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Report to the Trustee on the Actuarial Investigation as at 30 June 2024

AmpolSuper

(a plan in the AMP Super Fund)

11 December 2024

A business of Marsh McLennan

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1

Key Results and Recommendations

This report on the actuarial investigation as at 30 June 2024 of the defined benefit section of AmpolSuper (the Plan) has been prepared for N.M. Superannuation Proprietary Limited as Trustee of the Plan to meet the requirements of the Plan's governing rules and the SIS legislation.

This report should not be relied upon for any other purpose or by any party other than the Plan's Trustee. Mercer is not responsible for the consequences of any other use. This report should be considered in its entirety and not distributed in parts. The Trustee should share this report with Ampol Limited and other participating companies who contribute to the Plan (collectively referred to as "the Employer" throughout this report). The Employer may consider obtaining separate actuarial advice on the recommendations contained in the report.

The Plan has a closed defined benefit section and an accumulation section which is open to all new Plan members. The Trustee administers assets for the defined benefit and accumulation sections separately. The liability for accumulation section benefits is matched to the value of the underlying investments at any given time. Therefore, this actuarial investigation does not consider the assets or liabilities of the accumulation section.

Change in Financial Position

The following table summarises the Plan's financial position as at 30 June 2024, and shows the corresponding coverage of assets over liabilities at the previous investigation:

	Position at 30 June 2024		
Defined Benefits Section	**$000**	**Asset Coverage**	**Coverage at 30 June 2023**
Assets	19,542		
Vested Lump Sum Benefits	15,807	123.6%	120.0%
Vested Benefits	17,154	113.9%	111.2%
Actuarial Value of Accrued Benefits	17,074	114.5%	112.8%
Accrued Retirement Benefits	17,590	111.1%	108.6%
SG Minimum Benefits	10,846	180.2%	172.5%

The above totals exclude the account balances in the Plan's accumulation section. These balances are invested in accordance with members' investment choices and the value of the liabilities are matched to the value of the underlying investments.

The defined benefit section results as at 30 June 2024 include liabilities for deferred benefits of $1,604,000 and current pensions of $174,000.

On resignation, members have the option to elect to defer their benefit and receive a retirement benefit upon attaining age 55. The value of the deferred retirement benefit option is greater than the immediate resignation benefit when measured using the assumptions adopted for this actuarial investigation.

Vested lump sum benefits are the immediate lump sum amounts payable as of right to active members who voluntarily resign or, if eligible, retire at the investigation date, plus the estimated actuarial value of future payments for deferred members and pensioners.

The vested benefits are similar to lump sum vested benefits except that allowance has been made for eligible members to elect the greater of the vested lump sum benefit and the estimated actuarial value of the deferred retirement benefit option.

As at 30 June 2024, the value of the Plan's assets is adequate to meet the liability for vested benefits. Therefore, the Plan is considered to be in a "satisfactory financial position", as defined in superannuation legislation.

Experience

The coverage levels at 30 June 2024 were slightly higher than the levels at the previous actuarial investigation, due to the following items of positive experience:

- The estimated rate of return on the Plan's investments for assets supporting active/deferred and pensioner liabilities was 6.5% and 10.6% respectively during the year to 30 June 2024. This is higher than the previous assumption of 4.0% per annum for assets supporting actives/deferred liabilities and 6.0% per annum for assets supporting current pension liabilities; and
- A reduction in the membership thereby spreading the surplus over a smaller membership base, this the asset coverage of the benefit liabilities (when expressed as a percentage) has increased.

This was partially offset by the following items of negative experience:

- Salaries for active defined benefit members increased by an average of 5.0% per annum over the year to 30 June 2024. This is higher than the previous assumption of 3.0%; and
- In accordance with the recommendations made at the previous actuarial investigation, the Employer has not made contributions towards the defined benefit liabilities while members continue to accrue benefits and the Plan continues incurring expenses; and
- The overall impact of changing assumptions used for valuing future benefits.

Assumptions

I have updated the assumptions adopted to value the Plan liabilities from those used in the previous investigation. These reflect changes to the economic environment since the previous actuarial investigation.

These changes have slightly increased the Actuarial Value of Accrued Benefits and the value of pension liabilities included in the other liability measures.

Section 3 has more details of the Plan's experience. The actuarial assumptions adopted for the current investigation are set out in Section 4. The Plan's financial position is examined in detail in Section 7.

Recommended Contribution Rates and Projections

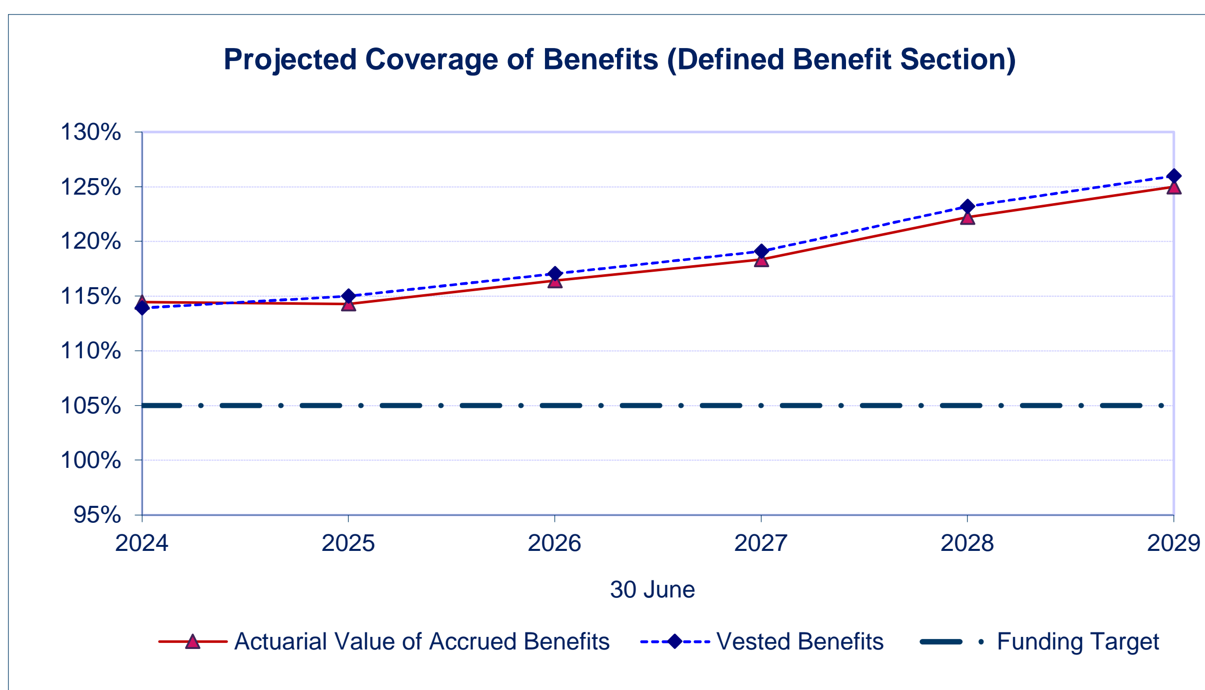
At 30 June 2024, the Plan was in a satisfactory financial position. The 113.9% coverage of the vested benefits was also above the financing objective of 105% coverage adopted for this investigation.

I recommend the Employer contributes to the Plan in accordance with the following contribution program based on the financial position at 30 June 2024.

- No regular contributions in respect of the defined benefit section (i.e. a continuation of the current contribution holiday);
- Any additional contributions in respect of Ordinary Time Earnings not included in Total Salary as required to satisfy the Superannuation Guarantee; and
- The amounts allocated to accumulation section members' account balances (including contributions allocated to provide defined benefit members' Retirement sub-account) as required by legislation and contractual obligations.

All members' contributions, including voluntary and salary sacrifice contributions for defined benefit and accumulation members, must also continue to be paid in addition to the above contributions.

I have prepared the following projection of Plan assets and benefit liabilities based on the assumptions adopted for this investigation and the recommended contribution rate:



The graph above shows that the recommended contributions are anticipated to result in assets of at least 105% of vested benefits (which is the financing objective adopted in this investigation) over the period to 30 June 2029.

Please note, I have not taken account of actual investment performance since the actuarial investigation date in the above projections as the investment performance to date will not have a material impact on my contribution recommendations.

In my view, the Trustee should be satisfied with the expected level of security for members' benefits if the Employer makes contributions to the Plan on the basis recommended and the Plan's financial position continues to be monitored.

Risks

The Trustee should note that the projection of the Plan's financial position is based on the assumptions adopted, which represent a single scenario from a range of possibilities. The future is uncertain and the Plan's actual experience will differ from these assumptions; these differences may

be minor in their overall effect, or they may be significant and material. In addition, different sets of assumptions or scenarios may also be within a reasonable range and results based on those alternative assumptions would be different.

The Trustee has a monitoring process which will identify if an adjustment to the contribution recommendations is required prior to the completion of the next formal actuarial investigation. The Trustee's monitoring of the experience specified in the Notifiable Events section of the Funding and Solvency Certificate will provide a further means of identifying adverse experience which warrants an immediate review of the Plan's financial position.

The liability measures shown in this report assume that the Plan continues to operate 'as is' until the last pensioner dies. In the event of a Plan wind-up, or termination of pension payments, prior to the natural cessation of the pensions, different measures of the benefit liabilities may apply, and further financing from the Employer may be required to meet the resulting benefit liabilities.

Section 8 provides illustrations of the impact of investment volatility on the projected coverage of vested benefits and shows that a 1% pa reduction in the assumed future investment return would result in an 3% increase in the Accrued Value of Accrued Benefits.

Section 8 and 10 discuss other risks associated with the Defined Benefit liabilities, including salary increase risk, small plan, legislative risk and risks around the provision of insurance benefits within the Plan.

I discuss in Section 9, risks related to the Plan's pension liabilities, including longevity risk and risks involved if the pension liability were to be valued by a third party (for example, by a life office).

Other Findings and Recommendations

Suitability of Policies

I am satisfied that the following current policies for the defined benefit section of the Plan are suitable:

- Investment policy;
- Crediting rate policy;
- Insurance arrangements;
- Shortfall Limit (for the purposes of SPS 160); and
- Trustee's process for monitoring the Plan's financial position.

Actions Required by the Trustee

The Trustee should:

- Consider this report and confirm its agreement (or otherwise) to the contribution and other recommendations;
- Seek formal agreement from the Employer to contribute in line with the recommendations;
- Continue to monitor the progress of the Plan's coverage of vested benefits; and
- Continue to monitor the "Notifiable Events" specified in the Plan's Funding and Solvency Certificate and advise the Actuary should any actual or potential Notifiable Events occur.

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Introduction

Background of the Plan

The Plan is operated for the benefit of employees of Ampol Limited and other participating employers. It is a corporate plan in the AMP Super Fund.

Effective 15 May 2020, the trusteeship of the Plan was transferred from AMP Superannuation Limited to N. M. Superannuation Proprietary Limited on a “successor fund transfer” basis. The Trustee has advised that all Plan rules remain consistent with those that applied prior to the successor fund transfer. The Trustee holds a Registrable Superannuation Entity Licence under the SIS legislation and operates the Plan as required under the Trust Deed.

The Plan has a closed defined benefit section and an accumulation section which is open to all new Plan members. The Trustee administers assets for the defined benefit and accumulation sections separately. The liability for accumulation section benefits is matched to the value of the underlying investments at any given time.

The defined benefit section includes a mix of active and deferred members and current lifetime pensioners. Active and deferred members are provided with lump sum benefits on leaving service, death or disablement and have no option to elect a lifetime pension. Appendix A provides a high level summary of the Plan’s defined benefits.

The Plan is a resident regulated fund and a complying superannuation fund for the purposes of the SIS legislation. The Plan is taxed as a complying superannuation fund.

If the Plan was terminated, the liability to pay benefits under the Plan’s governing rules is limited to whatever assets are then held in the Plan.

Purpose

I have prepared this report exclusively for the Trustee of the Plan for the following purposes:

- To present the results of an actuarial investigation of the defined benefit section of the Plan as at 30 June 2024;
- To review Plan experience for the period since the previous actuarial investigation as at 30 June 2023;
- To recommend contributions to be made by the Employer intended to allow the Plan to meet its benefit obligations in an orderly manner, and to reach and maintain an appropriate level of security for members’ accrued benefit entitlements;
- To satisfy the requirements of the Plan’s Trust Deed for actuarial investigations of the Plan’s financial position; and
- To meet legislative requirements under relevant Commonwealth superannuation legislation; these include the Superannuation Industry (Supervision) Act 1993 and associated regulations (SIS legislation) and SPS 160.

My report satisfies Professional Standard 400 issued by the Actuaries Institute setting out requirements for actuarial investigations of defined benefit superannuation funds.

This actuarial investigation has not considered the assets or liabilities of the accumulation section of the Plan.

The previous actuarial investigation was conducted as at 30 June 2023 by me, on behalf of Mercer, and the results are contained in a report dated 31 October 2023.

Significant Events since the Investigation Date

I am unaware of any significant events that have occurred since 30 June 2024 which would materially impact on the findings or recommendations in this report.

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Experience since the Last Investigation

Data Provisions

To prepare this report, I have relied on financial and participant data provided by the Plan's administrator. The data used is summarised in this report. I have not independently verified or audited the data provided but have performed a range of broad "reasonableness" checks and tested for consistency with previous records. I am satisfied that the data is sufficiently accurate for the purposes of this actuarial investigation.

I have also relied upon the documents, including amendments, governing the Plan as provided by the Trustee. I understand that all Plan rules remain consistent with those that applied prior to the successor fund transfer. The Trustee is ultimately responsible for the validity, accuracy and comprehensiveness of this information. If the data or Plan provisions are not accurate and complete, the investigation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a revision of this report.

Membership

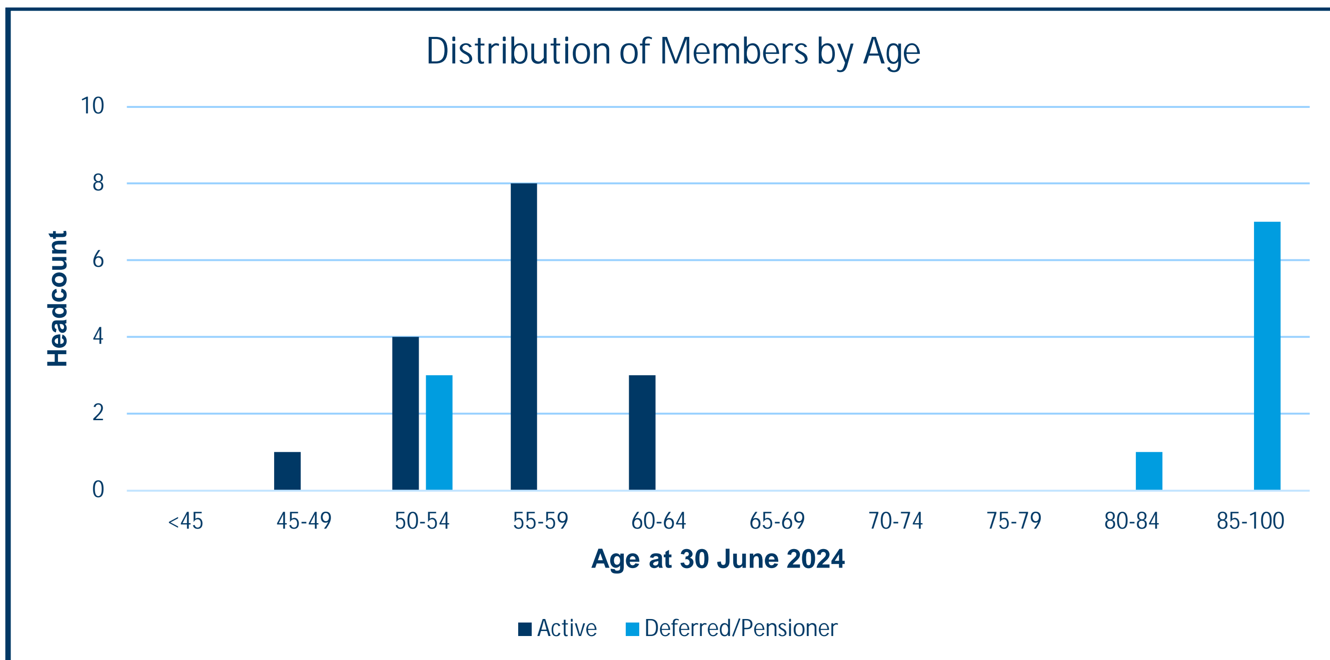
The membership of the Plan's defined benefit section comprised as follows:

As at 30 June 2024	Active	Deferred	Pensioner
Number of members	16	3	8
Total annual salaries/pensions	$3,039,000	n/a	$41,000
Average age (years)	57.0	54.0	93.3

Since the previous actuarial investigation as at 30 June 2023, four active members exited the defined benefit section of the Plan and two deferred members were paid their benefit on attaining age 55. Three pensioners died during the period.

During the period under review the number of defined benefit members within the Plan reduced from 36 to 27 members. This means that any excess assets are spread over a smaller number of members, and the coverage of the benefit liabilities (when expressed as a percentage) will have increased, all else being equal.

The distribution by age of the membership as at 30 June 2024 is shown in the following graph:



Investment Returns

The estimated rate of investment earnings (after tax, investment fees and asset-based administration fees) on assets supporting the Plan's active/deferred liabilities was 6.5% over the year to 30 June 2024 (10.6% on assets supporting current pension liabilities).

This is higher than the assumption used at the previous investigation of 4.0% per annum (6.0% per annum for assets supporting current pension liabilities).

The higher than assumed return had a positive impact on the Plan's financial position.

Salary Increases

Salaries for the active defined benefit members increased by an average of 5.0% over the year to 30 June 2024 compared to the longer term assumption at the last actuarial investigation of 3.0% per annum. The higher salary increases than assumed had a negative impact on the Plan's financial position, as most of the Plan's liabilities are salary related.

Contributions

In accordance with the recommendations made at the previous actuarial investigation, the Employer has not made contributions towards the defined benefit liabilities (i.e. a contribution holiday). As expected, the contribution recommendations reduced the excess of Plan assets over liabilities as members continue to accrue benefits and the Plan continues to incur expenses.

Impact of Experience on the Financial Position

The main experience items affecting the Plan's financial position during the period from 30 June 2023 to 30 June 2024 were as follows:

Item	Assumption at previous review	Plan experience	Comment on effect
Investment returns	4.0% pa (Active/Deferred); 6.0% pa (Pensioners)	6.5% (Actives/Deferred); 10.6% (Pensioners)	Positive effect – investments grew at a higher rate than assumed.
Salary increases	3.0% pa	5.0% pa	Negative effect – benefit liabilities grew at a higher rate than assumed.
Membership changes			Positive effect – reduction in membership has spread excess assets over smaller membership base.
Contributions	Benefit accrual of 14.3% of salaries and expenses of $50,000 per annum	Nil	Negative effect – the Employer has been on a contribution holiday while member benefits accrued over the period and Plan expenses erode surplus.

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Actuarial Assumptions

The ultimate cost to the Employer of providing the benefits to members is:

- The amount of benefits paid out; and
- The expenses of running the Plan, including tax;

less

- Members' contributions; and
- The return on investments.

The ultimate cost to the Employer will not depend on the actuarial assumptions or the methods used to determine the recommended Employer contribution, but on the actual experience of the Plan. The financing method and actuarial assumptions adopted will however affect the timing of the contribution requirements from the Employer.

The actuarial process includes projections of possible future Plan assets and benefit liabilities on the basis of actuarial assumptions about future experience.

These assumptions include investment returns, salary increases, the rates at which members leave the Plan for various reasons, and other factors affecting the financial position of the Plan.

It is not expected that these assumptions will be precisely borne out in practice, but rather that in combination they will produce a model of possible future experience that is considered a suitable basis for setting contribution rates.

Economic Assumptions

The most significant assumption made in estimating the cost of defined benefits is the difference between:

- The assumed rate of investment earnings; and
- The rate of salary increases used in the projections of future benefit payments.

This difference is commonly referred to as the "gap".

The key economic long term assumptions adopted for this investigation are:

Assumption as at 30 June 2024	per annum
Investment returns (after tax, investment and asset-based administration fees)	
- assets supporting current pension liabilities	5.5% p.a.
- assets supporting other defined benefit liabilities	4.5% p.a.
General salary increases	4.0% p.a.

The assumption for investment returns is based on the expected investment return over a period matching the future duration of the liabilities of the Plan, for the Plan's current benchmark investment mix, calculated using Mercer's assumptions of the means and standard deviations of returns from the various underlying asset classes and the correlations of returns between those asset classes.

The return assumption for assets supporting current pension liabilities is higher than the assumption for assets supporting active members' liabilities as the pension assets are invested in a strategy with a larger allocation to growth asset classes and income from these investments is tax exempt.

The salary increase assumption is based on economic forecasts for future increases in average weekly earnings, the age profile of the remaining defined benefit members, and input from the Employer.

Pension payments are not indexed.

Demographic and Decrement Assumptions

Retirement, Death in Service, Total and Permanent Disability and Resignation

The Plan is not large enough to obtain meaningful experience in relation to rates of decrement. The rates at which active members are assumed to leave the Plan are based on the experience of similar plans administered or advised by Mercer.

The assumed rates of exit are unchanged from the previous investigation. Specimen rates are set out below.

Age	Retirement
55-58	10%
59	20%
60	50%
61-63	30%
64	50%
65	100%

Age	Resignation	Death and TPD
45	5.0%	0.32%
50	2.9%	0.51%
55	-	1.20%
60	-	1.90%

Deferred Benefits

Allowance is made for active members to choose the deferred retirement benefit option where the estimated actuarial value of the deferred retirement benefit option is greater than the vested lump sum benefit.

Deferred benefits are paid on attaining age 55.

Retrenchment and Ill Health

No specific allowance is made for the possibility of future retrenchments. The benefit payable on retrenchment is equal to the resignation benefit or, if eligible, retirement benefit. Any substantial retrenchment program would require further assessment.

No allowance is made for the possibility of future ill health retirements. The benefit payable on ill health is equal to the accrued retirement benefit.

Pensioner Mortality

The Plan is not large enough to obtain meaningful experience in relation to pensioner mortality. I have used the following assumptions, based on Mercer's analysis of public sector pensioner mortality:

Primary pensioner	Mercer 2017-22 Retirement Pensioner Mortality Rates.
Spouse reversionary	Australian Life Tables 2015-2017 (90% weightings).

Allowance is also made for future improvements (i.e. reductions) in the rates of mortality based on the improvement factors published in the most recent Australian Life Tables 2015-17. These factors have been derived from historical trends of the Australian population over the last 25 to 125 years, and an average of these improvement factors have been adopted for this investigation.

Pensioner mortality assumptions have changed since the previous actuarial investigation based on Mercer's latest report into public sector pensioner mortality in Australia and the change slightly increased the value of pensioner liability.

Other Assumptions

New Members

The Plan's defined benefit section is closed to new entrants and I have made no allowance for new members. All new members are assumed to join an accumulation category.

Expenses

Administration and management expenses for the defined benefit section are met from Plan assets. Based on recent experience, expenses are assumed to average $50,000 per annum, indexed at 2.5% per annum. This assumption is unchanged from the previous investigation.

All administration expenses and insurance costs for accumulation section members are assumed to be fully financed via deductions from members' account balances.

Tax

I have assumed that the current tax rate of 15% continues to apply to the Plan's assessable income, along with current tax credits and deductions.

All future Employer and member salary sacrifice contributions are assumed to be subject to 15% contribution tax, after deduction of any insurance premiums and administration and management costs. All contribution recommendations quoted in this report are gross of contributions tax.

I have made no allowance for:

- Excess contributions tax, as this is payable by the member.
- Division 293 tax on contributions (including defined benefit notional contributions) for those with incomes above the threshold (currently $250,000), which is also payable by the member.
- The proposed Division 296 tax – an additional tax of 15% on the growth in benefit where a member's total superannuation benefits exceeds $3 million expected to apply from 1 July 2025.

The Superannuation Guarantee (Administration) Act 1992

The SG Act requires employers to provide minimum superannuation benefits that are fully vested in their employees within a complying superannuation fund.

The contribution rates recommended in this report and the projections of the financial position allow for benefits to be augmented as necessary to meet the minimum SG benefit described in the Plan's actuarial Benefit Certificate. The SG rate is currently legislated to increase from 11.5% to 12% from 1 July 2025.

Impact of the Changes in Assumptions

I have summarised in the table below the changes in assumptions from those used in the previous investigation and the reasons for the changes:

Assumption	Investigation at 30 June 2024	Investigation at 30 June 2023	Reason for change
Investment returns – Active/Deferred members	4.5% pa	4.0% pa	Updated investment outlook in relation to asset class returns.
Investment returns – Pensioners	5.5% pa	6.0% pa	Updated investment outlook in relation to asset class returns.
Salary increases	4.0% pa	3.0% pa	Updated wage outlook, as advised by the Employer.
Pensioner mortality	Mercer Standard Pensioner Table 2017-22, including improvement rates based on Australian Life Tables (Average of 25 year and 125 year rates)	Mercer Standard Pensioner Table 2012-17, including improvement rates based on Australian Life Tables (25 year rates)	Updated to reflect most recent analysis on public sector mortality

The overall impact of the changes in assumptions was to increase the Actuarial Value of Accrued Benefits by $175,000.

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Assets

Market Value

The net market value of the Plan's assets as at 30 June 2024 was $19,542,000 (based on unaudited data provided by the Plan's administrator).

As at 30 June 2024	$'000s
Defined Benefit reserve	$19,305
Pension Reserve	$237
Accruals	-
Net assets	**$19,542**

This value has been used for the purposes of the investigation.

Pension payments are met from the segregated pension reserve. The amount of the segregated pension assets should generally be reviewed from time to time and re-balanced where necessary to equal the pensioner liabilities. Based on the actuarial assumptions used for this investigation, the value of the pensioner liabilities as at 30 June 2024 is estimated to be $174,000. The Trustee should consider rebalancing the pension reserve, if the rules permit, to be equal to the value of the pensioner liabilities.

Operational Risk Reserves

The assets to meet the Trustee's Operational Risk Financial Requirement (ORFR) are held separately from the assets of the Plan.

The scope of this Investigation does not include a review of the adequacy of assets held to meet the Trustee's ORFR or the Trustee's ORFR strategy.

The Australian Prudential Regulator Authority (APRA) is conducting a review into the existing Prudential Standard SPS 114 Operational Risk Financial Requirement (SPS 114) with enhanced obligations for trustees. The Trustee will likely require a review of its ORFR strategy when the new prudential standard is in effect.

Investment Policy

Assets backing Defined Benefit Liabilities

The Plan's defined benefit reserve is currently invested in the AMP Future Directions Conservative and AMP Future Directions Moderately Conservative investment options.

The Conservative option aims to achieve a rate of return (after costs and tax) of 1.75% per annum above inflation (Consumer Price Index) over 10-year periods. The Moderately Conservative option

aims to achieve a rate of return (after costs and tax) of 2.5% per annum above inflation over 10-year periods.

The strategic asset allocations for the assets supporting the defined benefit liabilities are as follows:

Asset Class	Conservative	Moderately Conservative
Australian Shares	10%	18%
Overseas Shares	11%	21%
Property and Infrastructure	12%	13%
Fixed Interest	37%	29%
Alternatives	7%	8%
Cash	23%	11%
Total	**100%**	**100%**

"Growth" type asset classes such as equity and property are expected to earn higher returns over the long term relative to "defensive" type asset classes such as fixed interest and cash, but at the same time to exhibit more variation in returns from year to year.

The overall allocation between the two investment options as at 30 June 2024 was 58% ($11.3m) Moderately Conservative and 42% ($8.1m) Conservative. I understand that all redemptions are currently being made from Conservative and that applications are being apportioned 25% to Conservative and 75% to Moderately Conservative. Based on the actuarial assumptions used for this investigation, the existing policy for cash flows is projected to result in all assets invested in Conservative being redeemed over the next four years, effectively moving the total allocation to Moderately Conservative.

The pension reserve is invested in the AMP Future Directions Balanced.

The defined benefit liabilities are not affected by the investment return on the Plan's assets. The volatility of the Plan's investment returns will therefore affect the financial position of the Plan from year to year and is likely to impact on the required level of Employer contributions.

The Plan's investments are expected to provide a high level of liquidity in normal circumstances. Hence, I do not envisage any difficulty in being able to redeem investments to meet benefit payments as they arise.

I am satisfied that the current investment strategy is appropriate in view of the Plan's longer term cash flows and the financial support provided by the Employer.

This conclusion takes into account my understanding that the Employer understands the possible variability in future contributions associated with the current investment policy. If the Employer has a different view, then this policy should be reviewed.

Assets backing Accumulation Benefit Liabilities

The Plan provides members with a range of investment options for their accumulation benefits (including the additional account balances of defined benefit members). The assets supporting the Plan's accumulation benefit liabilities are invested according to members' selected investment options and the actual returns on those investments (whether positive or negative) are passed on to members

via changes in the unit prices by which member account balances are determined. Thus the Plan's accumulation liabilities and related assets are fully matched.

I consider that the Plan's investment policy for assets relating to accumulation liabilities is suitable, having regard to the nature and term of these liabilities.

The Plan's investments are expected to provide a high level of liquidity in normal circumstances.

Crediting Rate Policy

Defined Benefits

The main features of the crediting rate policy in relation to defined benefits are summarised briefly below:

For the period up to the date of leaving service

A Declared Earning Rate is determined annually based on the actual rate of return on the assets supporting the defined benefits, adjusted for an Asset Based Fee. The unit prices used to value the assets include allowance for tax, investment costs and administration fees.

For benefits paid during the year, an interim earning rate is determined based on the year-to-date change in unit prices, adjusted for an Asset Based Fee. The interim rate is initially set each year as 85% of the 90 Day Bank Bill Rate at the annual administration review date, until such time that the Trustee has determined an actual earing rate for the first period of the Plan year. The interim rate is typically calculated monthly and applies for the period up to the date of leaving service for which a declared rate is not yet available.

Whilst a monthly update of the interim rate theoretically allows some scope for anti-selection, taking into account the nature of the benefits and that termination of service (with associated notice periods) would generally be required to trigger a payment, I consider that the current frequency of review of interim rates to be suitable.

For the period from the date of leaving service

Members' benefits are crystallised at the date of leaving service. For the period from the date of leaving service to the date of payment of the benefit (or until transferred to an investment option nominated by the member), the benefit is credited with 85% of the 90 day bank bill rate.

Accumulation Benefits

The main features of the unit pricing and crediting rate policy in relation to accumulation member accounts and to the additional accumulation accounts of defined benefit members are summarised briefly below:

- Earnings credited to the accounts are based on the actual net earning rates (i.e. earnings net of investment costs, asset-based administration fees and provisions for tax) of the members' selected investment options. Net earnings are allocated via changes in unit prices. Unit prices are determined on a daily basis. Rules relating to the prices at which units are bought and sold are designed to prevent selection against the Plan by members.
- Termination of service does not result in any automatic change in a member's investment options. Member accounts remain invested in their selected investment options until paid.

- No investment reserves are held. Net investment earnings are fully passed on to member accounts via unit prices.

Conclusion

A detailed review of the unit pricing and crediting rate policy is outside the scope of this actuarial investigation. Based on a review of the main features, I consider that the Trustee’s unit pricing and crediting rate policy is generally suitable taking into consideration the principles of equity between different generations of members and any material risks which may have a significant impact on the Plan (i.e. a market shock or sudden downturn in investment markets).

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The Actuarial Approach

Financing Objective

Defined benefit liabilities are based on members' salaries and service and do not depend on the value of the underlying investments (as is the case for accumulation benefit liabilities).

The Employer bears the risks associated with financing the Plan to ensure assets are sufficient to meet the defined benefit liabilities and makes additional contributions if there is any shortfall.

The Trustee is focussed on the security of members' benefit entitlements. The financing objective used for this actuarial investigation is to maintain the value of the Plan's assets at least equal to 105% of defined benefit vested benefits (including deferred benefits and pension liabilities).

A margin in excess of 100% of vested benefits provides some security against adverse experience (such as poor investment returns) and reduces the risk of the Plan's financial position becoming unsatisfactory.

The contribution recommendations are reviewed at each actuarial investigation to ensure that the Plan remains on course towards the financing objective.

Based on the assumptions used for this investigation, achieving the financing objective of 105% of vested benefits would also result in at least 100% coverage of the actuarial value of accrued benefits and SG minimum benefits. Hence, it is not considered necessary to adopt specific financing objectives in relation to these benefit liability measures.

I have taken into consideration the provisions of the Trust Deed and any professional requirements as set out below.

Professional Requirements

Under Professional Standard 400 issued by the Actuaries Institute, the funding method selected by the actuary *"must aim to provide that:*

(a) members' benefit entitlements (including any pension increases provided by the Trust Deed or in accordance with either precedent or the intentions of the Trustee and/or Fund Sponsor) are fully funded before the members retire; and

(b) the Net Assets of the Fund from time to time, after making full provision for the entitlements of any beneficiaries or members who have ceased to be employed, exceed the aggregate of benefits which employed members would reasonably expect to be payable to them on termination of membership, including the expenses of paying those benefits, and having regard to the provisions of the Trust Deed and the likely exercise of any Options or Discretions." (Paragraph 5.5.4 of PS400).

Accordingly the actuary needs to be satisfied that any funding program is expected to provide a level of assets which meets or exceeds immediate benefit entitlements based on members' reasonable expectations. Should assets fall below that level, the funding program needs to aim to lift assets to at least the required level over a reasonable time period and to maintain assets at or above the required level thereafter.

I have set the financing objective on the basis that members' reasonable expectations on termination would be to elect either an immediate lump sum or, if eligible, a deferred retirement benefit payable at age 55. Therefore, it is my opinion that suitable target for financing purpose is vested benefits, not simply vested lump sum benefits. Vested benefits for deferred members and pensioners are equal to the lump sum value of future payments, determined using the actuarial assumptions adopted for this investigation.

Provisions of the Trust Deed

The rules of the AMP Super Fund require that:

- The Trustee ensures an actuarial investigation of the Plan is conducted when required by legislation. Accordingly actuarial investigations are carried out at annual intervals, and
- The Employer must contribute at the rate agreed with the Trustee having regard to the report of the Actuary.

Financing Method

There are various financing methods that could be followed in setting the Employer contribution level. This investigation uses a "Target Funding" method, which was also used at the previous investigation.

Under this method, the Employer contribution rate required to provide a target level of coverage of a particular benefit liability measure is determined.

The level of the Employer contributions may vary from time to time to ensure that the Plan remains on course towards its financing objective (minimum 105% coverage of vested benefits).

I consider that the Target Funding method is suitable in the Plan's current circumstances as it allows the recommended contribution rate to be determined specifically to meet the Plan's financing objective.

7

Financial Position of the Plan

Liability Measures

Vested Lump Sum Benefits

Vested lump sum benefits are the immediate lump sum amounts payable as of right to active members who voluntarily resign or, if eligible, retire at the investigation date, plus the estimated actuarial value of future payments for deferred members and pensioners.

Vested Benefits

On resignation, members have the option to elect to defer their benefit and receive a retirement benefit upon attaining age 55. The vested benefits are similar to vested lump sum benefits except that allowance has been made for eligible members to elect the greater of the vested lump sum benefit and the estimated actuarial value of the deferred retirement benefit option.

Vested benefits for deferred members and pensioners are equal to the estimated actuarial value of future payments.

Coverage of at least 100% of vested benefits is necessary for the Plan to be in a “satisfactory financial position” as defined in SIS legislation.

Actuarial Value of Accrued Benefits

The Actuarial Value of Accrued Benefits is the expected value (as at the investigation date) of all future expected benefit payments, based on membership to date, discounted to the investigation date, taking into account the probability of payment. This value is calculated using the actuarial assumptions and method outlined in the previous sections. Further details concerning the calculation of the Actuarial Value of Accrued Benefits are set out in Appendix B.

The actuarial value of accrued benefits for deferred members and pensioners is equal to the estimated actuarial value of future payments.

100% coverage of assets over this measure of benefit liabilities would generally indicate a sound level of long term funding as, if no future benefits were to accrue to existing members, assets would be expected to meet all future benefit payments (assuming the actuarial assumptions are borne out in practice).

Accrued Retirement Benefits

The accrued retirement benefits measures the part of the ultimate retirement benefits which have accrued to the investigation date. The ratio of assets to the accrued retirement benefits provides a simple indication of the Plan’s long term progress towards financing these ultimate retirement benefits.

This is purely a notional measure and makes no allowance for the expected difference between future investment returns and salary increases, or the probability of becoming eligible for a retirement benefit.

The accrued retirement benefit is also the amount payable on exit due to ill-health retirement.

SG Minimum Benefits

SG minimum benefits are the minimum benefits required under SG legislation, as defined in the Benefit Certificate (also referred to as Minimum Requisite Benefits or MRBs).

SG minimum benefits for existing pensioners are equal to the estimated actuarial value of future payments.

The Plan assets at 30 June 2024 were greater than the MRBs and hence the Plan was considered to be “solvent” under SIS legislation.

Financial Position as at 30 June 2024

The following table summarises the Plan’s financial position as at 30 June 2024, and shows the corresponding coverage of assets over liabilities at the previous investigation:

	Position at 30 June 2024		
Defined Benefits Section	**$000**	**Asset Coverage**	**Coverage at 30 June 2023**
Assets	19,542		
Vested Lump Sum Benefits	15,807	123.6%	120.0%
Vested Benefits	17,154	113.9%	111.2%
Actuarial Value of Accrued Benefits	17,074	114.5%	112.8%
Accrued Retirement Benefits	17,590	111.1%	108.6%
SG Minimum Benefits	10,846	180.2%	172.5%

The above totals exclude the account balances in the Plan’s accumulation section. These balances are invested in accordance with members’ investment choices and the value of the liabilities are matched to the value of the underlying investments.

The defined benefit section results as at 30 June 2024 include liabilities for deferred benefits of $1,604,000 and current pensions of $174,000.

As at 30 June 2024, the value of the Plan’s assets is adequate to meet the liability for vested benefits. Therefore, the Plan is considered to be in a “satisfactory financial position”, as defined in superannuation legislation.

The coverage levels at 30 June 2024 have changed since the previous actuarial investigation due to experience as discussed in Section 3.

Actuarial Balance Sheet

The following table shows the Plan's actuarial balance sheet, where projected future cash flows have been converted to a present value by discounting at the assumed rate of investment return:

As at 30 June 2024	$'000s
Actuarial present value of future benefit payments accrued at the investigation date	17,074
Actuarial present value of future benefit payments accruing after the investigation date	1,865
Actuarial present value of all future benefit payments	**18,939**
Current value of defined benefit assets	19,542
Actuarial present value of future member contributions	505
Actuarial present value of future available assets (in the absence of other contributions)	**20,047**
Excess/(deficit)	**1,108**

The results above indicate that Plan assets are expected to be more than sufficient to finance future benefit payments, assuming the actuarial assumptions are borne out in practice, even if the Employer makes no future contributions to finance the defined benefit payments.

The actuarial balance sheet does not include provision for future administration and management expenses of the Plan. The expected excess of assets is projected to be sufficient to meet operating expenses without the need for additional Employer contributions.

Employer Future Service Cost

Based on the assumptions adopted for this investigation, I estimate that the Employer's long-term funding cost (i.e. the normal cost of funding the future service defined benefit accruals ignoring any surplus or deficit) is 15.1% of defined benefit members' salaries.

This rate is gross of contributions tax and includes the cost of insurance for defined benefit members but does not include any Award contributions paid to the accumulation section or allowance for future operating expenses for the defined benefit section.

This rate is higher than measured at the previous actuarial investigation (14.3%).

The assessed long-term costs for future service increased by 0.8% of salaries since the last investigation due to:

- A reduction in the gap between the assumed rate of investment earnings and the rate of salary increases (referred to as the "gap") from 1.0% pa to 0.5% pa;
- A change in Plan's membership profile.

Previous Recommendation

The previous actuarial investigation recommended the employer continue the previously advised contribution holiday.

Recommended Contributions

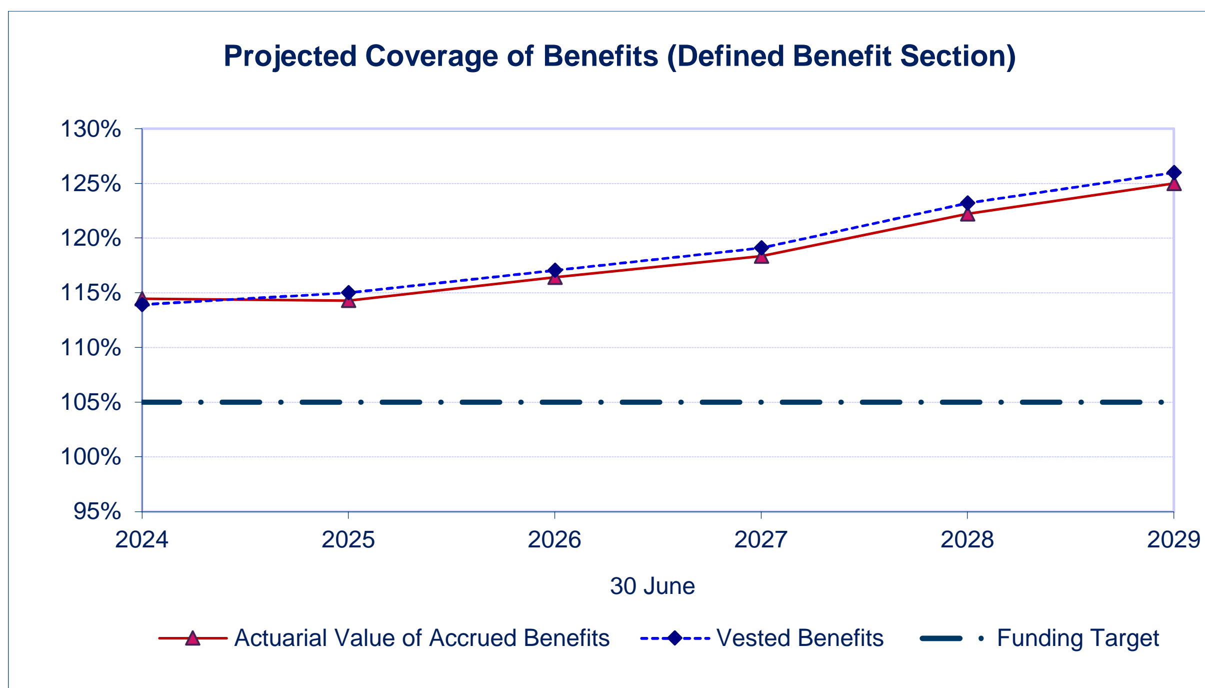
Based on the results of this actuarial investigation, I recommend that the Employer make contributions to the Plan of at least:

- No regular contributions in respect of the defined benefit section (i.e. a continuation of the current contribution holiday);
- Any additional contributions in respect of Ordinary Time Earnings not included in Total Salary as required to satisfy the Superannuation Guarantee; and
- The amounts allocated to accumulation section members' account balances (including contributions allocated to provide defined benefit members' Retirement sub-account) as required by legislation and contractual obligations.

All members' contributions, including voluntary and salary sacrifice contributions for defined benefit and accumulation members, must also continue to be paid in addition to the above contributions.

Projected Financial Position

I have prepared a projection of the Plan's financial position, based on the assumptions adopted for this investigation and if the Employer makes contributions in accordance with the recommendations, is shown below:



The projection above shows that the recommended contributions are anticipated to result in assets of at least 105% of vested benefits (which represents the financing objective adopted in this investigation) over the period to 30 June 2029.

This projection is based on the assumptions adopted, which represent a single scenario from the range of possibilities. The future is uncertain and the Plan's actual experience will differ from those assumptions; these differences may be minor in their overall effect, or they may be significant and

material. In addition, different sets of assumptions or scenarios may also be within the reasonable range and results based on those alternative assumptions would be different.

In my view, the Trustee should be satisfied with the expected level of security for members' benefits if the Employer makes contributions to the Plan on the basis recommended and the Plan's financial position continues to be monitored.

8

Key Risks

There are a number of risks relating to the operation of the Plan. The Plan's Risk Management Statement and Risk Management Plan should identify the full range of risks faced by the Trustee.

The more significant financial risks relating to members' defined benefits are discussed below.

Investment Volatility

The risk is that investment returns will be lower than assumed and that the Employer will need to make additional contributions to offset this shortfall.

For example, if the assumed future investment return was reduced by 1% per annum (with no other change in actuarial assumptions), the actuarial value of accrued benefits would increase by $509,000 (i.e. the Employer's funding cost impact would be $509,000 / 0.85 = $599,000 including allowance for tax), with a resulting reduction in the coverage of the actuarial value of accrued benefits from 114.5% to 111.1%.

Note, however, that the actual investment return achieved by the Plan in future may vary (positively or negatively) from the assumed return by much more than the (negative) 1% per annum illustrated in the example above.

I have considered the impact of investment volatility on the Plan's financial position over the next few years using a "high return" and a "low return" scenario. The returns under both scenarios have been derived from assumptions about the likely risk attached to the Plan's defined benefit investment strategy.

The current vested benefits for defined benefit members are linked to salaries and not linked to investment returns. Therefore, the Plan's vested benefits coverage is highly sensitive to changes in the investment return assumptions.

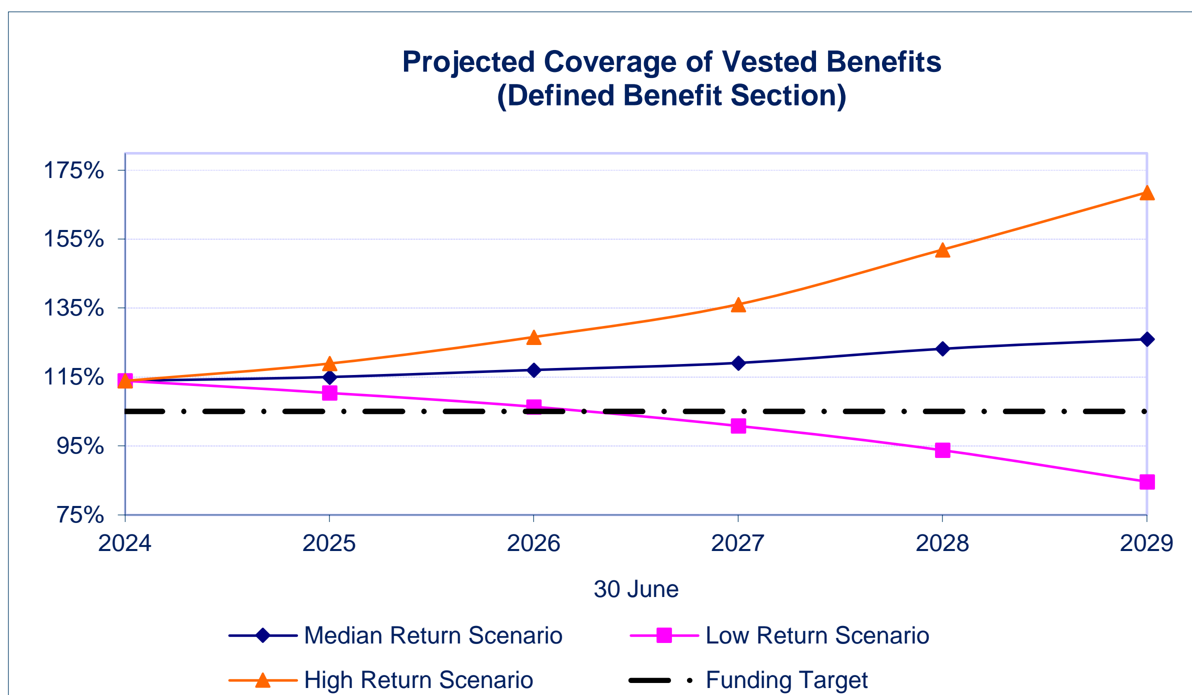
Using the investment return model and assumptions adopted, there is approximately a 10% chance of the Plan's cumulative investment return being less than the "low return" scenario over the next 5 years. Similarly, there is approximately only a 10% chance of the Plan's cumulative investment return being greater than the "high return" scenario over the next 5 years.

1 July 2024 to 30 June	Assumed Cumulative Investment Return* (%)		
	"Low Return"	Valuation	"High Return"
2025	0.3%	4.5%	8.1%
2026	0.6%	9.2%	16.8%
2027	1.0%	14.1%	26.2%
2028	1.3%	19.3%	36.4%
2029	1.6%	24.6%	47.4%

* Higher assumed returns apply for assets supporting current pension liabilities as earnings are tax exempt.

The cumulative investment return is the total return from the investigation date up to 30 June in the year shown. The returns apply to assets supporting the liabilities of active members, with higher returns assumed for assets supporting pensioners. The extent of variation allowed for in these projections reflects the Plan's asset mix and Mercer's views on potential variability in investment results in various investment sectors.

The graph below shows the effect on the projected ratio of assets to Vested Benefits for defined benefit members under the "high return" and "low return" scenarios, with all other investigation assumptions remaining unchanged.



Based on fluctuations in investment returns only, and assuming other experience is in line with the assumptions adopted for this investigation, there is approximately an 80% chance that the coverage of assets over vested benefits at 30 June 2027 will fall in the range from 101% to 136%.

The "low return" scenario and the "high return" scenario shown above are illustrations only, and show what may occur under assumed future experiences that differ from my baseline assumptions. These scenarios do not constitute upper or lower bounds and the actual future coverage of vested benefits may differ significantly from the range shown above, depending on actual future experience.

Salary Growth Risk

The risk is that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing benefit amounts and thereby requiring additional employer contributions. This risk is borne by the Employer.

For example, if the assumed future salary increase rate was increased by 1% per annum with no change in other assumptions, then the actuarial value of accrued benefits would increase by $418,000 (i.e. the Employer's funding cost impact would be $418,000 / 0.85 = $492,000 including allowance for tax), with a resulting reduction in the coverage of the actuarial value of accrued benefits from 114.5% to 111.7%.

The actual rate of future salary increases may vary (positively or negatively) from the rate assumed at this investigation by much more than the (positive) 1% per annum illustrated in the example above.

Legislative Risk

This risk is that the Commonwealth Government could make legislative changes that increase the cost of providing the defined benefits – for example, an increase in the rate of tax on superannuation funds. This risk is borne by the Employer and is a real risk with the current level of government debt and interest rates.

Small Plan Risk

This risk relates to supporting a defined benefit plan where there are few remaining defined benefit members meaning the law of averages no longer applies and the time horizon of the defined benefit liabilities may have become short. Issues that may require consideration include:

(i) Funding may have previously been based on the defined benefit section of the Plan continuing in the longer-term, which may no longer hold. Therefore, greater focus is required on the funding of benefits immediately payable to members (e.g. vested benefits);

(ii) With few remaining members, the experience of a single member or event will have a proportionately larger impact on the financial position. Therefore, more frequent monitoring of the financial position will be required;

(iii) Contributions required to finance any shortfalls, specifically as a percentage of salary roll of defined benefit members, can become significant;

(iv) The investment strategy may have been set based on the liabilities continuing in the longer-term, which may no longer hold. Therefore, the strategy may need to be revised to reflect the shorter term of the liabilities;

(v) Fees in respect of the Plan, particularly relative to the number of defined benefit members and salary roll, can become significant. Most actuarial tasks are essentially the same whether there are one or 100 defined benefit members. As defined benefit funds reduce in membership, the actuarial fees may, in fact, increase because of additional monitoring being required. Industry changes such as the SG rate increase can also result in additional fees; and

(vi) The expected wind-down of the remaining defined benefit members.

9

Pension Liabilities and Related Risks

The Plan currently has 8 lifetime pensioners, as shown in the membership table in Section 3. Lifetime pensioners present particular risks to the Plan as there is uncertainty relating to the period for which they will be paid.

Longevity Risk

The risk is that pensioners live for longer than anticipated. If pensions are paid for longer than estimated, the Employer may be required to make additional contributions to meet the increased cost.

However, the liability for pensioners is a relatively minor component of the Plan's total defined benefit liabilities. The remaining pensioners are already of advanced age. The risks associated pensioner longevity are currently considered to not be a material financial concern.

'Market Value' of Pension Liabilities

The basis used to value the Plan's pension liabilities for the purposes of this investigation is considered suitable taking into account the Plan's current circumstances, including the existing investment policy. In particular, the financing objective has been set on the basis that pensioners' reasonable expectations on termination of the Plan would be for a continuation of their existing pension entitlements through a complying superannuation fund with ongoing support of the Employer.

If instead the pension liabilities were to be valued on a "market value" basis – that is, the amount which would be required to be paid to a third party (for example, a life office) to take on the liability – a higher pension liability value would likely be obtained. I am able to provide further information to the Trustee on this if required.

10

Insurance Risks

Insurance

The Plan is not permitted to self-insure death and disability benefits. Death, total and permanent disablement (TPD) and temporary salary continuance benefits are subject to an external insurance policy underwritten by MLC Limited. The purpose of the insurance policy is to protect the Plan against unexpectedly large payouts on the death or disability of members.

For accumulation members, death and lump sum total and permanent disablement (TPD) benefits in excess of total account balances are fully insured.

For defined benefit members, the group life sum insured formula currently in use (for both death and TPD benefits) is:

Sum insured = Death/TPD benefit – Accrued retirement benefit

The definition of TPD in the policy is also used to establish a member's eligibility for the benefit under the Plan's governing rules, thus avoiding any definition mismatch risk.

The total amount insured should cover the excess of the death/TPD benefits over the Plan's assets. Based on the formula in use at the investigation date, the coverage of death/TPD risk as at 30 June 2024 for the Plan was as follows.

	Defined Benefit members	$000s
	Death/Disablement Benefits	25,463
less	Sum Insured	9,650
less	Assets*	17,764
	Uncovered Death/Disablement Benefits	(1,951)

* Excluding assets equal to the liability for deferred benefits and current pensions.

These calculations show that the insurance formula results in over-insurance. This is not unexpected as there is currently a significant excess of assets over the accrued retirement benefits. Whilst the Trustee may wish to consider amending the formula to reflect the Plan's financial position and reduce the level of over-insurance, I acknowledge that the cost of implementing the insurance changes could potentially outweigh the premium savings. Furthermore, the excess on assets is expected to diminish due to the Employer contribution holiday.

A lump sum benefit is payable upon a member's ill-health retirement where ill-health is defined under the Plan's governing rules as "…unlikely ever again to be able to undertake the member's normal work duties…" The ill-health benefit is effectively the accrued retirement benefit and no part of the benefit is insured. As at 30 June 2024, ill-health benefits totalled $15,813,000 (excluding liabilities for deferred benefits and current pensions) and were therefore fully covered by the asset of the Plan.

In my opinion, the current group life insurance arrangements, including the sum insured formula for defined benefit members, are suitable and provide adequate protection for the Plan.

11

Prudential Standards

The prudential regulator (APRA) has issued a number of Prudential Standards for the superannuation industry, including SPS 160 relating to the financial management and funding of defined benefit plans. I comment below on several requirements arising from SPS 160.

Shortfall Limit

The Trustee must determine a "Shortfall Limit" for each fund, being:

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

I understand that the Plan's Shortfall Limit, determined by the Trustee on the basis of previous actuarial advice, is 98%.

The Shortfall Limit is expressed as the coverage level of the defined benefit vested benefits by the defined benefit assets. It is appropriate to consider the following factors when determining if the Shortfall Limit remains appropriate:

- The guidance provided in the relevant Actuaries Institute Practice Guideline 499.08: Shortfall Limit Required under APRA Prudential Standard 160 dated March 2023;
- The investment strategy for defined benefit assets;
- The results of this investigation regarding the extent to which the current and projected vested benefits are not linked to the investment return on defined benefit assets (i.e. salary-based benefits) and the current and projected relativity between vested benefits and SG minimum benefits.

Based on the above, I recommend the Trustee maintain the current Shortfall Limit.

The suitability of the Shortfall Limit will be reviewed as part of the next regular actuarial investigation. The Shortfall Limit should be reviewed earlier if the Trustee otherwise considers it appropriate to do so.

Monitoring Process

SPS 160 also requires the Trustee to determine and implement a process for monitoring the defined benefit vested benefits coverage against the Shortfall Limit for each plan. If this monitoring process indicates that the vested benefits coverage has (or may have) fallen below the Shortfall Limit, then under SPS 160:

- An "Interim Actuarial Investigation" may be required (depending on the timing of the next regular actuarial investigation); and
- A Restoration Plan is required to be put in place if an Interim Actuarial Investigation finds the plan has breached its Shortfall Limit. The Restoration Plan must be designed to return the plan to a "satisfactory financial position", so that the Vested Benefits are fully covered, within a reasonable period that must not exceed 3 years and this must be submitted to APRA.

The Trustee should continue to monitor the progress of the Plan's financial position to ascertain if an adjustment to the contribution recommendations is required prior to the completion of the next formal actuarial investigation.

The Trustee should also continue to monitor the "Notifiable Events" specified in the Plan's Funding and Solvency Certificate and advise the actuary should any actual or potential Notifiable Events occur.

Requirements due to Unsatisfactory Financial Position

Restoration Plan

Under SPS 160, a Restoration Plan is also required to be put in place if the actuary finds in a regular Actuarial Investigation that a plan:

- Is in an unsatisfactory financial position (whether or not the Shortfall Limit is breached); or
- Is likely to fall into an unsatisfactory financial position.

The Restoration Plan must be designed to return the plan to a "satisfactory financial position", so that vested benefits are fully covered, within a reasonable period that must not exceed 3 years from the investigation date.

An SPS 160 Restoration Plan is not required if the plan is technically insolvent (in which case the insolvency rules must be followed). If an SPS 160 Restoration Plan is already in place then any changes to the contribution program (including its period) must be made within the framework of that Restoration Plan.

As indicated by the financial position and the projections, I consider that:

- The Plan is not in an unsatisfactory financial position; and
- The Plan is not likely to fall into an unsatisfactory financial position.

Hence the special requirements of SPS 160 for funds in an unsatisfactory financial position do not apply at this investigation.

Actuary's Reporting Requirements

Section 130 of the SIS Act requires that if an actuary forms the opinion that a plan's financial position may be unsatisfactory, or may be about to become unsatisfactory, and that opinion was formed in performing an actuarial function, the actuary must advise both the Trustee and the prudential regulator (APRA) in writing immediately. An unsatisfactory financial position applies where assets are less than vested benefits.

These requirements do not currently apply as I am of the opinion that the Plan's financial position is not unsatisfactory (or about to become unsatisfactory).

Statements Required by SPS 160

This section provides statements required to be made under APRA Prudential Standard SPS 160. Values cited relate to the defined benefit section of the Plan (exclusive of any accumulation section assets and liabilities).

(a) The value of the Plan's assets as at 30 June 2024 was $19,542,000. This value excludes assets held to meet the Operational Risk Financial Requirement.

(b) In my opinion, the value of the liabilities of the Plan in respect of the actuarial value of accrued benefits as at 30 June 2024 was $17,074,000. Hence, I consider that the value of the assets at 30 June 2024 is adequate to meet the value of the actuarial value of accrued benefit liabilities of the Plan as at 30 June 2024. Taking into account the circumstances of the Plan, the details of the membership and the assets, the benefit structure of the Plan and the industry within which the Employer operates, I consider that the assumptions and valuation methodology used are appropriate in relation to the determination of the accrued benefit liabilities for the purposes of this report. Further comments on the assumptions and valuation methodology are set out in Sections 4 and 6 of this report. Assuming that the Employer contributes in accordance with my recommendations based on the assumptions used for this actuarial investigation, I expect that assets will remain sufficient to cover the value of accrued benefit liabilities over the period to 30 June 2027.

(c) In my opinion, the value of the liabilities of the Plan in respect of vested benefits as at 30 June 2024 was $17,154,000. Hence, I consider that the value of the assets at 30 June 2024 is adequate to meet the value of the vested benefit liabilities of the Plan as at 30 June 2024. Assuming that the Employer contributes in accordance with my recommendations based on the assumptions made for this actuarial investigation, I expect that assets will remain sufficient to cover the value of vested benefit liabilities over the period to 30 June 2027.

(d) In my opinion, the value of the liabilities of the Plan in respect of the SG minimum benefits of the members of the Plan as at 30 June 2024 was $10,846,000. Hence, the Plan was not technically insolvent at 30 June 2024.

(e) A projection of the likely future financial position of the Plan over the 3-year period following 30 June 2024, based on what I consider to be reasonable expectations for the Plan for the purpose of this projection, is set out in Section 7 of this report,

(f) Based on the results of this investigation, I consider that the Shortfall Limit does not require review. Comments are set out earlier in this section.

(g) In respect of the 3-year period following 30 June 2024, I recommend that the Employer contribute to the Plan at least:

- No regular contributions in respect of the defined benefit section (i.e. a continuation of the current contribution holiday);
- Any additional contributions in respect of Ordinary Time Earnings not included in Total Salary as required to satisfy the Superannuation Guarantee; and
- The amounts allocated to accumulation section members' account balances (including contributions allocated to provide defined benefit members' Retirement sub-account) as required by legislation and contractual obligations.

All members' contributions, including voluntary and salary sacrifice contributions for defined benefit and accumulation members, must also continue to be paid in addition to the above contributions.

(h) The Plan is used for Superannuation Guarantee purposes:

- All Funding and Solvency Certificates required under Division 9.3 of the SIS Regulations have been issued for the period from the date of the last investigation to 30 June 2024;
- I expect to be able to certify the solvency of the Plan in any Funding and Solvency Certificates that may be required in the three year period from 30 June 2024.

(i) In my opinion, there is a "high degree of probability", as at 30 June 2024, that the Plan will be able to meet the pension payments as required under the Plan's governing rules. Pensioners have priority on wind-up after member contribution balances and before other defined benefit entitlements.

12

Actuarial Certification

Actuary's Certifications

Professional Standards and Scope

I have prepared this report in accordance with generally accepted actuarial principles, Mercer's internal standards, and the relevant Professional Standards of the Actuaries Institute, in particular PS400 which applies to *"...actuarial investigations of the financial condition of wholly or partially funded defined benefit superannuation funds."*

Use of Report

This investigation report should not be relied upon for any other purpose or by any party other than the Trustee of the Plan. Mercer is not responsible for the consequences of any other use. This report should be considered in its entirety and not distributed in parts. The Trustee should share this report with the Employer who contribute to the Plan. The Employer may consider obtaining separate actuarial advice on the recommendations contained in the report.

The advice contained in this report is given in the context of Australian law and practice. I have made no allowance for taxation, accountancy or other requirements in any other country.

Actuarial Uncertainty and Assumptions

An actuarial investigation report contains a snapshot of a Plan's financial condition at a particular point in time, and projections of the Plan's estimated future financial position based on certain assumptions. It does not provide certainty in relation to a Plan's future financial condition or its ability to pay benefits in the future.

Future funding and actual costs relating to the Plan are primarily driven by the Plan's benefit design, the actual investment returns, the actual rate of salary growth, and any discretions exercised by the Trustee or the Employer. The Plan's actuary does not directly control or influence any of these factors in the context of an actuarial investigation.

The Plan's future financial position and the recommended Employer contributions depend on a number of factors, including the amount of benefits the Plan pays, the cause and timing of member withdrawals, plan expense, the level of taxation and the amount earned on any assets invested to pay the benefits. These amounts and others are uncertain and unknowable at the investigation date, but are predicted to fall within a reasonable range of possibilities.

To prepare this report, assumptions are used to select a single scenario from the range of possibilities. The results of that single scenario are included in this report.

However, the future is uncertain and the Plan's actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. For

this reason, this report shows the impact on the Plan's financial position if alternative assumptions were to be adopted.

Actuarial assumptions may also be changed from one investigation to the next because of mandated requirements, Plan experience, changes in expectations about the future and other factors. I did not perform, and thus do not present, an analysis of the potential range of all future possibilities and scenarios.

Because actual Plan experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts and benefit related issues should only be made after careful consideration of possible future financial conditions and scenarios, and not solely on the basis of a set of investigation results.

Additional Information

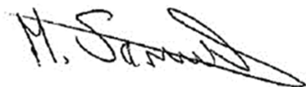
The next **actuarial investigation** is required at a date no later than 30 June 2025. At that time, the adequacy of the Employer contribution levels will be reassessed.

The next **Funding and Solvency Certificate** is required at least 12 months before the expiry of the current Funding and Solvency Certificate (which expires on 30 June 2026) and will need to be replaced by 30 June 2025 at the latest.

The next **Benefit Certificate** is required following the expiry of the current Benefit Certificate (which expires 30 June 2029). The current Benefit Certificate is designed to accommodate changes to the legislated Superannuation Guarantee schedule.

Further Information

Please contact me to provide any supplementary information or explanations about this actuarial investigation as may be required.



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Mark Samuels
Fellow of the Institute of Actuaries of Australia

11 December 2024

I have reviewed this report under Mercer's professional Peer Review Policy. I am satisfied that it complies with the applicable professional standards and uses assumptions and methods that are suitable for the purpose.

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Clement Cheung
Fellow of the Institute of Actuaries of Australia

Appendix A

Plan Design

Summary of Benefits

A simplified summary of the main benefit provisions in respect of defined benefit members is set out below. A full description of all the benefits is set out in the Trust Deed and the Plan's Participation Agreement, as amended from time to time. Reference should be made to the formal governing documents for definitive statements.

Component	Details
Members' Contributions	0%, 2.5% or 5% of superannuation salary.
Accrual Rate	Non-contributor: 10% per annum 2.5% contributor: 15% per annum 5% contributor: 20% per annum
Normal Retirement Age	The last day of the month of 65th birthday.
Final Average Benefit Salary (FABS)	Plan Benefit Salary payable during the 12 months preceding: the day of exit; the day 12 months prior to date of exit; or the day 24 months prior to date of exit, whichever is the highest.
Final Average Annualised Component (FAAC)	The Shift Component payable during the 12 months preceding: the day of exit; the day 12 months prior to date of exit; or the day 24 months prior to date of exit, whichever is the highest.
Final Average Shift Component (FASC)	The Annualised Component payable during the 12 months preceding: the day of exit; the day 12 months prior to date of exit; or the day 24 months prior to date of exit, whichever is the highest.
Retirement Benefit (on or within 10 years of NRA)	A lump sum equal to: Accrual Rate x Credited Membership x FABS + Accrual Rate x Credited Shift Membership x FASC + Accrual Rate x Credited Annualised Membership x FAAC. On reaching NRA, the defined benefit is crystallised and converted to an accumulation benefit.
Vesting Factor (VF1)	10% x Membership, subject to a maximum of 100% (all remaining members have at least 10 years of Membership).
Contributor Vesting Factor (VF2)	10% x Membership as a contributor, subject to a maximum of 100%.

Component	Details
Resignation Benefit	A lump sum equal to: 3% per annum x VF1 x (Credited Membership x FABS + Credited Shift Membership x FASC + Credited Annualised Membership x FAAC) + 1.5% per annum x VF2 x (Credited Membership as a 2.5% contributor x FABS + Credited Shift Membership as a 2.5% contributor x FASC + Credited Annualised Membership as a 2.5% contributor x FAAC) + 3% per annum x VF2 x (Credited Membership as a 5% contributor x FABS + Credited Shift Membership as a 5% contributor x FASC + Credited Annualised Membership as a 5% contributor x FAAC) + member contributions accumulated with investment earnings. Members over age 45 and with 10 years Membership may elect, in lieu of an immediate lump sum, a deferred benefit payable at age 55 equal to the Retirement Benefit.
Death or TPD Benefit	A lump sum equal to the prospective retirement benefit assuming the member was a 5% contributor throughout and that the current superannuation salary remains unchanged from the date of death/TPD to NRA, subject to a minimum of 2 x Final Total Salary plus member contributions accumulated with investment earnings. For members aged over age 60 and contributing less than 5%, the benefit is reduced to the sum of the Retirement Benefit and a percentage of any excess of the Death Benefit as calculated above over the Retirement Benefit, where the percentage is determined as 100% at age 60, reducing by 20% pa to 0% at age 65.
Ill-Health Benefit	As per Retirement Benefit.

Benefits on leaving service for any reason are subject to a minimum Superannuation Guarantee benefit described in the Plan's Benefit Certificate.

The table below indicates the material discretions available to the Trustee and the Employer and the member options specified within the Plan's legal documents, to the extent that these affect benefits. The table also shows the general prevalence of the past exercise of discretions and the options chosen by the members. Please note that past exercises of discretions should not be viewed as precedents which would constrain any future decisions.

Discretion or Option	Historical Prevalence (if known)
A Defined Benefit Member may elect to become an Accumulation Member. [Part 3 Clause 3.2]	Not common
A Defined Benefit Member may, generally not more than once per year, elect to vary their rate of contributions to 0%, 2.5% or 5% of salary. [Part 3 Clause 3.3]	Not common
The Employer may elect to pay the contributions (grossed up for tax) required by a Defined Benefit Member. [Part 3 Clause 3.3.8]	Not common
A Defined Benefit Member entitled to a resignation benefit may elect to receive a deferred lump sum benefit payable at age 55 if, at the date of resignation, the member has 10 years or more of membership and is not less than age 45 years. [Part 3 Clause 3.7]	Common
Where a Surplus exists in respect of the General Defined Benefit Assets of the Plan, the Employer may, subject to Superannuation Law, request the Trustee to apply the Surplus in a particular manner. [Part 3 Clause 3.9.1]	Not common
A Spouse eligible for a Defined Benefit Pension may at any time commute the pension to a lump sum. [Part 3 Clause 3.10.2]	Not common
At the request of the Employer, the Trustee must increase a Defined Benefit Pension, subject to Superannuation Law. [Part 3 Clause 3.10.8]	Not common

The Superannuation Guarantee (Administration) Act 1992

This Act requires employers to provide minimum superannuation benefits that are fully vested in their employees within a complying superannuation fund.

The contribution rates recommended in this report and the projected financial positions allow for benefits being augmented as necessary to meet the minimum Superannuation Guarantee (SG) benefit described in the Plan’s current Benefit Certificate.

Under current legislation the SG rate is currently 11.5% and will increase to 12% on 1 July 2025.

Appendix B

Calculation of the Actuarial Value of Accrued Benefits

The calculation of the actuarial value of accrued benefits has been carried out using a method of apportionment of benefits between past and future membership that satisfies the requirements of Professional Standard No. 402 of the Actuaries Institute and is acceptable for Australian Accounting Standard AASB 1056 purposes.

The past membership components of all benefits payable in the future from the Plan in respect of current membership are projected forward allowing for future salary increases credited interest rates and are then discounted back to the investigation date at the investment return rate assumed for the investigation.

The past membership components are based on the member's accrued benefit multiple or accumulated contributions at the investigation date.

If the value of past membership components for an individual member is less than the vested benefit, a minimum of the vested benefit is not applied.

The method used for the determination of the actuarial value of accrued benefits is the same as that used at the previous investigation.

Based on the actuarial assumptions used for this investigation, the weighted average term of the actuarial value of accrued benefits is three (3) years.

Appendix C

Information for AASB 1056 Purposes

I have prepared the following information for the purposes of Australian Accounting Standard AASB 1056 to enable the calculation of Member Liabilities at the specified reporting dates for inclusion in the relevant financial statements of the AMP Super Fund. The information is current as at the date specified below, but is subject to change if circumstances change.

Based on the Adopted Assumptions specified, I confirm that in my opinion, a reasonable approximation of the value of Defined Benefit Member Liabilities (DB Member Liabilities) at 30 June 2024 can be calculated as:

DB Member Liabilities = K x DB Lump Sum Leaving Service Benefits

where:

- K is the Adopted Assumptions K Factor specified below
- DB Lump Sum Leaving Service Benefits is the total immediate lump sum vested benefits (excluding additional account balances, if any) for active and deferred defined benefit members at the relevant date, as determined by the Plan Administrator. An allowance for pensioner liabilities is made in the value of K.

Total Member Liabilities would then be determined as:

DB Member Liabilities plus total additional account balances of defined benefit members plus total account balances of accumulation members, all calculated at the relevant date

As at	**30 June 2025**
Adopted Assumptions	
Investment returns (after tax, investment and asset-based administration fees)	
- assets supporting current pension liabilities	5.5% pa
- assets supporting other defined benefit liabilities	4.5% pa
Salary increases	4.0% pa
Pension indexation	Nil
Adopted Assumptions K factor	1.125
Sensitivity K factor 1% pa lower investment return	1.160
Sensitivity K factor 1% pa higher investment return	1.095
Sensitivity K factor 1% pa lower salary increases	1.100
Sensitivity K factor 1% pa higher salary increases	1.155

In my opinion, a reasonable approximation of the DB Member Liabilities as at 30 June 2025 on other reasonably possible key assumptions can be calculated as:

DB Member Liabilities = K x DB Lump Sum Leaving Service Benefits

where:

- K is the relevant K Factor specified in the table above for the relevant specified change in a key assumption.

Prior to using the above factors for calculations, the Trustee should check with the Plan actuary whether there have been changes in economic conditions or other circumstances which have occurred since these factors were determined that, in the opinion of the actuary, would require a change in the Adopted Assumptions and/or a re-calculation of the factors.

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