

**THE HEWLETT-PACKARD LIMITED RETIREMENT
BENEFITS PLAN**

**TRUSTEE'S REPORT AND FINANCIAL
STATEMENTS**

YEAR ENDED 31 October 2018

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 OCTOBER 2018**

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TRUSTEE AND ADVISERS TO THE PLAN

Trustee Company	Hewlett Packard Enterprise UK Pension Trustee Limited
	<u>Trustee Directors</u>
	Andrew Dodd* Chairman from 1 November 2017
	Jonathan Lord
	Paul Early* (member nominated)
	Phil Lawman* (member nominated)
	Keith Norrington*
	Gillian Manning
	Martin Smith* (member nominated)
	*In receipt of Plan pension
Administration Both sections	Equiniti Pensions Solutions
Plan Actuary	David Eteen FIA of Aon Hewitt Limited
Secretary to the Trustee	Inside Pensions
Investment Managers Digital and HP (incorporating the former BOI/Medas Section)	Legal and General Investment Management CQS Asset Management Limited Wellington Management International Limited (mandate terminated during the year) Morgan Stanley Investment Management Limited (mandate terminated during the year for the HP Section, and during 2017 for the Digital Section) Mesirow Financial Product Group (in process of termination) Shoreline Investment Management Company (mandate terminated during the year) Insight Investment Management (Global) Limited UBS Global Asset Management (HP Section only) Invesco Asset Management Limited BMO Global Asset Management (mandate terminated during the year) Apollo Global Management M&G Investments Goldman Sachs & Co State Street Global Advisers
Investment Consultants	Mercer Limited
AVC Providers – both Sections	Legal & General Assurance Society Limited Equitable Life Assurance Society
AVC Providers HP Section	MGM Assurance Standard Life Assurance Limited
AVC Providers Digital Section	Phoenix Life and Pensions (formerly Royal & Sun Alliance)
Custodians HP and Digital Sections	State Street Europe Limited
Independent Auditor	KPMG LLP

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TRUSTEE AND ADVISERS TO THE PLAN

Solicitors Linklaters LLP

Employer Covenant Adviser Lincoln Pensions Limited

Bankers Lloyds Bank Plc

Enquiries General enquiries from interested parties about the Plan should be addressed to:-

Email : HP@insidepensions.com

Address:
Secretary to the Trustee
Hewlett-Packard Limited Retirement Benefits Plan
Inside Pensions
First Floor,
Trident House,
42-48 Victoria Street,
St Albans
Hertfordshire
AL1 3HZ

Enquiries from individual members and other beneficiaries about their entitlements should be addressed to:-

Email : Hp2@equiniti.com (HP members)
Digital@equiniti.com (Digital members)

Address:
Hewlett-Packard Limited Retirement Benefits Plan
Equiniti Paymaster
Sutherland House
Russell Way
Crawley
Surrey
RH10 1UH

A copy of the Plan summary is available on the Members' website by following this link, <http://hprbp.com/> and individual benefit statements are provided to all active members. A summary of the Trustee's Report and Financial statements is produced and made available to all members.

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TRUSTEE REPORT

Introduction

The Directors of the Trustee Company (the Trustee) are pleased to present their annual report and the audited financial statements for the Hewlett-Packard Limited Retirement Benefits Plan ("Plan") for the year ended 31 October 2018. The Plan is a defined benefit plan and provides benefits for permanent employees of the Principal Employer, Hewlett-Packard Limited (the "Company") in the United Kingdom.

The Plan consists of two sections. The Hewlett-Packard ("HP") Section of the Plan includes the Bol/Medas Section which transferred into the HP Section of the Plan on 6 July 2016, with transferring members remaining on the same benefits. The Digital Section was created with effect from 1 October 2006 for members transferring from the Digital Pension Plan. Both sections are closed to new members.

Trustee and advisers

The Trustee, Hewlett Packard Enterprise UK Pension Trustee Limited, was formed on 14 October 2016. The Trustee Directors are shown on page 1.

The power of appointing and removing directors of the Trustee Company is vested in the Principal Employer, although it exercises this power so as to give effect to the arrangements for the Member Nominated Directors so that at least one-third of the Trustee Directors are member-nominated. At 31 October 2018 the Plan had seven Trustee Directors, three of whom were nominated by members of the Plan.

The Trustee is responsible for running the Plan in accordance with the Rules of the Plan dated 1 September 2008 as amended.

The Trustee's advisers are shown on pages 1 and 2.

Governance

The Trustee met four times during the past year to review the ongoing management of the Plan and the investment of its assets. The Trustee has also established a number of Sub-Committees which carry out operational activities and act as advisory bodies to the Trustee in respect of strategic matters. Each Sub-Committee meets as often as is required to carry out the duties delegated to it by the Trustee.

Trustee's Sub-Committees

The Trustee has established eight Sub-Committees, as listed below, and has approved the functions which have been delegated to these Sub-Committees. The delegated powers are included in the Terms of Reference together with details of the way in which the Sub-Committees are regulated. The Trustee has the power to change these Terms of Reference at any time.

The Sub-Committees are as follows:

- **Covenant Sub-Committee (CSC)**
- **Trustee's Investment Sub-Committee (TISC)**
- **Operations Sub-Committee (OSC)**
- **Funding Sub-Committee (FSC)**
- **Appointments Sub-Committee (ASC)**
- **Remuneration Sub-Committee (RSC)**
- **Audit Sub-Committee (Audit SC)**
- **De-Risking Sub-Committee (DSC)**

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Financial Development of the Plan

	£'000
Fund value at 1 November 2017	3,554,306
During the year, income to the fund from contributions, investments and other sources amounted to	82,779
Total expenditure was	(176,647)
Net increase/(decrease) before change in market value	(93,868)
The change in market value of investments was	16,214
Which gave total increase/(decrease) in the fund during the year of	(77,654)
Fund value at 31 October 2018	3,476,652

The financial statements have been prepared and audited in accordance with regulations made under Section 41 (1) and (6) of the Pensions Act 1995.

Cessation of Hewlett-Packard Manufacturing Limited (HPML)

Following the restructuring of Hewlett-Packard Limited (HPL), HPML ceased to participate in the Plan from 1 November 2018 and employees transferred to HPL. The Trustee agreed a Flexible Apportionment Agreement with Hewlett-Packard Enterprise Company whereby HPL took over responsibilities for the liabilities of HPML in relation to the Plan.

GMP Equalisation

Between 6 April 1978 and 5 April 1997, pension schemes that were contracted out of the State Earnings Related Pension Scheme ("SERPS") were required to provide pensions which were at least equal to the member's Guaranteed Minimum Pension (GMP). GMPs are defined in legislation and are not equal for males and females. In particular, GMPs are usually higher for females than males, and come into payment earlier for females (from age 60, versus age 65 for males).

During the 1990s it became clear that pension schemes had to provide benefits on equal terms for male and female members, in respect of service from 17 May 1990 onwards (the date on which the European Court of Justice ruled that this was required). However, it remained unclear whether equalisation for the effect of unequal GMPs was required, and if so, how such equalisation might be carried out.

A test case was heard in July 2018, with the judgement issued on 26 October. This considered the position of Lloyds Banking Group pension scheme members, following an application to the High Court by the Lloyds Trade Union and the scheme's trustee and employer. The High Court ruled that GMP equalisation is required, and that several methods of implementing this are permissible.

While it will take some time to amend member benefits to reflect the court ruling, the Trustee has obtained estimates of the cost of equalisation. The estimates are 0.3% of liabilities for the HP Section and 0.6% of liabilities for the Digital Section as at 31 October 2018, on the 2015 Technical provisions basis. These amounts have been included as creditors in the accounts.

Actuarial Valuations

A formal actuarial valuation of each of the sections of the Plan is obtained by the Trustee at least once every three years, which involves seeking the advice of the Scheme Actuary. The main purposes of the actuarial valuation are to review the financial position of the Plan by examining the Plan's assets and liabilities and to assess the future rate of contributions the participating employers should pay to ensure that benefits can be paid. An actuarial valuation of each section of the Plan as at 31 October 2018 is underway.

The Trustee also monitors the funding position at each Trustee's meeting, using approximate updates supplied by the Scheme Actuary.

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TRUSTEE REPORT

Actuarial Valuations as at 31 October 2015 and schedules of contributions

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits to which members are entitled, based on pensionable service to the actuarial valuation date, and assessed using the assumptions agreed between the Trustee and the Company and set out in the Statement of Funding Principles, which is available to Plan members on request.

Hewlett-Packard Section – Report on Actuarial Liabilities

The most recent full actuarial valuation of the HP Section of the Plan was carried out as at 31 October 2015. This showed that on that date:

The value of the Technical Provisions was: £1,409.8 million

The value of the assets at that date was: £1,255.7 million

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: rate set by reference to the single equivalent yield on UK Gilts plus 0.7% per annum.

Future Retail Price Inflation: 25% of RPI linked liabilities are valued in line with market implied RPI (or the proportion of RPI linked liabilities that have been hedged if greater) and 75% of RPI linked liabilities are valued assuming RPI equals 3.00% p.a. (or the appropriate lesser percent if more than 25% of RPI linked liabilities are valued in line with market implied retail price inflation). 70% of RPI linked liabilities were hedged as at 31 October 2015.

Future Consumer Price Inflation: RPI less 0.9% per annum.

Pension increases: derived from the assumptions for future retail price and consumer price inflation allowing for the caps and floors on pension increases according to the provisions in the Plan's rules.

Pay increases: 2.5% p.a. in line with long-term pay increase expectations.

Mortality: standard tables SAPS S2 "Light" with a scaling factor of 98% for males and SAPS S2 "Light" with a scaling factor of 91% for female active members. Future improvements in line with CMI_2016 projections with a long-term improvement rate of 1.25% p.a. for men and women and a period smooth parameter of 8.0.

A Schedule of Contributions was put in place in July 2017 as part of the actuarial valuation. The Schedule of Contributions sets out the contributions payable in future years, but contributions are recalculated as at 31 October on an annual basis and a new schedule may be put in place if appropriate.

The actuarial report as at 31 October 2017 showed a deficit of £11.2 million relative to the technical provisions, corresponding to a funding ratio of 99.3%. Based on the position as at 31 October 2017, no deficit funding contributions were paid into the HP Section in the year ending 31 October 2018. As a result, a new Schedule of Contributions was put in place with effect from 24 January 2018 and a copy of the certification is included in this report.

A formal actuarial valuation is now being carried out as at 31 October 2018. This actuarial valuation has yet to be completed but, based on the position as at 31 October 2018, it has been agreed that the Company will pay a contribution of £10.7 million to the HP Section before 30 April 2019. As this amount is greater than that required under the Schedule of Contributions, the Schedule of Contributions will not be updated.

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Digital Section – Report on Actuarial Liabilities

The most recent full actuarial valuation of the Digital Section of the Plan was carried out as at 31 October 2015. This showed that on that date:

The value of the Technical Provisions was: £1,662.7 million

The value of the assets at that date was: £1,487.9 million

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount interest rate: rate set by reference to the single equivalent yield on UK Gilts plus 0.7% per annum.

Future Retail Price inflation: 25% of RPI linked liabilities are valued in line with market implied RPI (or the proportion of RPI linked liabilities that have been hedged if greater) and 75% of RPI linked liabilities are valued assuming RPI equals 3.00% p.a. (or the appropriate lesser percent if more than 25% of RPI linked liabilities are valued in line with market implied retail price inflation). 69% of RPI linked liabilities were hedged as at 31 October 2015.

Future Consumer Price inflation: RPI less 0.9% per annum.

Pension increases: derived from the assumptions for future retail price and consumer price inflation allowing for the caps and floors on pension increases according to the provisions in the Plan's rules.

Pay increases: 2.5% p.a. in line with long-term pay increase expectations.

Mortality: standard tables SAPS S2 "Light" with a scaling factor of 104% for males and SAPS S2 "Light" with a scaling factor of 89% for female active members. Future improvements in line with CMI_2016 projections with a long-term improvement rate of 1.25% p.a. for men and women and a period smooth parameter of 8.0.

A Schedule of Contributions was put in place in July 2017 as part of the actuarial valuation. The Schedule of Contributions sets out the contributions payable in future years, but contributions are recalculated as at 31 October on an annual basis and a new schedule may be put in place if appropriate.

The actuarial report as at 31 October 2017 showed a deficit of £12.9 million relative to the technical provisions, corresponding to a funding ratio of 99.3%. Based on the position as at 31 October 2017, no deficit funding contributions were required to be paid into the Digital Section in the year ending 31 October 2018. As a result, a new Schedule of Contributions was put in place with effect from 24 January 2018 and a copy of the certification is included in this report.

A formal actuarial valuation is now being carried out as at 31 October 2018. This actuarial valuation has yet to be completed but, based on the position as at 31 October 2018, it has been agreed that the Company will pay a contribution of £3.8 million to the Digital Section before 30 April 2019. As this amount is greater than that required under the Schedule of Contributions, the Schedule of Contributions will not be updated.

Additional Voluntary Contributions

The Plan allows active members to boost their benefits by paying Additional Voluntary Contributions (AVCs), as a means of making extra savings for retirement. This is especially useful for members who are thinking of early retirement and would like to receive a lump sum on retirement without having to reduce their pension in the Plan, or for those who wish to make up for any periods when they were not earning pension rights.

Active members of the Digital Section can either pay In-Plan AVCs, increasing the rate at which their salary linked retirement benefits build up, or Investment Option AVCs, where AVCs are invested in a range of investment funds on a money purchase basis to secure additional pension benefits at retirement. Active members of the HP Section, including the ex Bol/Medas members, can only pay Investment Option AVCs.

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Membership numbers

Details of the current membership numbers in the two sections of the Plan are given below.

	2018		2017	
	HP	Digital	Total	Total
Active members	180	150	330	479
Deferred members	2,507	5,290	7,797	8,524
Pensioners	1,659	4,629	6,288	5,671
Total	4,346	10,069	14,415	14,674

	HP*	Digital	Total
Active members			
Active members at 1 November 2017	263	216	479
Adjustments	-23	-11	-34
Adjusted balance at 1 November 2017	240	205	445
Leavers – members leaving before retirement	-44	-34	-78
Retirements	-15	-21	-36
Deaths	-1	0	-1
Total active members at 31 October 2018	180	150	330

	HP	Digital	Total
Deferred members			
Deferred members at 1 November 2017	2,677	5,847	8,524
Adjustments	22	9	31
Adjusted balance at 1 November 2017	2,699	5,856	8,555
Members deferring in the year	44	34	78
Transfers Out	-78	-113	-191
Retirements	-157	-477	-634
Deaths	-1	-10	-11
Total deferred members at 31 October 2018	2,507	5,290	7,797

	HP	Digital	Total
Pensioner members			
Pensioners members at 1 November 2017	1,503	4,168	5,671
Adjustments	0	2	2
Adjusted balance at 1 November 2017	1,503	4,170	5,673
New pensioners commencing in the year	172	498	670
New spouse and dependant pensions commencing in the year	7	39	46
Trivial commutation of pension benefits	-1	-25	-26
Deaths	-21	-51	-72
Dependants' pensions ceasing	-1	-2	-3
Total pensioner members at 31 October 2018	1,659	4,629	6,288

Note: Adjustments in the tables above relate to movements notified to the administrator after completion of the annual renewal.

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Statement of Trustee's responsibilities for the financial statements

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, are the responsibility of the Trustee. Pension Scheme regulations require the Trustee to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

(i) show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for

- assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up the Plan, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Plan prescribed by pensions legislation, which it should ensure is consistent with the financial statements it accompanies.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities.

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INVESTMENT REPORT

Introduction

Investment policy can be considered in two parts; (1) the strategic management, the setting of which is one of the fundamental responsibilities of the Trustee, and (2) the day-to-day management of the assets, which has been delegated to professional investment managers.

As detailed on page 3, the TISC considers all investment issues and makes recommendations to the main Trustee Board. The DSC is responsible for overseeing the implementation of the Trustee's de-risking strategy.

Diversification

The Trustee ensures that risks have been spread in two different ways:

- First, by ensuring that the investments of the Plan are suitably diversified as regards asset class, geographical spread and the number of stocks held.
- Second, by appointing a number of investment management firms, each of whom is a leader in its respective market. Each investment manager has been given clear investment guidelines and performance objectives.

Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, the Trustee has produced a Statement of Investment Principles.

The statement is required by law and summarises how the Trustee:

- sets the investment policy and chooses the most suitable types of investments for the Plan;
- delegates buying and selling investments to the Plan's investment managers;
- monitors the performance of the Plan's investments.

The Trustee has considered ethical and socially responsible investments and has delegated to the investment managers responsibility for taking social, environmental and ethical considerations into account when assessing the financial potential and suitability of investments, and for exercising the rights attaching to the Plan's investments. A copy of the statement is available upon request.

Strategic Asset Allocation

For the HP and Digital Sections, the Plan has adopted a trigger-based approach for moving towards the long-term Growth/Protection asset split and hedging levels, linked to improvements in the funding level.

Over the 12 month period from 1 November 2017, neither Section of the Plan met any funding level triggers, so no changes were made to the strategic allocations due to the de-risking strategy. However, the Trustee did agree to change the strategic allocations of both Sections independent of the de-risking strategy, reducing the allocations to equities in August / September 2018. By the end of the period the HP Section had moved to 14.4% Growth, 85.6% Protection, and the Digital Section had moved to 12.4% Growth, 87.6% Protection.

Over the 12 month period under review, a number of mandates were terminated. The Morgan Stanley Global Property mandate was closed in January 2018. All equity holdings were transferred from Shoreline (HP Invest) to a new passively managed SSGA Global Equity mandate in December 2017. The remaining Wellington assets were disinvested from the HP Section in March 2018, with the proceeds being used to meet Plan cashflow requirements. BMO Guaranteed Government Bonds were completely disinvested in July, with the proceeds invested in the M&G Long Dated Assets Fund and Insight LDI. Insight UK Credit was also terminated, with funds moving into the M&G Long Dated Assets Fund. In September, an equity reduction exercise resulted in £122m and £82m being transferred from the SSGA Global Equity mandate in both the HP and Digital Sections respectively, to both the Apollo Total Return and CQS Credit Multi Asset Fund for both Sections. The LDI mandate was also changed from bespoke pooled funds to segregated portfolios.

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The liability hedging strategy was simplified during the year, with the yield trigger element removed, and a revised objective of minimising the risk of an increase in the deficit.

The Plan has a passive currency hedge overlay mandate managed by Insight which hedges some of the Plan's currency exposures. The mandate aims to hedge 50% of the Mesirow portfolio (and 50% of the Shoreline and Morgan Stanley portfolios until they were terminated during the year). The Goldman Sachs Senior Private Debt and USD Liquidity holdings alongside the LGIM Buy and Maintain Credit mandates are both fully hedged from US dollar back to sterling.

With full approval of the Trustee and after consultation with the Company, the Plan's strategic asset allocation, excluding AVCs, as at 31 October 2018 is as follows:

Hewlett-Packard Section

Asset Class	Allocation as at 31/10/2018 (%)	Allocation as at 31/10/2017 (%)
Global Equity	10.0	15.1
Fund of Hedge Funds	0.0	0.0
Diversified Growth Fund	4.4	4.4
Property	0.0	2.1
Non-Government Fixed Interest Bonds	0.0	2.4
Multi Asset Credit	17.2	10.0
Buy & Maintain Credit	10.0	10.0
Illiquid Secure Income*	10.0	6.0
Senior Private Debt*	5.0	5.0
LDI	43.4	43.0
Government Guaranteed Bonds	0.0	2.0
Total	100.0	100.0

50% of the developed market overseas currency exposure is hedged back to sterling for the Growth assets (first 4 rows of the above table) where relevant

100% of the developed market overseas currency exposure is hedged back to sterling for the Protection assets (last 6 rows of the above table) where relevant

* These strategic allocations are inclusive of mandates being used to hold commitment amounts. Illiquid Secure Income allocation will be held in Asset Backed Securities until investment opportunities arise whilst Senior Private Debt will be held in GSAM's USD Liquidity Fund.

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Digital Section

Asset Class	Allocation as at 31/10/2018 (%)	Allocation as at 31/10/2017 (%)
Global Equity	10.0	13.3
Fund of Hedge Funds	0.0	0.0
Diversified Growth Fund	2.4	3.5
Non-Government Fixed Interest Bonds	0.0	2.4
Multi Asset Credit	14.4	10.0
Buy & Maintain Credit	10.0	10.0
Illiquid Secure Income*	10.0	6.0
Senior Private Debt*	5.0	5.0
LDI	48.2	47.8
Government Guaranteed Bonds	0.0	2.0
Total	100.0	100.0

50% of the developed market overseas currency exposure is hedged back to sterling for the Growth assets (first 3 rows of the above table) where relevant

100% of the developed market overseas currency exposure is hedged back to sterling for the Protection assets (last 6 rows of the above table) where relevant

* These strategic allocations are inclusive of mandates being used to hold commitment amounts. Illiquid Secure Income allocation will be held in Asset Backed Securities until investment opportunities arise whilst Senior Private Debt will be held in GSAM's USD Liquidity Fund.

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INVESTMENT REPORT

Distribution of Assets

The following tables provide a breakdown of the value of the total Plan assets on an investment type and manager basis, by Section, and excluding net current assets as at 31 October 2018:

Hewlett-Packard Section

	Market Value (£m)*	Percentage %
Global Equity	163.2	9.8
Fund of Hedge Funds	0.7	0.0
Diversified Growth Fund	70.0	4.2
Property	0.0	0.0
Multi Asset Credit	298.2	17.9
Buy & Maintain Credit	172.5	10.4
Illiquid Secure Income ¹	167.7	10.1
Senior Private Debt ¹	87.4	5.2
LDI ²	674.1	40.5
Cash	31.4	1.9
Total	1,665.3	100.0

* Based on bid valuations where available. Figures may not sum due to rounding.

¹ Illiquid Secure Income and Senior Private Debt valuations include amounts being held to fund commitment amounts.

² LDI valuation includes £5.6m of unrealised losses from the currency hedge.

Investment Manager	Asset Class	Market Value (£m)*	Percentage %
SSGA	Global Equity	163.2	9.8
Mesirow	Fund of Hedge Funds	0.7	0.0
Invesco	Diversified Growth Fund	70.0	4.2
UBS	Property	0.0	0.0
Insight ²	LDI	674.1	40.5
CQS	Multi Asset Credit	151.7	9.1
Apollo	Multi Asset Credit	146.4	8.8
L&G	Buy & Maintain Credit	172.5	10.4
M&G ¹	Illiquid Secure Income	167.7	10.1
Goldman Sachs ¹	Senior Private Debt	87.4	5.2
Other	Cash	31.4	1.9
Total		1,665.3	100.0

* Based on bid valuations where available. Figures may not sum due to rounding.

¹ M&G and Goldman Sachs valuations include amounts being held to fund commitment amounts.

² LDI valuation includes £5.6m of unrealised losses from the currency hedge.

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Digital Section

	Market Value (£m)*	Percentage %
Global Equity	175.9	9.8
Fund of Hedge Funds	0.8	0.0
Diversified Growth Fund	40.2	2.2
Multi Asset Credit	277.7	15.5
Buy & Maintain Credit	188.1	10.5
Illiquid Secure Income ¹	182.4	10.2
Senior Private Debt ¹	96.0	5.4
LDI ²	809.5	45.1
Cash	23.4	1.3
Total	1,794.1	100.0

* Based on bid valuations where available.

¹ Illiquid Secure Income and Senior Private Debt valuations include amounts being held to fund commitment amounts.

² LDI valuation includes £6.1m of unrealised losses from the currency hedge.

Investment Manager	Asset Class	Market Value (£m)*	Percentage %
SSGA	Global Equity	175.9	9.8
Mesirow	Fund of Hedge Funds	0.8	0.0
Invesco	Diversified Growth Fund	40.2	2.2
Insight ²	LDI	809.5	45.1
CQS	Multi Asset Credit	139.8	7.8
Apollo	Multi Asset Credit	137.9	7.7
L&G	Buy & Maintain Credit	188.1	10.5
M&G ¹	Illiquid Secure Income	182.4	10.2
Goldman Sachs ¹	Senior Private Debt	96.0	5.4
Other	Cash	23.4	1.3
Total		1,794.1	100.0

* Based on bid valuations where available.

¹ M&G and Goldman Sachs valuations include amounts being held to fund commitment amounts.

² LDI valuation includes £6.1m of unrealised losses from the currency hedge.

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
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INVESTMENT REPORT

Investment Performance

The Trustee and the TISC must balance the need to maintain the security of members' benefits with the aim of achieving the best possible return on the assets of the Plan.

The performance of the Plan's two Sections is detailed below:

Hewlett-Packard Section

Total Section	1 Year (% p.a.)	3 Year (% p.a.)	5 Year (% p.a.)
Actual	3.4	10.5	10.4
Benchmark	4.2	11.8	10.8

Net of fees, including impact of currency hedging
Source: State Street

Over the one-year period, the HP Section underperformed its benchmark by 1.1% (net of fees). Over the one-year period, the Section's equity portfolio outperformed its benchmark, whereas the bond and alternative portfolios underperformed their respective benchmarks.

Over the three-year period to 31 October 2018, the Section returned 10.1% p.a. underperforming its benchmark by 1.4% p.a. (net of fees). Over three years the equity portfolio performed in-line with its aggregate benchmark whilst bonds and alternatives underperformed their benchmarks.

Over the five-year period to 31 October 2018, the Section returned 10.2% p.a. (net of fees) versus a benchmark return of 10.6% p.a. The Section's equity portfolio outperformed its benchmark, whilst both bonds and alternatives underperformed their respective benchmarks.

As at 31 October 2018 the benchmark comprised:

Benchmark	Allocation (%)
FTSE All World Developed (50% GBP Hedged/ Emerging Unhedged Index – Net UK Tax)	10.0
3 Month GBP LIBOR + 4.5% p.a. in GBP	13.0
3 Month GBP LIBOR + 5.0% p.a. in GBP	8.6
Bank of America Merrill Lynch 5 year Fixed Interest Gilts + 2.5% p.a. ¹	10.0
Absolute Return ²	5.0
Liability cashflows benchmark	43.4
Fund Return ³	10.0
Total	100.0

¹ Holding assets held in Asset Backed Securities, benchmark of 3 month GBP LIBOR + 1.0% p.a. Illiquid Secure Income benchmark is Bank of America Merrill Lynch 5 year Fixed Interest Gilts + 2.5% p.a.

² Holding assets held in USD Liquidity mandate, benchmark is USD 7 day LIBID. Senior Private Debt targets absolute return, performance figures unavailable for Private Debt until 2 years after initial investment.

³ L&G Buy & Maintain Credit mandate has a fund return benchmark.

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Digital Section

Total Section	1 Year (% p.a.)	3 Year (% p.a.)	5 Year (% p.a.)
Actual	2.8	10.3	10.4
Benchmark	3.4	11.6	10.8

Net of fees, including impact of currency hedging

Source: State Street

Over the one-year period, the Digital Section underperformed its benchmark by 0.5% (net of fees). Over the one-year period, the Section's equity portfolio outperformed its benchmark, whereas the bond and alternative portfolios underperformed their respective benchmarks.

Over the three-year period to 31 October 2018, the Section underperformed its benchmark by 1.3% p.a. (net of fees). Over three years the equity portfolio performed in-line with its aggregate benchmark, whilst the bond and alternatives portfolios underperformed their respective benchmarks.

Over the five-year period to 31 October 2018, the Section returned 10.2% p.a. (net of fees) versus a benchmark return of 10.6% p.a. The Section's equity portfolio outperformed its benchmark, whilst both bonds and alternatives underperformed their respective benchmarks.

As at 31 October 2018 the benchmark comprised:

Benchmark	Allocation (%)
FTSE All World Developed (50% GBP Hedged/ Emerging Unhedged Index – Net UK Tax)	10.0
3 Month GBP LIBOR + 4.5% p.a. in GBP	9.6
3 Month GBP LIBOR + 5.0% p.a. in GBP	7.2
Bank of America Merrill Lynch 5 year Fixed Interest Gilts + 2.5% p.a. ¹	10.0
Zero Return ²	5.0
Liability cashflows benchmark	48.4
Fund Return ³	10.0
Total	100.0

Figures may not sum due to rounding.

¹ Holding assets held in Asset Backed Securities, benchmark of 3 month GBP LIBOR + 1.0% p.a. Illiquid Secure Income benchmark is Bank of America Merrill Lynch 5 year Fixed Interest Gilts + 2.5% p.a.

² Holding assets held in USD Liquidity mandate, benchmark is USD 7 day LIBID. Senior Private Debt targets zero return, performance figures unavailable for Private Debt until 2 years after initial investment.

³ L&G Buy & Maintain Credit mandate has a fund return benchmark.

Management of investments

The day-to-day management of the Plan investments is delegated by the Trustee to external investment managers.

The Trustee allocates a proportion of the Plan assets to each investment manager and sets them specific investment performance targets. It reviews the investment managers' investment activity and performance against the targets set for them. The objectives established for the investment managers are either to match or outperform a particular benchmark index or target.

The investment managers and their respective benchmarks are listed on pages 16 and 17 for each of the Sections.

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
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INVESTMENT REPORT

Hewlett-Packard Section

Investment Manager	
Legal and General Investment Management (L&G)	Invest in: Global Credit Benchmark: Fund Return
Mesirow Financial Product Group (Mesirow)	Invest in: Global Hedge Funds Benchmark: Outperform 3 month USD LIBOR + 4.5% p.a.
State Street Global Advisors Ltd (SSGA)	Invest in: Global Equity Benchmark: FTSE All-World (50% GBP Hedged)
Invesco Perpetual Ltd (Invesco)	Invest in: Global Targeted Returns Benchmark: Outperform 3 month GBP LIBOR + 4.5% p.a.
UBS Global Asset Management (UBS)	Invest in : Global Real Estate Benchmark: 90% IPD All Balanced Funds Index, 10% EPRA/NAREIT Global Developed Real Estate Index
CQS (UK) LLP (CQS)	Invest in: Global Credit Benchmark: Outperform 3 month GBP LIBOR + 4.5% p.a.
Apollo Global Management (Apollo)	Invest in: Global Credit Benchmark: Outperform 3 month GBP LIBOR + 5.0% p.a.
M&G Investments (M&G)	Invest in: Asset Backed Securities Benchmark: Outperform 3 month GBP LIBOR + 1.0% p.a. Invest in: Illiquid Secure Income Benchmark: Outperform Bank of America Merrill Lynch 5 year Fixed Interest Gilts + 2.5% p.a.
Goldman Sachs Asset Management (GSAM)	Invest in: Senior Private Debt Benchmark: Absolute Return 6.5% p.a. Invest in: USD Liquidity Benchmark: USD 7 day LIBID
Insight Investment Management (Global) Limited (Insight)	Invest in: UK bonds, swaps and cash Benchmark: Match liability cashflows Invest in: UK Credit ¹ Benchmark: Outperform Markit iBoxx Sterling Non-Gilts Index Invest in: Liquidity ¹ Benchmark: 7 Day LIBID Invest in: Foreign exchange contracts Benchmark: Reduce foreign currency volatility

¹Mandate terminated during the period

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Digital Section

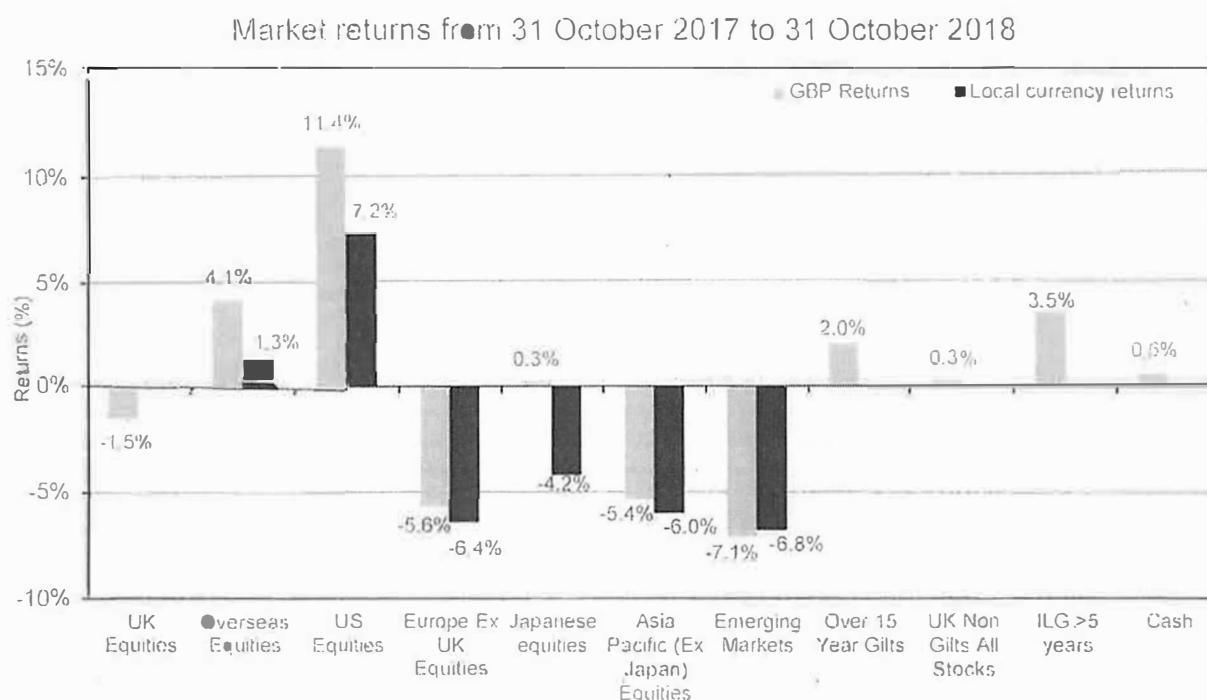
Investment Manager	
Legal and General Investment Management (L&G)	Invest in: Global Credit Benchmark: Fund Return
Mesirow Financial Product Group (Mesirow)	Invest in: Global Hedge Funds Benchmark: Outperform 3 month USD LIBOR + 4.5% p.a.
State Street Global Advisors Ltd (SSGA)	Invest in: Global Equity Benchmark: FTSE All-World (50% GBP Hedged)
Invesco Perpetual Ltd (Invesco)	Invest in: Global Targeted Returns Benchmark: Outperform 3 month GBP LIBOR + 4.5% p.a.
CQS (UK) LLP (CQS)	Invest in: Global Credit Benchmark: Outperform 3 month GBP LIBOR + 4.5% p.a.
Apollo Global Management (Apollo)	Invest in: Global Credit Benchmark: Outperform 3 month GBP LIBOR + 5.0% p.a.
M&G Investments (M&G)	Invest in: Asset Backed Securities Benchmark: Outperform 3 month GBP LIBOR + 1.0% p.a. Invest in: Illiquid Secure Income Benchmark: Outperform Bank of America Merrill Lynch 5 year Fixed Interest Gilts + 2.5% p.a.
Goldman Sachs Asset Management (GSAM)	Invest in: Senior Private Debt Benchmark: Absolute Return 6.5% p.a. Invest in: USD Liquidity Benchmark: USD 7 day LIBID
Insight Investment Management (Global) Limited (Insight)	Invest in: UK bonds, swaps and cash Benchmark: Match liability cashflows Invest in: UK Credit ¹ Benchmark: Outperform Markit iBoxx Sterling Non-Gilts Index ¹ Invest in: Foreign exchange contracts Benchmark: Reduce foreign currency volatility

¹Mandate terminated during the period

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INVESTMENT REPORT

Market Background



Returns on equity markets were mixed over the year in both local currency and sterling terms. US equities were by far the strongest performing market in sterling terms, producing a positive return whilst most other markets delivered negative returns.

Over the year credit spreads narrowed resulting in UK corporate bonds providing positive returns, over 5 year index-linked gilts posted positive returns as a result of increasing inflation expectations.

Custody Arrangements

Custody services are provided by State Street, the Plan's Global Custodian, for Insight and Legal & General (and Morgan Stanley until their termination during the year).

The pooled funds (managed by L&G, CQS, Insight, Mesirow, Invesco, Apollo, M&G, GSAM and SSGA) have their own separate custodial arrangements. However, they are included within the Plan's total assets by the Global Custodian for accounting purposes.

The custody services are provided in accordance with FCA regulations. There is no involvement by either the Trustee or the Principal Employer in custody procedures.

Employer related investments

As at 31 October 2018 the Plan had exposure to Hewlett-Packard of less than 0.1% of assets at both the Plan and individual Section level.

THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
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INVESTMENT REPORT

Investment Managers' Fees

Total fees paid to all of the investment managers except Insight, Apollo and Goldman Sachs were calculated as a percentage of the market value of the total funds under their control. Apollo Multi Asset Credit and Goldman Sachs Senior Private Debt both have a performance related element to their fees. These costs are borne by the Plan and charged or deducted on a quarterly basis in arrears. The fees for Insight LDI are calculated as a percentage of the present value of the liability benchmark of the relevant Section.

Signed for and on behalf of the Trustee on 12 March 2019



Andrew Dodd, Trustee Director and Chairman of the Trustee



Gill Manning, Trustee Director

THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN

Opinion

We have audited the financial statements of the Hewlett-Packard Limited Retirement Benefits Plan ("the Plan") for the year ended 31 October 2018 which comprise the Fund Account and the Statement of Net Assets (available for benefits and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year ended 31 October 2018 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- contain the information specified in Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Plan in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Trustee and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Plan's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Plan's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Plan, and as it has concluded that the Plan's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Plan, including the impact of Brexit, and analysed how those risks might affect the Plan's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence

THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN

of reference to a material uncertainty in this auditor's report is not a guarantee that the Plan will continue in operation.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report (including the report on actuarial liabilities and the summary of contributions), the Statement of Investment Principles and the actuarial certification of the schedule of contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in its statement set out on page 8, the Plan Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Plan Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan Trustee, for our audit work, for this report, or for the opinions we have formed.



Gemma Broom

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

19. March 2019

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
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FUND ACCOUNT

	Note	Year to 31 October 2018			Year to 31 October 2017
		HP £'000	Digital £'000	Total £'000	£'000
Contributions and benefits					
Employer contributions		2,645	3,925	6,570	102,651
Employee contributions		49	10	59	73
Total Contributions	3	2,694	3,935	6,629	102,724
Transfers in	4	4	-	4	8,094
Other income	5	145	39	184	172
		2,843	3,974	6,817	110,990
Benefits paid or payable	6	36,167	59,102	95,269	74,907
Transfers out	7	36,349	35,617	71,966	89,234
Administrative expenses	8	2,072	2,177	4,249	4,204
		74,588	96,896	171,484	168,345
Net withdrawals from dealing with members		(71,745)	(92,922)	(164,667)	(57,355)
Returns on investments					
Investment income	9	33,847	42,115	75,962	29,924
Change in market value of investments	11	10,396	5,818	16,214	140,312
Investment management expenses	10	(2,963)	(2,200)	(5,163)	(5,420)
Net returns on investments		41,280	45,733	87,013	164,816
Net (decrease)/increase in the Fund during the year		(30,465)	(47,189)	(77,654)	107,461
Net assets of the Plan at 1 November		1,707,483	1,846,823	3,554,306	3,446,845
Transfers between sections		956	(956)	-	-
Net assets of the Plan at 31 October		1,677,974	1,798,678	3,476,652	3,554,306

The notes on pages 24 to 46 form part of these financial statements.

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
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STATEMENT OF NET ASSETS

(available for benefits)

	Note	As at 31 October 2018			As at 31 October 2017
		HP £'000	Digital £'000	Total £'000	£'000
Investments assets					
Equities	11	-	-	-	21,844
Bonds	11	1,611,479	1,553,131	3,164,610	407,079
Pooled investment vehicles	12	790,493	775,889	1,566,382	3,068,035
Derivatives	13	2,403	3,877	6,280	1,833
Other investment assets	11	7,543	8,514	16,057	5,847
AVCs	14	14,339	8,327	22,666	26,260
		2,426,257	2,349,738	4,775,995	3,530,898
Investment liabilities					
Derivatives	13	(7,471)	(9,873)	(17,344)	(1,036)
Repurchase agreements		(770,391)	(560,695)	(1,331,086)	-
Other investment liabilities	11	-	-	-	(34)
		(777,862)	(570,568)	(1,348,430)	(1,070)
Total net investments		1,648,395	1,779,170	3,427,565	3,529,828
Current assets	17	31,606	23,761	55,367	29,093
Current liabilities	18	(2,027)	(4,253)	(6,280)	(4,615)
		29,579	19,508	49,087	24,478
Total net assets of the Plan at 31 October		1,677,974	1,798,678	3,476,652	3,554,306

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities, included in the annual report on pages 4 to 6 and these financial statements should be read in conjunction with them.

The financial statements on pages 22 and 23 were approved on 12 March 2019 by:


Andrew Dodd, Trustee Director and Chairman of the Trustee


Gill Manning, Trustee Director

THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 ("FRS 102") – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (revised November 2014) ("the Revised SORP").

There are two sections of the Plan as follows:

Hewlett-Packard Section (HP)

Digital Section (Digital)

2. Statement of Accounting Policies

The following principal accounting policies, which have been applied consistently (except as noted below), have been adopted in the preparation of the financial statements.

2.1 Contributions

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis in the month employee contributions are deducted from the payroll.

Employers' augmentation and deficit repair contributions from the employer are accounted for in accordance with the schedule of contributions or the agreement under which they are paid, or in the absence of such an agreement, when received.

Additional voluntary contributions from the members are accounted for, on an accruals basis, in the month deducted from the payroll.

Employee directed Employer contributions relate to AVCs paid under salary sacrifice. These are accounted for on an accruals basis in the month deducted from payroll.

2.2 Benefits

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Plan as appropriate.

2.3 Transfer Values

Transfer values represent the capital sums either receivable in respect of members from other pension plans of previous employers or payable to the pension plans of new employers for members who have left the Plan. They are accounted for on a cash basis or, where the Trustee has agreed to accept the liability in advance of receipt of funds, on an accruals basis from the date of the agreement.

Group transfers, where the Trustee has agreed to accept the liability prior to the receipt, are accounted for in accordance with the agreement.

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NOTES TO THE FINANCIAL STATEMENTS

2.4 Income from investments and deposits

Investment income is accounted for as follows:-

- Dividends from quoted UK investments are accounted for on the date when stocks are quoted ex-dividend;
- Dividends from overseas investments are accounted for on an accruals basis;
- Interest on fixed interest securities is accounted for on an accruals basis;
- Interest income on cash deposits is accounted for on an accruals basis;
- Investment income includes United Kingdom and overseas tax recoverable in respect of the year.
- Income arising from the underlying investments of the pooled investment vehicles that is reinvested in the pooled investment vehicles is reflected in the unit price. Such income is reported within the change in market value. All other income arising from pooled investment vehicles is taken into account on an accruals basis.

2.5 Valuation of investments

Investments are included at fair value.

Equities traded through the Stock Exchange Electronic Trading Service ("SETS") are valued on the basis of the bid price. Other quoted investments are valued on the basis of the bid price (or, if unavailable, most recent transaction) on the relevant stock market.

Pooled investment vehicles are valued at the closing bid price if both bid and offer prices are published, or, if single priced, at the closing single price as advised by the investment managers.

US Equities and Preferred Stock are valued based on the last paid sale price and if no sale occurred then the price will default to mid-market price.

Derivative contracts are valued at fair value. The fair value, being the unrealised profit or loss on the contracts, is shown as a separate line within investments. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices.

Derivative contracts' changes in fair value are included in change in market value where the economic purpose of the contracts relates to assets. Where the economic purpose relates to income the change in fair value is included in investment income.

The fair value of the interest rate swaps and currency swaps is calculated using pricing models based on the market price of comparable instruments at the year-end date, if they are publicly traded. Interest is accrued monthly on a basis consistent with the terms of the contract. The amounts included in change in market value are the realised gains and losses on closed contracts and the unrealised gains and losses on open contracts. Net receipts or payments on swap contracts are either reported in investment income (where the economic purpose relates to income) or change in market value (where the economic purpose relates to assets).

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NOTES TO THE FINANCIAL STATEMENTS

2.5 Valuation of investments (continued)

The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

Bonds are stated at their clean prices. Accrued income is accounted for within investment income.

Accrued interest is excluded from the market value of fixed interest securities and index linked securities but is included in investment income receivable.

Acquisition costs are included in the purchase cost of investments. Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Plan such as fees, commissions, stamp duty and other fees.

Under repurchase arrangements, the Plan does not recognise the collateral securities received as assets in its Financial Statements. The Plan does recognise the cash delivered to the counterparty as a receivable in the Financial Statements.

The change in market value of investments is accounted for in the year in which it arises and includes all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

AVC investments are included at the values provided by the AVC investment managers.

2.6 Administrative and investment management expenses

Administrative and investment management expenses are accounted for on an accruals basis. All other costs of administration other than those shown in these financial statements are borne by the Principal Employer, Hewlett-Packard Limited.

2.7 Life assurance premiums

Premiums for group life assurance and widows' death in service benefits are accounted for in the period of cover.

2.8 Foreign Currencies

Investments denominated in foreign currencies are translated at closing spot rates into their sterling equivalents at the year end.

The Plan's functional and presentational currency is pounds sterling.

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 OCTOBER 2018**

NOTES TO THE FINANCIAL STATEMENTS

3. Contributions

	Year to 31 October 2018		
	HP £'000	Digital £'000	Total £'000
Employers			
Normal	1,100	635	1,735
Deficit repair	-	-	-
Employee directed	306	417	723
Augmentations	1,239	2,873	4,112
	2,645	3,925	6,570
Members			
Additional voluntary contributions	49	10	59
	49	10	59
	2,694	3,935	6,629

	Year to 31 October 2017		
	HP £'000	Digital £'000	Total £'000
Employers			
Normal	1,559	1,477	3,036
Deficit repair	50,457	44,147	94,604
Employee directed	437	853	1,290
Augmentations	1,732	1,989	3,721
	54,185	48,466	102,651
Members			
Additional voluntary contributions	53	20	73
	53	20	73
	54,238	48,486	102,724

In accordance with the statement of funding principles, the Employer deficit repair contributions are calculated as follows:

- the future cost of accrual of benefits calculated using assumptions underlying the Technical Provisions including an allowance for administrative expenses; less
- the amount by which the expected return on the assets for the year exceeds the amount of interest on the assets for the year assumed in calculating the Technical Provisions; plus
- an adjustment (either positive or negative) to allow for deficit or surplus.

The above calculation is subject to a minimum contribution rate of zero, and contributions relating to member contributions paid under salary sacrifice are payable in addition. No deficit contributions were received in the year.

The Employer normal contributions for the 2017/2018 Plan year were £1.7m for the two Sections of the Plan. Employer normal contributions relate to member contributions paid under salary sacrifice together with payment in lieu of notice representing contributions paid to the Plan for members' pensionable service accrued during their notice period when they have not been required by the Company to work their notice period.

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3 Contributions (continued)

Employee directed Employer contributions relate to money purchase AVCs paid under salary sacrifice.

The Employers' augmentations are made to cover the enhancement to certain members' benefits by the Principal Employer, Hewlett-Packard Limited.

The additional voluntary contributions paid by members are either invested as part of the Plan's assets for in-plan benefits or are invested separately. There are four separate money purchase arrangements available to members of the Plan and the assets purchased are held separately from the main Plan assets.

4. Transfers in

Year to 31 October 2018			
	HP £'000	Digital £'000	Total £'000
Group transfers in	-	-	-
Individual transfers in from other schemes	4	-	4
	4	-	4

Year to 31 October 2017			
	HP £'000	Digital £'000	Total £'000
Group transfers in	7,932	-	7,932
Individual transfers in from other schemes	162	-	162
	8,094	-	8,094

The Group transfer in the prior year represents transfers from the EDS Pension Plan.

5. Other income

Year to 31 October 2018			
	HP £'000	Digital £'000	Total £'000
Death benefit income	144	-	144
Other income	1	39	40
	145	39	184

Year to 31 October 2017			
	HP £'000	Digital £'000	Total £'000
Death benefit income	-	132	132
Other income	3	37	40
	3	169	172

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6. Benefits paid or payable

	Year to 31 October 2018		
	HP £'000	Digital £'000	Total £'000
Pensions	25,348	44,531	69,879
Commutations and lump sum retirement benefits	10,257	14,117	24,374
Lump sum death benefits	309	416	725
Taxation where lifetime or annual allowance exceeded	253	38	291
	36,167	59,102	95,269

	Year to 31 October 2017		
	HP £'000	Digital £'000	Total £'000
Pensions	22,272	38,368	60,640
Commutations and lump sum retirement benefits	7,002	6,221	13,223
Lump sum death benefits	83	274	357
Taxation where lifetime or annual allowance exceeded	397	290	687
	29,754	45,153	74,907

7. Transfers out

	Year to 31 October 2018		
	HP £'000	Digital £'000	Total £'000
Individual transfers out to other schemes	36,349	35,617	71,966
Group transfers out to other schemes	-	-	-
	36,349	35,617	71,966

	Year to 31 October 2017		
	HP £'000	Digital £'000	Total £'000
Individual transfers out to other schemes	30,011	26,167	56,178
Group transfers out to other schemes	14,895	18,161	33,056
	44,906	44,328	89,234

The group transfer out represents transfers to the EDS Pension Scheme.

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8. Administrative expenses

	Year to 31 October 2018		
	HP	Digital	Total
	£'000	£'000	£'000
Administration and actuarial fees	1,328	1,394	2,722
Audit fees	66	66	132
Legal fees	468	459	927
Trustee fee and expenses	161	163	324
PPF levy	49	95	144
	2,072	2,177	4,249

	Year to 31 October 2017		
	HP	Digital	Total
	£'000	£'000	£'000
Administration and actuarial fees	1,304	1,528	2,832
Audit fees	60	63	123
Legal fees	315	329	644
Trustee fee and expenses	145	138	283
PPF levy	115	207	322
	1,939	2,265	4,204

9. Investment income

	Year to 31 October 2018		
	HP	Digital	Total
	£'000	£'000	£'000
Dividends from equities	-	-	-
Income from bonds	17,801	23,429	41,230
Income from pooled investment vehicles	9,729	10,587	20,316
Income from derivatives	5,981	8,026	14,007
Interest on cash deposits	336	73	409
	33,847	42,115	75,962

	Year to 31 October 2017		
	HP	Digital	Total
	£'000	£'000	£'000
Dividends from equities	1,928	1,756	3,684
Income from bonds	5,711	5,551	11,262
Income from pooled investment vehicles	6,672	8,113	14,785
Interest on cash deposits	180	13	193
	14,491	15,433	29,924

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10. Investment management expenses

	Year to 31 October 2018		
	HP	Digital	Total
	£'000	£'000	£'000
Administration, management and custody	2,819	2,065	4,884
Other advisory fees	144	135	279
	2,963	2,200	5,163

	Year to 31 October 2017		
	HP	Digital	Total
	£'000	£'000	£'000
Administration, management and custody	2,345	2,855	5,200
Other advisory fees	100	120	220
	2,445	2,975	5,420

The movement in the administration, management and custody expenses reflects certain timing differences in respect of the fees as well as changes in the Plan's portfolio.

11. Investment Reconciliation

The following tables show the movements on Plan investment assets during the year. The change in market value includes realised profits and losses arising on sales of investments during the year together with surpluses and deficits arising from the revaluation of investments held at the year-end to market value and to sterling where the investments are denominated in foreign currencies.

HP Section	Market Value at 1 November 2017 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in Market Value £'000	Market Value at 31 October 2018 £'000
Equities	21,843	562	(23,118)	713	-
Bonds	192,929	1,883,436	(429,162)	(35,724)	1,611,479
Pooled investment vehicles	1,467,070	811,056	(1,554,807)	67,174	790,493
Repurchase agreements	-	882,050	(1,652,441)	-	(770,391)
Derivatives	387	2,116,400	(2,099,635)	(22,220)	(5,068)
AVC investments	16,178	948	(3,240)	453	14,339
	1,698,407	5,694,452	(5,762,403)	10,396	1,640,852
Other investment balances	3,132				7,543
	1,701,539				1,648,395

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11. Investment Reconciliation (continued)

Digital Section	Market Value at 1 November 2017 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in Market Value £'000	Market Value at 31 October 2018 £'000
Equities	1	170,304	(170,306)	1	-
Bonds	214,150	1,678,196	(325,815)	(13,400)	1,553,131
Pooled investment vehicles	1,600,965	829,578	(1,700,275)	45,621	775,889
Repurchase agreements	-	550,528	(1,111,223)	-	(560,695)
Derivatives	410	2,380,031	(2,360,049)	(26,388)	(5,996)
AVC investments	10,082	1,447	(3,186)	(16)	8,327
	1,825,608	5,610,084	5,670,854	5,818	1,770,656
Other investment balances	2,681				8,514
	1,828,289				1,779,170

Included within both Sections' purchases and sales are direct transaction costs comprising fees, commission and stamp duty. These costs are attributable to the key asset classes as follows:

HP Section	Fees £'000	Commission £'000	Stamp Duty £'000	2018 Total £'000	2017 Total £'000
Equities	43	182	-	225	71
Bonds	-	-	-	-	54
Derivatives	-	-	-	-	216
	43	182	-	225	341

Digital Section	Fees £'000	Commission £'000	Stamp Duty £'000	2018 Total £'000	2017 Total £'000
Equities	36	167	-	203	79
Bonds	-	-	-	-	60
Derivatives	-	-	-	-	255
	36	167	-	203	394

Indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles and are not separately identifiable.

At the year-end amounts payable under repurchase agreements amounted to £1,331,086,000 (2017: £nil)

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12. Pooled investment vehicles

The Plan's investments in pooled investment vehicles at the year-end comprised:

HP Section	Year to 31 October 2018	Year to 31 October 2017
	£'000	£'000
Equities	161,963	109,509
Bonds	168,137	152,141
Liquidity	87,947	94,004
Multi-Asset	370,836	444,978
Property	-	6
LDI – bespoke fund	1,610	666,432
	790,493	1,467,070

Digital Section	Year to 31 October 2018	Year to 31 October 2017
	£'000	£'000
Equities	143,732	92,382
Bonds	181,685	149,024
Liquidity	97,779	102,380
Multi-Asset	351,642	421,293
LDI – bespoke fund	1,051	835,886
	775,889	1,600,965

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13. Derivatives

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Plan as explained in the Trustee's Report. Summarised details of the derivatives held at the year-end are set out below:

HP Section Derivatives

	2018 Assets £'000	2018 Liabilities £'000	2017 Assets £'000	2017 Liabilities £'000
Swaps	1,835	(1,350)	-	-
Forward currency contracts	568	(6,121)	879	(492)
	2,403	(7,471)	879	(492)

Swaps

Swaps	Nominal Amount £'000	Duration	Asset value at year end £'000	Liability value at year end £'000
Nature				
Fixed income	17,347	Expires May 19	119	-
Fixed income	33,621	Expires May 19	1,163	-
Fixed income	30,112	Expires June 19	553	-
Fixed income	34,046	Expires July 19	-	(421)
Fixed income	33,133	Expires August 19	-	(881)
Fixed income	44,772	Expires October 19	-	(4)
Fixed income	44,772	Expires October 19	-	(44)
Total 2018	237,803		1,835	(1,350)
Total 2017	-		-	-

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13. Derivatives (continued)

Forward Foreign Exchange (FX)

The Plan has open FX contracts at the year-end relating to its currency hedging strategy as follows:

Forward Contracts					Asset value at year end	Liability value at year end
Settlement date	Currency Bought	Currency Sold			£'000	£'000
1 month	GBP 28,455,534	USD 37,655,550			-	(1,015)
1 month	GBP 28,457,512	USD 37,655,550			-	(1,013)
1 month	GBP 28,454,822	USD 37,655,550			-	(1,015)
1 month	GBP 135,607	USD 176,000			-	(2)
1 month	USD 438,000	GBP 336,933			6	-
1 month	USD 82,000	GBP 62,874			1	-
1 month	USD 37,540,880	GBP 29,280,705			100	-
1 month	USD 37,540,890	GBP 29,279,509			101	-
1 month	USD 37,540,880	GBP 29,280,042			100	-
4 months	GBP 29,138,343	USD 37,540,880			-	(101)
4 months	GBP 29,138,886	USD 37,540,880			-	(100)
4 months	GBP 29,138,048	USD 37,540,890			-	(101)
1 month	EUR 1,040,600	GBP 923,235			-	(1)
1 month	GBP 962,112	EUR 1,079,600			5	-
1 month	EUR 13,000	GBP 11,544			-	(1)
1 month	EUR 39,000	GBP 34,854			-	(1)
1 month	GBP 11,686	EUR 13,000			1	-
4 months	GBP 926,437	EUR 1,040,600			1	-
1 month	GBP 23,467,801	USD 31,056,000			-	(837)
1 month	GBP 23,469,264	USD 31,055,000			-	(835)
1 month	GBP 469,668	USD 610,000			-	(8)
1 month	GBP 125,187	USD 163,000			-	(2)
1 month	GBP 23,468,388	USD 31,056,000			-	(837)
1 month	USD 106,000	GBP 81,042			2	-
1 month	USD 31,278,000	GBP 24,395,855			83	-
1 month	USD 31,278,000	GBP 24,394,853			84	-
1 month	USD 31,278,000	GBP 24,395,304			84	-
4 months	GBP 24,277,696	USD 31,278,000			-	(84)
4 months	GBP 24,276,991	USD 31,278,000			-	(84)
4 months	GBP 24,277,243	USD 31,278,000			-	(84)
Total 2018					568	(6,121)
Total 2017					879	(492)

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13. Derivatives (continued)

Digital Section - Derivatives

	2018 Assets £'000	2018 Liabilities £'000	2017 Assets £'000	2017 Liabilities £'000
Swaps	3,248	(3,183)	-	-
Forward currency contracts	629	(6,690)	954	(544)
Net derivatives	3,877	(9,873)	954	(544)

Swaps

Swaps	Nominal		Asset value	Liability value
Nature	Amount	Duration	at year end	at year end
	£'000		£'000	£'000
Fixed income	24,948	Expires May 19	177	-
Fixed income	34,447	Expires May 19	-	(554)
Fixed income	56,619	Expires July 19	-	(1,672)
Fixed income	33,133	Expires August 19	-	(881)
Fixed income	117,808	Expires October 19	61	-
Fixed income	117,808	Expires October 19	3,010	-
Fixed income	22,882	Expires October 19	-	(2)
Fixed income	22,882	Expires October 19	-	(74)
Total 2018	430,527		3,248	(3,183)
Total 2017	-		-	-

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13. Derivatives (continued)

Forward Foreign Exchange (FX)

Forward Contracts				Asset value	Liability value
Settlement date	Currency	Currency		at year end	at year end
	Bought	Sold		£'000	£'000
1 month	GBP 148,705	USD 193,000		-	(2)
1 month	GBP 31,253,374	USD 41,359,000		-	(1,115)
1 month	GBP 31,254,156	USD 41,359,000		-	(1,114)
1 month	GBP 31,256,329	USD 41,359,000		-	(1,112)
1 month	USD 41,232,000	GBP 32,158,935		110	-
1 month	USD 41,232,000	GBP 32,158,340		111	-
1 month	USD 41,232,000	GBP 32,159,662		110	-
1 month	USD 91,000	GBP 69,775		1	-
1 month	USD 483,000	GBP 371,550		6	-
4 months	GBP 32,002,970	USD 41,232,000		-	(111)
4 months	GBP 32,003,303	USD 41,232,000		-	(111)
4 months	GBP 32,003,899	USD 41,232,000		-	(111)
1 month	EUR 1,155,600	GBP 1,025,265		-	(1)
1 month	EUR 43,000	GBP 38,429		-	(1)
1 month	GBP 12,586	EUR 14,000		1	-
1 month	EUR 15,000	GBP 13,320		-	(1)
1 month	GBP 1,069,053	EUR 1,199,600		5	-
4 months	GBP 1,028,821	EUR 1,155,600		1	-
1 month	USD 33,762,000	GBP 26,332,215		91	-
1 month	USD 402,000	GBP 307,349		7	-
1 month	USD 415,000	GBP 318,728		6	-
1 month	USD 33,762,000	GBP 26,333,297		90	-
1 month	USD 33,762,000	GBP 26,332,702		90	-
1 month	GBP 25,548,774	USD 33,809,000		-	(910)
1 month	GBP 25,551,306	USD 33,810,000		-	(908)
1 month	GBP 25,548,135	USD 33,809,000		-	(912)
1 month	GBP 519,710	USD 675,000		-	(9)
4 months	GBP 26,205,754	USD 33,762,000		-	(90)
4 months	GBP 26,204,993	USD 33,762,000		-	(91)
4 months	GBP 26,205,266	USD 33,762,000		-	(91)
Total 2018				629	(6,690)
Total 2017				954	(544)

The Plan's investment managers use derivatives (forwards, futures and options) to manage currency risk in portfolios or generate returns from active currency management. Where returns are earned in non-sterling denominated currencies the manager may use currency derivatives to hedge out any change in returns resulting purely from currency moves which are beyond the manager's control. Use of currency in this context is not intended to add value to the portfolio and used only to mitigate the impact of currency movements against sterling. Some of the Plan's investment managers use currency derivatives to add value to their portfolios. Where a manager has a view that one currency is cheap or expensive relative to another, they will use derivatives to express this view.

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14. AVC assets

	At 31 October 2018		
	HP	Digital	Total
	£'000	£'000	£'000
Equitable Life	611	729	1,340
MGM Assurance/Scottish Friendly	63	-	63
Standard Life	201	-	201
Phoenix Life	-	104	104
Legal & General	13,464	7,494	20,958
	14,339	8,327	22,666

	At 31 October 2017		
	HP	Digital	Total
	£'000	£'000	£'000
Equitable Life	756	847	1,603
MGM Assurance/Scottish Friendly	77	-	77
Standard Life	200	-	200
Phoenix Life	-	181	181
Legal & General	15,145	9,054	24,199
	16,178	10,082	26,260

The AVCs above are invested in a mix of with-profit policies, managed and unit-linked funds. These are invested on a money purchase basis. Members participating in these arrangements each receive an annual statement as at 31 October confirming the amounts held in their account and the movements in the period.

In addition to the AVC investments held by the Plan shown above, Digital Section members can pay in-plan AVCs to provide added years benefits. The AVCs invested in this way are held by the Plan in the main pool of investments.

The Trustee holds assets invested separately from the main fund in the form of insurance policies, unit-linked investments and with profit funds securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

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15. Investment Fair Value Hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access on the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. that is for which market data is unavailable) for the asset or liability

The Plan's investment assets and liabilities disclosed according to the above hierarchy categories are as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2018 Total £'000
HP Section				
Equities	-	-	-	-
Bonds	-	1,611,479	-	1,611,479
Pooled investment vehicles	-	790,493	-	790,493
Repurchase agreements	(770,391)	-	-	(770,391)
Derivatives	(5,553)	485	-	(5,068)
AVC investments	-	13,463	876	14,339
Other investment balances	7,543	-	-	7,543
Digital Section				
Equities	-	-	-	-
Bonds	-	1,553,131	-	1,553,131
Pooled investment vehicles	-	775,889	-	775,889
Repurchase agreements	(560,695)	-	-	(560,695)
Derivatives	(6,061)	65	-	(5,996)
AVC investments	-	7,495	832	8,327
Other investment balances	8,514	-	-	8,514
	(1,326,643)	4,752,500	1,708	3,427,565

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15. Investment Fair Value Hierarchy (continued)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2017 Total £'000
HP Section				
Equities	21,843	-	-	21,843
Bonds	-	192,929	-	192,929
Pooled investment vehicles	-	1,467,070	-	1,467,070
Derivatives	387	-	-	387
AVC investments	-	15,145	1,033	16,178
Other investment balances	3,132	-	-	3,132
Digital Section				
Equities	1	-	-	1
Bonds	-	214,150	-	214,150
Pooled investment vehicles	-	1,600,965	-	1,600,965
Derivatives	410	-	-	410
AVC investments	-	9,054	1,028	10,082
Other investment balances	2,681	-	-	2,681
	28,454	3,499,313	2,061	3,529,828

16. Investment Risk Disclosures

Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk:

- **Currency risk:** this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Plan has exposure to these risks because of the investments it makes to implement the investment strategy described in the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within the agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Plan's exposures to credit and market risks are set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Plan.

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16. Investment Risk Disclosures (continued)

Credit Risk

The Plan is subject to credit risk as it invests in bonds, OTC derivatives and has cash balances. The Plan also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to the credit risks arising on the financial instruments held by the pooled investment vehicles.

Analysis of direct credit risk

HP Section

31 October 2018 (£'000)	Investment grade	Non-investment grade	Unrated	Total
Bonds	1,610,817	662	-	1,611,479
OTC Derivatives	-	-	(5,068)	(5,068)
Cash	7,543	-	-	7,543
Repos	(770,391)	-	-	(770,391)
PIVs	-	-	790,493	790,493
Total	847,969	662	785,425	1,634,056
31 October 2017 (£'000)	Investment grade	Non-investment grade	Unrated	Total
Bonds	192,929	-	-	192,929
OTC Derivatives	-	-	386	387
Cash	3,132	-	-	3,132
PIVs	-	-	1,467,071	1,467,070
Total	196,061	-	1,467,457	1,663,518

Digital Section

31 October 2018 (£'000)	Investment grade	Non-investment grade	Unrated	Total
Bonds	1,552,574	557	-	1,553,131
OTC Derivatives	-	-	(5,996)	(5,996)
Cash	8,514	-	-	8,514
Repos	(560,695)	-	-	(560,695)
PIVs	-	-	775,889	775,889
Total	1,000,393	557	769,893	1,770,843
31 October 2017 (£'000)	Investment grade	Non-investment grade	Unrated	Total
Bonds	214,150	-	-	214,150
OTC Derivatives	-	-	410	410
Cash	2,681	-	-	2,681
PIVs	-	-	1,600,965	1,600,965
Total	216,831	-	1,601,375	1,818,206

Credit risk arising on bonds is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade.

The Plan also invests via pooled vehicles in a range of bonds which are non-investment grade, including high yield bonds, convertible bonds, leveraged loans and securitised bonds. The Trustee manages the associated credit risk with these non-investment grade bonds by requesting that the investment managers undertake fundamental credit analysis of each of the issues they hold, and that the investment managers diversify their portfolios to minimise the impact of default by any one issuer.

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
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NOTES TO THE FINANCIAL STATEMENTS

16. Investment Risk Disclosures (continued)

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Plan is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements. Credit risk also arises on forward foreign currency contracts. There are no collateral arrangements for these contracts and the Trustee delegates responsibility for the selection and monitoring of the counterparties to the respective investment managers.

Directly held cash is mostly held at the Plan's custodian, State Street, although some of the investment managers also hold cash with other counterparties, where they are responsible for the selection and monitoring of the counterparties.

The Plan's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager.

A summary of the pooled investment vehicles by type of arrangement is as follows:

HP Section

	31 October 2018 (£'000)	31 October 2017 (£'000)
Unit linked insurance contract	-	10,870
Open ended investment companies	271,115	298,087
Common contractual fund	166,649	381,138
Qualifying Investor Alternative Investment Fund	-	666,433
Cayman Islands limited company	748	5,285
Cayman Islands exempt company	148,556	88,146
Limited Partnership	40,225	17,111
Limited Liability Company	163,200	-
Total	790,493	1,467,070

Digital Section

	31 October 2018 (£'000)	31 October 2017 (£'000)
Unit linked insurance contract	-	-
Open ended investment companies	234,688	278,037
Common contractual fund	184,458	366,775
Qualifying Investor Alternative Investment Fund	-	835,886
Cayman Islands limited company	841	5,940
Cayman Islands exempt company	135,806	95,542
Limited Partnership	44,150	18,785
Limited Liability Company	175,946	-
Total	775,889	1,600,965

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in predominantly investment grade credit rated securities.

Currency Risk

The Plan is subject to currency risk because some of the Plan's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee manages the risk of overseas currency exposure through a currency hedging policy.

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
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NOTES TO THE FINANCIAL STATEMENTS

16. Investment Risk Disclosures (continued)

The Plan's total unhedged exposure by major currency at the year end was as follows. The mandate for the currency overlay transitioned to Insight from SSGA during the last twelve months. The figures provided in the table below are before allowing for the Insight currency overlay (described below), but after any currency hedging which is undertaken by the investment managers.

HP Section		
Currency	31 October 2018	31 October 2017
	(£'000)	(£'000)
US Dollar	158,891	378,782
Euro	930	1,946
Japanese Yen	-	2,133
Other	1	4,365
Digital Section		
Currency	31 October 2018	31 October 2017
	(£'000)	(£'000)
US Dollar	173,924	350,292
Euro	1,046	1
Japanese Yen	-	-
Other	1	12

The Plan has a passive currency hedge overlay mandate managed by Insight which hedges some of the Plan's currency exposures. The mandate aims to hedge 50% of the developed market currency exposure arising from the Mesirow portfolios. The Goldman Sachs Senior Private Debt and USD cash holdings are also both fully hedged from US dollar back to sterling, as are the LGIM Buy and Maintain Credit overseas holdings. The currency hedge overlay did maintain a 50% hedge on the HP Invest Global Equity and Morgan Stanley portfolios which were terminated prior to year end. Emerging market currency exposures are not hedged due to practical limitations and costs for hedging these currencies and expected long-term appreciation of emerging market currencies relative to sterling.

Interest Rate Risk

The Plan is subject to interest rate risk through its direct holdings in bonds and the indirect holdings in pooled bond funds. The Plan's LDI mandate with Insight transitioned from being a pooled investment vehicle to a segregated mandate during the last twelve months. The position at the year end was:

HP Section	31 October 2018	31 October 2017
	(£'000)	(£'000)
Bonds	1,611,479	192,929
Bond PIVs	300,286	302,011
Alternatives PIVs	207,310	122,060
LDI PIVs	-	666,433
Total	2,119,075	1,283,433
Digital Section	31 October 2018	31 October 2017
	(£'000)	(£'000)
Bonds	1,553,131	214,150
Bond PIVs	275,569	310,688
Alternatives PIVs	225,835	134,080
LDI PIVs	-	835,885
Total	2,054,535	1,494,803

Other Price Risk

Other price risk arises principally in relation to the Plan's return seeking portfolio, which includes directly held equities, and also pooled fund investments in equities, property and hedge funds. The Plan manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 OCTOBER 2018**

NOTES TO THE FINANCIAL STATEMENTS

16. Investment Risk Disclosures (continued)

At the year end, the Plan's exposure to investments subject to other price risk was:

HP Section

	31 October 2018 (£'000)	31 October 2017 (£'000)
Equities	-	21,843
Equity PIVs	163,200	276,183
Property PIVs	24	6
Multi-asset	70,318	100,377
Total	233,542	398,409

Digital Section

	31 October 2018 (£'000)	31 October 2017 (£'000)
Equities	-	1
Equity PIVs	175,946	251,480
Property PIVs	-	-
Multi-asset	41,087	68,831
Total	217,033	320,312

17. Current assets

	at 31 October 2018		
	HP £'000	Digital £'000	Total £'000
Cash balances	31,483	23,514	54,997
Other debtors	123	247	370
	31,606	23,761	55,367

	at 31 October 2017		
	HP £'000	Digital £'000	Total £'000
Cash balances	8,615	19,154	27,769
Other debtors	18	350	368
Intersection balance	-	956	956
	8,633	20,460	29,093

The intersection balance is made up of asset transfers between the HP and Digital Sections during the year.

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
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NOTES TO THE FINANCIAL STATEMENTS

18. Current Liabilities

	at 31 October 2018		
	HP	Digital	Total
	£'000	£'000	£'000
Unpaid benefits	517	2,851	3,368
Accrued expenses	1,064	973	2,037
Other creditors	446	429	875
	2,027	4,253	6,280

	at 31 October 2017		
	HP	Digital	Total
	£'000	£'000	£'000
Unpaid benefits	252	234	486
Accrued expenses	1,055	1,293	2,348
Other creditors	426	399	825
Intersection balance	956	-	956
	2,689	1,926	4,615

As at 31 October 2018 GMP equalisation back payments of approximately £500,000 (HP section) and £2,800,000 (Digital Section) were due to be paid by the scheme.

19. Concentration of investments

Except for the investments noted below, which comprise 35.17% (2017: 63.12%) of the Plan assets, the Plan does not hold over 5% of its funds in any one form of investment:

		31 October 2018	
Managed by:	Holdings	Market Value	Percentage
		£'000	%
Insight	LDI Solutions Plus Fund 11/12 CLS 'B' Shares	-	-
Northern Trust	Invest GLB SB F	-	-
M&G	Long Dated Asset Fund	348,793	10.03
CQS	Credit Multi Asset Fund Class D1D	291,492	8.38
LGIM	Bonds GBP	206,904	5.95
MPF	North America Equity	194,135	5.58
Apollo	Total Return Fund (Offshore) Ltd	181,971	5.23
		31 October 2017	
Managed by:	Holdings	Market Value	Percentage
		£'000	%
Insight	LDI Solutions Plus Fund 11/12 CLS 'B' Shares	1,502,319	42.27
Northern Trust	Invest GLB SB F	461,570	12.99
M&G	Long Dated Asset Fund	220,250	6.20
Apollo	Total Return Fund (Offshore) Ltd	183,688	5.17

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 OCTOBER 2018**

NOTES TO THE FINANCIAL STATEMENTS

20. Employer related investments

For the current period the Plan had a direct and indirect holding of £nil as at 31 October 2018 in the Hewlett-Packard Company (2017: £nil).

21. Related party transactions

During the year the Plan reimbursed fees and expenses incurred by the following whilst carrying out their duties as Trustee Directors of the Plan – A Dodd, P Early, G Manning, P Lawman, J Lord, K Norrington and M Smith. These costs are included in note 8.

The company bears additional administrative costs, which are not shown in note 8 and are not recharged to the Plan.

Except as disclosed above and elsewhere in the financial statements, there are no transactions, balances or relationships that require disclosure under the Pension SORP and FRS102.

22. Contingent liabilities

Other than the liabilities to pay future pensions, there are no contingent liabilities of the Plan at 31 October 2018 (2017: £nil).

22. Taxation

The Scheme is a registered pension scheme under Chapter Two of Part Four of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

23. Contractual commitments

As at 31 October 2018, the Scheme had a commitment to invest in the Broad Street Loan Partners III Offshore – Unlevered, L.P. Fund of £96,416,900 (Digital Section) and £87,794,300 (HP Section). As at 31 October 2018, £41,844,900 (Digital Section) and £38,102,700 (HP Section) had been called.

THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE PLAN

Statement about contributions

We have examined the summary of contributions payable under the schedules of contributions to the Hewlett-Packard Limited Retirement Benefits Plan in respect of the Plan year ended 31st October 2018 which is set out on page 48-49.

In our opinion contributions for the Plan year ended 31st October 2018 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid from 1 November 2017 until 29 January 2018 at least in accordance with the schedule of contributions certified by the actuary on 12 July 2017 and subsequently at least in accordance with the schedule of contributions certified by the actuary on 30 January 2018.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the schedules of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the schedules of contributions.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on pages 48, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the employer in accordance with the schedules of contributions.

It is our responsibility to provide a statement about contributions paid under the schedules of contributions to the Plan and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Plan's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee, for our work, for this statement, or for the opinions we have formed.



.....
Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
Date 5GL

19 March 2019

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 OCTOBER 2018**

SUMMARY OF CONTRIBUTIONS

Statement of Trustee's Responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records of contributions received in respect of any active member of the Plan and for procuring that contributions are made to the Plan in accordance with the schedule.

During the year ended 31 October 2018, the contributions payable to the Plan under the Schedules of Contributions were as follows:

Contributions payable under the schedules in respect of the Plan year	£'000s
Employer:	
normal contributions	1,735
deficit repair contributions	0
Member:	
normal contributions	0
Contributions payable under the Schedules (as reported on by the Plan auditor)	<u>1,735</u>
	<u> </u>

THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 OCTOBER 2018

SUMMARY OF CONTRIBUTIONS

Reconciliation of contributions

Reconciliation of contributions payable under the schedules of contributions reported in the accounts in respect of the Plan year:

	£'000s
Contributions payable under the Schedules (as above)	1,735
Contributions payable in addition to those due under the Schedules (and not reported on by the Plan auditor):	
Employee directed	723
Augmentations	4,112
Additional voluntary contributions	59
Total contributions reported in the accounts	<u>6,629</u>

Signed on behalf of the Trustee on 12 March 2019

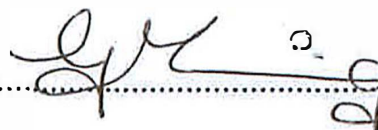
Andrew Dodd

Trustee Director Signature



Gillian Manning

Trustee Director Signature



**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 OCTOBER 2018**

COMPLIANCE STATEMENT

Tax status of the Plan

The Plan is established and is governed by the Rules and is a registered pension plan under Schedule 36 of the Finance Act 2004. Prior to the introduction of this Act, the Plan was an "exempt approved Plan" under the terms of the Income and Corporation Taxes Act 1988.

Contracted out Status

From 6 April 2016, it was not possible for pension schemes to be contracted out of the State Second Pension and active members ceased to be contracted out from that date.

HP Section's Pension Increases

The elements that receive guaranteed increases are Post 1997 Pension, Pre 1997 Qualifying Pension and Post 1988 GMP. In addition, Hewlett-Packard Limited is required under the Rules of the Plan to regularly review pensions and may award discretionary increases from time to time as it decides, subject to the consent of the Trustee.

The pensions in payment were increased at 6 April 2018 as follows:

Pre 1997 Non-Qualifying Pension	0.00%
Pre 1997 Qualifying Pension	2.73%
Post 1997 Pension	4.10%
Pre 1988 GMP (if applicable)	0.00%
Post 1988 GMP (if applicable)	3.00%
AVC Increasing pension	4.10%
Post 1997 Pension (former Bol members)	3.00%
Post 1997 Pension (former Medas members)	4.10%
Pre 1997 Pension (in excess of GMP)	3.00%
Post 2005 Pension (former Bol members)	2.50%

Hewlett-Packard Limited decided not to award any discretionary pension increases during the year.

Digital Section's Pension Increases

The elements that receive guaranteed increases are Post 1997 Pension, Post 2005 Pension and Post 1988 GMP. In addition, Hewlett-Packard Limited is required under the Rules of the Plan to review pensions at least annually and may award discretionary increases from time to time as it decides.

The pensions in payment were increased at 6 April 2018 as follows:

Pre 1997 Pension (in excess of GMP)	0.00%
Post 1997 Pension (5% LPI)	4.00%
Post 1997 Pension (2.5% LPI)	2.50%
Post 97 (6-4-97 to 7-3-00 Leavers) (CPI)	3.00%
Post 2005 Pension (5% LPI Members)	4.00%
Post 2005 Pension (non 5% LPI Members)	2.50%
Pre 1988 GMP (if applicable)	0.00%
Post 1988 GMP (if applicable)	3.00%
External AVCs (Non-increasing)	0.00%
External AVCs (2.5% LPI)	2.50%
External AVCs (5% LPI)	4.00%

Hewlett-Packard Limited decided not to award any discretionary pension increases during the year.

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 OCTOBER 2018**

COMPLIANCE STATEMENT

Increases to pensions in deferment - All sections

GMP is increased in deferment at a fixed rate depending on the date of leaving service. This rate applies until age 65 (men) or 60 (women).

For all Plan members other than those who transferred in from the Medas Pension Scheme, benefits in excess of GMP are increased in line with statutory deferred increase orders, subject to a maximum increase of 5% p.a. for the period of deferment in respect of service prior to 6 April 2009. For members who left service before 1 January 1991, increases to non-GMP benefit may be below this level.

For service after 5 April 2009 (BoI / Medas) or 1 May 2009 (HP and Digital) the maximum increase is 2.5% p.a. for the period of deferment.

For Plan members who transferred in from the Medas Pension Scheme, benefits in excess of GMP are increased in line with increases in the Retail Price Index.

Transfer values

Transfer values paid during the year were calculated using assumptions set by the Trustee which were expected to place a best estimate value on the cost of providing the preserved benefits within the Plan. In setting these assumptions the Trustee first obtained the advice of the Scheme Actuary. No transfer values paid during the year were reduced as a result of the funding level of the Plan. No discretionary benefits have been included in the calculation of transfer values. It should be noted that the calculation basis and transfer value assumptions for all Sections of the Plan were revised with effect from August 2017.

Enquiries

Any enquiries about the Plan, including requests from individuals for information about their benefits, should be sent to:

The Trustee of the Hewlett-Packard Limited Retirement Benefits Plan care of:

Equiniti Paymaster Limited
Sutherland House
Russell Way
Crawley
West Sussex
RH1 1UH

Equiniti may be contacted on the Hotline number (01293 604844) or by sending an e-mail (members should quote their badge number or pension ID) to:

HP Section (including former BOI/Medas Section members): hp2@equiniti.com
Digital Section: digital@equiniti.com

Internal Dispute Resolution Procedure

The Trustee has a formal dispute resolution procedure in place. Any complaints about the Plan should be made in writing to:

The Trustee of the Hewlett-Packard Limited Retirement Benefits Plan care of:

Secretary to the Trustee
Hewlett-Packard Limited Retirement Benefits Plan
Inside Pensions
1st Floor
Trident House
42-48 Victoria Street
St Albans,
Hertfordshire
AL1 3HZ

**THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 OCTOBER 2018**

COMPLIANCE STATEMENT

Most pension queries can usually be resolved informally, and initial enquiries from employees should be directed to the Hewlett-Packard Human Resources department.

Enquiries relating specifically to employment matters (e.g. salary queries) will also be dealt with by Hewlett-Packard Human Resources.

If a dispute cannot be resolved informally, the Plan's formal Internal Dispute Resolution Procedure is available.

Scheme registration numbers

HP Section:19003501, Digital Section:19003503

THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 OCTOBER 2018

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

Name of scheme: THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN-
HEWLETT-PACKARD SECTION

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 October 2015 to be met by the end of the period specified in the recovery plan dated 24 January 2018.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 30 June 2017.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were wound up.

Signature:

Date:

30 January 2018

Name: David Eteen

Qualification: Fellow of the Institute and
Faculty of Actuaries

Address:
Verulam Point
Station Way
St. Albans
Hertfordshire
AL1 5HE

Name of employer:
Aon Hewitt Limited

THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 OCTOBER 2018

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

Name of scheme: THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN
DIGITAL SECTION

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 October 2015 to be met by the end of the period specified in the recovery plan dated 24 January 2018.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 30 June 2017.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were wound up.

Signature:



Date:

30 January 2018

Name: David Eteen

Qualification: Fellow of the Institute and
Faculty of Actuaries

Address:
Verulam Point
Station Way
St. Albans
Hertfordshire
AL1 5HE

Name of employer:
Aon Hewitt Limited