

Undertaking # 12

Please provide the equivalent figures for our actual yield on our fixed income portfolio (as opposed to the GOC 10 year bond).

RESPONSE:

The actual versus budget values for the marketable bond yield, MUSH yield, total fixed income portfolio yield, and the claims discount rate are shown in the tables below. Note that the claims discount rate is the duration weighted yield of the total fixed income portfolio, which is used to determine the present value of the claims liabilities. The total fixed income portfolio yield is the market weighted yield of the combined marketable bond and MUSH portfolio.

The forecast is based on the 2017 GRA, March 2016 Standard interest rate forecast.

Marketable Bond Yield

	Actual	Forecast	Variance
Q1 2016/17	2.63%	2.99%	-0.36%
Q2 2016/17	2.31%	3.08%	-0.77%
Q3 2016/17		3.21%	
Q4 2016/17		3.38%	

MUSH Yield

	Actual	Forecast	Variance
Q1 2016/17	4.76%	4.76%	0.00%
Q2 2016/17	4.75%	4.72%	0.03%
Q3 2016/17		4.68%	
Q4 2016/17		4.65%	

Total Fixed Income Portfolio Yield (Market Weighted)

	Actual	Forecast	Variance
Q1 2016/17	3.41%	3.61%	-0.20%
Q2 2016/17	3.15%	3.66%	-0.51%
Q3 2016/17		3.73%	
Q4 2016/17		3.84%	

Claims Discount Rate (Duration Weighted Fixed Income Yield)

	Actual	Forecast	Variance
Q1 2016/17	3.19%	3.48%	-0.29%
Q2 2016/17	2.87%	3.55%	-0.68%
Q3 2016/17		3.66%	
Q4 2016/17		3.79%	