

Undertaking #18

MPI to advise what is meant by a tracking error on page 14 on Attachment B, Investment Income.

RESPONSE:

Tracking error measures the volatility (standard deviation) of the difference between two numbers, in this case the change in the value of the fixed income portfolio and the claims liabilities. It's a measure of the consistency of the difference between two numbers.

The green line has high tracking error while the red line has zero tracking error (relative to the blue line).

