

Undertaking # 36

MPI to provide a table similar to the October 2015 valuation to document the derivation of the valuation discount rates for the February 2016 valuation.

RESPONSE:

The attached table shows the derivation of the fixed income portfolio yield for the valuation of policy liabilities as of February 29, 2016. The yield is based on a duration weighted average market yield of each security within the fixed income portfolio less portfolio management fees.

MPI's Bond Portfolio at February 29, 2016

Category	Market Value (\$000)	Yield-to-Maturity	Duration Wtd Yield	Duration Years
Government Bonds	971,175	2.92%	3.09%	13.00
Corporate Bonds	44,476	3.13%	3.12%	13.70
Non-marketable Bonds	623,398	4.76%	4.50%	6.15
Floating Rate Note	40,032	0.97%	0.86%	0.07
Total Fixed Income Portfolio	1,679,082	3.56%	3.40%	10.17
Premium Receivable	420,428	5.00%	5.00%	0.25
Short Term Investments	25,284	0.90%	0.90%	0.08
Total Designated Assets	2,124,794	3.82%	3.41%	8.08
Duration Weighted Yield - Total Designated Assets				3.41%
Fixed Income Investment Management Fees (\$000)				1,286
As % of Total Fixed Income Portfolio				0.08%
Duration Weighted Yield Less Mgmt Fees				3.34%
Inflation				2.00%
Real Duration Weighted Yield Less Mgmt Fees				1.31%