female aged 65 now	24.2	22.5
Life expectancy at 65 for a female aged 45 now	26.4	n/a

These assumptions have been selected by the Trustees to reflect their funding objective, after reaching agreement with the Employer. In setting the assumptions, the Trustees have assumed that the Scheme is ongoing (it is not in the process of being wound up). The Trustees' stated funding objective (which has also been agreed with the Employer) is to reach a position where the assets are sufficient to fully cover the Technical Provisions by 31 December 2018.

ASSUMPTIONS USED TO CALCULATE THE WIND-UP POSITION

The wind-up position looks at the Scheme's funding on the assumption that it had been discontinued on the valuation date and the benefits bought out with an insurance company. In doing this, it is assumed that no further benefits accrue and no further contributions are paid. There is no allowance for any discretionary benefits being paid in the future.

The wind-up position has been estimated using Mercer's experience of recent buyout quotations and our understanding of the factors affecting this market. Detailed analysis of the reserves that would need to be held by an insurance company has not been carried out. Consideration has been given to the market terms for the financial instruments in which insurance companies would be expected to invest. An approximate allowance has been made for the reserves an insurance company would maintain to cover the risks involved and the statutory reserving requirements. The results are, therefore, only a guide to the wind-up position and should not be taken as a quotation. Market changes, both in interest rates and in supply and demand for buyout business, mean that if a buyout ultimately proceeds, actual quotations may differ.
The wind-up funding level is only an estimate since it is not based on an actual quotation. The true position could only be established by completing a buyout.

The tables below set out the assumptions used to assess the funding level in the event of the Scheme being wound up. The assumptions used at 5 April 2015 are also shown for comparison.

FINANCIAL ASSUMPTIONS	5 April 2018	5 April 2015
Discount rate:		
Pre-retirement	1.60% p.a.	
Under 15 years		2.40% p.a.
Over 15 years		1.80% p.a.
Post-retirement (non-pensioners/pensioners)	1.90% p.a. / 2.00% p.a.	2.10% p.a. / 2.30% p.a.
Pension increases:		
RPI capped at 3% p.a.	2.70% p.a. (non-pensioners) / 2.60% p.a. (pensioners)	2.70% p.a. (non-pensioners) / 2.40% p.a. (pensioners)
RPI capped at 5% p.a.	3.80% p.a. (non-pensioners) / 3.40% p.a. (pensioners)	3.80% p.a. (non-pensioners) / 3.00% p.a. (pensioners)
RPI capped at 2.5% p.a.	2.30% p.a. (non-pensioners) / 2.20% p.a. (pensioners)	2.40% p.a. (non-pensioners) / 2.30% p.a. (pensioners)

DEMOGRAPHIC ASSUMPTIONS	5 April 2018	5 April 2015
Retirement	Age 65. Allowance for equalisation periods (where age 60 applies)	Age 65. Allowance for equalisation periods (where age 60 applies)
Mortality – base table	S2PA	S2PA
Mortality – future improvements:	CMI 2017 projections with 2% p.a. long term improvements for males / 1.5% for females	CMI 2014 projections with 2% p.a. long term improvements for males / 1.5% for females
Commutation	No Allowance	No Allowance
Proportion married	90% males, 75% females	90% males, 75% females
Spouse's age	Husband 3 years old than wives	Husband 3 years old than wives

As the Trustees' current investment policy includes investment in different assets than would typically be held by an insurer, the wind-up position on a given date may be significantly different from the position estimated at the valuation date.

B
SUMMARY MEMBERSHIP DATA

The membership data is summarised in the table, with figures at the previous valuation shown for comparison.

Data in relation to members of the Scheme were supplied by the Trustees, via the Scheme's administrator. The accuracy of the data provided has been relied on. While reasonableness checks on the data have been carried out, they do not guarantee the completeness or the accuracy of the data. Consequently, Mercer does not accept any liability in respect of its advice where it has relied on data that is incomplete or inaccurate.

	5 April 2018	5 April 2015
Active members		
Number	-	1
Total Pensionable Salaries (£)	-	44,000
Average Pensionable Salary (£)	-	44,000
Average age	-	60
Average past service	-	39
Deferred pensioners		
Number	499	582
Total deferred pensions revalued to valuation date (£000s p.a.)	2,051	2,344
Average deferred pension (£)	4,110	4,028
Average age (weighted by pension)	55	53
Pensioners		
Number	516	534
Total pensions payable (£000s p.a.)	3,038	2,739
Average pension (£)	5,889	5,130
Average age (weighted by pension)	72	70

C
ASSETS

The market value of the Scheme's assets was £128,339,015 on the valuation date.

The Trustees' investment strategy is to proportion the Scheme's assets by asset class as shown in the table below. The actual distribution of assets will vary over time due to changes in financial markets. The table also shows the distribution of assets at the valuation date.

	TARGET INVESTMENT STRATEGY	ACTUAL MARKET VALUE OF ASSETS AT 5 April 2018	
	%	£m	%
Growth:	36.60		35.8
Global equities	36.60	45.9	35.8
Matching:	63.40		64.2
Fixed gilts	15.85	20.3	15.8
Index-linked gilts	15.85	19.6	15.3
Corporate bonds	31.70	41.8	32.6
Net current assets/(liabilities)		0.7	0.5
Total		128.3	100.0

In addition, the Trustees also hold additional voluntary contributions (AVCs), which are also separately invested. These assets have been excluded from the market value shown as they exactly match the value of the benefits they cover.

The details of the assets at the valuation date and the financial transactions during the inter-valuation period have been obtained from the audited accounts for the Scheme as at 5 April 2018.

D
BENEFIT SUMMARY

The benefits valued are as set out in the benefit summary provided to the Trustees with the Engagement letter dated 4 May 2018. This broadly reflects the benefits communicated to members via membership booklets, announcements and correspondence outlining special terms where applicable.

The benefits that will emerge from AVCs paid by members have been excluded from the valuation, as have the corresponding assets, since the value of these liabilities is exactly matched by these assets.

E
SUMMARY OF PPF BENEFITS

If the Scheme winds up when the Employer is insolvent, its members may be eligible for compensation from the Pension Protection Fund. Normally, a scheme's assets and liabilities would only transfer to the PPF if the assets were insufficient to buy out the benefits provided by the PPF. The compensation that the PPF could provide would be broadly 100% of the pension in payment for members over pension age and 90% of a capped amount of the pension built up for members under pension age. Under the current PPF provisions:

- Pensions in payment will be increased annually, at the lower of 2.5% and the change in the Consumer Price Index (CPI), in respect of service after 5 April 1997 only. Pensions accrued before April 1997 are not increased.

- Benefits in deferment are revalued in line with the scheme's rules for any period between the member's exit and the scheme's entry into the PPF. With limited exceptions, revaluation between the entry date and the member's normal pension age will be in line with increases in the CPI subject to a maximum of 5% per annum compounded over the revaluation period in respect of service pre-6 April 2009, and CPI subject to a maximum of 2.5% per annum for service post-5 April 2009.

- With limited exceptions, spouses' pensions will be 50% of members' PPF compensation.

- The pensions of members aged less than their scheme's normal pension age when the scheme enters the PPF will be capped. The cap depends on the member's age when the pension is paid and is increased from time to time. For example, in 2017/18 the cap is £38,506 at age 65 – so, the maximum amount of compensation for members retiring at their normal pension age of 65 will be 90% of this, £34,655 per annum.

- The PPF does not cover defined contribution benefits and these would be bought out separately with an insurer.

F
SECTION 179 CERTIFICATE

This appendix includes a copy of the Section 179 valuation certificate which sets out the information required to complete the Section 179 section of the scheme return. The certificate is in the format required by the PPF; the terminology used in the certificate reflects the wording used in the Section 179 valuation guidance.

In summary, the results of the valuation disclose a surplus of £18.9m, equivalent to a funding level of 117% on the PPF funding basis.

SCHEME / SECTION DETAILS		**S179 VALUATION**	
Full name of scheme:	AVX Limited Pension Scheme	Effective date of this valuation	5 April 2018
Name of section of applicable:		**GUIDANCE AND ASSUMPTIONS**	
Pension Scheme Registration Number	10023435	s179 guidance used for this valuation	G7
Address of scheme (or section, where appropriate)	Mercer Limited Bedford House 16-22 Bedford Street Belfast Post code: BT2 7DX	s179 assumptions used for this valuation	A8

ASSETS		**LIABILITIES**	
Total assets (this figure should not be reduced by the amount of any external liabilities and should include the insurance policies referred to below)	£128,339,015	Please show liabilities for:	
		Active members (excluding expenses)	£0
		Deferred members (excluding expenses)	£55,468,165
Date of relevant accounts	5 April 2018	Pensioner members (excluding expenses)	£50,610,305
Percentage of the assets shown above held in the form of a contract of insurance where this is not included in the asset value recorded in the relevant scheme accounts.	0%	Estimated expenses of winding up	£2,560,785
		Estimated expense of benefit installation /payment	£838,600
		External liabilities	£0
		Total protected liabilities	£109,477,855

Please provide the percentage of the liabilities shown above that are fully matched by insured annuity contracts for:		Please show the proportion of liabilities which relate to each period of service for:	Before 6 April 1997	6 April 1997 to 5 April 2009 (inclusive)	After 5 April 2009
Active members	0%	Active members	0%	0%	0%
Deferred members	0%	Deferred members	52.94%	46.40%	0.66%
Pensioner members	0%	Pensioner members	63.98%	36.02% (all post 6 April 1997)	n/a

NUMBER OF MEMBERS AND AVERAGE AGES

For each member type. Please show the number of members and the average age (weighted by the protected liabilities) as at the effective date of this valuation. Average ages should be rounded to the nearest whole year.

	Number	Average age
Active members	0	n/a
Deferred members	499	54
Pensioner members	516	70

I certify that this valuation has been carried out in accordance with the Pension Protection Fund (Valuation) Regulations 205 and with the appropriate Section 179 guidance and assumptions issued by the Board of the Pension Protection Fund. I also certify that the calculated value of the protected liabilities is, in my opinion, unlikely to have been understated and has been calculated in line with the G8 guidance in force at the valuation date and, in accordance with the PPF's FAQ of December, with no allowance for GMP equalization.

SIGNATURE	Simon Hall	QUALIFICATION	Fellow of the Institute and Faculty of Actuaries
NAME	Simon Hall	EMPLOYER	Mercer Limited
DATE	12 March 2019		

As required, under Part 9 of the Guidance on undertaking a Section 179 valuation, the Section 179 certificate should form part of the Scheme actuary's Section 179 valuation report. The details contained in this certificate should be separately submitted to the PPF as part of the annual scheme return via the Pension Regulator's system "Exchange" within 15 months of the effective date. **This certificate should <u>not</u> be sent directly to the Pension Protection Fund.**

The key assumptions used to calculate the Section 179 liabilities are set out in the table below.

KEY ASSUMPTIONS	
Investment return: In deferment (allowing for revaluation in deferment): pre 5 April 2009 benefits	-1.60%
In deferment (allowing for revaluation in deferment): post 5 April 2009 benefits	-0.75%
In deferment (no revaluation allowed in deferment):	1.09%
For pensions in payment (flat) : pensioner (non-pensioner)	1.79% (1.43%)
For pensions in payment (increasing): pensioner (non-pensioner)	-0.11% (-0.77%)
Mortality	Males: S2PMA with future changes in line with CMI_2014 with 1.50% p.a. long term improvements Females: S2PFA with future changes in line with CMI_2014 with 1.25% p.a. long term improvements
Proportions "married"	85%/75% for males/females
Age differences between member and dependent	Females 3 years younger than males
Children's pensions	Children's pensions already in payment assumed to stop at 18 (or 23 if already over 17) No other allowance
Expenses: Wind-up (% of liabilities)	3% up to £50m; plus 2% between £50m and £100m; plus 1% over £100m
Benefit installation/payment	per non-pensioner member: £1000 per pensioner (dependent on age): Under 60 £900 60 to 70 £800 70 to 80 £600 80 or over £500

The benefits valued for the Section 179 valuation are in line with the benefit summary provided to the Trustees in the Engagement letter dated 4 May 2018 except as follows:

- The provisions outlined in Appendix E (Summary of PPF benefits) are assumed to override the Scheme's own benefit provisions for the purpose of the section 179 valuation only.
- Revaluation of benefits in deferment after the effective date of the valuation has been ignored as revaluation is allowed for implicitly by the yield in the section 179 assumptions which takes account of increases between the valuation date and NPA.
- Money purchase benefits have been ignored.

The data used for the Section 179 valuation is as set out in Appendix B and the assets used are as set out in Appendix C.

G

CERTIFICATE OF TECHNICAL PROVISIONS

Name of the Scheme	AVX Limited Pension Scheme

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 5 April 2018 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Scheme and set out in the Statement of Funding Principles dated 28 February 2019.

Signature	Simon Hall
Name	Simon Hall
Date of signing	12 March 2019
Name of employer	Mercer Limited
Address	Bedford House 16-22 Bedford Street Belfast BT2 7DX
Qualification	Fellow of the Institute and Faculty of Actuaries

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