The Arnott's Group Superannuation Plan

Actuarial Valuation as at 30 June 2024

16 December 2024

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Towers Watson Australia Pty Ltd
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Section 1: Purpose and Summary

The Arnott’s Group Superannuation Plan (“the Plan”) provides both defined benefits and accumulation benefits for its members.

In this report, Defined Benefits refer to benefits which are, or may become, benefits defined by factors such as salary and membership. Accumulation Benefits refer to benefits that are, and only will be, accumulation in nature, defined by factors such as contributions and investment returns.

Defined Benefit Members may have both defined benefits and accumulation benefits. Accumulation Members only have, and will only have, accumulation benefits. The Plan was closed to new Defined Benefit Members on 1 December 2003. Since that time, all new members are Accumulation Members.

Purpose

The purpose of this investigation is to:

- examine the sufficiency of the assets in relation to members’ accrued benefit entitlements
- determine the recommended Company contribution rate required to ensure that the Plan maintains a satisfactory financial position
- examine the suitability of the Plan’s insurance and investment arrangements
- satisfy the requirements of the Participation Schedule, and
- meet legislative and prudential standard requirements, in particular Superannuation Prudential Standard 160 (“SPS160”). Under SPS 160 an actuarial investigation is required at least every three years. Annual actuarial investigations are required because the Plan provides defined benefit pensions.

This report has been prepared for the Trustee, NULIS Nominees (Australia) Limited, in my capacity as RSE Actuary to the Plan.

This report is a full triennial valuation effective 30 June 2024 prepared in accordance with Professional Standard 400, issued by the Institute of Actuaries of Australia. The previous valuation was an annual valuation effective 30 June 2023 conducted by Daniel Ham with the results set out in a report dated 21 November 2023.

Reliance statement and data

This report is provided subject to the terms set out herein and in our engagement letter dated 20 June 2014 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.

The Trustee may make a copy of this report available to its auditors, the Company 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 or the Company in this regard. The Trustee should draw the provisions of this paragraph to the attention of its auditors and the Company when passing this report to them.

In preparing this valuation, 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 including the Plan administrator. 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 Section 2.

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

Contribution Recommendations

We recommend that the Company continues to make contributions to the Plan as follows in respect of Defined Benefit Members:

a. The following percentages of Plan Salaries, which are fixed rates hardcoded in the Company's payroll system:

Category	Contribution Rate (% of Plan Salaries)
Part 3	20.88%
Part 6 Category A	8.7%
Part 6 Category B	6.5%

b. Long term funding contributions of $24,000 per month due to the fixed payroll system rates being below the rates required to finance the normal cost of the defined benefits.

c. 3.0% of Plan Salary for those Part 6A and Part 6B members for whom 3% Award contributions are payable to the Plan and salary sacrifice contributions, as required.

We note that the rates in part a. include the member mandated contributions for all Part 3 members.

For Accumulation Members, the Company should continue to make contributions at the Superannuation Guarantee rate applied to Ordinary Time Earnings Base (or such lesser amount as required to meet the Company's obligations under Superannuation Guarantee legislation or employment agreements), plus any additional Company contributions agreed between the Company and a member (e.g. additional salary sacrifice contributions).

Financial Position Measures

Vested Benefits

Vested Benefits are the benefits payable if all Members voluntarily resigned from service. Where a member has an option, e.g. to take a benefit as a pension, the Vested Benefits must include an allowance for the value of that option.

As at the valuation date, the ratio of the Plan's assets to Vested Benefits is 102.5%. Hence, the Plan is in a satisfactory financial position. In respect of Defined Benefits only, the ratio of the Plan's assets supporting Defined Benefits to Defined Benefit Vested Benefits is 106.1%.

Assuming:

a. the benefits described in the Participation Schedule remain unchanged,

b. factors relating to the calculation of pension benefits and conversion of pension benefits to lump sum benefits remain unchanged,

c. Company contributions are paid at the recommended rates, and

d. the future experience of the Plan for the remainder of the period is in accordance with the assumptions made in this actuarial valuation,

then the assets of the Plan should remain in excess of the Vested Benefits up to 30 June 2027. On this basis, the financial position of the Plan is expected to remain satisfactory.

Present Value of Accrued Benefits

The present value of accrued benefits is the actuarial value (using the assumptions and methodology detailed in this report) of the expected future benefits payable from the Plan to the current members and their dependants in respect of Plan membership completed up to the date of the actuarial investigation.

As at the valuation date, the ratio of the Plan's assets to the present value of accrued benefits is 102.8%. The Plan's net assets are adequate to cover the present value of the accrued benefits of all members of the Plan at the valuation date. In respect of Defined Benefits only, the ratio of the Plan's assets to the present value of accrued defined benefits is 106.8%.

Minimum Requisite Benefits

The Plan is *"solvent"* if the net realisable value of the assets of the Plan, less the value of the benefit entitlements of former members, exceeds the Minimum Requisite Benefits (MRB). Former members includes pensioners.

The Plan administrator has provided the minimum benefits for members, and as at the valuation date of 30 June 2024 the net assets of the Plan exceeded the MRBs and the Plan was in a solvent financial position. The ratio of the Plan's net assets to the total MRB is 103.7%. In respect of Defined Benefits only, the ratio of the Plan's assets supporting Defined Benefits to Defined Benefit MRBs is 109.1%.

At the previous triennial actuarial valuation at 30 June 2021, we concluded that the Minimum Requisite Benefits Index (MRBI), being the ratio of the Plan's assets to the Minimum Requisite Benefits as described in the Plan's current Benefit Certificate, was above 100%.

Shortfall Limit

As required under SPS 160 the Trustee has set the Shortfall Limit for the Plan as 97%. The shortfall limit is defined in paragraph 10 of SPS 160 as:

"… the extent to which an RSE licensee considers that a fund can be in an unsatisfactory financial position with the RSE licensee still being able to reasonably expect that, because of corrections to temporary negative market fluctuations in the value of fund assets, the fund can be restored to a satisfactory financial position within one year."

Should the financial position of the Plan breach the Shortfall Limit, additional interim Actuarial investigations will be required with rectification plans to be put in place to address the unsatisfactory financial position.

We consider the Shortfall Limit is appropriate given the nature of the defined benefit assets and liabilities.

Superannuation Guarantee

The Company's Superannuation Guarantee obligation is either fully or partly met for all members by the minimum benefits provided under the Plan. The required Benefit Certificate, issued by Brad Jeffrey, is dated 16 June 2020.

A Funding and Solvency Certificate dated 13 February 2024 was issued by me, corresponding to the above mentioned Benefit Certificate. The purpose of this certificate is to specify the required Company contributions needed to fund the minimum benefits used to offset the Superannuation Guarantee charge. This certificate has not been withdrawn. All necessary funding and solvency certificates have been issued to the Trustee during the three years to 30 June 2024. A superannuation fund is *"solvent"* if the net value of its assets, less the value of the benefit entitlements of former members, exceeds the minimum Superannuation Guarantee benefits. At 30 June 2024, the Plan is solvent and based on the actuarial assumptions, we see no reason why it would be unlikely that an actuary will not be able to certify the solvency of the Plan in three years' time.

Investments

The Trustee has developed formal objectives and a policy for the investment of the Plan's defined benefit assets.

At 30 June 2024, the investment policy has assets supporting the Plan's defined benefit liabilities invested 70-80% in growth assets such as shares, property, private markets and growth alternatives, and the balance in defensive assets such as bonds and cash.

Overall, I consider the investment strategy for pension assets to be appropriate provided the Company and Trustee accept the funding risks associated with the strategy and the Company is prepared to make the required contributions to return the Plan to a satisfactory financial position at short notice, should they be required to do so. WTW provided information to the Trustee to review the Plan's investment strategy in a report dated 28 February 2019. We understand that the Trustee has not made any changes to the strategy based on this information.

As the pension assets continue to increase as a proportion of defined benefit liabilities, we recommend that the investment strategy be reviewed to assist the Trustee and the Company better understand the likely outcomes of both their current investment strategy as well as a range of alternative investment strategies.

Insurance

In comparison with the Plan's net assets, the total amount of insurance protection against death and total and permanent disablement benefits is adequate as at 30 June 2024. We will continue to monitor this situation when the annual actuarial investigation is performed each year.

For those Members who have a temporary disablement benefit in the Plan, the temporary disablement benefit is fully insured, hence the amount of insurance is not influenced by the level of the Plan's assets.

Defined Benefit Pensions

The Plan pays defined benefit pensions.

SPS 160 requires the Plan's actuary to certify whether there is a high degree of probability to pay pensions as required by the Participation Schedule. Professional Standard 410, issued by the Institute of Actuaries of Australia further specifies that a probability of at least 70% should be represented as a high degree of probability for this purpose.

I have simulated the Plan's projected financial position over the remaining lifetime of the Plan and For those members currently in receipt of pensions, at the valuation date the estimated probability that the Plan will be able to pay these pensions as required under the Participation Schedule was at least 70% over the next 50 years. I have formed a positive opinion that as at the valuation date there is a high degree of probability that the Plan will be able to meet the pension payments in respect of the members currently in receipt of pensions.

In WTW's letter dated 6 April 2022, WTW reviewed the various factors relating to the calculation of pension benefits and conversion of pension benefits to lump sum benefits, that, under the CASP Participation Agreement, are determined by the Trustee upon advice from the Actuary. This letter also included, as requested by the Trustee, advice on various factors to be used in the calculation of minimum requisite benefits. This advice was based on the actuarial assumptions adopted at the last triennial actuarial valuation effective 30 June 2021. These factors were implemented by the Trustee in February 2024.

The current factors however do not reflect the current actuarial assumptions and basis used in valuing the Plan's liabilities which means that there can be positive or negative financial effects whenever the current factors are used.

We recommend that these factors be reviewed following the completion of this triennial valuation. We understand that this review will be conducted in early 2025.

Target Funding Policy

We recommend that the Trustee and Company develop a Target Funding Policy for the Plan.
Such a policy should include a Target Funding Level, and tolerance, measured in terms of Vested Benefits.

Next Valuation

The next valuation should be held effective 30 June 2025 which will be an annual valuation for the Plan.

The funding position, and in particular the coverage of vested benefits by Plan assets, should continue to be monitored quarterly and on such other date as any one or more of the Company, the Trustee or the Actuary may determine from time to time. Additional supplementary contributions may be required should the funding position deteriorate.

Daniel Ham
Fellow of The Institute of Actuaries of Australia
RSE Actuary to the Plan

16 December 2024

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https://wtwonlineau.sharepoint.com/sites/tctclient_652872_Campbell24/Documents/04.01_Actl_Valn/Deliverables/Valuation rept_30 June 2024.docx

Section 2: Background and Data

The Plan was established by Participation Schedule as a sub-plan of the Plum Superannuation Fund on 1 August 2010 by successor fund transfer from the Campbell Arnott's Superannuation Plan (the former Plan) which was initially established in accordance with the Trust Deed dated 5 December 1986 with subsequent amendments.

Subsequently, on 1 July 2016, the Plan was transferred into the MLC Super Fund by successor fund transfer. The MLC Super Fund is a complying superannuation fund under the SIS Act.

Under Rule 3.9 of Schedule 2 of the Participation Agreement, the company is required to contribute at the rate determined by the Trustee on advice of the Actuary.

A summary of the main provisions of the Participation Schedule incorporating all amendments made to date, is included as Appendix A to this report.

Previous Recommendations

Regular Company contributions paid to the Plan in respect of Defined Benefit Members over the year ending 30 June 2024 were as follows:

Category	Contribution Rate (% of Plan Salaries)
Part 3	20.88%
Part 6 Category A	8.7%
Part 6 Category B	6.5%

The above rates are hard coded into the Company's payroll system. In addition the Company paid contributions during the period of $24,000 per month (which commenced 1 July 2016), to cover the shortfall between the required Company contributions and the rates hard coded into the Company's payroll system. The Company has also contributed to the Plan 3% award contributions for the relevant Part 6 Defined Benefit Members and salary sacrifice contributions, as required.

Member mandated contributions on behalf of Part 3 members are included in the hard coded rates above.

For Accumulation Members, the Company makes contributions at the Superannuation Guarantee rate applied to Ordinary Time Earnings Base (or such lesser amount as required to meet the Company's obligations under Superannuation Guarantee legislation or employment agreements), plus any additional Company contributions agreed between the Company and a member (e.g. additional salary sacrifice contributions).

Sources of Information

We have relied on the administrative and accounting records at 30 June 2024, as currently stored on the Plum administration system.

Where possible, the information provided has been checked for reasonableness and is considered suitable for the purposes of this investigation.

Data

The membership details are summarised in Appendix B. In brief, the Plan had a total of 973 members as at 30 June 2024, of which 17 were active Defined Benefit Members, 835 were active Accumulation Members and 121 were lifetime pensioners (including 8 with deferred pensions currently).

The Plan was closed to new Defined Benefit Members with effect from 1 December 2003.

We have checked a sample of the membership data for internal consistency and are satisfied as to the accuracy of this sample.

Section 3: Assets and Investment Strategy

Accounts

The defined benefit liabilities are financed from assets held within the Defined Benefit Reserve. We have been supplied with cashflow reports covering the 12 months to 30 June 2024 in relation to the Defined Benefit Reserve. The administrator has also provided accumulation asset data (being the sum of the members' MIC Accounts) as at 30 June 2024.

We have reconciled the statistical data on exits provided for the purposes of this valuation with the amounts appearing in the cashflow reports for benefit payment purposes.

Net Asset Value

The breakdown of the value of the Plan's assets by investment product at 30 June 2024 is summarised below.

Value of Net Assets at 30 June 2024	$
Defined Benefit Reserve:	
• MLC Balanced Pension reserve	94,246,776
• JANA Cautious Fund	456,938
• MLC Balanced	22,080,386
• MLC High Growth	706,901
• Current Defined Benefit payables	-
Defined Benefit Reserve net assets	117,491,000
MIC Accounts (various options)	155,851,232
Current MIC Accounts payables	-
Total	**273,342,233**

Nature of Defined Benefit Liabilities

The level of the defined benefit liabilities does not bear the same direct relationship with the assets as exists with accumulation liabilities.

Whereas the defined benefit liabilities reflect salary growth, the supporting assets depend on a range of factors including:

i. the level of Company contributions, and

ii. the level of investment returns.

In this case, it is the Company which bears the investment risk as the level of contributions depends on the level of investment returns achieved.

An investment strategy for defined benefit liabilities which is framed with a long-term perspective will often adopt relatively high levels of growth assets in order:

i. to secure attractive long term investment returns, and

ii. to provide an opportunity for capital appreciation and dividend growth, which gives some protection against inflation (as benefits are linked to Salary growth which is also influenced by inflation).

The main constraint in this situation occurs if potential fluctuations in asset values mean the total asset value could fall below the level of vested benefits, placing the Plan in an unsatisfactory financial position.

While the impact of a sudden sharp fall in asset values can be limited by maintaining a buffer of defined benefit assets over and above the level of vested defined benefits, the level of the buffer may never be sufficiently high to safeguard against all investment outcomes. However, the buffer should be at a level where the risk of the defined benefit asset values falling below the level of vested defined benefits under a particular investment strategy is acceptable to the Trustee and the Company.

In this regard, a lower buffer may be acceptable where the Company is willing and able to accept short-term variations in contributions as part of underwriting the defined benefits of the Plan. In this case, short-term variations in Company contributions may result from:

i. reducing a buffer that has grown too large, or

ii. rebuilding a buffer that has fallen or become negative.

In summary, a balance needs to be achieved between these short-term and long-term considerations in funding the defined benefit liabilities.

Defined Benefits – Investment Objectives and Guidelines

The Trustee's principal investment objectives for the Plan's defined benefit assets are:

a. **Real Return Objective**

   To achieve average returns after investment fees and taxes of at least 3% p.a. over the Consumer Price Index over rolling 10 year periods.

b. **Negative Return Objective**

   To limit the probability of a negative return over moving one-year periods to a maximum of 20%.

We have taken account of the investment objectives of the Plan and the investment guidelines under which the Plan's investment products operate in setting our actuarial assumptions in Section 4 of this report.

Investment Strategy

In order to meet the investment objectives set for the Defined Benefits Section, the Trustee has adopted a specific long term benchmark allocation to each asset class.

The table below shows the long term benchmark asset allocation for the Defined Benefits Reserve (combined active Defined Benefit Members and Pension members) assets as at 30 June 2024:

Asset Class	Benchmark Asset Allocation as at 30 June 2024
Australian Shares	25%
Overseas Shares	28%
Property	6%
Private Markets	5%
Infrastructure	6%
Growth Alternatives	3%
Fixed Interest	8%
Defensive Alternatives	10%
Cash	9%
Total	**100%**

Suitability of Investment Strategy

The current investment strategy is to invest 70-80% of assets in the 'growth' asset classes such as shares, property, private markets and growth alternatives.

The defined benefit categories within the Plan have been closed to new members since 1 December 2003. The age profile of these categories will gradually increase. At 30 June 2024, the average age of the active Defined Benefit Members was 59.9 years, so the investment timeframe is medium-term at present in respect of employee members.

At the valuation date, the Plan held a buffer of assets supporting the defined benefits, and the assets were sufficient to cover the Plan's vested defined benefits.

WTW provided a review of the Plan's investment strategy in a report dated 28 February 2019. To our understanding, the Trustee has not made any change to the investment strategy at this time.

As the pension assets continue to increase as a proportion of defined benefit liabilities, we recommend that the investment strategy for pension assets be reviewed in conjunction with the Company to ensure an appropriate balance is achieved between long term investment performance and short-term volatility.

On the basis that vested benefits coverage and funding requirements will continue to be reviewed quarterly and at 30 June each year, and that the Company accepts the potential volatility of its funding obligations and is committed to the Plan being in a sound financial position, we consider the current investment strategy to be suitable.

Suitability of Crediting Rate Policy

The Trustee credits members' MIC accounts with actual investment returns (net of fees and taxes) from the underlying assets. I consider this crediting rate policy to be suitable.

The crediting rate policy in respect of the non MIC accounts for defined benefit members is to apply the actual investment returns (net of fees and taxes) from the underlying assets, and I consider this crediting rate policy to be suitable

The interim crediting rate policy (i.e. applies to periods when actual returns are not available) in respect of the non MIC accounts for defined benefit members who leave is to apply a 10 year bond rate for the period from the previous quarter end to date of payment. It is noted that this means there can be a disparity between interim returns and actual Plan investment earnings for exiting members. We understand that the Trustee has considered this risk, and accepts it within their risk framework.

Considerations Relating to Lifetime Defined Benefit Pensions

The lifetime pension liabilities comprise a fixed income stream for life, indexed in line with CPI (subject to limitations). In our opinion, there is a significant mismatch between the nature of the assets and liabilities for lifetime pensioners.

The fact that there is a mismatch between assets and liabilities does not necessarily mean that the investment strategy for lifetime pension assets is inappropriate. What it does mean is that there is a funding risk in respect of lifetime pensioners that must be quantified and acknowledged by the Company and the Trustee.

SPS 160 requires the Plan's actuary to certify whether there is a high degree of probability to pay pensions as required by the Participation Schedule. Professional Standard 410, issued by the Institute of Actuaries of Australia further specifies that a probability of at least 70% should be represented as a high degree of probability for this purpose.

I have simulated the Plan's projected financial position over the remaining lifetime of the Plan and for those members currently in receipt of pensions, at the valuation date the estimated probability that the Plan will be able to pay these pensions as required under the Participation Schedule was at least 70% over the next 50 years. In this circumstance I have formed a positive opinion that as at the valuation date there is a high degree of probability that the Plan will be able to meet the pension payments in respect of the members currently in receipt of pensions.

Considerations I have taken onto account in forming this view include:

- The Plan currently has sufficient liquidity to meet the pension payments.
- The investment strategy, when considered in conjunction with the Company's commitment to making contributions, is currently suitable.
- The actuarial assumptions include allowance for future improvements in pensioner mortality.
- There is no "surplus" generated on the death of the pensioner that is paid out of the Plan.

Overall, we consider the investment strategy for pension assets to be appropriate, provided the Company accepts the funding risks associated with the strategy. However, as the pension assets continue to increase as a proportion of defined benefit liabilities, we recommend that the investment strategy for pension assets be reviewed in conjunction with the Company to ensure an appropriate balance is achieved between long term investment performance and short-term volatility.

Section 4: Valuation Method, Plan Experience and Actuarial Assumptions

To carry out an actuarial valuation of defined benefits, it is necessary to decide on:

- the valuation method to be adopted,
- the value of the assets for the purposes of long term assessment, and
- the assumptions as to the factors which will affect the cost of the defined benefits to be provided by the Plan in the future.

The information in this Section 4 relates to the Defined Benefit section of the Plan.

Valuation Method

Attained Age method

For this valuation, we have adopted the Attained Age valuation method. We believe the Attained Age method is a suitable method for determining Company contribution requirements, given the length of time the Plan's defined benefit membership has been closed to new members.

The calculation of the Company contribution by this method consists of two parts.

The **first part** is the "normal cost". The total normal cost is expressed as a level % of expected future salaries and is equal to the sum of:

- the cost based on actuarial assumptions of the benefits accruing to the members in respect of all future membership following the valuation date, plus
- the cost of insurance premiums, administration and taxation expenses.

The **second part** (the "adjustment cost") is the Company contribution required to amortise any surplus or deficiency at the valuation date.

The surplus or deficiency in respect of completed membership is then calculated as the difference between:

- the actuarial value of the Plan's assets attributable to the defined benefit section, and
- the greater of:
  - present value of all benefits accrued to the date of the valuation in respect of defined benefit section members based on the valuation assumptions adopted, and
  - target funding level.

The total Company contribution for the year is the Company's normal cost less (plus) any adjustment cost.

To this Company contribution may be added an additional, possibly short term, amount or rate that is assessed as needed to maintain Vested Benefits coverage above 100%, or return the Vested Benefit coverage to at least 100% or such higher target funding level as determined by the Trustee, over such period as is decided.

We understand the Trustee has not established any particular funding target level. We suggest the Trustee, in conjunction with the Company, consider doing so.

Actuarial Value of Assets

For the purposes of this valuation, we have valued assets at their net market values using 30 June 2024 data provided by the administrator. Transaction costs are understood to be minimal. The value of the assets in the Defined Benefit Reserve is effectively net of any ORFR requirement, as the ORFR requirement is met externally from the Defined Benefit Reserve by Plum.

Plan Experience and Valuation Assumptions

It is important when setting the valuation assumptions to examine the experience of the Plan to see whether the previous assumptions have been borne out in practice. A summary of the major items of experience over the last three years is given in the following paragraphs.

Investment Return

The assumption for investment returns at the last triennial valuation at 30 June 2021 was 4.50% p.a. (net of investment expenses and taxes) for the non-pension assets and 5.50% p.a. (net of investment and pension administration expenses only) for the pension assets. At 30 June 2022 this assumption was increased to 6.40% p.a. (net of investment expenses and taxes) for the non-pension assets and 7.40% p.a. (net of investment and pension administration expenses only) for the pension assets. At 30 June 2023 this assumption was increased to 7.00% p.a. (net of investment expenses and taxes) for the non-pension assets and 7.65% (net of investment and pension administration expenses only) for the pension assets.

Year Ending 30 June	Investment Return (net of tax)
2022	-2.5%
2023	9.1%
2024	9.4%
Average over the 3 years	5.2% p.a.

The average investment return on the non-pension assets was 0.7% p.a. higher than the assumed rate at the last triennial valuation effective 30 June 2021. This outperformance has had a positive effect on the Plan's financial position.

For this valuation, in line with our latest investment modelling as applied to the Plan's investment strategy and liability profile, we have adopted a higher (than the last triennial valuation assumption) long term future investment return equal to 6.75% p.a. (net of investment expenses and taxes) for the non-pension Defined Benefit assets and 7.65% p.a. (net of investment and administration expenses only) for the pension Defined Benefit assets. This is based on the market outlook at 30 June 2024 and the Plan's strategic asset allocation.

Salary Inflation

The assumed rate of salary inflation was 2.25% p.a. at the last triennial valuation at 30 June 2021. This assumption was increased to 3.00% p.a. in the annual valuation at 30 June 2022 and increased again to 3.25% p.a. in the annual valuation at 30 June 2023. The average rate of growth of Plan Salaries for members who were present at both the last and current triennial valuation dates was 1.8% p.a., which is lower than the assumed rate. In isolation, this has reduced the accrued liabilities of the Plan.

In view of the long term nature of these assumptions, we have adopted a rate of 3.25% p.a. for salary inflation. As mentioned under “Pension increases”, we have adopted an assumption for price inflation of 2.6% p.a. Both of these rates have been set on a basis consistent with the underlying assumptions used to set the investment return assumptions.

Over the long term, it is the “gap” between the investment return (net of tax) and the inflation assumptions that is important when valuing members’ liabilities. In this valuation, in respect of employee members, we have adopted a gap of 3.50% p.a. which is higher than the gap of 2.25% p.a. used in the previous triennial valuation but lower than the gap of 3.75% p.a. used in the previous annual valuation effective 30 June 2023.

Rate of take-up of Pensions

At the previous triennial valuation at 30 June 2021, it was assumed that all Part 3 and Part 4 Members who terminated service at age 55 years or more in future would choose to take 75% of their basic defined benefit entitlements in the form of a lifetime pension. Over the 3 years from 30 June 2021 to 30 June 2024, there were 21 Part 3 and Part 4 service terminations at age 55 years or more, of which 13 elected to take a lifetime pension, which represents an actual take-up rate over this period of 62%. Over the 12 years to 30 June 2024, there were approximately 62 Part 3 and Part 4 service terminations at age 55 years or more, of which 41 elected to take a lifetime pension, which represents an actual take-up rate over this longer period of 66%.

For this valuation, we have maintained the take-up rate for lifetime pensions for Part 3 and Part 4 Members who terminate service at age 55 years or more of 75%. This continues to maintain a buffer against potential take-up rates in future being higher than what has been experienced by the Plan over the last several years.

Pensioner Mortality

For this valuation, we have retained the assumption for the pensioners experience mortality embodied in Australian Life Tables 2015-2017, the most recent available Australian life tables, including 25 year improving mortality factors.

Given the majority of Part 3 and Part 4 defined benefit members are white collar employees, we have chosen to retain the socioeconomic adjustment factor of 90% to the mortality table, hence producing lighter mortality rates for the Plan’s pensioners than population mortality.

Pension increases

Pensions are reviewed as at 1 July each year based on the increase in CPI with a maximum increase applying of 10% each year. Pension increases since the last valuation have been as follows:

Effective Date	Pension Increase
1 July 2022	5.1%
1 July 2023	7.0%
1 July 2024	3.6%
Average over the 3 years	5.2% p.a.

We have raised the pension increase assumption from 2.0% p.a. at the previous triennial valuation to 2.6% p.a. which is in line with our long term inflation assumption at the valuation date.

Over the long term, it is the "gap" between the investment return and pension increase assumptions which is important when valuing the pension liabilities. For this valuation, we have increased the "gap" from 3.5% p.a. at the previous triennial valuation at 30 June 2021 to 5.05% p.a. The gap at the last annual valuation as at 30 June 2023 was 4.95% p.a.

Rates at which Members Leave Service and Retire

We have retained the assumptions used at the previous valuation. Statistically significant results based on actual experience are not available from a defined benefit membership fund of this size.

Rates at which Members Leave due to Death or Total and Permanent Disablement (TPD)

In view of the small size of the Plan membership we have retained the long-term assumptions from the previous valuation which were based on the underlying death and disablement rates under the Plan's group life policy.

New Members

All Defined Benefit categories have been closed to new entrants since 1 December 2003. Since then, all new Members have joined the Accumulation Section.

Expenses and Insurance Premiums

In the last valuation, the assumed expenses incurred in running the Plan were equal to 2.1% of Members' Salaries.

We have retained the assumed long term rate of expenses to 2.1% of Members' Salaries in line with the Plan's experience over the period since the last triennial valuation at 30 June 2021.

For this valuation, we have also made an allowance for administration expenses in relation to pensioners through a 0.1% reduction (which is consistent with the Plan's experience) in the long term future investment return for the non-pension Defined Benefit assets.

Summary of Valuation Assumptions

A summary of our valuation assumptions is set out in Appendix C to this report.

Section 5: Insurance Arrangements

Adequacy of Insurance

The insurance coverage of the Plan is considered adequate if the net assets of the Plan are sufficient to cover the Death and Total and Permanent Disablement (TPD) benefits of the Plan after any insured components have been allowed for.

The Plan currently has death, total and permanent disablement and salary continuance insurance with MLC Limited. Cover is generally provided up to the automatic acceptance level (AAL), with cover above this level subject to underwriting. Where cover is not provided, the death, disablement or income protection benefits payable to the member are appropriately reduced.

The current level of insurance in respect of Defined Benefit Members is calculated as:

Insured Benefit = Death and TPD Benefit less Lump Sum Vested Benefits

The following table shows the adequacy of the Plan's insurance cover at 30 June 2024 for active Defined Benefit members:

	Amount $'000s
Lump Sum Death and Disablement Benefits (A)	17,047
Less Aggregate Group Life Insurance (B)	933
Plan's Exposure (A – B)	16,114
Plan's DB Net Assets (net of lifetime pensions)	22,223

The Defined Benefit Net Assets as at 30 June 2024 of $22.2 million are more than sufficient to meet the Plan's Exposure of $16.1 million.

Salary continuance benefits are fully insured.

Section 6: Solvency and Funding Measures

There are several methods used to assess the current financial situation of the Plan. These measures are dealt with below.

In line with legislative and actuarial requirements, the net assets used to calculate the funding status measures was $273.34 million, being the Fair Value of assets disclosed in the account. Defined Benefit Assets are $117.49 million, as noted in Section 3.

Vested Benefits

Pursuant to superannuation law and prudential standards, a fund (or a section of a fund) is in a *"satisfactory"* financial position if the assets of the fund cover the vested benefit entitlements of the members of the fund.

The Vested Benefits represent the benefit entitlements of members should they voluntarily leave the Plan. Where a member has the option, e.g. to take a benefit as a pension, the Vested Benefits must include an allowance for the value of that option.

At the previous valuation, the actuarial assumption concerning the take up of the pension option by members aged over 55 was that 75% of Part 3 and Part 4 members will elect the pension option. This assumption has been maintained for this valuation.

	30 June 2023 Defined Benefits Only* $'000	30 June 2024 Defined Benefits Only* $'000	30 June 2023 All Benefits $'000	30 June 2024 All Benefits $'000
Value of Net Assets	$115,878	$117,491	$267,015	$273,342
Vested Benefits#	$110,503	$110,753	$261,640	$266,604
Vested Benefits Index	104.9%	106.1%	102.1%	102.5%

* The "Defined Benefits Only" figures illustrate the financial position of the Plan in respect of the Defined Benefit liabilities, and exclude accumulation benefits of Defined Benefit Members and Accumulation Members. As a result, amounts in respect of accumulation liabilities of $151.138 million at 30 June 2023 and $155.851 million at 30 June 2024 have been excluded from the Value of Assets and the Vested Benefits respectively.

The Vested Benefits totals above include Accrued Benefits in respect of the Lifetime Pensioners of $91.0 million at 30 June 2023 and $95.3 million at 30 June 2024.

As at 30 June 2024, the Vested Benefits Index in respect of Defined Benefits only was 106.1%. At the previous valuation, this ratio was 104.9%. The improvement in the Vested Benefits position is due to the Plan's experience over the year to 30 June 2024, particularly the higher than expected investment return earned on the Plan's defined benefit assets. The expected return over the year to 30 June 2024 was 7.0% p.a. net of tax and 7.65% p.a. gross of tax. The Plan experienced a net of tax return of 9.4% and gross of tax return of 10.7%

Actuarial Value of Accrued Benefits

An indication of the funding status of the Plan is given by the ratio of the Plan's Net Asset Value to the Actuarial Value of Accrued Benefits (AVAB). This is called the Actuarial Value of Accrued Benefits Index (AVABI).

AVAB represents the value in today's dollars of future benefits based on membership completed to the review date, allowing for future salary increases, investment earnings and expected incidence of payment. *"Accrued Benefits"* has the meaning given in Regulation 9.27 of the SIS Regulations.

It is important that the Actuarial Value of Accrued Benefits Ratio is not used to compare the level of funding between superannuation funds but is used as a measure to assess the funding status of a superannuation fund from time to time. Different superannuation funds can be expected to have different Actuarial Value of Accrued Benefits Ratios depending on the age and employment history of the members.

A fully secured position is represented by a ratio of 100.0%. At this level, if no further benefits were allowed to accrue to current members, assets would be sufficient to meet all future benefit payments if the actuarial assumptions are borne out in practice.

The following table shows the progression of the Actuarial Value of Accrued Benefits Index over the review period:

	30 June 2023 Defined Benefits Only* $'000	**30 June 2024 Defined Benefits Only* $'000**	**30 June 2023 All Benefits $'000**	**30 June 2024 All Benefits $'000**
Value of Net Assets	$115,878	$117,491	$267,015	$273,342
Actuarial Value of Accrued Benefits#	$109,380	$110,037	$260,518	$265,889
Actuarial Value of Accrued Benefits Index	105.9%	106.8%	102.5%	102.8%

* The "Defined Benefits Only" figures illustrate the financial position of the Plan in respect of the Defined Benefit liabilities, and exclude accumulation benefits of Defined Benefit Members and Accumulation Members. As a result, amounts in respect of accumulation liabilities of $151.138 million at 30 June 2023 and $155.851 million at 30 June 2024 have been excluded from the Value of Assets and the Accrued Benefits respectively.

The Actuarial Value of Accrued Benefits totals above include Accrued Benefits in respect of the Lifetime Pensioners of $91.0 million at 30 June 2023 and $95.3 million at 30 June 2024.

As at 30 June 2024, the net Market Value of the assets of the Plan was adequate to cover the Actuarial Value of Accrued Benefits.

The improvement in the AVAB position is primarily due to the Plan's experience over the year to 30 June 2024 as described in Vested Benefits subsection above.

Minimum Requisite Benefits

The Company's Superannuation Guarantee obligation is either fully or partly met for all members by the minimum benefits provided under the Plan. The required Benefit Certificate, issued by Brad Jeffrey, is dated 16 June 2020.

A Funding and Solvency Certificate dated 13 February 2024 has been issued by Daniel Ham, corresponding to the above mentioned Benefit Certificate. The purpose of this certificate is to specify the required Company contributions needed to fund the minimum benefits used to offset the Superannuation Guarantee charge. This certificate has not been withdrawn.

The Plan is *"solvent"* if the net realisable value of the assets of the Plan, less the value of the benefit entitlements of former members, exceeds the Minimum Requisite Benefits (MRB). Former members includes pensioners.

The following table shows the progression of the Minimum Benefits Index over the review period.

	30 June 2023 Defined Benefits Only* $'000	30 June 2024 Defined Benefits Only* $'000	30 June 2023 All Benefits $'000	30 June 2024 All Benefits $'000
Value of Net Assets	$115,878	$117,491	$267,015	$273,342
Minimum Requisite Benefits#	$104,822	$107,706	$255,960	$263,557
Minimum Requisite Benefits Index	110.5%	109.1%	104.3%	103.7%

* The "Defined Benefits Only" figures illustrate the financial position of the Plan in respect of the Defined Benefit liabilities, and exclude accumulation benefits of Defined Benefit Members and Accumulation Members. As a result, amounts in respect of accumulation liabilities of $151.138 million at 30 June 2023 and $155,851 million at 30 June 2024 have been excluded from the Value of Assets and the Minimum Requisite Benefits respectively.

\# The Minimum Requisite Benefits totals above include Minimum Requisite Benefits in respect of the Lifetime Pensioners of $91.0 million at 30 June 2023 and $95.3 million at 30 June 2024.

As at the valuation date of 30 June 2024 the net assets of the Fund exceeded the MRBs and the Fund was in a solvent financial position. The ratio of the Fund's net assets to the total MRB is 103.7%, at the last valuation this was 104.3%. In respect of Defined Benefits only, the ratio of the Plan's assets supporting Defined Benefits to Defined Benefit MRBs is 109.1%, at the last valuation this was 110.5%.

Market Value of Pensions

We consider that if the current pensions in payment were to be valued on an equivalent market retail annuity basis, the current pension liability of $95,268,003 could rise by around 25% to 30% with a correspondingly large effect on the Vested Benefits Index and Actuarial Value of Accrued Benefits Index as part of the Plan placing both indices below 100%.

Shortfall Limit

As required under SPS 160 the Trustee has set the Shortfall Limit for the Plan as 97%. The shortfall limit is defined in paragraph 10 of SPS 160 as:

"… the extent to which an RSE licensee considers that a fund can be in an unsatisfactory financial position with the RSE licensee still being able to reasonably expect that, because of corrections to temporary negative market fluctuations in the value of fund assets, the fund can be restored to a satisfactory financial position within one year."

Should the financial position of the Plan breach the Shortfall Limit, additional interim Actuarial investigations will be required with rectification plans to be put in place to address the unsatisfactory financial position.

We consider the Shortfall Limit is appropriate given the nature of the defined benefit assets and liabilities.

Experience since the Investigation Date

There have been no significant changes in experience between 30 June 2024 and the signing of this report, that I am aware of, which would be likely to have a material effect on the conclusions and recommendations.

Section 7: Valuation Results, Contribution Recommendations and Financial Projections

It should be emphasised that the funding measures shown in Section 6 relate to the current position at the review date. A projection of the Plan is required to assess the adequacy of Company contribution rates to provide defined benefits in the future.

Such a projection has been carried out using the funding method and assumptions discussed in Section 4 and set out in Appendix C. The results of the valuation are summarised in this Section.

Long Term Defined Benefit Contribution Rate (before adjustments for current surplus/deficits)

As described in Section 6, the total value of accrued defined benefits of $110.0 million represent the present value of all expected future benefits in respect of defined benefit membership accrued up to the valuation date. We have similarly calculated the present value of all expected future Defined Benefits in respect of expected membership after the valuation date ("future service defined benefits").

The amount of long term Company contributions needed is calculated as the present value of Future Service Defined Benefits less the present value of expected future member contributions.

		$000
Future Service Defined Benefit Liabilities		1,596
Less	Value of future member contributions	326
Defined Benefit Liability to be funded from future Company contributions		1,269
Value of 1% future Company contributions		66
Future Company contribution rate required		19.2%
Plus	Allowance for 15% contributions tax	3.4%
Plus	Allowance for insurance costs and Plan expenses	2.1%
Total Gross Company Contribution Rate required (% of Plan salaries)		**24.7%**

Based on the above results, the overall "normal" Company cost for the current Defined Benefit membership determined using the Attained Age method has increased to approximately 24.7% of Plan Salaries as a result of the updated valuation assumptions as described in Section 4 above, the implementation of revised pension conversion factors and changes in the profile of the membership, since the previous actuarial valuation at 30 June 2023. Note the rates above are determined on the theoretical cost to the Company of funding the defined benefits and therefore assume that all members are paying the member mandated contributions in addition to the Company contribution rates. It is our understanding that the member mandated contributions for Part 3 members have been included the 'hard coded' Company rates shown below. If we adjusted the above calculations to allow for the Part 3 member mandated contributions to be included in the 'Company' contributions, the rate would be 29.7% of Plan salaries.

Adjustment for Deficit or Surplus at the valuation date

The surplus at 30 June 2024 of approx. $7.5 million (relative to the Actuarial Value of Accrued Benefits) represents a strong financial position of 106.8%. However, given the sensitivity of the Plan's financial position to actual investment returns and other experience items (i.e. pension inflation), no adjustment is considered necessary to the long term defined benefit contribution rate.

Recommended Company Contribution Rate

We understand that contribution rates in respect of Defined Benefit Members are hard coded into the Company's payroll system, and it is desirable not to change these rates. Therefore, we have determined our recommended Company contributions as a combination of:

a. the contributions produced by the hard codes rates, plus

b. long term funding contributions caused by a) being less that the required Company contributions,

c. 3.0% of Plan Salary for those Part 6A and Part 6B members for whom 3% Award contributions are payable to the Plan and salary sacrifice contributions, as required.

The combination of these contributions produced the required contributions to fund the primary benefits provide by the Plan.

The Company contributions pursuant to a) above are the following rates of Plan Salaries:

Category	Contribution Rate (% of Plan Salaries)
Part 3	20.88%
Part 6 Category A	8.7%
Part 6 Category B	6.5%

Currently, the Company's long term funding contributions pursuant to b) are $24,000 per month and we recommend these continue until the results of the next triennial actuarial investigation effective 30 June 2027 are available, noting that this recommendation will be reviewed at each annual actuarial investigation.

We note that the rates in part a. include the member mandated contributions for all Part 3 members.

For Accumulation Members, the Company should continue to make contributions at the Superannuation Guarantee rate applied to Ordinary Time Earnings Base (or such lesser amount as required to meet the Company's obligations under Superannuation Guarantee legislation or employment agreements), plus any additional Company contributions agreed between the Company and a member (e.g. additional salary sacrifice contributions).

The funding position, and in particular the coverage of vested benefits by Plan assets, should continue to be monitored quarterly and each year at 30 June and more frequently if required. Additional supplementary contributions may be required should the funding position become unsatisfactory.

These contribution rates include an allowance for administration and insurance expenses as well as tax on Company contributions.

Projection of Results

For Defined Benefit Section members, in the table below we have projected the Plan's cashflows and the build-up of the Plan's assets over the next 3 years, comparing the Plan's projected assets to the projected levels of the Vested Benefits.

For the purposes of our projection, we have assumed that the Company continues to pay the current defined benefit contributions (i.e. the long term funding contributions continue at $24,000 per month in addition to the fixed payroll contributions). The projections allow for the actual investment returns on Plan assets over the period from 1 July 2024 to 30 September 2024 of 3.72% (net of tax).

Projection Date	Net Assets $'000s	Vested Benefits $'000s	VBI %
30 June 2024	117,491	110,753	106.1%
30 June 2025	119,176	109,063	109.3%
30 June 2026	119,621	108,417	110.3%
30 June 2027	119,571	108,069	110.6%

If the current Company contribution rates continue to be paid, then I expect the Vested Benefits Index (VBI) to remain above 100% over the next three years.

Future Review

The financial status of the Plan is sensitive to actual financial experience (principally, investment returns and salary increases) and membership movements. We therefore recommend that a check is placed on the Vested Benefits Index each quarter, and also as at each annual review date, and also at any time if the Defined Benefit membership reduces significantly, in order to confirm that the Plan maintains coverage of vested benefits.

The next valuation should be held effective 30 June 2025 which will be an annual valuation for the Plan.

Section 8: Sensitivity Analysis and Material Risks

Sensitivity Analysis

For the purpose of this investigation the “gap” between the investment return (net of tax) and salary inflation assumption is 3.50% pa. The “gap” between the investment return (gross of tax, net of investment management’s expenses and pension administration expenses) and pension increase assumption is 5.05% p.a. Other assumptions could be used and the table below shows the impact of varying the “gap” between these assumptions on the Fund’s financial position and long term contribution rate. No changes have been made to the demographic assumptions adopted for this valuation in the scenarios below.

	This Valuation Basis	Scenario 1	Scenario 2
“gap” between investment return and salary inflation assumptions	3.50% p.a.	4.50% p.a.	2.50% p.a.
“gap” between investment return (gross of tax) and pension increase assumptions	5.05% p.a.	6.05% p.a.	4.05% p.a.
Actuarial Value of Accrued Benefits Index (Defined Benefits only)	106.8%	116.6%	97.1%
Actuarial Deficit/(Surplus) on Accrued Benefits ($’000)	(7,454)	(16,733)	3,568
Normal (Attained age) Company Contribution Rate	24.7%	20.7%	28.9%

It should be noted that the variations selected in the sensitivity analysis above do not indicate upper or lower bounds of all possible outcomes. Further analysis can be carried out if required.

Material Risks

In this section we comment on potentially material risks identified in the investigation:

a. **Investment Returns**

For this valuation, I have adopted an investment return assumption (net of tax and investment management expenses) of 6.75% p.a. and 7.65% p.a. (net of investment management expenses and pension administration expenses but gross of tax). However, if actual investment returns are less than this, with all other actuarial assumptions borne out, then the funding position (Vested Benefits Index) will worsen and increased Company contributions may be required.

b. **Salary Inflation**

For this valuation I have adopted a salary inflation assumption of 3.25% p.a. However, if actual salary increases are greater than this, with all other actuarial assumptions borne out, then the funding position (e.g. the Vested Benefits Index and Actuarial Value of Accrued Benefit Index) will worsen and increased Company contributions may be required.

c. **Pension indexation**

For this valuation I have adopted a pension indexation inflation assumption of 2.6% p.a. However, if pension indexation increases are greater than this, with all other actuarial assumptions borne out, then the funding position (Vested Benefits Index) will worsen and increased Company contributions may be required.

d. **Pensioner mortality**

We have made allowance for both socio economic factors and improvements in pensioner mortality in the decrement basis used to value pension benefits. If pensioners experience improvements in mortality at greater rates than allowed, or experience lighter mortality than anticipated in the socio economic factors, then the cost of the pensions will increase, and the financial position of the Plan will be worse than anticipated. The reverse is also true, i.e. if mortality improvement proves to be less than our allowance, or socio economic factors not as light, the cost of the pensions will decrease. Further analysis can be carried out if required.

e. **Marital status at retirement**

For this valuation we have used spouse details where available. Where not available, I have assumed 90% of male pensioners and 75% of female pensioners are married and males are assumed to be aged three years older than their female spouses. If a higher proportion of retirement members are married, or the age gap between males and females is broader, then the funding position (Vested Benefits Index) may worsen and increased Company contributions may be required.

f. **Change to investment strategy**

Any change to the investment strategy that impacts on the future expected return on the assets supporting Defined Benefit Members' entitlements will potentially have material impact on the financial position of the Defined Benefit section of the Plan. Prior to any change to the investment strategy, we recommend that we be asked to undertake an assessment of the potential impact on both the financial position of the Plan and future Company contribution requirements.

g. **Pension take-up rate**

In determining the actuarial value of accrued benefits, we have made allowance for 75% of retiring Part 3 members to take up the option to convert 100% of their lump sum benefit to a pension on the basis permitted under the Participation Schedule. If more members take up this pension option, the value of the liabilities will increase, and increased Employer contributions may be required. Further analysis can be carried out if required.

h. **Update to Pension Factors**

In WTW's letter dated 6 April 2022, WTW reviewed the various factors relating to the calculation of pension benefits and conversion of pension benefits to lump sum benefits, that, under the CASP Participation Agreement, are determined by the Trustee upon advice from the Actuary. This letter also included, as requested by the Trustee, advice on various factors to be used in the calculation of minimum requisite benefits. These factors were implemented in February 2024.

The current factors however do not reflect the current actuarial assumptions and basis used in valuing the Plan's liabilities which means that there can be positive or negative financial effects whenever the current factors are used.

We recommend that these factors be reviewed following the completion of this triennial valuation. We understand that this review will be conducted in early 2025.

Appendix A: Summary of Benefits

	Part 3	Part 6
Eligibility	Closed	Closed
Salary	Annual Base Salary	Annual Base Salary
Final Average Salary ("FAS")	Average Salary at 1 July during the three years prior to exit.	Average Salary at 1 July during the three years prior to exit
Membership	Measured in years and complete months and may include membership from former fund.	Measured in years and complete months and may include membership from former fund.
Accrued Pension	Pension equal to: • Part 3: 1.75% x FAS x Membership • Part 4: 2.00% x FAS x Membership	Pension equal to: • Part 6A: 1.50% x FAS x Membership • Part 6B: 0.75% x FAS x Membership
Normal retirement Age	Age 65	Age 65
Compulsory Member Contribution	5.0% of Salary	Category 6A – 5.0% of Salary Category 6B – 2.5% of Salary
Company Contribution	Actuarially determined	Actuarially determined
Insurance and Expenses	Met by Company (included in Company funding rate)	Met by Company (included in Company funding rate)
Member Account	Accumulation of compulsory member contributions with interest at the rate earned on the non-pension Defined Benefit assets.	Accumulation of compulsory member contributions with interest at the rate earned on the non-pension Defined Benefit assets.
ABSF Transfer Value Account (added to all benefits except death or TPD)	Lump sum benefit equal to the accumulation of ABSF transfer value with interest at the rate earned on the non-pension Defined Benefit assets.	N/A
3% FAS Benefit (added to all benefits)	Lump sum benefit equal to: 3% x FAS x Membership May be converted to a lifetime pension at the member's option.	N/A
Additional Accounts (added to all benefits)	MIC accounts arising from Member voluntary contributions and rollovers Surcharge (debit) account Family Law offset.	MIC accounts arising from Member voluntary contributions and rollovers Surcharge (debit) account Family Law offset.
Normal Retirement Benefit	Accrued Pension	Accrued Pension

	Part 3	Part 6
Early Retirement Benefit	Available from age 55. Accrued Pension reduced by 3% p.a. for each year (including complete months) that retirement occurs before age 60.	Available from age 55. Accrued Pension reduced by 2% p.a. for each year (including complete months) that retirement occurs before age 60.
Leaving Service Benefit	Lump sum benefit equal to 10 times the Accrued Pension reduced by 1% p.a. for each year (including complete months) that resignation occurs before age 55. A minimum benefit applies equal to 2 times the Member Account. 1% p.a. reduction does not apply if leaving service due to ill health or retrenchment. Deferred pension option available.	The sum of: • Category 6A Member Account x 2.00, and • Category 6B Member Account x 2.64 Deferred pension option to age 65 available.
Death Benefit before age 65	Lump sum benefit equal to 10 times the prospective Normal Retirement pension benefit, based on Salary at the date of death	Lump sum benefit equal to the greater of 10 times the Accrued Pension at the date of death and: • Part 6A – 6 times Salary • Part 6B – 3 times Salary
Total and Permanent Disablement ("TPD") Benefit before age 65	Prospective Normal Retirement Pension based on Salary at the date of TPD.	Same as Death benefit
Pension Benefit Terms and Conditions:		
– **Guarantee Period**	10 years	5 years
– **Reversionary %**	75%	0%
– **Deferred Pension Starting Age**	55 years (discounted) 60 years (undiscounted)	65
– **Children's Pension**	See rules	n/a
– **Indexation**	Pensions are payable monthly. Pensions in payment or in deferral are indexed each 1 July, based on the lesser of 10% and the growth in the Consumer Price Index.	Pensions are payable monthly. Pensions in payment or in deferral are indexed each 1 July, based on the lesser of 10% and the growth in the Consumer Price Index.

Notes:
All benefits subject to a minimum of the Minimum Requisite Benefits as set out in the current Benefit Certificate.

Appendix B: Details of Membership

The Arnott's Group Superannuation Plan

Membership as at 30 June 2024

Defined Benefit Category	Number of Members	Total Plan Salaries $	Average Salaries $	Average Age (Years)	Average Completed Membership (Years)
Part 3	11	1,436,372	130,579	58.9	36.7
Part 6A	3	262,372	87,457	59.3	33.8
Part 6B	3	247,448	82,483	64.4	41.6
Total	**17**	**1,946,192**	**114,482**	**59.9**	**37.1**

In addition to these 17 active Defined Benefit members, there were:

- 835 employee members in the Accumulation category with total vested benefits at 30 June 2024 equal to $154,914,394;
- 121 Lifetime Pensioners (including 8 whose pension is currently deferred) with total annual pensions payable of $7,637,171 (including the 1 July 2024 indexation increase of 3.6%).

The weighted average term of the defined benefit liabilities as at 30 June 2024 is 11 years (approximately).

Appendix C: Valuation Method and Assumptions

Valuation Method

Attained Age

Net Asset Value

Redemption value of units held by the Plan at the valuation date, adjusted for accrual items as appropriate.

Investment Returns

Pre-retirement:	6.75% p.a. compound (net of investment expenses and taxes).
Post-retirement:	7.65% p.a. compound (net of investment expenses and pension administration expenses but gross of tax).

Salary Increases

3.25% p.a. compound, including promotional increases.

Rates of Mortality, Total and Permanent Disability (TPD), Leaving Service and Retirement

Examples of rates at which active employee members terminate service per year per 10,000 members:

Age Last Birthday	Death	TPD	Leaving Service	Retirement
50	60	25	321	-
55	105	57	-	1,000
56	117	72	-	750
57	130	87	-	750
58	145	102	-	750
59	162	117	-	750
60	180	132	-	1,500
61	200	-	-	1,500
62	222	-	-	1,500
63	246	-	-	1,500
64	273	-	-	1,500
65				10,000

Rates of Retrenchment

Nil

Assumptions relating to Pensions

Pension Option Take-up

Part 3 Members who terminate service at age 55 years or more are assumed to elect to take 75% of their eligible defined benefit as a lifetime pension benefit. All other Defined Benefit Members (including Part 3 Members who terminate service before age 55) are assumed to take all of their Plan benefit in lump sum form on termination of service.

Pension Increases

2.6% p.a. compound for both current pensions in payment and future pensions.

Pension Mortality Rates

Australian Life Tables 2015-2017.

Future Mortality Improvements

Based on the 25 year improvement factors published in the Australian Life Tables 2015-2017.

Socio Economic Factor

Pensioner mortality at 90% of population mortality.

Marital Status

For this valuation we have used spouse details where available. Where not available, we have assumed 90% of male pensioners and 75% of female pensioners are assumed to be married and males are assumed to be aged three years older than their female spouses.

Future Expense Allowance

Investment management expenses are allowed for in the investment return assumptions shown above which are assumed to be net of investment expenses.

Administration expenses, Group Life insurance costs and Salary Continuance insurance costs in total equal to 2.1% of Defined Benefit Members' Benefit Salaries have been allowed for.

For this valuation, we have also made an allowance for administration expenses in relation to pensioners through a 0.1% p.a. reduction (which is consistent with the Plan's experience) in the long term future post-retirement investment return.

New Entrants

The Plan is closed to new defined benefit entrants.

Taxes

Tax on investment income is allowed for in the Investment Returns shown above.

Tax on contributions has been allowed for as 15% of Company contributions reduced by allowable deductions (administration and insurance costs). No allowance has been made for GST or Reduced Input Tax Credits.

No allowance has been made for excess contributions tax as this is payable by the Member.

Appendix D: Statements required under Paragraph 23 of SPS 160

The statements required under paragraphs 23(a) to (h) of SPS 160 for regular investigations are set out below. Note, these are provided in relation to the Plan's defined benefit liabilities only.

a. Plan Assets

The net market value of the Plan's assets attributable to the defined benefit liabilities at 30 June 2024 was $117,491,000. This amount is the amount advised by the Plan administrator adjusted for current receivables and excludes assets attributable to accumulation members or the accumulation balances of defined benefit members.

This value of assets at 30 June 2024 was used to determine the recommended Company contribution rates and assess the funding status measures and is also referred to as the "actuarial value" of the assets.

b. Projection of Vested Benefits

The projected likely future financial position of the defined benefit category of the Plan during the three years following the valuation date and based on my best estimate assumptions is as follows:

Date	Net Assets $'000s	Vested Benefits $'000s	VBI %
30 June 2024	117,491	110,753	106.1%
30 June 2025	119,176	109,063	109.3%
30 June 2026	119,621	108,417	110.3%
30 June 2027	119,571	108,069	110.6%

c. Accrued Benefits

In my opinion, the value of the assets of the defined benefit members of the Plan at 30 June 2024 were adequate to meet the liabilities in respect of the accrued benefits of defined benefit members of the Plan (measured as the value of members' accrued entitlements using the valuation assumptions). We consider that the assumptions and valuation methods set out in this report are appropriate for determining the accrued liability.

d. Vested Benefits

At 30 June 2024 the Plan was in a satisfactory financial position, as defined in SPS 160. In my opinion the Plan does not need to be treated as being in an unsatisfactory financial position. The shortfall limit does not need to be reviewed.

e. Minimum Benefits

At 30 June 2024 the value of the minimum benefits of the defined benefit members of the Plan was $107,706,389, which was less than the defined benefit assets at that date. Minimum benefits are as defined in Regulation 5.04 of the Superannuation Industry (Supervision) Regulations.

The coverage of the MRBs for all defined benefit members of the Plan as at 30 June 2024 was 109.1%, and for all Plan members (including accumulation members) was 103.7%.

(f) Funding and Solvency Certificates

Funding and Solvency Certificates for the Plan covering the period from 30 June 2023 to 30 June 2024 have been obtained. The Plan was solvent, as defined in the Superannuation Industry (Supervision) Regulations at 30 June 2024. In my opinion, the solvency of the Plan will be able to be certified in any other Funding and Solvency Certificate required under the Regulations during the three year period to 30 June 2027.

(g) Recommended Company Contributions

At this time, we recommend that the Company continues to contribute at the following rates of Plan Salaries:

Category	Contribution Rate (% of Plan Salaries)
Part 3	20.88%
Part 6 Category A	8.7%
Part 6 Category B	6.5%

In addition, we recommend that the Company continues to make ongoing extra contributions of $24,000 per month (which commenced on 1 July 2016) in order to make up the current difference between the fixed payroll contribution rates (which are the rates shown in the table above) and the overall long term normal Company contribution rate of 24.7% of Plan Salaries.

We note that the Company contribution rates above include the member mandated contributions for all Part 3 members.

The Company should also contribute 3.0% of Plan Salary for those Part 6A and Part 6B members for whom 3% Award contributions are payable to the Plan and salary sacrifice contributions, as required.

For Accumulation Members, the Company should continue to make contributions at the Superannuation Guarantee rate applied to Ordinary Time Earnings (or such lesser amount as required to meet the Company's obligations under Superannuation Guarantee legislation or employment agreements), plus any additional Company contributions agreed between the Company and a member (e.g. additional salary sacrifice contributions).

Defined benefit Pensioners

I have simulated the Plan's projected financial position over the remaining lifetime of the Plan and for those members currently in receipt of pensions, at the valuation date the estimated probability that the Plan will be able to pay these pensions as required under the Participation Schedule was at least 70%. Therefore I am able to certify that as at the valuation date there is a high degree of probability that the Plan will be able to meet the pension payments in respect of the members currently in receipt of pensions at their current levels.

Daniel Ham
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RSE Actuary to the Plan

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