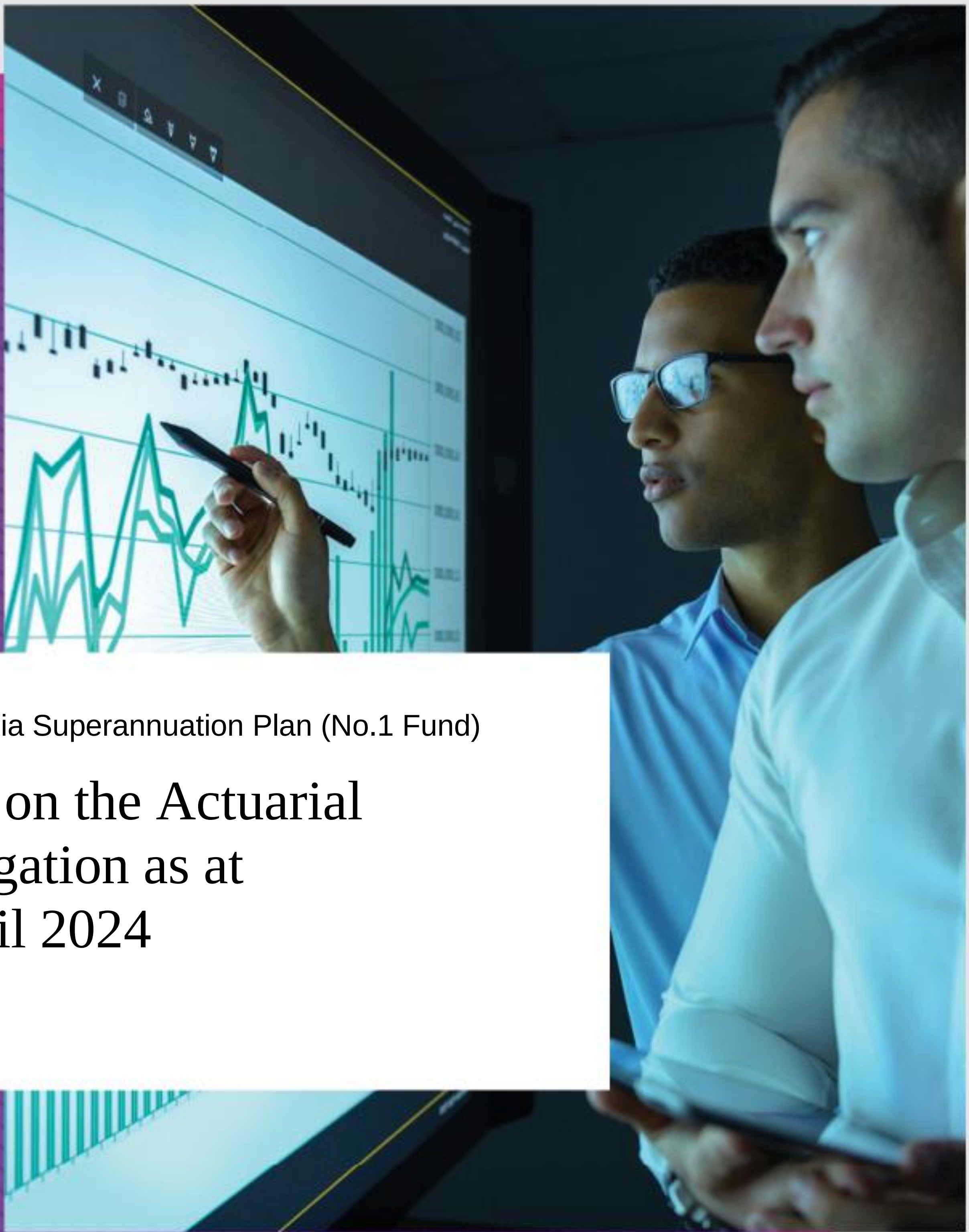

ABB Australia Superannuation Plan (No.1 Fund)

Report on the Actuarial Investigation as at 30 April 2024

22 October 2024

wtwco.com

Towers Watson Australia Pty Ltd
ABN: 45 002 415 349
AFSL: 229921

Summary

I am pleased to present my report to the Trustee of the ABB Australia Superannuation Plan (No.1 Fund) (the Plan), NULIS Nominees (Australia) Ltd, on the actuarial investigation into the Plan as at 30 April 2024. The Plan is a segment of the Plum Division of the MLC Super Fund.

This Summary sets out the key results and recommendations contained in this report.

Solvency

The financial position of the Plan has improved over the intervaluation period, as shown in the increased Vested Benefits Index from 164% as at 30 April 2021 to 240% as at 30 April 2024.

The solvency measures as at 30 April 2024 and 30 April 2021 are shown below:

Measure	30 April 2024	30 April 2021
VBI	240%	164%
PVABI	240%	174%
MRBI	240%	173%
RBI	123%	86%

Funding

The employer contribution rate determined under the Aggregate funding method is calculated to be nil as at 30 April 2024.

Taking into account the projected financial position of the Plan over the next three years, I recommend the Employer contributes as outlined below:

- Nil in respect of defined benefit members in the Plan until at least 30 April 2027.
- At the required amounts to meet any Superannuation Guarantee, contractual or any other obligations in respect of defined contribution liabilities in the Plan.
- Any amounts required to meet retrenchment benefits as recommended by the Plan Actuary.

In addition, I recommend that member contributions for defined benefit members continue to be paid as required under the Plan's Participation Agreement.

Contents

Throughout this report the following terms are used:

Plan
ABB Australia Superannuation Plan (No.1 Fund)

Trustee
NULIS Nominees (Australia) Ltd

Employer
ABB Australia Pty Ltd
Bombardier Transportation Australia Pty Ltd

Trust Deed or Rules
The Plan's Participation Agreement dated 1 August 2001 (as amended)

Other Matters involving Actuarial Oversight

We further recommend that:

- The Trustee retain the shortfall limit of 100% based on the current investment structure of the Plan.
- The Trustee monitor the financial position of the Plan quarterly throughout the following investigation period.
- Current external insurance arrangements for death and disablement benefits be updated to reference vested benefits.

If the Employer wishes to consider further ways of reducing the DB surplus, for example by funding some employer contributions in respect of the defined contribution section from the DB assets, we would be pleased to provide advice.

In line with requirements under legislation and Trust Deed, the next actuarial investigation of the Plan should be conducted with an effective date no later than 30 April 2027. The recommended employer contribution rates will be reviewed at that time or at an earlier date if considered appropriate as a consequence of the regular review of the VBI or as required by legislation.

We are not aware of any event since 30 April 2024 that warrants review of the recommendations in this report.

Farah Billimoria
Fellow of the Institute of Actuaries of Australia

22 October 2024

Towers Watson Australia Pty Ltd
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DO: CR | TR: CH | ER/CR: FB

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Section 1: Introduction

Scope

This investigation has been prepared effective 30 April 2024 for NULIS Nominees (Australia) Ltd, the Trustee of the Plan, by the actuary to the Plan, Farah Billimoria, FIAA.

Current legislation and the Trust Deed require an actuarial investigation and report to be due at least every three years for defined benefit funds not paying a defined benefit pension. The main aims of the investigation are to examine the current financial position of the Plan and the long-term funding of the Plan’s benefits, and to provide advice to the Trustee on the contribution rate at which the Employer should contribute and on any other matters the actuary considers relevant.

This investigation is primarily interested in the defined benefit liabilities of the Plan, and unless otherwise specified, this report relates only to such defined benefit liabilities. The defined contribution liabilities of the Plan, including those that relate to defined benefit members, are fully funded and do not impact upon the defined benefit liabilities. No investigation is required regarding the defined contribution liabilities, although in my recommendations we have recommended that the Employer contribute to meet any Superannuation Guarantee, contractual or any other obligations in respect of such liabilities.

This report has been prepared in accordance with Professional Standard 400, 402 and 404, dated March 2021, issued by the Institute of Actuaries of Australia.

Previous Actuarial Investigation

The previous actuarial investigation of the Plan was carried out by David O'Keefe, FIAA as at 30 April 2021, with the results of that investigation set out in a report dated 30 August 2021.

The report concluded that the Plan was not in an unsatisfactory financial position (as defined by SIS legislation) at that date and recommended that an Employer contribution of nil remain unchanged in respect of the Plan’s defined benefit members.

We understand that this recommendation was adopted by all employers except Bombardier Transportation Australia Pty Limited (Bombardier), who continued to contribute in respect of its employees in the Plan.

The report also recommended that the Trustee and Employer consider a change to the Plan’s insurance arrangements to reduce the level of insured benefits. We understand that this recommendation has not been adopted by the Trustee.

Experience since 30 April 2024

Since 30 April 2024 the experience of the Plan has been as follows:

- the net return on the Plan's assets from the investigation date to 30 September 2024 was approximately 5.60%; and
- no members have exited the Plan.

I have taken into account experience since 30 April 2024 when carrying out the projection of the financial position of the Plan from 1 May 2024.

Limitations

This report is provided subject to the terms set out herein and in our engagement letter signed 8 September 2022 and the accompanying Terms and Conditions of Engagement. This report is provided solely for the Trustee's use and for the specific purposes indicated above. It may not be suitable for use in any other context or for any other purpose.

Except where we expressly agree in writing, this report should not be disclosed or provided to any third party, other than as provided below In the absence of such consent and an express assumption of responsibility, no responsibility whatsoever is accepted by us for any consequences arising from any third party relying on this report or any advice relating to its contents.

We consent to the Trustee making a copy of this report available on the Plan's website where required in accordance with the relevant legislation.

The Trustee may make a copy of this report available to its auditors, the Employer and to any person to whom the Trustee may be required to provide a copy under relevant legislation, but we make no representation as to the suitability of this report for any purpose other than that for which it was originally provided and accept no responsibility or liability to the Trustee's auditors the Employer or any third party in this regard. The Trustee should draw the provisions of this paragraph to the attention of its auditors and the Employer when passing this report to them.

In preparing this investigation, we have relied upon information and data provided to us orally and in writing by the Trustee and other persons or organisations designated by the Trustee. We have relied on all the data and information provided, including Plan provisions, membership data and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for consistency. The data and information we have relied upon is shown in the "Additional Information" section of this report.

In our opinion, all calculations are in accordance with requirements of applicable legislative requirements, and the procedures followed and the results presented conform to applicable actuarial standards of practice.

Section 2: Solvency

When assessing the adequacy of the assets and future contribution rates, both the long-term and short-term solvency positions should be considered. To assess the solvency position, we have considered the following funding solvency measures:

- Vested Benefits Index (VBI), the ratio of assets to the vested benefits, which represent the total amount which the Plan would be required to pay if all members were to voluntarily leave service on the investigation date.
- The Present Value of Accrued Benefits Index (PVABI), the ratio of assets to the present value of accrued benefits, which represents the value in today's dollars, of expected future benefits payable based on membership completed to the investigation date.
- The MRBI, the ratio of assets to the portion of the Minimum Requisite Benefits as defined in the Plan's Benefit Certificate that relates to defined benefits.
- The Retrenchment Benefits Index (RBI), the ratio of assets to retrenchment benefits, which represents the amount the Plan would be required to pay if all members were to be retrenched on the investigation date.

The following table shows the above indices as at the investigation date, as well as the prior investigation date.

Measure	As at 30 April 2024			As at 30 April 2021		
	Value of Liability	Value of Assets	Index	Value of Liability	Value of Assets	Index
VBI	$1,794,000	$4,308,000	240%	$3,665,000	$6,001,000	164%
PVABI	$1,794,000	$4,308,000	240%	$3,448,000	$6,001,000	174%
MRBI	$1,794,000	$4,308,000	240%	$3,476,000	$6,001,000	173%
RBI	$3,501,000	$4,308,000	123%	$6,957,000	$6,001,000	86%

The VBI is above 100% as at the investigation date, and as such, the Plan is to be treated as being in a satisfactory financial position as at that date.

The RBI is above 100% as at the investigation date, with the Plan's assets being sufficient to meet the benefits if all members were retrenched as at 30 April 2024.

Overall, the indices have improved from those at the previous investigation date. This is primarily due to members exiting the Plan during the period and as a result the Plan's remaining surplus being apportioned over smaller liabilities overall.

Bombardier assets

The last Bombardier defined benefit member exited the Plan in September 2023, with the Plan's liabilities as at 30 April 2024 being in relation to ABB Australia Pty Ltd (ABB) employees only. We understand that legal opinion obtained by the Trustee is that an appropriate amount of assets attributable to Bombardier should be identified. Subsequent consideration will then need to be given as to how these assets are managed (e.g. is there scope for these assets to be returned to Bombardier) – further legal and or tax advice may be required.

In our letter to the Trustee dated 18 October 2024, we set out our suggested approach to apportioning the Plan's assets between the Plan's principal employers (ABB and Bombardier) and advised that a reasonable amount of assets attributable to Bombardier as at 30 April 2024 is $277,000. This figure, and the approach to determining this figure, remains subject to Trustee approval. The potential treatment of this amount also remains subject to various approvals, however we believe it is appropriate to also consider the Plan's financial position assuming this amount is unavailable to meet the Plan's remaining liabilities (which relate to ABB only).

We have therefore considered the solvency of the Plan excluding the suggested assets attributable to Bombardier. The following table shows the Plan's indices as at the investigation date with the asset value adjusted for the Bombardier amount.

	As at 30 April 2024		
Measure	**Value of Liability**	**Adjusted Value of Assets**	**Index**
VBI	$1,794,000	$4,031,000	225%
PVABI	$1,794,000	$4,031,000	225%
MRBI	$1,794,000	$4,031,000	225%
RBI	$3,501,000	$4,031,000	115%

Based on the above, the Plan is expected to remain in a very strong financial position after excluding Bombardier's remaining assets.

Other Discretionary or Contingent Benefits

The Plan has not historically paid any material discretionary benefits so we have not analysed the impact of such discretionary benefits. There are no other material contingent benefits offered by the Plan.

Termination Benefits

Under the Trust Deed, the benefits required to be paid on termination are amounts determined by the Trustee with the advice of the actuary and legal advice. In any case, the amounts to be paid would be limited by the amount of assets available in the Plan.

Section 3: Funding

This section considers the long-term funding of the Plan and assesses the contributions required in order to fund benefits payable in future years. To determine the long-term contribution rates, we have used the Aggregate funding method as described in the "Additional Information" section of this report.

Long Term Funding results

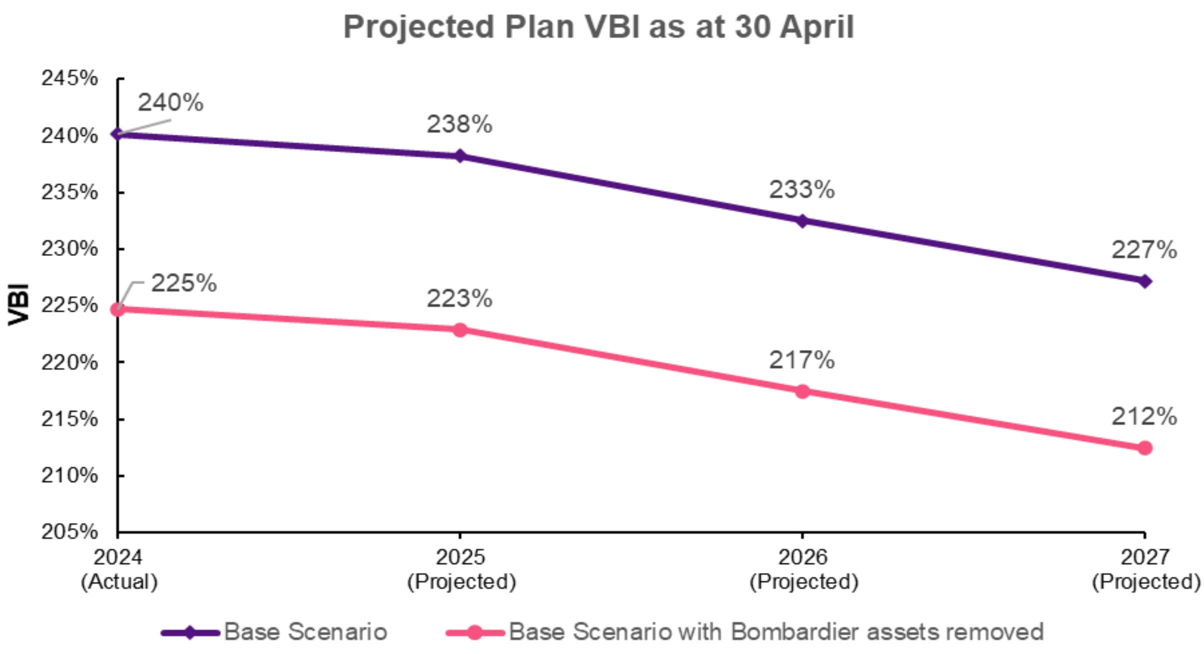
The long-term Employer contribution rate is calculated in the table below.

Calculation of Employer Contribution Rate	$'000
Total Service Liability	2,070
Less Fair Value of Assets	(4,308)
Less Present Value of Member Contributions	(64)
Liability to be funded by Employer Contributions	(2,302)
Present Value of 1% of Salaries	13
Liability to be funded, as a percentage of salaries	-176.9%
Required contribution rate, after allowing for tax and other costs	**-195.0%**

Based on the above, the value of the Plan's assets and expected future member contributions are expected to be sufficient to meet the value of members' future defined benefits arising from both past and future periods of membership. As such, the long-term Employer Contribution rate is calculated to be nil as at 30 April 2024.

We note that the required contribution rate will increase if the fair value of assets is adjusted to remove the estimated amount of assets relating to Bombardier as at 30 April 2024, however the Employer contribution rate remains nil.

The Trustee has a solvency target of maintaining the VBI to be above 100%, to keep the level required for the Plan to be in a satisfactory financial position. In order to assess whether the above contributions program is likely to meet this target, we have projected the Plan's VBI over the next three years based on a nil Employer contribution rate.



As can be seen from the graph, on the basis of the selected actuarial assumptions, the calculated long-term employer contribution rate of nil is sufficient to maintain the VBI well above 100% and maintain the Plan in a satisfactory financial position, even after removing the estimated amount of assets relating to Bombardier as at 30 April 2024.

Sensitivity Analysis

It is useful to consider the sensitivity of the analysis above to reasonable variations in the investigation assumptions. The following table shows the long-term contribution rate calculated, if key assumptions had been varied as described below:

	This Valuation Basis	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Description	**Base Case**	**Investment Return + 5%**	**Investment return – 5%**	**Salary Inflation + 3%**	**Salary Inflation – 3%**
Discount Rate	6.7%	11.7%	1.7%	6.7%	6.7%
Expected Salary Growth	3.2%	3.2%	3.2%	6.2%	0.2%
Long Term Contribution Rate	-195.0%	-217.6%	-172.5%	-181.2%	-209.7%
Projected VBI at 30 April 2027	227%	228%	226%	227%	228%

The results in the table above show that the required Employer contribution rate is only slightly sensitive to long-term actuarial assumptions and under the scenarios considered a nil contribution rate would remain appropriate. The Plan's projected VBI is not expected to be materially different under these scenarios relative to the base assumptions. This is due to the sizeable surplus in the Plan and the accumulation nature of benefits applying.

While the sensitivities have been selected to be illustrative of reasonable changes in the investigation assumptions, they do not represent the upper or lower bounds of possible outcomes and more extreme outcomes are possible.

Summary

On the basis of the above results, and having regard to the long-term target objective of the Trustee to achieve a funding target of a VBI of 100%, we believe that an Employer contribution rate of nil remains sufficient to meet the funding requirements of the Plan.

Accordingly, we recommend that the Employer continue a contribution holiday in respect of defined benefit members until at least 30 April 2027.

The Employer should contribution any amounts required to meet retrenchment benefits in respect of defined benefit members as recommended by the Plan Actuary at the time of a member's retrenchment.

We recommend that the Employer contribute at the required amounts to meet any Superannuation Guarantee, contractual or any other obligations in respect of defined contribution liabilities in the Plan.

In addition, I recommend that member contributions for defined benefit members continue to be paid as required under the Plan's Participation Agreement.

If the Employer wishes to consider further ways of reducing the DB surplus, for example by funding some employer contributions in respect of the defined contribution section from the DB assets, we would be pleased to provide advice.

We further recommend that the VBI position (and other measures of solvency) continue to be monitored quarterly throughout the following investigation period, to ensure that these contribution recommendations remain appropriate.

Section 4: Other Matters involving actuarial insight

Investments

Investment Strategy

The DB assets of the Plan are invested in the MLC Balanced investment option.

The return objective of the MLC Balanced option is to outperform, over rolling 10-year periods, CPI +3% p.a. after fees and tax.

The strategic asset allocation of the MLC Balanced option as at 30 April 2024 is shown in the below table:

Asset Class	Strategic Allocation
Australian Equities	25%
International Equities	28%
Property	6%
Infrastructure	6%
Private Equity	5%
Total Growth Assets	**70%**
Fixed Interest	18%
Alternatives	3%
Cash	9%
Total Defensive Assets	**30%**

In my opinion an investment strategy as described above is suitable for a Plan of this type having regard to its financial position, the underlying liabilities and the capacity of the Plan's sponsoring employer to meet any funding shortfall.

Crediting Rate and Investment Reserving Policy

The Plan's policy credits defined benefit member accounts quarterly with actual investment returns (net of fees and taxes) from the underlying assets. In our view, this remains appropriate.

Liquidity

Taking into account the ready sale of the Plan's assets from time to time, in our opinion the Plan has sufficient liquidity to meet payments from regular cashflows.

Shortfall Limit

The Trustee currently has an approved shortfall limit of 100%.

Based on the Plan's benefit design and its strategic asset allocation described above, in our opinion the 100% shortfall limit remains reasonable for the Plan.

Insurance

Death and Disablement Benefits

At the investigation date, the Plan has death and total and permanent disablement (TPD) insurance with Metlife Insurance Limited. The formula used to calculate each member's level of insurance is:

Death/TPD Benefit less (Accrued Benefit x 85%)

As at the investigation date, the amounts (over)/under insured in the Plan are shown in the table below:

	$'000
Death/TPD Benefits (A)	1,865
Less Insurance Cover (B)	377
Risk Exposure (A-B)	**1,488**
Assets	4,308
(Excess)/Shortfall in Insurance	**(2,820)**

The amount of risk exposure in the Plan's Death/TPD benefits is materially less than the Plan's assets, indicating that there is scope to reduce the level of the Plan's insured benefits.

We recommend the Trustee and Employer consider making a change to the insurance formula to be as follows:

Death/TPD Benefit less (Vested Benefit x 110%), subject to a minimum of nil.

This formula is consistent with the change that was recommended in the previous investigation at 30 April 2021.

Given the Death/TPD benefits are only around 4% higher than vested benefits for each of the remaining members in the Plan at 30 April 2024, we believe the above change would result in the insured amount being nil for the remaining DB members and are satisfied with this outcome given the sizeable surplus in the Plan.

Nevertheless, we consider the Plan's current insurance arrangements adequate regardless of the Trustee's decision on the recommended change.

From an actuarial perspective, we believe the adjusted insurance arrangements would not represent self-insurance by the Plan. However, should the Trustee wish to avoid any doubt, it is suggested they seek legal advice in relation to this matter.

Section 5: Additional Information

Risks

The table below summarises the main risks to the financial position of the Plan.

Risk	Approach taken to risk
Investment returns on the existing assets could be insufficient to meet the Trustee's funding objectives	The Trustee takes advice from the Plan Actuary on possible assumptions for future investment returns. In setting the future contributions, the Plan Actuary considers the effect on the future financial position if investment returns are less than expected. The Trustee is able to agree further contributions with the Employer at subsequent valuations if future returns prove insufficient.
Price inflation or salary increases could be different from that assumed which could result in higher liabilities	Salary increases are generally linked to price inflation. The Trustee invests in assets that are expected to be correlated to future inflation in the longer term (sometimes referred to as "real" assets). This means that, over the longer term, such assets are expected to keep pace with inflation. Such assets include equities, property and index-linked bonds.
Falls in asset values might not be matched by similar falls in the value of the Plan's liabilities	The Trustee considers this risk when determining the Plan's investment strategy. It consults with the Employer in order to understand the Employer's appetite for bearing this risk and takes advice on the Employer's ability to make good any shortfall that may arise. To the extent that such falls in asset values result in deficits at future valuations, the Employer would be required to agree a recovery plan with the Trustee to restore full funding over a period of time.
Plan members leave service at different ages than assumed.	The level of benefits paid to members will depend on the timing of members exiting the Plan. If the actual age members exit differs from that assumed, then the future financial position of the Plan may not develop as expected. To the extent the projected VBI is expected to remain above 100% until the next valuation, this should not create a material risk.
Legislative changes could lead to increases in the Plan's liabilities	The Trustee takes legal and actuarial advice on changes in legislation and consults with the Employer, where relevant.

Economic risk Demographic risk Legal risk

Benefits summary

The Plan was established to provide superannuation benefits to employees of the ABB Australia Pty Limited and Bombardier Transportation Australia Pty Limited. Its operations were governed by a Participation Agreement dated 1 August 2001 (as amended).

The Plan is a regulated complying superannuation fund under the Superannuation Industry (Supervision) Act and qualifies for concessional tax treatment.

The Plan's liabilities relate to lump sum benefits based on the period of membership and salary over the last few years of membership.

The main provisions of the Plan are summarised as follows:

Normal Retirement Age (NRA) Early Retirement Age (ERA)	Age 65. Age 55.
Salary[1]	Basic annual salary at 30 April.
Final Average Salary	The average of the salaries over the last 3 years.
Member contributions	Members pay contributions at the rate of 5% (net of tax).

The defined benefit category of the Plan is closed to new entrants.

Benefits

Retirement Benefit

A member who retires at or after their Early Retiring Age is entitled to a lump sum benefit equal to:

15% x Final Average Salary x Years of Membership

subject to a maximum of 40 years of membership, and where the member's Final Average Salary is the average of salaries earned over the last three years prior to retirement.

Death and Total & Permanent Disablement (Death/TPD) Benefit

A member who dies or becomes permanently disabled before their Normal Retiring Age will be paid a benefit equal to the Retirement Benefit at Normal Retirement Age assuming the salary was unchanged from the date of death or disablement to the date of retirement.

A minimum benefit of two times the member's salary at the date of their death or disablement applies.

[1] Salary is generally base salary and does not include overtime, bonuses, commissions or allowances or other emoluments of a like nature

Total and Temporary Disablement (TTD) Benefit

A member who becomes temporarily disabled before their Normal Retiring Age will be paid a monthly income benefit of one-twelfth of 75% of their annual salary as at the date of disablement (less any workers compensation payments received by the member). The TTD benefit is payable for a maximum of two years or until the member recovers or dies, or is classified as TPD or reaches the retirement age, whichever is earlier.

Withdrawal Benefit

A member who resigns and is not entitled to any other benefit will be paid their Member Accounts multiplied by a Vesting Factor (as defined in the Participation Schedule).

Retrenchment Benefit

A member who is retrenched is entitled to the greater of twice their Withdrawal Benefit and their Equitable Share (as defined in the Participation Schedule).

Accumulation Benefit

A member is also entitled to a benefit in respect of the following:

- Member voluntary contributions; plus
- Salary sacrifice contributions; plus
- Amounts rolled over; plus
- Amounts transferred into the Plan; less
- Any surcharge amounts.

SG Minimum Requisite Benefits

All benefits payable to members are subject to a minimum of their SG Minimum Requisite Benefit. The rules for calculating the Minimum Requisite Benefits for DB members are specified in the current Benefit Certificate for the Plan effective 1 September 2022.

Discretionary and contingent benefits

No future discretionary benefits or discretionary increases in benefit have been allowed for in the calculation of the technical provisions and statutory estimate of solvency, other than our understanding of established practices in benefit calculations.

Summary of Data Used in this Investigation

Membership Data

The administrator of the Plan, Insignia Financial Ltd, has responsibility for maintaining member records, payment of benefits and other administrative tasks of the Plan.

The administrator has provided data in respect of members of the Plan as at 30 April 2024, including members who had left the Plan since the last investigation date.

We have checked the membership data for internal consistency and are satisfied as to its accuracy.

The following table shows a summary of the membership as at 30 April 2024:

	30 April 2024	30 April 2021
Number of Members	2	5
Average Age (years)	60.1	58.7
Average Past Employer Membership (years)	37.7	33.3

We are satisfied that there are no material data discrepancies, and that the member data provided is suitable for the purpose of this investigation. We have relied on the information provided for the purposes of this investigation. Although we have no reason to doubt the quality of member information provided, the results of this investigation are dependent on the quality of the member information. Any changes to the member data will have an impact on the outcome of the investigation and any resulting recommendations.

Assets Data

As an employer plan of the MLC Super Fund, there are no audited financial accounts prepared for the Plan. However, the Plan administrator has provided asset values and cashflows for the Plan as at 30 April 2024.

The fair value of defined benefits assets (excluding all assets to which member investment choice applies) at 30 April 2024 as provided, was $4,308,000. This value was used to determine contribution recommendations and Funding Status Measures. The Plan's Operational Risk Financial Requirement (ORFR) reserve is held at the Master Trust level, accordingly all assets in this report exclude ORFR reserves.

We are satisfied that there are no material data discrepancies, and that the data provided is suitable for the purpose of this investigation. We have relied on the information provided for the purposes of this investigation. Although we have no reason to doubt the quality of asset information provided, the results of this investigation are dependent on the quality of the asset information. Any changes to the asset values above will have an impact on the outcome of the investigation and any resulting recommendations.

Funding Method, Assumptions and Experience

Funding Method

In this investigation, I have used the Aggregate Funding Method to determine the level of employer contributions required. Under this method, I calculated the level of employer contributions to be equal to the difference between the expected cost of members' future benefits and other relevant costs (such as administration expenses), and the expected level of future value of assets. This is then expressed as a percentage of salaries, by comparing the amount against the expected present value of 1% of members' salaries.

This funding method is suitable for this investigation as it calculates the expected long-term cost to the Employer to fund benefits and other expenses that are payable by the Plan.

In producing my recommendations, we have also taken into account the pace of funding required to maintain certain short term solvency measures, in particular, that legislation requires the VBI to be above 100% and that the Trustee has a funding target of 100%.

Assumptions

In order to determine the value of expected future benefits and Plan assets, it is necessary to make assumptions regarding the timing and amount of future benefit payments, expenses and contributions. In doing so it is important to examine the experience of the Plan since the last investigation to see whether the previous assumptions have been borne out in practice.

While each of the assumptions used is normally the actuary’s best estimate of future experience, in practice, the actual experience in any (short) period can always be expected to differ from the assumptions to some extent. However, it is intended that over longer periods, they will provide a reasonable estimate of the likely future experience and financial position of the Plan.

In the short-term, as the actual experience emerges differently to the experience implied by the assumptions, the financial position of the Plan will also vary from that expected. However, adjustments to Employer contribution rates, if any, can be made to reflect these differences in the following actuarial investigation.

Financial Assumptions

Investigation assumptions can be broadly divided into demographic assumptions, which relate to characteristics of current and future members of the Plan, and financial assumptions, which are assumptions other than demographic assumptions. The following sections first consider the financial assumptions that are to be adopted for this investigation.

Investment Returns

The rate of return on the Plan's Assets (net of tax and investment expenses that are deducted from the investment return) from 30 April 2021 to 30 April 2024 are set out in the table below:

Year Ending	Net Investment Return
30 April 2022	6.1%
30 April 2023	1.7%
30 April 2024	8.6%
Overall	5.4% p.a.

Over the three-year period to 30 April 2024 the assets held in the Plan returned 5.4% p.a. which is lower than the rate assumed in the previous investigation of 7.0% p.a. (net of tax). In isolation, this has had a negative impact on the financial position of the Plan.

While short-term differences between actual investment return experience and the actuarial assumption can affect the long-term financial position of the Plan as measured by the actuarial investigation, the assumption used in the investigation must be based on long-term expectations since the investigation involves valuing payments in the future.

Based on models of future investment returns developed by WTW, the current long term expectation of investment returns net of taxation and investment management expenses and current strategic asset allocation of the Plan is 6.7% p.a.. On this basis, we have adopted a long-term investment earning rate of 6.7% p.a. for this investigation.

Salary Increases

The average salary increases during the investigation period for the members remaining in the Plan as at 30 April 2024 was 4.5% p.a.. This is lower than the salary increases assumption adopted for the previous actuarial investigation of 5.0% pa.. In isolation, this has had a positive impact on the financial position of the Plan.

Based on modelling by WTW, the current long term expectation of price increases is 2.7% p.a.. Considering past experience and current long term expectation of price increases, we have adopted a long term salary increase assumption of 3.2% p.a..

Administration Expenses and Insurance Costs

For this investigation, I have assumed:

- Annual actuarial consulting fees relating to the Plan of $22,700.
- An annual Member fee of $78 per member.
- An annual Plan Management fee of 0.13% of assets.
- No allowance for insurance premiums, as they are paid separately by the employer.

Demographic Assumptions

Rates at which Employee Members Cease Service

Three members have exited the Plan since the previous actuarial investigation as at 30 April 2021. This is higher than the assumption adopted for the previous actuarial investigation where members were assumed to remain in the Plan until their Normal Retirement Age (age 65). In isolation, this has had a positive impact on the financial position of the Plan as the Plan’s surplus is now spread over a smaller number of members.

We have continued to assume that members exit the Plan upon retirement at Normal Retirement Age of 65. We have retained this assumption due to the small size of the Plan and the mature age of the members.

Statutory Statements Under SPS 160

ABB Australia Superannuation Plan (No. 1 Fund)

Actuarial Investigation as at 30 April 2024

The statements required under paragraphs 23(a) to (i) of SPS 160 for interim and regular investigations are set out below:

Plan Assets

At 30 April 2024 the net market value of the defined benefits assets of the Plan, was $4,308,000. We understand that the Operational Risk Financial Requirement (ORFR) is held in a separate reserve by the Trustee, in relation to the master trust overall and therefore no further adjustments to the Plan's DB assets is required.

Projection of Defined Benefit Vested Benefit Index

Based on the actuarial assumptions and experience since 30 April 2024, we project that the likely future financial position of the Plan over the three years following the investigation date will be as follows:

Date	Defined Benefit Vested Benefits Index
30 April 2024	240.1%
30 April 2025	238.2%
30 April 2026	232.5%
30 April 2027	227.2%

Accrued Benefits

The value of the accrued liabilities of all members as at 30 April 2024 was $1,794,000.

In my opinion, the value of the Plan's assets at 30 April 2024 was adequate to meet the liabilities in respect of accrued benefits in the Plan (measured as the present value of members' accrued entitlements using the actuarial assumptions).

This assessment has been made using assumptions and a valuation method which we regard as reasonable.

Vested Benefits

The value of the vested benefits of all members as at 30 April 2024 was $1,794,000.

In my opinion, the financial position of the Plan is not unsatisfactory and the shortfall limit does not need to be reviewed at this time.

Minimum benefits

The value of the liabilities in respect of the minimum benefits of members as at 30 April 2024 was $1,794,000 which is less than the value of assets held at that date.

Funding and Solvency Certificates

Funding and Solvency Certificates for the Plan covering the period from 30 April 2021 to 30 April 2024 required by the Superannuation Industry (Supervision) Act have been provided. In my opinion, we are likely to be able to provide Funding and Solvency Certificates for the Plan covering the period from 30 April 2024 to 30 April 2027.

Employer Contributions

The report on the actuarial investigation of the Plan at 30 April 2024 recommends Employer contributions as outlined below:

- Nil in respect of defined benefit members in the Plan until at least 30 April 2027.
- At the required amounts to meet any Superannuation Guarantee, contractual or any other obligations in respect of defined contribution liabilities in the Plan.
- Any amounts required to meet retrenchment benefits as recommended by the Plan Actuary.

In addition, member contributions for defined benefit members should continue to be paid as required under the Plan's Participation Agreement.

Payment of Pensions

The Plan does not have any lifetime pension members.

Pre-July 1998 Funding Credit

No pre-July 1998 funding credits have been granted to the Plan.

Farah Billimoria
Fellow of the Institute of Actuaries of Australia

22 October 2024

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