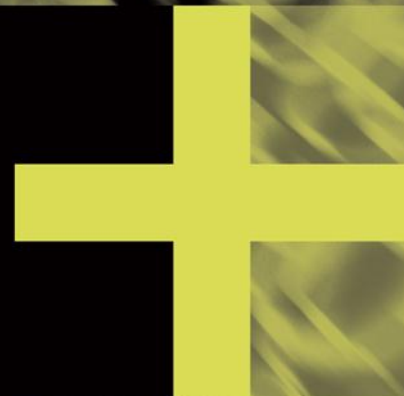


Pensions*Lite*

barrie+hibbert

Powering objectivity in the global financial services industry



Pensions*Lite* at a Glance

+General model functions

- Use Mean-Variance Analysis to determine the efficient frontier for a pension scheme in an asset only or asset-liability space.
- Project the funding position and surplus of the scheme, with analysis provided on key risk metrics.
- Define and assess the impact of various investment strategies.
- Economic risk drivers driven by B&H Scenario Sets developed specifically for use with Pensions*Lite*.
- Create bespoke bond funds
- Fast and interactive analysis of results.

+Scheme Features

- Benchmark liability portfolios, generated by B&H's LBG product (included with Pensions*Lite*)
- Value liabilities on a number of different bases, for example IAS19 and gilts + x%
- Make allowances for future accruals
- Allow for planned contributions and assess potential volatility in required amount.

+B&H Scenario Sets

- Multi-economy real-world calibration service provides regular documented global calibration updates.
- Nominal & real yield curves calibrated to initial market values.
- Stochastic credit spreads and defaults
- Bond portfolios (government & corporate)
- Indices for equity, property and alternative asset classes

Pensions*Lite*

Defined benefit pension funds have faced significant challenges over the last decade due to factors such as volatile equity returns, low bond yields, the exposure to alternative asset classes and pensioner longevity improving faster than expected.

This has led to the introduction of more sophisticated techniques for managing the risks inherent within a pension fund and a growing trend towards market-based measures of economic valuation.

The demands of stakeholders such as sponsors, trustees and members have resulted in a more active approach to managing their respective interests within pension funds.

Without a robust measurement of risk and potential reward, it is difficult to assess the merits of a fund's current strategy and any prospective risk management strategy, especially as the potential investment solutions available to pension funds are numerous and complex.

The Pensions*Lite* from Barrie + Hibbert gives our clients access to a comprehensive modelling framework that will help them measure and manage the risks facing their pension funds.

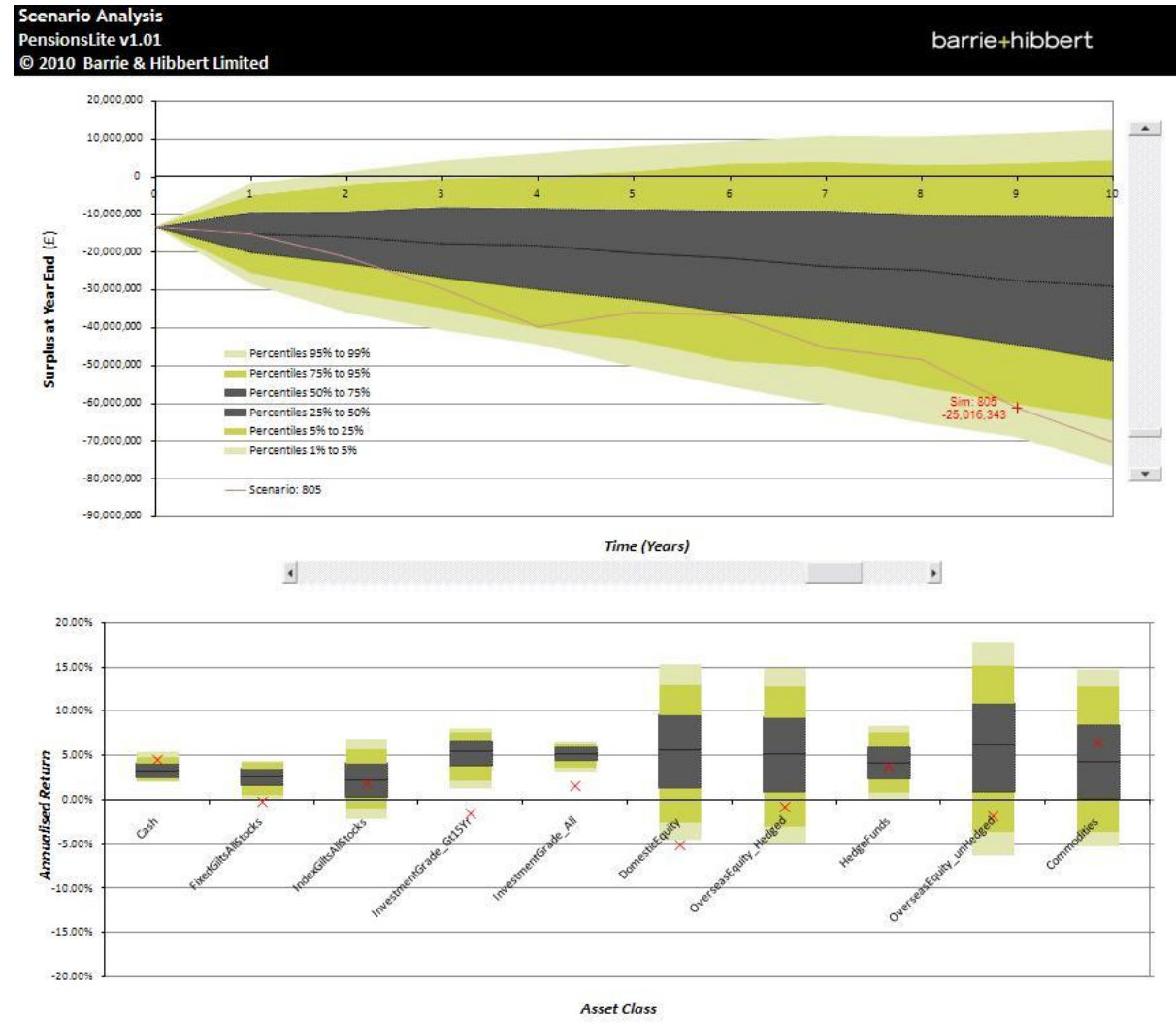
Our solution is a sophisticated asset-liability model that takes a holistic approach to analysing the risks underlying pension funds.

Key Features

- A simple and easy to configure user interface, with fast runtimes, means Pensions*Lite* can be used interactively with trustees and corporate sponsors.
- Integrated stochastic asset-liability modelling tool that covers interest rates, multiple equity and property indices, credit risk and alternative asset classes using B&H's scenario set service.
- Assess the efficient frontier within an asset only or asset-liability space.
- Investigate the expected impact on the risk and return of a pension fund under different investment strategies.
- Understand the significance of individual risks and their contribution to the aggregate risk.
- Assess how investment strategy can influence the level of contributions.

Example Output

Shown below is an example of one of the many outputs of the model, highlighting the distribution of the pension scheme's surplus over the next 10 years. This analysis enables you to select specific scenarios and follow their path, whilst also showing the performance of key investment risks over the chosen scenario relative to their own distribution.



Software

- Software provided in Microsoft Excel.
- B&H Scenario Sets provided in Microsoft Access database (.mdb)
- User friendly interface embedded Help System.

Support, training and consultancy

- Training and ongoing (technical and actuarial) support embedded in product service.
- Consultancy services available relating to customisations and product design.

About Barrie & Hibbert

Barrie & Hibbert was established in 1995 by John Hibbert and Andrew Barrie. Our primary focus is the identification, quantification and management of financial risk in savings and investment products, institutional investment portfolios and complex financial liabilities.

Collectively our staff of leading academics, quantitative analysts, actuaries and software engineers offer a depth and breadth of expertise combined with an unrivalled track record of experience in implementing risk solution for financial institutions around the world.

Our asset and product modelling capability has been developed over the last 14 years resulting in Barrie & Hibbert becoming a global leader in stochastic asset modelling services.

The understanding of market risk is central to objective financial management. Our market-leading stochastic modelling framework allows our clients to model economic and asset scenarios to help to improve their understanding of financial market risk – and to make any appropriate adjustments within their business.

Our modelling framework, the Economic Scenario Generator (ESG), is the engine that powers our range of products and services. Rather than attempt to create a single model and calibration for every application, Barrie & Hibbert has developed a toolbox of academically robust models within a consistent framework that can be adapted to meet our clients' requirements.

Experience has taught us that different clients have different ways of working to suit their capabilities, organisational structure and geographic presence. As a consequence, our modelling solutions are deployed in a number of ways to suit each client's individual needs.

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