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SCHEME FUNDING REPORT OF THE ACTUARIAL VALUATION AS AT 5 APRIL 2015

AVX LIMITED PENSION SCHEME

March 2016

MARSH & McLENNAN COMPANIES

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1. INTRODUCTION

This report is addressed to the Trustees of the AVX Limited Pension Scheme ("the Scheme") 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 2015, 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 cost of the benefits that active members will build up in the future and other costs incurred in running the Scheme.

Signature	Simon Hall	**Date of signing**	16 March 2016
Scheme Actuary	Simon Hall	**Qualification**	Fellow of the Institute and Faculty of Actuaries

This report has been prepared in accordance with the version of the Pensions Technical Actuarial Standard current at the date this report is signed. It also complies with the relevant requirements of Technical Actuarial Standards R: Reporting Actuarial Information, D: Data and M: Modelling, where they apply to this report. These Standards are all 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 to any participating employer and, if the Trustees and Mercer consent, it may be disclosed to other third parties. If the Trustees and Mercer consent, this report may be disclosed to other third parties.

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2. KEY RESULTS OF THE SCHEME FUNDING ASSESSMENT

2.1 Past service funding position

The table on the right compares the assets and liabilities of the Scheme at 5 April 2015. Figures are also shown for the last valuation as at 5 April 2012 for comparison.

The table shows that at 5 April 2015 there was a shortfall of £4.8m. An alternative way of expressing the position is that the Scheme's assets were sufficient to cover 96% of its liabilities – this percentage is known as the funding level of the Scheme.

At the previous valuation at 5 April 2012 the shortfall was £22.4m, equivalent to a funding level of 73%. The key reasons for the changes between the two valuations are considered in section 3.2.

	£m	
	5 April 2015	**5 April 2012**
Total assets	104.2	59.6
Liabilities:		
Active members	0.6	5.6
Deferred pensioners	50.4	33.5
Pensioners	58.0	42.9
Total liabilities	109.0	82.0
Past service surplus / (shortfall)	(4.8)	(22.4)
Funding level	96%	73%

The liability value at 5 April 2015 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 (which is "strong"), having agreed with the Employer, AVX Limited ("AVX"). Further details of the way in which the Technical Provisions are calculated are set out in Appendix A.

2.2 Correcting the shortfall

The Trustees and AVX have agreed to pay shortfall contributions of £4.5m pa Under the Recovery Plan dated March 2016, the Scheme is expected to be fully funded by 30 April 2016.

Date	**Payments**
From 5 April 2015 to 30 April 2016 (inclusive)	£4.5m pa

After this date, the Trustees and AVX can agree for contributions to continue at the same rate on a discretionary basis for the period until 31 May 2018 (or earlier cessation).

2.3 Future service contributions

The valuation also looks at the cost of the benefits that will be built up over the remaining future lifetime of the final remaining active member. A summary of the assumptions used is provided in Appendix A.

The table on the right gives a breakdown of the future service cost at 5 April 2015 and also shows the cost at 5 April 2012 for comparison. The active member pays contributions to the Scheme as a condition of membership, at the rate of 13.0% of Pensionable Salary as he accrues benefits on a 60th accrual basis. The contribution rate shown for 2012 is an average rate based on 80th accrual 60th accrual. The member contributions are therefore deducted from the future service rate to calculate the Employer's future service contribution rate.

	% of Pensionable Salaries	
	5 April 2015	**5 April 2012**
Cost of pension benefits	36.3	24.0
Cost of insurance premiums	3.5	3.5
Less members' contributions	(13.0)	(11.6)
Employer future service contribution rate	26.8	15.9

In addition to the cost of future benefit accrual the Scheme incurs costs related to ongoing administration and levies such as the PPF levy. The Employer contributes contributions of £230k pa to cover the expenses of the Scheme, and there is therefore no allowance towards expenses in the future service contribution rate.

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3. EXPERIENCE SINCE LAST VALUATION

3.1 Summary of key inter-valuation experience

The last actuarial valuation was carried out with an effective date of 5 April 2012. Since the last valuation, the Defined Benefit Section of the AVX Retirement Plan merged into the Scheme with effect from 30 September 2013.

Members who were active members of the Scheme at 5 April 2015 but who have since retired are treated as pensioners for the purposes of the valuation.

During the inter-valuation period, the investment return on the Scheme's assets has been 12% pa.

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*
5 April 2012 to 5 April 2013	£4,246k	£35k
5 April 2013 to 5 April 2014	£4,550k	£38k
5 April 2014 to 5 April 2015	£4,829k	£33k

*excluding Additional Voluntary Contributions

3.2 Reasons for the change in funding position since the last actuarial valuation

As noted in 2.1, the shortfall at the last valuation date was £22.4m. The table below sets out the main reasons for the change in the shortfall between 5 April 2012 and 5 April 2015.

	£m
Shortfall at 5 April 2012	**(22.4)**
Expected interest on shortfall	(3.1)
Investment returns	18.3
Withdrawals	0.3
Pension Increases	0.3
Deferred Revaluation	0.7
Retirement Plan merger	(0.5)
Contributions	13.9
Change of basis	(13.1)
Miscellaneous	0.8
Shortfall at 5 April 2015	**(4.8)**

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4. PROJECTED FUTURE FUNDING LEVEL AND VOLATILITY

4.1 Projected funding position at next actuarial valuation

As part of this valuation, the Trustees have agreed with AVX to put in place a Recovery Plan to pay off the shortfall by 30 April 2016, which is before the next actuarial valuation due no later than 5 April 2018. The Trustees and AVX have agreed that contributions equivalent to the amount payable under the Recovery Plan can continue beyond the end of the Recovery Plan, in which case if experience is in-line with the assumptions made for the current valuation the Scheme would be expected to be in surplus at the date of the next valuation.

4.2 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 as follows.

- If the Employer becomes unable to pay contributions or 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 Employer covenant and consider it to be strong. In addition, they have a legally enforceable parent company guarantee from AVX Corporation in respect of pension liabilities and obligations to the Scheme.

- 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 and AVX have agreed in-principle to de-risk the Scheme's assets by gradually moving from a growth portfolio into a matched portfolio (pre-dominantly into gilts and corporate bonds) so as to target a longer-term less volatile and funding intensive position. The strategy is due to be implemented in April 2016, and will involve a trigger-based de-risking framework that involves monitoring the Scheme's assets on a daily basis.

- 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. A proportion of the Scheme's assets is invested 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 the maximum possible 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. The Trustees are also imn the process of reviewing the Scheme's actuarial factors.

4.3 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 with AVX, then the projected future funding level will be different from the level described above in 4.1.

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 2015 would have differed given small changes in the key assumptions.

Date	Change in shortfall at 5 April 2015 (£m)
Pre-retirement investment return is 0.25% lower than assumed	1.5
Post-retirement investment return is 0.25% lower than assumed	3.8
Long-term inflation is 0.25% higher than assumed	4.2
Members live one year longer than assumed	3.5
Commutation: current commutation factor +3 at age 65	1.6

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5. WIND-UP POSITION

If AVX 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 Trustee's Technical Provisions when calculating the value of the Scheme's liabilities and the price they would charge to provide the benefits

The table on the right shows an estimate of the funding level of the Scheme at 5 April 2015 assuming all benefits were bought out with an insurer. The wind-up position at 5 April 2012 is also shown for comparison. The wind-up position is shown for information only, and does not mean that the Trustees or AVX are considering winding up the Scheme.

	£m	
	5 April 2015	**5 April 2012**
Total assets	104.2	59.6
Liabilities:		
Active members	0.8	7.2
Deferred pensioners	87.9	55.8
Pensioners	59.6	44.7
Expenses	3.9	2.7
Total liabilities	152.2	110.4
Past service surplus / (shortfall)	(48.0)	(50.8)
Funding level	68%	54%

As the table shows, the Scheme would have had a shortfall of £48.0m if it had been wound up at 5 April 2015. This means that, on average, members could only expect to receive 68% of the benefits earned to date (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 AVX 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.

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 2018 on a wind-up basis would be £38.9m, equivalent to a funding level of 74%.

APPENDICES

APPENDIX A: ASSUMPTIONS

A.1. 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. The Trustees' investment policy is to invest the funds held in respect of retired members in lower risk assets (which therefore have a lower expected return) than those held for members who are still some way from retirement. Therefore, the discount rate assumption is split into pre and post-retirement rates (with pre-retirement being higher).
Inflation	Pensions in payment typically increase in line with price inflation, subject to a cap. Salary growth is also normally linked to price inflation. A higher inflation assumption will, all other things being equal, lead to a higher value being placed on the liabilities.
Pensionable Salary growth	Pensions for active members are based on their salaries immediately before retirement, so it is necessary to make an assumption about future Pensionable Salary growth. The higher this assumption, the higher the value placed on the liabilities for active members.
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.

A.2. Assumptions used to calculate Technical Provisions

The table below summarises the key assumptions used for the 5 April 2012 actuarial valuation.

Financial assumptions	5 April 2015	5 April 2012
Discount rate:		
Pre-retirement	4.30% p.a.	5.35% p.a.
Post-retirement	2.45% p.a.	3.50% p.a.
Price inflation (RPI)	3.10% p.a.	3.35% p.a.
Price inflation (CPI)	2.35% p.a.	2.85% p.a.
Salary increases	4.10% p.a.	4.35% p.a.
Deferred revaluation:		
RPI capped at 5% p.a.	3.10% p.a.	3.35% p.a.
CPI capped at 5% p.a.	2.35% p.a.	2.85% p.a.
CPI capped at 2.5% p.a.	2.35% p.a.	2.50% p.a.
Pension increases in payment:		
RPI capped at 3% p.a.	2.50% p.a.	2.85% p.a.
RPI capped at 5% p.a.	3.05% p.a.	3.25% p.a.
RPI capped at 2.5% p.a.	2.20% p.a.	2.35% p.a.
CPI capped at 3% p.a.	2.10% p.a.	2.85% p.a.
CPI capped at 2.5% p.a.	1.90% p.a.	n/a
Demographic assumptions	**5 April 2015**	**5 April 2012**
Mortality – base table	S2PA year of birth tables	S1NA year of birth tables
Mortality – future improvements:		
Males	CMI 2014 projections with 1.5% p.a. future long-term improvements rate	CMI 2011 projections with 1.25% p.a. future long-term improvements rate
Females	CMI 2014 projections with 1.5% p.a. future long-term improvements rate	CMI 2011 projections with 1.25% p.a. future long-term improvements rate
Commutation	25% of pension at retirement	25% of pension at retirement

The mortality assumptions used for the 5 April 2015 valuation result in the following life expectancies. This information may be useful to the Trustees when completing the annual scheme return.

	Years
Life expectancy for a male aged 65 now	22.7
Life expectancy at 65 for a male aged 45 now	24.8
Life expectancy for a female aged 65 now	24.8
Life expectancy at 65 for a female aged 45 now	27.1

These assumptions have been selected by the Trustees to reflect their funding objective, after reaching agreement with AVX. In setting the assumptions, the Trustees have assumed that the Scheme is ongoing (it is not in the process of being wound up). In particular, the assumptions allow for future salary increases for active members. The Trustees' stated funding objective (which has also been agreed with AVX) is to reach a position where the assets are sufficient to fully cover the Technical Provisions by 30 April 2016.

A.3. Assumptions used to calculate future service cost

The assumptions used to calculate the cost of future benefit accrual are the same as those used to calculate the Technical Provisions.

A.4. 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, no further contributions are paid and active members are entitled to benefits on the basis they had left service on the valuation date. 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 2012 are also shown for comparison.

Financial assumptions	**5 April 2015**	**5 April 2012**
Discount rate:		
Pre-retirement		3.70% p.a.
Under 15 years	2.40% p.a.	
Over 15 years	1.80% p.a.	
Post-retirement	2.10% p.a. (non-pensioners)/ 2.30% p.a. (pensioners)	3.50% p.a. (non-pensioners) / 3.40% p.a. (pensioners)
Pension increases:		
RPI capped at 3% p.a.	2.70% p.a. (non-pensioners) / 2.40% p.a. (pensioners)	2.80% p.a.
RPI capped at 5% p.a.	3.80% p.a. (non-pensioners) / 3.00% p.a. (pensioners)	4.00% p.a.
RPI capped at 2.5% p.a.	2.40% p.a. (non-pensioners) / 2.30% p.a. (pensioners)	2.40% p.a.
CPI capped at 3% p.a.	2.50% p.a. (non-pensioners) / 2.20% p.a. (pensioners)	n/a
CPI capped at 2.5% p.a.	2.20% p.a. (non-pensioners) / 2.10% p.a. (pensioners)	n/a

Demographic assumptions	**5 April 2015**	**5 April 2012**
Retirement	All at age 65	All at age 65
Mortality – base table	S2PA	S1NA tables using year of birth and adjusted by -1 years to reflect the membership profile of the Scheme
Mortality – future improvements:	CMI 2014 projections with 2% pa and 1.5% pa minimum improvement for males and females respectively	CMI 2011 projections with 2% pa and 1.5% pa minimum improvement for males and females respectively
Commutation	No allowance	No Allowance
Proportion married	90% males, 75% females	90% males, 75% females
Spouse’s age	Husband 3 years older than wives	Husband 3 years older than wives

Demographic assumptions	5 April 2015	5 April 2012
Expense allowance	PPF expense allowance: 3% of liabilities up to £50m 2% of liabilities up to £100m 1% of liabilities in excess of £100m Benefit installation /payment expenses of £1000 per non-pensioner and an age-related allowance per pensioner.	2% of liabilities 1% of assets

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.

APPENDIX 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.

Members who were active members of the Scheme at 5 April 2015 but who have since retired are treated as pensioners for the purposes of the 5 April 2015 valuation.

	5 April 2015	**5 April 2012**
Active members		
Number	1	10
Total Pensionable Salaries (£000s p.a.)	44	531
Average Pensionable Salary (£000s p.a.)	44	53
Average age	60.0	57.8
Average past service	38.7	32.1
Deferred pensioners		
Number	582	465
Total deferred pensions revalued to valuation date (£000s p.a.)	2,344	1,937
Average deferred pension (£ p.a.)	4,028	4,165
Average age	52.9	49.6
Pensioners		
Number	534	435
Total pensions payable (£000s p.a.)	2,851	2,133
Average pension (£ p.a.)	5,339	4,903
Average age	70.4	68.3

APPENDIX C: ASSETS

The market value of the Scheme's assets (excluding Additional Voluntary Contributions) was £104,154,969 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.

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.

	Investment strategy	Actual market value of assets at 5 April 2015	
	%	£000s	%
Bonds:	55.00		55.8
Fixed gilts	13.75	14,709	14.1
Index-linked gilts	13.75	15,436	14.8
Other UK bonds	27.50	28,010	26.9
Overseas bonds	-	-	-
Equities:	45.00		43.7
UK	18.00	17,962	17.2
Overseas	27.00	27,504	26.4
Net current assets/(liabilities)	-	534	0.5
Total	100.00	104,155	100.0

APPENDIX D: BENEFIT SUMMARY

The benefits valued are as set out in the benefit summary included in the engagement letter dated 6 November 2015 provided to the Trustees. This broadly reflects the benefits communicated to members via membership booklets, announcements and correspondence outlining special terms where applicable.

APPENDIX 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 Prices 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 2015/16 the cap is £36,401 at age 65 – so, the maximum amount of compensation for members retiring at their normal pension age of 65 will be 90% of this, £32,761 per annum.
- The PPF does not cover defined contribution benefits and these would be bought out separately with an insurer.

APPENDIX 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 deficit of £7,332k, equivalent to a funding level of 93% on the PPF funding basis.

Scheme / Section details		**s179 valuation**	
Full name of scheme:	AVX Limited Pension Scheme	Effective date of this valuation (dd/mm/yyyy)	5 April 2015
Name of section of applicable:	n/a	**Guidance and assumptions**	
Pension Scheme Registration Number	10023435	s179 guidance used for this valuation	G6
Address of scheme (or section, where appropriate)	Mercer Limited 9th Floor, Bedford House 16-22 Bedford Street Belfast BT2 7DX	s179 assumptions used for this valuation	A7

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)	£104,154,969	Please show liabilities for:	
		Active members (excluding expenses)	£639k
		Deferred members (excluding expenses)	£58,655k
Date of relevant accounts (dd/mm/yyyy)	05/04/2015	Pensioner members (excluding expenses)	£48,667k
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	£2,580
		Estimated expense of benefit installation /payment	£946k
		External liabilities	£0
		Total protected liabilities	£111,487k

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	47.04%	36.03%	16.93%
Deferred members	0%	Deferred members	54.38%	44.65%	0.96%
Pensioner members	0%	Pensioner members	64.96%	35.04% (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	1	60
Deferred members	582	52
Pensioner members	534	69

I certify that this valuation has been carried out in accordance with the Pension Protection Fund (Valuation) Regulations 2005 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.

Signature	Simon Hall	Qualification	Fellow of the Institute and Faculty of Actuaries
Name	Simon Hall	Employer	Mercer Limited
Date	16 March 2016		

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	-1.22%
• In deferment (allowing for revaluation in deferment): post 5 April 2009 benefits	0.02%
• For pensions in payment (flat) :	1.94%
• For pensions in payment (increasing):	-0.16%
Mortality	S1PA year of birth tables CMI 2012 projections with 1.5% p.a. future long term improvements rate for male members and 1.0% p.a. future long term improvements rate for female members with 90% weighing
Proportions “married”	85% (males) / 75% (females) for pensioners 85% (males) / 75% (females) for non-pensioners
Age differences between member and dependant	Female 3 years younger than male
Children’s pensions	Children’s pensions already in payment assumed to stop at 18 (or 23 if already over 17) No other allowance

Key assumptions	
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 dated January 2016 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.

APPENDIX 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 2015 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 March 2016.

Signature	Simon Hall
Name	Simon Hall
Date of signing	16 March 2016
Name of employer	Mercer Limited
Address	Mercer Limited 9th Floor, Bedford House 16-22 Bedford Street Belfast BT2 7DX
Qualification	Fellow of the Institute and Faculty of Actuaries

MERCER