

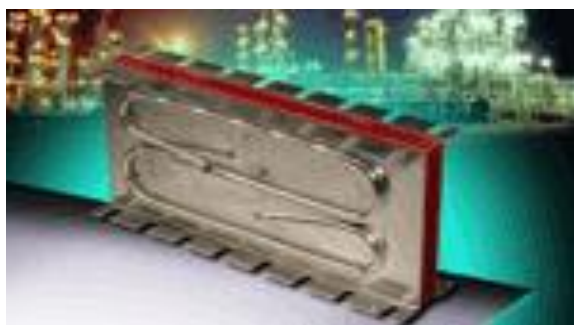
## AVX LIMITED PENSION SCHEME (“the Scheme”)

### TRUSTEES' REPORT FOR THE YEAR ENDED 5 APRIL 2017

#### 1. INTRODUCTION

Welcome to your 2017 newsletter for the AVX Limited Pension Scheme (“the Scheme”). This newsletter is prepared by the Trustees of the Scheme and the aim is to provide you with relevant information about how the Scheme is run and to keep you updated on matters relating to it.

Please let us know what you think and if there are any items you would like to see in future newsletters (see the last page for our contact details).



#### 2. WHO LOOKS AFTER THE SCHEME

The Trustees are entrusted with ensuring that the Scheme delivers the benefits promised to the members. This involves reviewing how the Scheme is administered, managing how the funds are invested, what contributions AVX, the sponsoring Company and members make and any discretionary decisions such as beneficiaries in the event of a death.

A Summary Funding Statement was issued to all members in October 2017 showing how the Scheme is funded. We also ensure that more detailed information about the Scheme, some of which is legally required, is available for all members on request.

Some of our Trustees are employees appointed by the Company ('Company Trustees') and some are voted on to the board by the members of the Scheme ('Member Trustees').

All our Trustees are required to act in the interests of the Scheme members.

#### Company Trustees

Bert Lawrence  
Kurt Cummings (*retiring December 2017*)  
Helen McCann  
Nick Birkett (*appointed 21 March 2017*)  
Michael Hugnafel (*appointed 1 December 2017*)

#### Member Trustees

Simon Cunday  
Peter Fenwick  
Martin Bagues



#### 3. FINANCIAL REVIEW

##### 3.1 [AVX's Commitment to the Scheme](#)

The ability and willingness of AVX Limited to continue to fund the Scheme remains as important as ever. The Trustees remain closely engaged with the Company to help ensure that this continues to be the case. We negotiated a legally enforceable guarantee from AVX Corporation, the parent company to AVX Limited, as part of the 2009 actuarial valuation. AVX Corporation has agreed to ensure that AVX Limited has sufficient assets to meet its pension obligations both on an ongoing basis and in the event of the Scheme being wound up.

Simultaneously, we have continued to develop our understanding of AVX Limited's financial strength and are satisfied that it is able to fund the Scheme.

Every three years, an actuarial valuation is carried out. On the years between valuations,

annual updates known as actuarial reports are completed.

### 3.2 [Dynamic de-risking](#)

The Trustees invest contributions in a diversified range of assets. The Scheme's assets are split between "Growth" and "Matching" assets.

The Matching Portfolio contains assets which aim to "match" the Scheme's liabilities by reducing the volatility of the Scheme's funding position (i.e. the chance of surpluses or deficits arising in future).

The Growth Portfolio aims to deliver investment returns over the long-term that exceed the returns available in the Matching Portfolio, although the returns are expected to be more volatile.

The split of assets between Growth and Matching portfolios is managed according to a dynamic de-risking strategy (DDS) whereby assets are expected to move from the Growth portfolio to the Matching portfolio as the funding level increases.

At 5 April 2017, the current target growth versus matching split was as follows:

- 41% Growth Portfolio (equities)
- 59% Matching Portfolio (index linked/fixed rate bonds and gilts, UK corporate bonds)

### 3.3 [Accounts](#)

The accounts shown overleaf illustrate how the Scheme's assets increased from £103.2m on 5 April 2016 to £124.7m by 5 April 2017. This reflects the strong investment returns that were achieved on the Scheme's assets during the period from 5 April 2016 to 5 April 2017, along

with additional contributions paid by the Company to the Scheme to rectify the shortfall at 5 April 2015.

### 3.4 [Summary](#)

We, the Trustees, are satisfied that the Scheme's financial position is as secure as possible bearing in mind:

- the strong balance sheet of AVX Limited in the UK, combined with robust UK pensions legislation which places strong obligations on employers;
- the additional financial guarantee from AVX Corporation in the US to the Trustees of the Scheme in relation to AVX Limited's financial obligations to the Scheme;
- our continued strategy of gradually moving the Scheme's investments into bonds which are better matched to the nature of the Scheme's liabilities; and
- the Trustees continue to closely monitor the ongoing funding of the Scheme.

## 4. SCHEME MEMBERSHIP AT 5 APRIL 2016 AND 5 APRIL 2017

	2017	2016
Members currently employed:	1*	1
Pensioners:	555	540
Ex-employees who have retained their pension rights in the Scheme	<u>534</u>	<u>559</u>
<b>Total Membership:</b>	<b>1,090</b>	<b>1,100</b>

\*Date of retirement was 31 March 2017 however settlement of benefits did not occur until 15 May 2017.



## 5. INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 5 APRIL 2016 AND 5 APRIL 2017

	<b>2017</b> <b>£000s</b>	<b>2016</b> <b>£000s</b>
<b>INCOME</b>		
Contributions ( <i>see Note 1</i> )	4,756	4,829
Transfers in	-	-
Bank interest	-	-
<b>Total Income</b>	<b><u>4,756</u></b>	<b><u>4,829</u></b>
<b>EXPENDITURE</b>		
Benefits Paid ( <i>see Note 2</i> )	3,545	3,533
Payments to and on account of leavers	98	721
Group Life Assurance Premiums	-	(36)
Fees and Expenses	274	331
<b>Total Expenditure</b>	<b><u>3,917</u></b>	<b><u>4,549</u></b>
Excess of Income over Expenditure	839	280
Plus:		
<b>Investment Return on Scheme Assets</b>	20,649	(1,720)
Plus		
<b>Balance of Fund at Start of Year</b>	103,231	104,671
Equals		
<b>Balance of Fund at End of Year</b>	<b><u>124,719</u></b>	<b><u>103,231</u></b>

### Notes:

1. A split of the Contributions paid during the year is as follows:

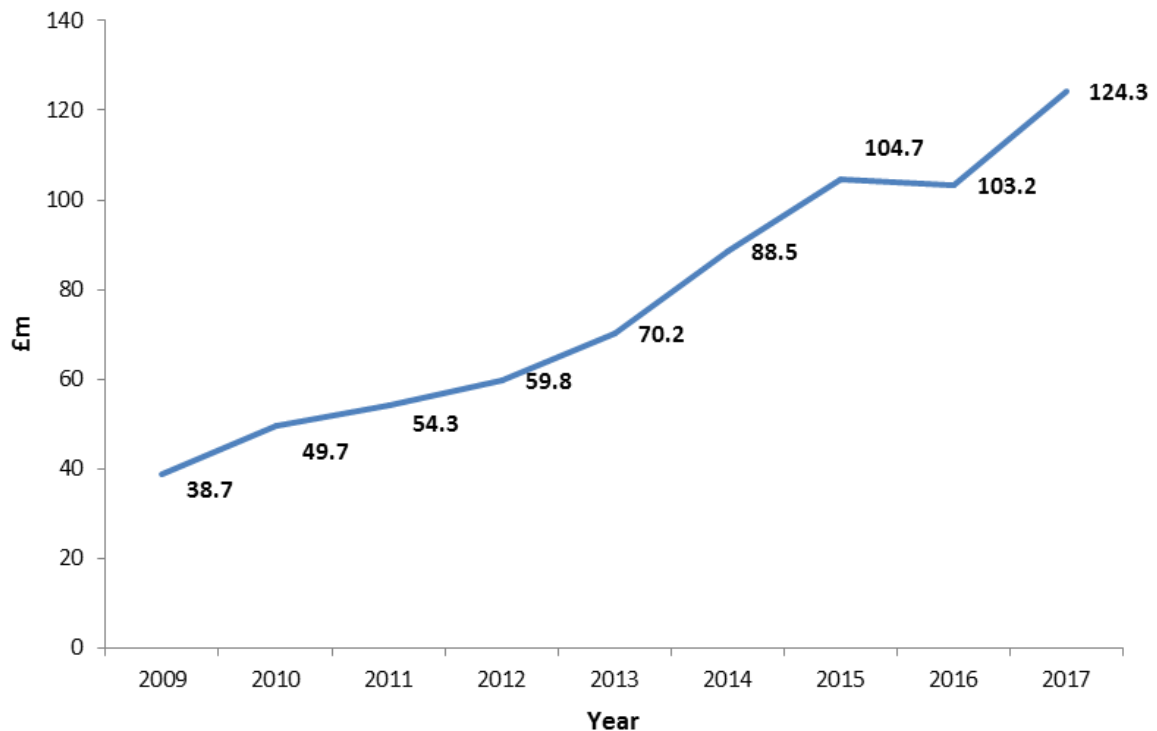
	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Company	4,750	4,802
Members	6	15
Additional Voluntary Contributions	-	<u>12</u>
	<u>4,756</u>	<u>4,829</u>

2. Benefits paid during the year were as follows:

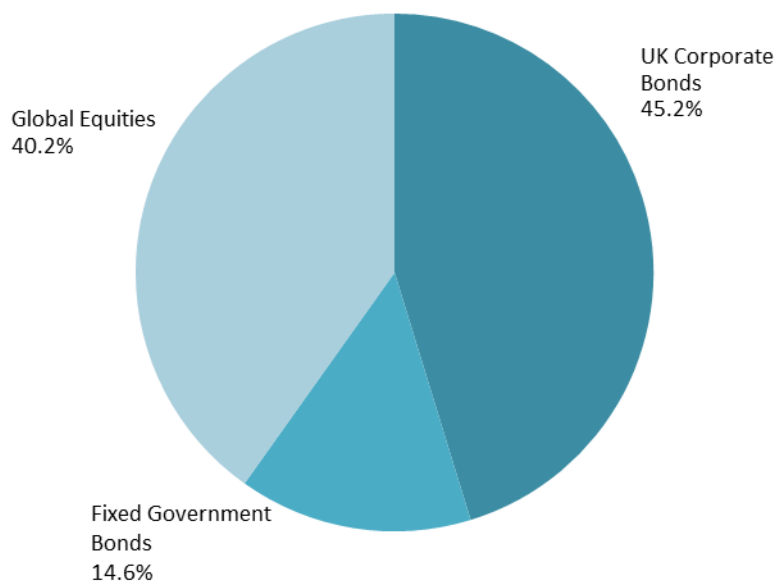
	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Pensions	2,932	2,848
Lump sums on retirement	496	659
Lump sums on death in retirement	117	2
Taxation where lifetime or annual allowance exceeded	-	24
	<u>3,545</u>	<u>3,533</u>

## 6. ASSET VALUES

The following chart shows how the market value of the Scheme's assets has changed over the last eight years. In each year, the market value of the assets is shown as at 5 April. For the period from 2014, the assets include the former Retirement Plan assets which were merged into the Scheme in late 2013.



## 7. ASSET DISTRIBUTION AT 5 APRIL 2017



## 8. SCHEME ADVISORS

The advisers to the Scheme are:

<b>Scheme Actuary:</b>	Simon Hall, Mercer Limited
<b>Pension Administrators/ Consultants:</b>	Mercer Limited
<b>Auditors:</b>	Pricewaterhouse- Coopers LLP
<b>Investment Managers:</b>	Mercer Investment Management Limited

## 9. STATE PENSION REFORM

The State pension system was overhauled with effect from 6 April 2016. Whilst this will not change the benefits you receive from the Scheme, it could impact on the pension benefits you receive from the State. The main changes are noted below.

### [When can I take my state pension?](#)

When you will be able to take your state pension will depend on your age. The table across shows how currently legislated changes will affect your State Pension Age (SPA).

Date of birth	State Pension Age
Before 06/04/1950	Females 60 / Males 65
06/04/1950 – 05/12/1953	Females 60 – 65 / Males 65
06/12/1953 – 05/10/1954	65 – 66
06/10/1954 – 05/04/1960	66
06/04/1960 – 05/03/1961	66 – 67
06/03/1961 – 05/04/1977	67
06/04/1977 – 05/04/1978	67 – 68
After 05/04/1978	68

Proposals to further amend the state pension age were announced in July 2017 following a review of the state pension. It is now proposed that the planned increases to the state pension age in the table above will be accelerated, in particular a state pension age of 68 will now apply to all members born after 5 April 1970 rather than 5 April 1978.

### [Where can I find more information?](#)

The calculation of State benefits is complex and the above sets out only a high level summary of the main changes. To find out more about your State Pension, or to request a State Pension statement, go to the Government pensions website at:

<https://www.gov.uk/state-pension>

Or phone one of the following numbers.

State Pension (claim line)	0800 731 7898 (free)
Pension Service	0845 606 0265

You can also obtain a quote of your State Pension by going to:

[www.gov.uk/calculate-state-pension](http://www.gov.uk/calculate-state-pension)

## [Deferring Your State Pension](#)

If you are coming up to State Pension Age you can defer taking your State Pension and then also get a lump sum (if you put off claiming your State Pension for at least 12 months in a row) or an increased State Pension when you eventually retire. You can put off claiming your State Pension for as long as you want; the longer you defer payment, the higher the pension or lump sum you will receive when you actually retire, and there is now no upper age limit.

For further details on your State Pension, contact the Pension Service:  
Telephone: 0345 606 0265  
Website: [www.gov.uk](http://www.gov.uk)

## **10. CYBER SECURITY**

Press coverage of the NHS cyber-attacks in May has highlighted the risks and potential impact of malicious cyber-attacks and cyber security is an issue the Trustee takes very seriously. The Pensions Regulator has also recently highlighted the need for the Trustees to consider the issue and take preventative measures.

The Trustees work closely with the advisers to ensure sufficient controls are in place to protect your data. Mercer, the Scheme administrator, maintains a variety of administrative, technical and physical security policies and procedures designed to safeguard the confidentiality, integrity and availability of information.

Members should also remain vigilant in this area and be wary of potential phishing attacks. If you suspect a call or email is malicious do not provide any information. Whilst Mercer is responsible for paying benefits to Scheme members, neither Mercer nor the Trustees would ever request banking passwords or answers to members' banking security questions. If you receive a suspicious email/call claiming to be from the Trustees or our administrators you can check the validity of this by contacting the Scheme's administrators using the telephone number/email on page 7.

A new European General Data Protection Regulation (the "GDPR") comes into effect from 25 May 2018 and introduces changes to data protection requirements. The Trustees will be reviewing the new data protection requirements to ensure the Scheme complies with the new regulations.

## **11. PENSION SCAMS**

Along with the Pensions Regulator and HMRC the Trustees continue to be concerned about the number of members of UK schemes who have been enticed into pension scams known as pension liberation fraud. Pension scams are on the increase (particularly in light of the increased pension freedoms now available) and the Trustees are keen to avoid members becoming victims.

Many pension liberation schemes work by suggesting that they can provide individuals with early access to their pension savings without explaining the very significant tax consequences that are likely to arise as a result. Early access to pensions in this way is rarely in anyone's long term financial interests and we strongly advise any individuals who are considering such offers to seek independent financial advice. A local list of independent financial advisers can be obtained at:

[www.unbiased.co.uk](http://www.unbiased.co.uk).

If you think you are being targeted, never feel rushed or pressured into making a pension transfer. Before you sign anything call The Pensions Advisory Service on 0300 123 1047 or if you have already accepted an offer, call Action Fraud on 0300 123 2040. Further information can be found at:

<http://www.thepensionsregulator.gov.uk/pension-scams>

## 12. ARE MY PERSONAL DETAILS SECURE?

As Trustees, we are registered under the Data Protection Act 1998 (“the Act”) which means that any personal information we hold about you cannot be disclosed to anyone not authorised to have it. We can only disclose personal data we hold on our records to other authorised parties.

All the information we collect from you is kept fully secure and is only released to others who need to use it for valid reasons, such as:

- to our pensions administrators – who set up your pension;
- to insurance companies – for the payment of death benefits;
- to future employers – when you change jobs.

In certain circumstances, the personal data that we hold on you may include data, such as medical and health details, or membership of a Trade Union, which is deemed “sensitive personal data” under the Act and which is subject to further strict rules in relation to its use.

## 13. SCHEME WEBPAGE

As you may recall, members of the Scheme can access information about their pension online via the Scheme’s website. This website address is [www.avxlimitedpensionscheme.com](http://www.avxlimitedpensionscheme.com)

## 14. STAYING IN TOUCH

The Trustees will continue to meet

regularly to monitor the progress of the Scheme.

The member-nominated trustees are Simon Cunday, Peter Fenwick (pensioner) and Martin Bagues. They are keen to ensure that you remain in touch with them and their contact details are:

### Simon Cunday:

Telephone: 01803 401766

E-mail: [simon-cunday@blueyonder.co.uk](mailto:simon-cunday@blueyonder.co.uk)

### Peter Fenwick:

Telephone: 01803 782723

E-mail: [peterfenwick68@yahoo.co.uk](mailto:peterfenwick68@yahoo.co.uk)

### Martin Bagues:

Telephone: 02870 340422

E-mail: [baguesm@avx.com](mailto:baguesm@avx.com)

If you have any questions or concerns which you would like to be addressed via the Company, your contact is:

Ms Helen McCann  
HR Manager  
AVX Limited  
Hillmans Way  
Coleraine  
BT52 2DA

Telephone: 02870 340661

E-mail: [McCannH@avx.com](mailto:McCannH@avx.com)

Your contact at Mercer, the advisers for the AVX Scheme, is

Lorraine Mech

Telephone: +44(0)141 285 0060

E-mail: [lorraine.mech@mercer.com](mailto:lorraine.mech@mercer.com)