

**Undertaking #38**

MPI to provide analysis for the combined scenario, assuming that equity returns and interest rates are independent

**RESPONSE:**

The Combined model was run for 1,000 simulations with the limited time available with equities and interest rates independent. The 1-in-40 scenario was selected for both the 4-Year Combined and the 2-Year Combined scenario. Management action was applied identically to each of the scenarios. The results are shown in the table below.

4-Year Combined 1-in-40 Scenario	Total Equity (\$millions)				
	2015/16	2016/17	2017/18	2018/19	2019/20
with correlation	\$262	\$181	\$116	\$51	\$70
independent	\$262	\$177	\$98	\$61	\$72
Difference	\$0	(\$4)	(\$18)	\$11	\$1
2-Year Combined 1-in-40 Scenario	2015/16	2016/17	2017/18	2018/19	2019/20
with correlation	\$262	\$139	\$31	\$46	\$80
independent	\$262	\$117	\$53	\$94	\$154
Difference	\$0	(\$23)	\$21	\$48	\$74