Actuarial Investigation as at 30 June 2024

ALH Superannuation Plan

In the Corporate Category of the AMP Super Fund

N.M. Superannuation Proprietary Limited (Trustee)

PREPARED BY: **The Heron Partnership Pty Limited**

September 2024

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Executive Summary

Outlined below is a summary of the results of the actuarial investigation of the ALH Superannuation Plan in the AMP Super Fund at 30 June 2024.

Purpose

This report is provided to the Trustee of the AMP Super Fund by the actuary for the ALH Superannuation Plan, Nerida Seccombe on behalf of The Heron Partnership Pty Limited. A copy of this report should be provided to the Employer.

The main purpose of the actuarial valuation is to evaluate the financial position of the Plan, recommend an appropriate employer contribution program to finance the benefits arising and provide the various reporting statements required under SIS, SPS160 and AASB 1056.

ALH Superannuation Plan Financial Position

There are currently two remaining defined benefit members in the Plan.

We have summarised in the table below the ALH Superannuation Plan's financial position as at 30 June 2024, for comparison with values at 30 June 2021 shown in the previous triennial valuation prepared by me. Note that the liabilities at 30 June 2024 only relate to the two remaining DB members and the assets at 30 June 2024 have been adjusted (reduced) to allow for the benefit payment made to one member who exited the Plan in June 2024 and was paid in July 2024.

	As at 30 June 2024		As at 30 June 2021	
	$ '000s	Asset Coverage	$ '000s	Asset Coverage
Assets	$2,766		$3,066	
Minimum Requisite Benefits	$1,550	178%	$1,614	190%
Vested Benefits	$2,381	116%	$2,554	120%
Present Value of Accrued Benefits	$2,381	116%	$2,554	120%

The ALH Superannuation Plan remains in a strong financial position. The Plan's overall financial position has reduced compared to that as at 30 June 2021, principally due to the ongoing employer contribution holiday and lower than assumed investment performance.

Recommended Level of Contributions

We recommend the employer continues to contribute at 0% of defined benefit member salaries until the completion of the next actuarial valuation as at 30 June 2027 (to be completed by 31 December 2027).

Compulsory 5% member contributions (inclusive of deemed member contributions) made through salary sacrifice arrangements should continue to be paid.

Alternative contribution programs are possible and we would be happy to discuss these with the Trustee and the employer.

SPS 160 Shortfall Limit

Given the recommendation for continuing the current employer contribution holiday for defined benefit members, we recommend the Plan's Shortfall Limit be maintained at 100% of Vested Benefits.

Investment Policy

The Employer with the approval of the Trustee has adopted an investment policy of investing the assets supporting the defined benefit liabilities in the AMP Future Directions Balanced option. The investment strategy has remained unchanged since the previous investigation.

We have reviewed the Plan's investment policy and have determined that the investment policy and the method of crediting investment earnings to members' accounts remains suitable provided that the Trustee and Employer are comfortable with some volatility in the funding position and the potential for additional company contributions to be required.

However, if the Plan is expected to close in the near term or the Employer is aware that the member representing a high proportion of the Plan's liabilities is expected to retire in the near term, it would be appropriate for the Employer to consider requesting the Trustee to adopt a more conservative investment strategy, so as to protect the current Plan surplus against adverse movements in underlying investment markets.

Key Financial Assumptions

Consistent with the investment policy, we have assumed a future long term investment earning rate of 6.0% per annum in conjunction with an assumed long term future salary increase rate of 4.0% per annum, i.e. a 2.0% real return assumption.

This compares to the actuarial investigation at 30 June 2021, which assumed a future long term investment earning rate of 6.0% per annum in conjunction with an assumed long term future salary increase rate of 5.0% per annum, i.e. a 1.0% real return assumption.

Insurance

Given the current funding surplus, there is scope to reduce a portion of the Death and TPD sum insured for defined benefit members. However, given the current Employer contribution holiday is expected to reduce the Plan surplus, that the total Death and TPD premiums are relatively small at around $2,200 per annum and the small number of active defined benefit members remaining, we don't believe that the savings from changing the sum insured formula would outweigh the costs involved (particularly in relation to administration costs in the event of a claim). Therefore, in our view no changes are required to the Death and TPD insurance arrangements.

For similar reasons, in our view no changes are required to the Salary Continuance insurance arrangements.

Other

Given there are only two defined benefit members remaining in the Plan, the Employer may wish to consider whether it would be appropriate to take steps to initiate the wind-up of the defined benefit plan in the near term.

Next Actuarial Valuation

The next full actuarial valuation will be carried out with an effective date no later than 30 June 2027 (to be completed by 31 December 2027). In accordance with SPS160, an interim valuation will usually be required if the Vested Benefit Index falls below the Shortfall Limit.

1 INTRODUCTION

1.1 General

This report contains the results of the actuarial investigation of the ALH Superannuation Plan (the Plan) as at 30 June 2024. This report is provided to the Trustee of the AMP Super Fund by the actuary for the ALH Superannuation Plan, Nerida Seccombe, on behalf of The Heron Partnership.

The previous actuarial investigation was provided as at 30 June 2021 by Nerida Seccombe, FIAA, on behalf of The Heron Partnership Pty Ltd in a report dated 27 October 2021.

This report was commissioned by the Trustee of the Plan, N.M Superannuation Proprietary Limited. A copy of this report should be provided to the Employer.

1.2 Requirement

An actuarial review of the Plan is required on entry and thereafter not less than every three years to meet the provisions of the Trust Deed and Superannuation legislation.

This report has been prepared in accordance with Prudential Standard SPS 160 and the Institute of Actuaries of Australia Professional Standard 400.

1.3 Purpose

The purpose of this valuation is to:

- Examine the financial position of the Plan;
- Recommend a Company contribution level;
- Satisfy the requirements of the Trust Deed;
- Meet the relevant legislative requirements; and
- Provide the various reporting statements required under SPS 160 and AASB 1056.

1.4 Source of information

This review has been based on the latest Employer Participation Agreement dated 18 February 2004 (as amended to 16 November 2016) and the AMP Super Fund Trust Deed incorporating this Plan dated 19 February 2024.

Accumulation only members and additional accumulation balances of active defined benefit members are excluded from this investigation as their balances are matched by the assets supporting them.

All membership and investment balance information is based on the details held by AMP's administrator as at 30 June 2024 for defined benefit members. Allowance has been made for relevant events after the effective date of the investigation. We have not verified or audited any of the data provided. However, we have reviewed the data for consistency and have no reason to doubt that it is suitable for the purpose of this report.

The Trustee is ultimately responsible for the validity, accuracy and comprehensiveness of the documents and data provided. If the data or Plan provisions are not accurate and complete, the valuation results may differ from results obtained with accurate and complete information, and may require a revision of this report.

1.5 Fund Structure

The Plan was established on 1 March 2009 under the Corporate Category of the AMP Superannuation Savings Trust with AMP Superannuation Limited as Trustee.

The Plan was transferred to the Corporate Category of the Amp Super Fund (formerly known as the Super Directions Fund), with N.M. Superannuation Proprietary Limited as Trustee, via a Successor Fund Transfer on 15 May 2020.

The Plan has been closed to new members since commencement.

The Plan is a "regulated fund" under SIS and is treated as a "complying superannuation fund" for taxation purposes. Further details on benefit design are set out in Appendix A.

1.6 Superannuation Guarantee Certificates

A Benefit Certificate and a Funding and Solvency Certificate effective from 1 September 2024 have been prepared by me, on behalf of the Heron Partnership, in accordance with the Superannuation Guarantee and Superannuation Industry (Supervision) legislation.

2 PLAN EXPERIENCE

2.1 Investments

Assets supporting the defined benefit liabilities of the Plan are invested in the AMP Future Directions Balanced option (75% growth, 25% defensive). The strategic asset allocation at 30 June 2024 was:

Strategic Asset Allocation at 30 June 2024	%
Australian shares	26%
Global Shares	33%
Property	6%
Infrastructure	8%
Alternatives	2%
Fixed Interest	19%
Cash	6%
Total	**100%**

The investment performance since the previous investigation (based on unit price movements which are net of tax and investment fees, adjusted to be net of the Plan administration fee) is shown below.

% Return Per Annum	Investment Return	Crediting Rate
1 July 2021 to 30 June 2022	-5.80%	-5.8%
1 July 2022 to 30 June 2023	6.98%	7.0%
1 July 2023 to 30 June 2024	8.90%	8.9%
Average return for the last 3 years	**3.15% p.a.**	**3.2% p.a.**

The investment assumption used in the 30 June 2021 actuarial valuation was a long term rate of 6.0% per annum. Overall, the investment experience since 30 June 2021 has been significantly lower than assumed in the previous valuation.

The net of administration fee return since 30 June 2024 (to 5 September 2024) for the AMP Future Directions Balanced option was 1.9%. We have allowed for this return in our projections and contribution recommendations.

2.2 Salary Increases

For the two remaining active DB members the average salary increases over the 3 year period from 30 June 2021 was 2.7% per annum. This is lower than the assumed long term salary increase rate of 5.0% per annum adopted in the previous valuation.

To the extent that the defined benefits are salary-related, the isolated net effect of a lower rate of increase will reduce the need for further employer contributions to finance these benefits and vice versa.

We note the average salary increase for the two remaining active DB members over the 6 year period from 30 June 2018 was 3.1% per annum.

2.3 Differential between Investment Return and Salary Increases

The key determinant of the cost of providing defined superannuation benefits relating to salary is the margin between investment returns and salary increases. This margin is effectively the "real net earning rate" of the Plan. Over the period since the previous investigation, the actual differential between investment returns and salary increases has averaged 0.45% per annum compared to an assumed of 1.0% per annum.

This has had a (small) negative impact on the Plan's financial position.

2.4 Employer Contributions

The previous actuarial investigation in 2021 recommended that the following contributions be paid:

- 0% of defined benefit members' salaries until the completion of the next actuarial valuation; and
- Compulsory 5% member contributions made through salary sacrifice arrangements.

We understand the employer commenced the contribution holiday as recommended effective from January 2022.

The table below outlines a summary of the previous Employer contribution recommendations made since 2009.

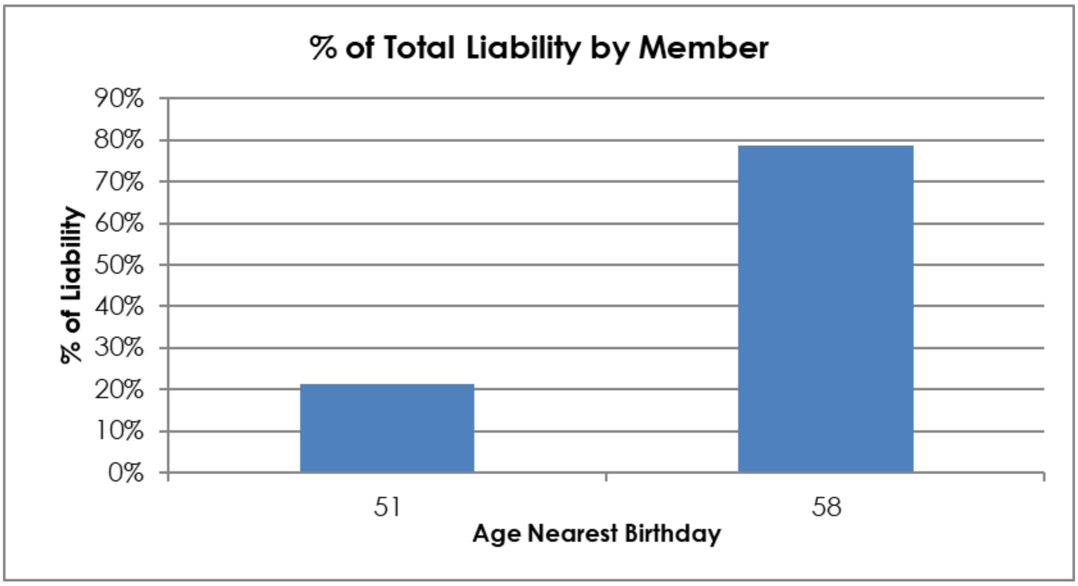
Reporting Date	Report	Employer Contribution Recommendation (% of DB member salaries)	Vested Benefit Index
1 July 2009	**Triennial Actuarial Investigation**	Continue contributing at 17%	113%
1 July 2010	**Interim Actuarial Investigation**	Continue contributing at 17%	116%
30 June 2012	**Triennial Actuarial Investigation**	10% from 1 July 2012 to 31 December 2012 0% from 1 January 2013 to 31 December 2014 12% from 1 July 2015 onwards	114%
30 June 2015	**Triennial Actuarial Investigation**	0% until next actuarial investigation	127%
30 June 2018	**Triennial Actuarial Investigation**	0% until next actuarial investigation	119%
31 March 2020	**Funding Update**	17% until next actuarial investigation	103% *
30 June 2021	**Triennial Actuarial Investigation**	0% until next actuarial investigation	120%

* The VBI fell to 103% due to the fall in equity markets in early 2020 as a result of the Covid-19 Pandemic.

2.5 Membership

The Plan (defined benefit section) is closed to new entrants. Over the period since the previous investigation one member (who at 30 June 2021 represented around 22% of the Plan liabilities) exited the Plan in June 2024 and was paid in July 2024, leaving two remaining DB members.

The profile of the remaining members is shown below.



As seen in the chart above, the 58 year old member accounts for more than 78% of the liability. The experience of this member will tend to dominate that of the Plan as a whole, along with the Plan's investment return.

2.6 Assumptions and Financing Approach

The financing approach adopted is unchanged from the previous actuarial investigation of the Plan, i.e. to target coverage of Vested Benefits.

Investment Returns and Salary Increases

Analysis covering long periods (20-30 years) has confirmed that the real rate of return from typical balanced funds exceeds community salary increases by around 2%-4%. Over shorter periods the experience is more volatile.

At this investigation, we have assumed a future long term investment earning rate of 6.0% per annum in conjunction with an assumed long term future salary increase rate of 4.0% per annum resulting in a 2.0% real return assumption.

This compares to the actuarial investigation at 30 June 2021, which assumed a future long term investment earning rate of 6.0% per annum in conjunction with an assumed long term future salary increase rate of 5.0% per annum, i.e. a 1.0% real return assumption.

At this investigation the salary increase assumption has been reduced from 5.0% per annum to 4.0% per annum to better reflect the observed average salary increase experience of the two remaining DB members of 2.7% per annum over the 3 year period since 30 June 2021 and 3.1% per annum over the 6 year period since 30 June 2018.

It should be emphasised that due to the maturity of the Plan, a variation in this key real return assumption can translate to wide variations in required employer contribution rates. We have also considered the impact of variations to the discount rate and salary increase assumptions, particularly in the short term.

Leaving service rates

Given the membership size and the fact that only one member has exited the Plan since 2010, all members are assumed to remain in the Plan until preservation age. The preservation age for the two remaining members at the valuation date is age 60.

Expenses

At this investigation, the allowance for administration expenses, actuarial expenses and insurance premiums for death, total and permanent disablement and salary continuance benefits has been maintained at $10,000 p.a.. This is the same expense assumption adopted since the 30 June 2015 actuarial investigation.

As stated in previous years, using a fixed lump sum for expenses rather than a percentage of salary reflects the primarily fixed costs associated with maintaining a small defined benefit plan with reducing membership.

2.7 Impact of Assumption Changes

The table below summarises the impact to the Valuation Results of the change in assumptions.

2024 Actuarial Investigation Assumptions	2021 Actuarial Investigation Assumptions	Impact on Valuation Results
Financial Assumptions Salary Increases: 4.0% p.a.	**Financial Assumptions** Salary Increases: 5.0% p.a.	Nil impact to PVAB (Min Vested benefits) *$64,000* decrease to PVAB (AASB 1056) Decrease to future cost of approx. *0.3%* of DB members' salaries p.a.

2.8 Additional Accumulation Accounts

Additional accumulation accounts arise under the Plan. Those subject to member investment choice are not included in this investigation. As at 30 June 2024, those accounts not subject to investment choice totalled negative $6,420.61 (relating to surcharge accounts).

3 FINANCIAL POSITION

3.1 Coverage of Benefit Liabilities

In recommending the Company contribution rate to apply in future, consideration must be given to the current and projected financial strength of the Plan.

Net Assets as at 30 June 2024 available to support defined benefit member liabilities were $2.766m. This asset valuation has not been audited and has been adjusted (reduced) to allow for the benefit payment made to one member who exited the Plan in June 2024 and was paid in July 2024. The valuation is based on unit holdings and prices at 30 June 2024 and benefit payment information provided by AMP.

Assets/Minimum Requisite Benefits = $2.766m/$1.550m = 178%

Minimum Requisite Benefits (MRB's) which are the minimum Superannuation Guarantee (SG) benefits set out in the Plan Benefit Certificate are used to determine the solvency of the Plan under SIS. For this purpose "solvency" is defined in a limited sense by considering only whether minimum SG benefits are covered by the Plan assets. Where employer contributions are made above SG levels or where defined benefits exceed these SG accumulations, these extra benefits are not counted in the determination of this measure.

The Minimum Benefit Index is calculated as the Plan assets divided by Minimum Requisite Benefits. The Minimum Benefit Index for the Plan at the current investigation was above 100% confirming the Plan is technically solvent.

Assets/Vested Benefits = $2.766m/$2.381m = 116%

"Vested Benefits" are the benefits which would have been payable had all members voluntarily resigned on the review date. We have calculated Vested Benefits as the total of all standard resignation benefits, or, for eligible members, early or late retirement benefits.

The Vested Benefits Index is calculated as the total assets divided by Vested Benefits and represents the extent to which the Plan asset value covers Vested Benefits. The **Assets exceeded Vested Benefits by $0.385m at 30 June 2024.**

Total Vested Benefits are normally regarded as the minimum which should be covered by assets in the Plan. A Plan is considered to be in an unsatisfactory financial position if its Vested Benefits Index falls below 100% (i.e. net assets are less than Vested Benefits).

Assets/Accrued Benefits Reserve = $2.766m/$2.381m = 116%

The Accrued Benefits Reserve represents the value in today's dollars of members' accrued benefits allowing for future salary increases, long term investment earnings and expected incidence and type of payment (subject to an overall minimum of the total Vested Benefits). No allowance is made for the cost of future administration expenses.

The Accrued Benefits Reserve Index is calculated as the total assets divided by the Accrued Benefits Reserve and represents the extent to which Plan assets cover the Accrued Benefits Reserve.

A fully secured position is represented by an Accrued Benefits Reserve Index of 100%. At this level, if no further benefits were allowed to accrue to current members, assets would be expected to be sufficient to meet all future benefit payments if the actuarial assumptions are borne out in practice. The **Assets exceeded the Accrued Benefits Reserve by $0.385m at 30 June 2024.**

The method of calculating the "Accrued Benefits Reserve" in this report is not consistent with AASB 1056 nor AASB 119 and should not be used for purposes of disclosures in company or fund accounts.

The Accrued Benefits on a basis consistent with AASB 1056 (i.e. not subject to a minimum of the total Vested Benefits) equal $2.200m.

Assets/Termination Benefits = 100%

Under clause 3.3.8 in Part 3 of Schedule 1 of the Participation Agreement, if an Employer ceases, suspends or reduces contributions for any defined benefit member, the Trustee may adjust the contributions and benefits of the relevant member/s as it considers appropriate. Hence, the benefits payable on termination can be adjusted so that they are fully covered by the Plan assets.

Comments

The Plan has a material surplus of assets relative to Vested Benefits and accrued liabilities. The Plan is in a strong financial position.

3.2 Long Term Adequacy of Employer Contributions

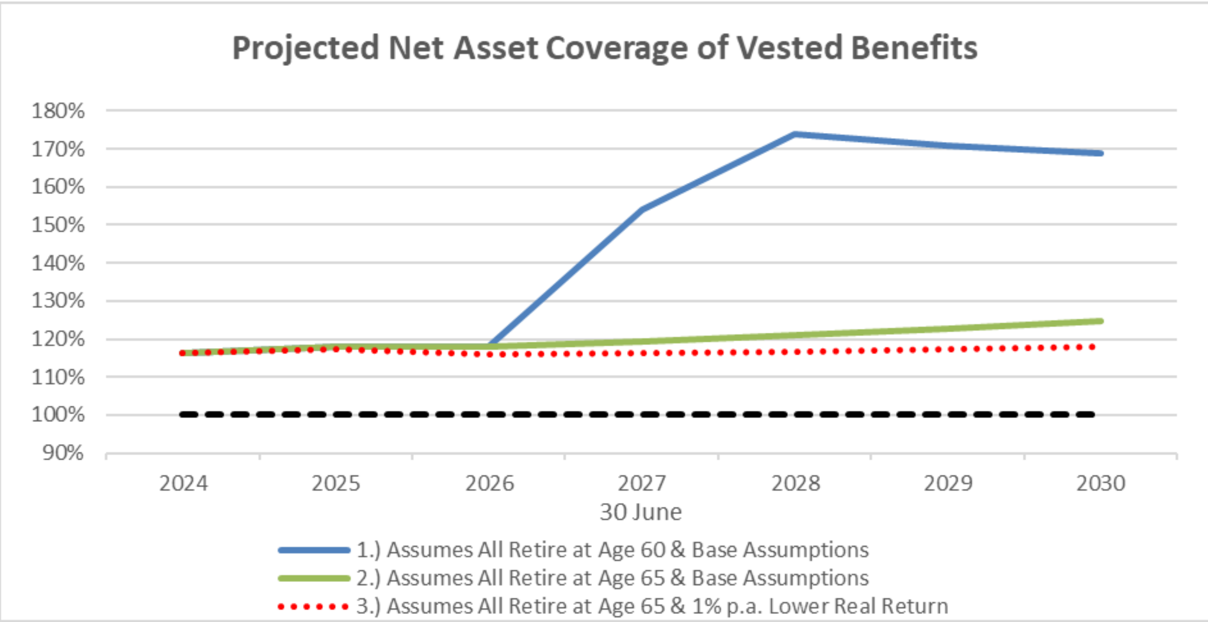
Projection of Indices

It should be emphasised that the funding indices shown in Section 3.1 relate to the current position only. A projection of the Plan is required to assess the adequacy of Company contribution rates in the future.

The projections below have all assumed that the Employer contribution holiday continues until 30 June 2030 and have allowed for AMP Future Directions Balanced net of administration fee investment returns of 1.9% for the period from 1 July 2024 (to 5 September 2024).

The chart below shows the projected financial position over the next 6 years with regard to Vested Benefits for a range of scenarios:

1) Assuming members retire from the Plan at the preservation age (age 60) and assuming the real return each year is equal to the base assumption of 2.0% p.a..
2) Assuming members retire from the Plan at the Normal Retirement Age (age 65) and assuming the real return each year is equal to the base assumption of 2.0% p.a..
3) Assuming members retire from the Plan at the Normal Retirement Age (age 65) and assuming the real return each year is equal to 1.0% p.a. (i.e. 1.0% lower real return than the base assumption).



As shown in Scenario 1 in the above projection, if the employer contribution holiday continues, base actuarial assumptions are borne out in practice and members were assumed to retire at age 60, the coverage level of Vested Benefits is projected to increase to 154% by 30 June 2027 and around 169% by 30 June 2030.

We note that the jump in the coverage level shown in Scenario 1 is predominantly due to the assumption that one member representing a high proportion of the Plan liabilities will retire upon reaching age 60, causing the remaining surplus to be spread across a smaller liability base (increasing the % surplus). As seen in Scenario 2, if members were assumed to retire at age 65, the funding level is not expected to increase as sharply, but is still expected to increase over time to 119% by 2027 and 125% by 2030. Clearly, the timing of when this member exits the Plan will have a significant impact to the funding level.

The financial position is subject to the impact of the key assumptions used such as future investment returns and salary escalation. Scenario 3 shows that if members were assumed to retire at age 65 and returns are 1.0% lower than expected on average, the coverage level is projected to remain above 115% to 2030.

Note the projection scenarios shown above do not represent the full range of potential outcomes.

Conclusion

Taking into account the investment strategy adopted and the size of the Plan, a margin in the order of 5% - 10% over Vested Benefits would normally provide a reasonable margin for security of members' benefits while also assisting in stabilising employer contribution obligations. For a plan of this size and maturity, maintaining a significant surplus can introduce complexities around ownership of the remaining surplus at the time the Plan is wound up.

The projections above show that if the contribution holiday were to continue and the experience of the Plan were generally in line with the base assumptions, that the Vested Benefits coverage is expected to remain at high levels (above 116%). Therefore, we recommend the employer contribution holiday in respect of DB members continue until the next actuarial valuation report is completed and that the Trustee continues to monitor the funding position on a regular basis.

Alternative contribution programs are possible and we would be happy to discuss these with the Trustee and the employer.

3.3 Insurance Coverage

We understand that the insurance coverage for defined benefit members is equal to the future service component of the death and total and permanent disablement benefits. We confirm that these arrangements continue to be appropriate.

The position with regard to the insurance coverage of lump sum death and total and permanent disablement benefits for the two remaining members is shown in the table below:

Total for DB members	As at 30 June 2024
Administration Death/TPD Benefits	$2.834m
Administration Death/TPD Sums Insured	$0.453m
Excess of Death/TPD Benefits after allowing for Insured Portion	**$2.381m**
Plan Assets	$2.766m*
Excess of Net Assets to Death/TPD Benefits less Insurance	**$0.385m**

* Adjusted (reduced) to allow for the benefit payment made to one member who exited the Plan in June 2024 and was paid in July 2024.

Given the current funding surplus, there is scope to reduce a portion of the Death and TPD sum insured for defined benefit members. However, given the current Employer contribution holiday is expected to reduce the Plan surplus, the total Death and TPD premiums are relatively small at around $2,200 per annum and the small number of active defined benefit members remaining, we don't believe that the savings from changing the sum insured formula would outweigh the costs involved (particularly in relation to administration costs in the event of a claim). Therefore, in our view no changes are required to the Death & TPD insurance arrangements.

We have also reviewed the Salary Continuance insurance arrangements and in our view no changes are required to these arrangements.

3.4 Investment Policy

The Employer, with the approval of the Trustee, has adopted an investment policy of investing in the AMP Future Directions Balanced Option. This investment strategy has an exposure to growth assets of around 75%. This policy would be expected, over the medium to long term, to deliver returns consistent with the liability profile of the Plan. The investment strategy has remained unchanged since the previous investigation.

We have reviewed the Plan's investment policy and have determined that the investment policy and the method of crediting investment earnings to member's accounts remains suitable provided that the Trustee and Employer are comfortable with some volatility in the funding position and the potential for additional company contributions to be required.

However, if the Plan is expected to close in the near term or the Employer is aware that the member representing a high proportion of the Plan's liabilities is expected to retire in the near term, it would be appropriate for the Employer to consider requesting the Trustee to adopt a more conservative investment strategy, so as to protect the current Plan surplus against adverse movements in underlying investment markets.

3.5 Shortfall Limit

Given the recommendation for continuing the current employer contribution holiday, we recommend the Plan's Shortfall Limit be maintained at 100% of Vested Benefits.

4 MATERIAL RISKS

4.1 Investment Returns and Salary Inflation

As a mature fund that is closed to new entrants, the funding of benefits relies more on the investment returns on fund assets than on future contributions. Worse than expected investment returns over an extended period will increase future contributions required to fund the benefits.

Some components of the defined benefit are calculated based on salary or price increases. Salary or price increases in excess of investment returns will increase the value of these components relative to the assets supporting them and so the future contributions required to fund the benefits will increase.

4.2 No Defined Benefit Members Remaining in the Plan

In the event that there are no defined benefit members remaining in the Plan, repatriation of any remaining surplus to the employer can be difficult and in any event is not tax effective.

Clause 1.3.2 (a) of Schedule 1 of the Participation Agreement allows employer contributions for accumulation members to be funded from the General Assets of the Plan with the agreement of the Trustee and the Employer. We note that accumulation employer contributions were funded from Plan Assets on this basis for several months in 2007. Based on contribution information provided by the administrator, we understand that employer contributions relating to accumulation members totalled to around $850,000 for the year ending 30 June 2024.

Therefore, any remaining surplus assets in the Plan after the exit of all defined benefit members may be used to fund employer contributions for accumulation members.

4.3 Small Membership Dominated by One Member

The plan is a closed mature small plan with advancing age of members. There is one single dominant member with more than 78% of the liability and given the size of the Plan at two members, it is susceptible to the influence of any one member's relevant experience.

The financing of the Plan will become increasingly volatile, driven primarily by the Plan's investment earnings and the salary inflation of the dominant member.

5 RECOMMENDATIONS

5.1 Recommended Contribution Rates

We recommend the employer contribution holiday in respect of defined benefit members continues until the completion of the next actuarial valuation.

Compulsory 5% member contributions (inclusive of deemed member contributions) made through salary sacrifice arrangements should continue to be paid.

Alternative contribution programs are possible and we would be happy to discuss these with the Trustee and the employer.

5.2 Investment Policy

On the basis of the analysis and discussion above, we recommend no change to the current investment policy unless the Company or the Trustee would like to have this reviewed further.

5.3 Insurance Coverage

Based on the foregoing analysis, we recommend that insurance coverage remain unchanged.

5.4 Shortfall Limit

In line with our recommendation for continuing the current employer contribution holiday for defined benefit members, we recommend the Trustee set the Shortfall Limit at 100%.

5.5 Other

Given there are only two defined benefit members remaining in the Plan, the Employer may wish to consider whether it would be appropriate to take steps to initiate the wind-up of the defined benefit plan in the near term.

5.6 Next Actuarial Investigation

The next full actuarial valuation will be carried out with an effective date no later than 30 June 2027 (to be completed by 31 December 2027). In accordance with SPS160, an interim valuation will usually be required if the Vested Benefit Index falls below the Shortfall Limit.

Nerida Seccombe

Fellow of the Institute of Actuaries of Australia

30 September 2024

APPENDIX A – Summary of Benefit Design

The following summary does not include benefits for accumulation members.

<table>
<tr><td>Normal Retirement Date</td><td>Member's 65th birthday</td></tr>
<tr><td>Member contributions</td><td>5% of Salary (or an equivalent pre-tax amount)</td></tr>
<tr><td>Final Salary</td><td>Average annual Superannuation Salary during the last three years of service</td></tr>
<tr><td>Benefit Multiple</td><td>Accrued Transfer Multiple + 17.75% x Plan Membership (subject to a maximum total multiple of 7).</td></tr>
<tr><td>Reserve Factor</td><td>Based on age in years and complete months when a member leaves the Plan interpolated from the table below:
<table>
<tr><th>Age of Member (Years)</th><th>Factor</th><th>Age of Member (Years)</th><th>Factor</th></tr>
<tr><td>Up to 25</td><td>0.600</td><td>40</td><td>0.775</td></tr>
<tr><td>30</td><td>0.650</td><td>45</td><td>0.850</td></tr>
<tr><td>35</td><td>0.700</td><td>50</td><td>0.925</td></tr>
<tr><td></td><td></td><td>55 and over</td><td>1.000</td></tr>
</table></td></tr>
<tr><td>Leaving Service Benefit</td><td>On leaving employment any time up to the member's 70th birthday for reasons other than death or TPD is entitled to a lump sum calculated as:

Benefit Multiple x Final Average Salary x Reserve Factor

Subject to the minimum of the sum of their Member Account, Defined Benefit Transfer Account, Rollover Account and Voluntary Contribution Account less the Surcharge Offset Account.</td></tr>
<tr><td>Late Retirement Benefit</td><td>Benefit payable had they retired on their 70th birthday, plus any subsequent contributions, all increased with net investment earnings</td></tr>
<tr><td>Death and TPD Benefits</td><td>Before age 65, a lump sum calculated the same way as the leaving service benefit assuming that the member continued their membership until age 65 on the same Superannuation Salary as at the date of their death.

After age 65, a benefit equal to the Leaving Service Benefit.</td></tr>
<tr><td>Salary Continuance Benefit</td><td>75% of salary for a period of up to 2 years is provided on the policy owned by the Plan.</td></tr>
<tr><td>Additional Accounts</td><td>Additional account balances (including Rollover Account, Voluntary Contribution Account less the Surcharge Offset Account as applicable) are paid in addition to the benefits described above.</td></tr>
<tr><td>Superannuation Guarantee Benefits</td><td>The minimum level of superannuation benefit payable from the Plan in respect of a Member to ensure that no superannuation guarantee charge will be payable by the Employer.</td></tr>
</table>

APPENDIX B – Financing Method and Assumptions

Financing Method

The financing approach adopted is to target coverage of Vested Benefits.

Actuarial Assumptions

We have adopted the following actuarial assumptions in projecting the Plan's financial position and evaluating the employer contribution program.

Investment Returns and Salary Increases

The most critical factor affecting the cost of benefits is the "gap" between the investment earnings and salary increases i.e. the real rate of return.

At this investigation, we have assumed that the future level of investment returns (net of tax on investment income and investment charges) would average 6.0% per annum and salary increases are assumed to average 4.0% per annum long term, i.e. the combined effect of these assumptions equates to a "real investment return" of 2.0% per annum.

Taxation

A tax of 15% on Company contributions (net of administration and insurance expenses) has been assumed.

New Members

No new members are assumed to join the defined benefit section of the Plan.

Leaving Service Rates

All members are assumed to retire from the Plan at preservation age (age 60).

Expenses

Based on actual expenses charged to the plan over the last three years and future expected expenses, an allowance is made for administration expenses, actuarial costs and insurance premiums of $10,000 p.a.

APPENDIX C – Prudential Requirements

ACTUARIAL STATEMENT REQUIRED BY SUPERANNUATION PRUDENTIAL STANDARD SPS 160

As the Actuary to the Plan, I hereby certify that:

(i) At 30 June 2024, the value of the assets of the Plan in respect of defined benefit liabilities was $2.766m. This excludes accumulation only members, additional accumulation balances of active defined benefit members, any amounts to meet the Plan's Operational Risk Financial Requirement and the benefit paid to one member who left the Plan in June 2024 and was paid in July 2024.

(ii) In my opinion, the value of the assets of the Plan at 30 June 2024 was adequate to meet the liabilities of the Plan in respect of accrued benefits in the Plan (measured as the greater of Vested Benefits and the present value of members' accrued entitlements using the valuation assumptions).

(iii) This report contains a projection of the likely future position of the Plan during the three years following the valuation date, based on assumptions as to future experience, which I consider reasonable.

(iv) Based on Employer contributions as recommended in the report and the assumptions as to future experience, which I consider as reasonable, I consider that the value of assets of the Plan together with the contributions recommended will be adequate to meet the accrued liabilities of the Plan throughout the period to 30 June 2027.

(v) In my opinion, the Plan's financial position was not unsatisfactory nor about to become unsatisfactory under SIS Regulation 9.04 at 30 June 2024.

(vi) In my opinion, the value of the assets of the Plan at 30 June 2024 was adequate to meet the liabilities of the Plan in respect of the minimum requisite benefits in the Plan, estimated to be $1.550m in section 3 of this report.

(vii) A Funding and Solvency Certificate as required by the Superannuation Industry (Supervision) Act was provided as at 1 September 2024. In my opinion, the solvency of the Plan will be able to be certified in the Funding and Solvency Certificate required under the Superannuation Industry (Supervision) Regulations during the period to 30 June 2027.

(viii) I have recommended that the Employer continues to contribute at 0% of defined benefit member salaries until the completion of the next actuarial investigation.

Any compulsory defined benefit member contributions (inclusive of deemed member contributions) made from pre-tax salary should continue to be paid.

(ix) I recommend that the Shortfall Limit be set to 100% whilst employer contributions are nil.

Nerida Seccombe

Fellow of the Institute of Actuaries of Australia

30 September 2024

APPENDIX D – Additional Information for AASB 1056

This information has been prepared at the request of the Trustee of the Plan and sets out the value of Accrued Benefits and other actuarial information required under AASB 1056 in respect of the defined benefit Plan.

Defined Benefit Liabilities at 30 June 2024

For the disclosure purposes of AASB 1056, the Accrued Benefits and Vested benefits for the defined benefit members are summarised in the table below.

	$m
Accrued Benefits[1]	$2.200m
Vested Benefits	$2.381m

[1]not subject to minimum of total Vested Benefits

The weighted average term of the defined benefit liabilities as at 30 June 2024 was 4.6 years.

The method of determining Accrued Benefits has been applied in a manner consistent with Professional Standard 402 issued by The Institute of Actuaries of Australia.

Data and Assumptions

The assumptions and data used to calculate Accrued Benefits were the same as for the actuarial investigation of the Plan as at 30 June 2024. The financial assumptions may be summarised as follows:

Discount Rate (active defined benefit members):	6.0% per annum
Future Salary Increases (longer term):	4.0% per annum

The discount rate is considered to be a reasonable expectation of actual future Plan returns over the average expected term of the benefit liabilities, in the light of the Plan's present investment strategy and taxation position.

Sensitivities

The table below shows the sensitivity of the Accrued Benefits to changes in key assumptions on a univariate basis:

Impact on Accrued Benefits	1% increase	1% decrease
Discount rate (Base: 6.0% p.a.)	-3.6%	3.9%
Salary increase (Base: 4.0% p.a.)	2.9%	-2.8%

This statement has been prepared in accordance with Practice Guideline 499.06 issued by the Institute of Actuaries of Australia.

Nerida Seccombe

Fellow of the Institute of Actuaries of Australia

30 September 2024