

Undertaking # 38

MPI to provide a table similar to that from the October 2015 valuation at page 42 to document the derivation of the valuation discount rates for the May 2016 and the August 2016 valuations.

RESPONSE:

The attached tables show the derivation of the fixed income portfolio yields for the valuation of policy liabilities as of April 30, 2016 and July 31, 2016. The yields are based on the duration weighted average market yield of each security within the fixed income portfolio less portfolio management fees.

MPI's Bond Portfolio at April 30, 2016

| Category | Market Value (\$000) | Yield-to-Maturity | Duration Wtd Yield | Duration Years |
|---|-----------------------------|--------------------------|---------------------------|-----------------------|
| Government Bonds | 977,847 | 2.82% | 3.03% | 12.52 |
| Corporate Bonds | 43,875 | 3.21% | 3.20% | 13.61 |
| Non-marketable Bonds | 616,574 | 4.76% | 4.49% | 6.11 |
| Floating Rate Note | 40,074 | 0.93% | 0.90% | 0.15 |
| Total Fixed Income Portfolio | 1,678,369 | 3.50% | 3.37% | 9.90 |
| Premium Receivable | 432,320 | 5.00% | 5.00% | 0.25 |
| Short Term Investments | 31,178 | 0.90% | 0.90% | 0.08 |
| Total Designated Assets | 2,141,867 | 3.76% | 3.38% | 7.81 |
| Duration Weighted Yield - Total Designated Assets | | | | 3.38% |
| Fixed Income Investment Management Fees (\$000) | | | | 1,286 |
| As % of Total Fixed Income Portfolio | | | | 0.08% |
| Duration Weighted Yield Less Mgmt Fees | | | | 3.30% |
| Inflation | | | | 2.00% |
| Real Duration Weighted Yield Less Mgmt Fees | | | | 1.27% |

MPI's Bond Portfolio at July 31, 2016

| Category | Market Value (\$000) | Yield-to-Maturity | Duration Wtd Yield | Duration Years |
|---|-----------------------------|--------------------------|---------------------------|-----------------------|
| Government Bonds | 1,012,151 | 2.39% | 2.57% | 13.02 |
| Corporate Bonds | 48,952 | 2.77% | 2.80% | 13.38 |
| Non-marketable Bonds | 605,832 | 4.76% | 4.48% | 6.05 |
| Floating Rate Note | 40,105 | 0.82% | 0.79% | 0.15 |
| Total Fixed Income Portfolio | 1,707,041 | 3.21% | 2.98% | 10.25 |
| Premium Receivable | 433,398 | 5.00% | 5.00% | 0.25 |
| Short Term Investments | 60,707 | 0.90% | 0.90% | 0.08 |
| Total Designated Assets | 2,201,146 | 3.49% | 2.99% | 8.00 |
| Duration Weighted Yield - Total Designated Assets | | | | 2.99% |
| Fixed Income Investment Management Fees (\$000) | | | | 1,279 |
| As % of Total Fixed Income Portfolio | | | | 0.07% |
| Duration Weighted Yield Less Mgmt Fees | | | | 2.92% |
| Inflation | | | | 2.00% |
| Real Duration Weighted Yield Less Mgmt Fees | | | | 0.90% |