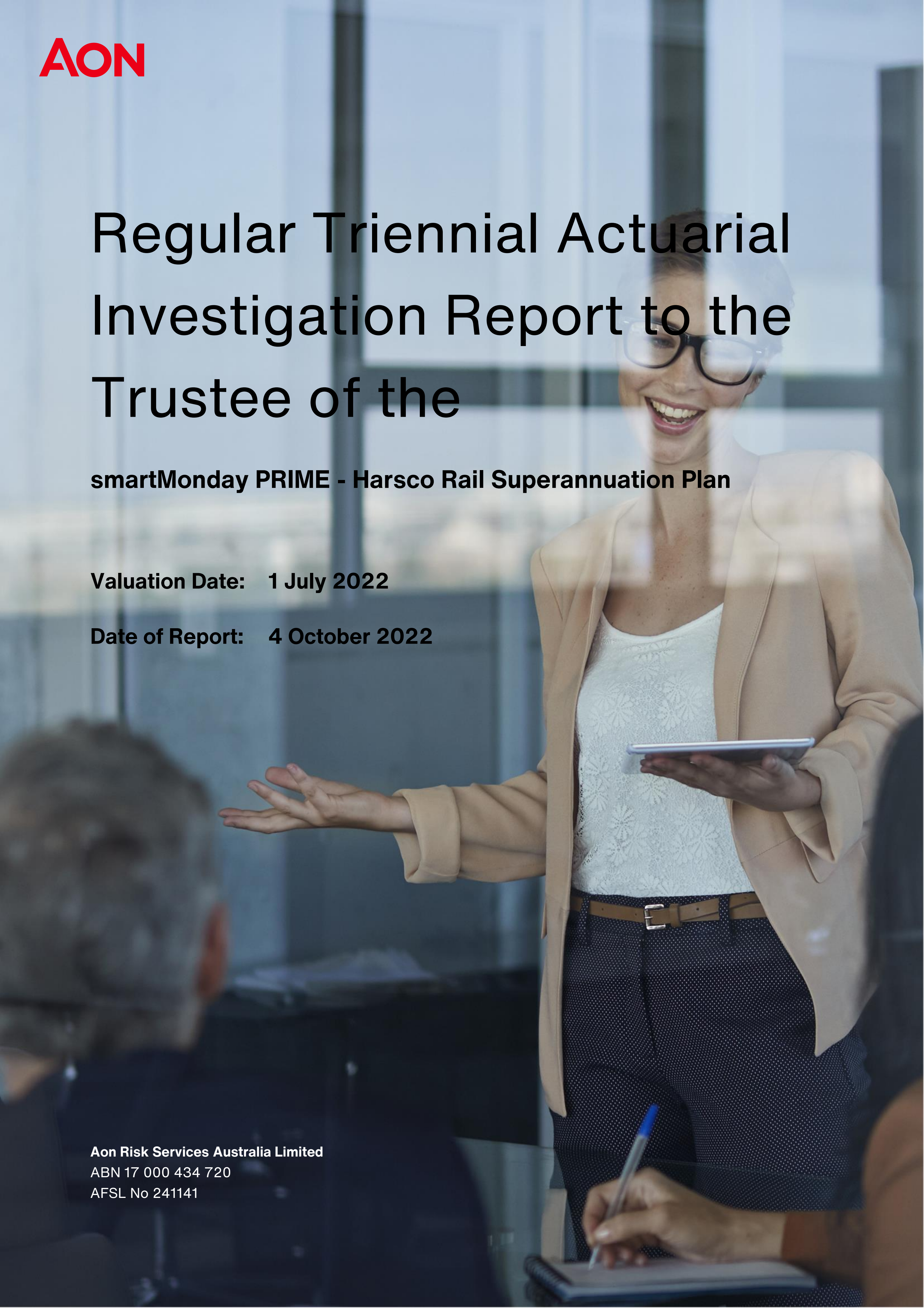

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Regular Triennial Actuarial Investigation Report to the Trustee of the

smartMonday PRIME - Harsco Rail Superannuation Plan

Valuation Date: **1 July 2022**

Date of Report: **4 October 2022**

Aon Risk Services Australia Limited
ABN 17 000 434 720
AFSL No 241141

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Executive Summary

Superannuation regulations and the Trust Deed of the smartMonday PRIME - Harsco Rail Superannuation Plan (the Plan) require that the Plan undergo a regular triennial actuarial investigation. This report has been prepared in order to comply with these provisions.

The sponsor of the Plan is Harsco Rail Pty Limited (the Employer) and the Trustee is Equity Trustees Superannuation Limited (the Trustee).

Financial Condition

A snapshot of the financial condition of the Plan as at 1 July 2022 is set out below.

	Defined Benefits only	**Total Plan**	**Comments**
Vested Benefits Index	160.7%	111.1%	The Plan remains in a satisfactory financial position. The Plan's Vested Benefit Index for Defined Benefits is above the Shortfall Limit of 99.0%.
Actuarial Value of Accrued Benefits Index	160.6%	111.1%	The Plan remains in an adequate financial position. The Plan had a surplus on this basis of $379,938.
Minimum Requisite Benefits Index	209.3%	116.2%	The Plan was solvent in relation to its Minimum Requisite Benefits.

See Sections 4 and 5 for more information on the financial condition of the Plan.

Significant Changes Since the Prior Triennial Actuarial Investigation

Below is an explanation of changes or events that have occurred since the last regular triennial actuarial investigation and that had a significant effect on this regular triennial actuarial investigation.

Significant Events

Three defined benefit (DB) members retired over the period since the last triennial actuarial investigation and the DB member remaining as at 1 July 2022 has also recently retired from the Plan in July 2022 and been paid his retirement benefit. There is some surplus monies remaining within the Plan that may either be used to pay Superannuation Guarantee contributions and expenses for the accumulation members within the Plan or be returned to the Employer, subject to the Trustee's approval and the regulatory requirements relating to repayment of surplus.

Effective from 1 February 2022, the Future Super Group acquired smartMonday. Consequently, the smartMonday name and brand remains but the registered trading name of Aon Solutions Australia Limited is now smartMonday Solutions Limited and the Aon Master Trust is changed to the Smart Future Trust.

No other changes or events have occurred since the last regular actuarial triennial investigation that would have had a significant effect on this year's valuation results apart from poor investment returns which, in isolation, have weakened the financial position of the Plan.

Significant Changes to the Plan Benefits

There were no significant changes to the Plan benefit structure.

Employer Contribution Recommendations

As the last DB member retired in July 2022 there is no longer a requirement to pay contributions into the Plan in respect of the member's defined benefits, noting that the Employer has been on a contribution holiday since 1 October 2019.

As there is some surplus monies remaining in the Plan, I recommend that, subject to Trustee approval and legal review:

- The surplus monies are repatriated to the Employer (if that is the Employer's wish); or
- The Trustee provides a Conversion Notice to the Commissioner of Taxation so that the Plan is deemed to be a defined benefit fund and the Employer takes a contribution holiday in respect of the Accumulation members in the Plan – i.e. the surplus monies are used to meet the Employer contributions of at least the Superannuation Guarantee rate of Ordinary Times Earnings (OTE) plus actual expenses and Death/TPD and Salary Continuance Insurance premiums (where the exact expenses are currently paid by the Employer via a monthly invoice) for Accumulation members, until the surplus is exhausted.

In respect of the members where no employer contributions are made due to the contribution holiday, the Employer Superannuation Guarantee contributions must be loaded to members' accounts by the 28th day of the month following the quarter end.

I understand that the Employer wishes to take a contribution holiday in respect of the Accumulation members in the Plan.

Shortfall Limit Recommendations

I have reviewed the Shortfall Limit of 99.0 percent and confirm that, in my view, it remained appropriate whilst the last DB member remained in the Plan.

Should the Plan become a deemed DB fund, then I propose the Trustee adopts a Shortfall Limit of 100 percent until the surplus monies are fully utilised.

Please refer to Section 5 for details.

Insurance Recommendations

I have reviewed these formulae and confirm that, in my view, they remain appropriate and the current insurance arrangement should be maintained.

Please refer to Section 6 for details.

Investment Recommendations

In my opinion, the retention of the current investment strategy has been appropriate to meet the long-term liabilities of the Plan including the projected lump sum benefits of Defined Benefit members on termination of employment or on reaching their Normal Retirement Date and converting to the Plan's Accumulation category.

With the last DB member retiring, I recommend the Trustee and Employer consider investing the DB assets in cash to preserve the surplus until a decision is made regarding the treatment of these assets.

For more information refer to Appendix C.

Crediting Rate Recommendations

I have reviewed the crediting rate policy for the Plan and confirm that, in my view, it remains appropriate. For more information refer to Appendix C.

Monitoring Recommendations

With the remaining DB member retired, the current practice of carrying out a funding position review on an annual basis between triennial actuarial investigations would no longer be required, unless the Employer chooses to use the surplus monies to take a contribution holiday in respect of the Accumulation members. In which case an annual review of the financial position will still be required while there remains a surplus.

Actuarial Assumptions

There have been changes to the actuarial assumptions since the previous regular triennial actuarial investigation. For more information refer to Section 3.

Material Risks

I have reviewed the material risks of the Plan and confirm that, in my view, there are no unusual significant risks that the Trustee needs to be aware of.

Please refer to Section 8 for details.

Next Actuarial Investigation

As the last defined benefit member in the Plan has retired, there would no longer be a requirement to carry out further triennial actuarial investigations or funding reviews, unless the surplus monies are used for the Employer to take a contribution holiday in respect of the Accumulation members as discussed above. In this event an annual actuarial investigation will be required as at 1 July each to track the progress of the use of surplus to pay for contributions and expenses for Accumulation members.

If it is decided to proceed with the repatriation of surplus to the Employer, then actuarial advice will be required in relation to this.

Disclaimer

The calculations provided in this report are based on a number of assumptions. The assumptions used are best estimates only and may not be borne out in practice. It is therefore important to review the calculations in the light of actual experience and obtain regular updates.

Su Li Sin
Fellow of the Institute of Actuaries of Australia
4 October 2022

Section 1 – Introduction

Purpose of the Regular Triennial Actuarial Investigation

The reasons for this regular triennial actuarial investigation are:

- to satisfy the requirements of Superannuation Prudential Standard (SPS) 160 which requires a regular actuarial investigation to be carried out once every three years;
- to review the Plan's financial position as at 1 July 2022 (the Effective Date);
- to examine the Plan's immediate solvency and funding indices;
- to recommend appropriate Employer contribution rates so that the Plan remains in a satisfactory financial position and in order to satisfy the Trust Deed;
- to review the basis for insuring death and disability benefits; and
- to comment on any aspect of the Plan that may assist with improving its objectives.

The main provisions of the Plan that relate to benefits and contributions are set out in Appendix A.

Name of Actuary

This regular triennial actuarial investigation was carried out as at 1 July 2022 by Su Li Sin, of Aon Risk Services Australia Limited, Fellow of the Institute of Actuaries of Australia. The previous regular triennial actuarial investigation was completed by Saffron Sweeney, Fellow of the Institute of Actuaries of Australia, as at 1 July 2019. The results are shown in the report dated 25 September 2019.

Compliance with the Standards of the Institute of Actuaries of Australia

This report satisfies the requirements of the Professional Standards (including Professional Standards 400, 402 and 404) and Practice Guideline 1 published by the Institute of Actuaries of Australia and Superannuation Prudential Standard (SPS) 160.

Reliance and Limitations in the Report

There have been no restrictions or limitations placed on me in providing the recommendations in this report.

This report is intended for the sole use of the Trustee and Employer for the purposes set out in this report. It may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other reasons than the intended purpose, puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including the Trustee, should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Aon Risk Services Australia Limited ABN 17 000 434 720 AFSL No 241141 (Aon).

Previous Investigation Results

The results of the previous investigations were as follows:

	Regular Triennial Actuarial Investigation as at 1 July 2019	**Annual Funding Position Review as at 1 July 2020**	**Annual Funding Position Review as at 1 July 2021**
A surplus of Assets over the Actuarial Value of Accrued Benefits	725,749	514,546	514,659
An excess of Assets over the Vested Benefits	755,869	588,065	508,214
Summary of the recommended Employer contribution for DB members	• 12.2% for Category C and 14.2% for Category D from 1 July 2019 to 30 September 2019; and • Nil from 1 October 2019.		

The average long-term Employer contribution rate was 29.3 percent p.a. plus the SG rate above 9.0 percent of Defined Benefit members' superannuation salaries as at 1 July 2019.

Contributions have been paid in accordance with the above recommendations since the last regular triennial actuarial investigation to the date of this report.

Section 2 – The Plan's Experience

This section considers the assumptions used in the previous regular triennial actuarial investigation as at 1 July 2019 and the experience of the Plan relative to these assumptions.

The main factors affecting the Plan's financial position during the period since the previous triennial actuarial investigation as at 1 July 2019 were as follows:

	Assumptions at the previous triennial investigation	**Plan Experience**	**Impact on the financial position of the Plan (when considered in isolation)**
Investment Returns[1]	3.7% p.a.	0.7% p.a. Below the equivalent median return of funds with a similar investment strategy which was 1.8% p.a.[2]	Unfavourable effect: The Defined Benefit assets increased at a lower rate than assumed. The Plan earned lower returns than other funds with a similar investment mix.
Salary Increases[3]	3.2% p.a.	[redacted]	Unfavourable effect: The Defined Benefit liabilities increased at a higher rate than assumed.
Average Employer Contribution rate[4]	Recommended rate (averaged based on category and period) of 1.8% p.a.	Long-term rate of 29.3% p.a.	Unfavourable effect: The Defined Benefit assets increased at a lower amount than the long-term cost of providing the defined benefits. As recommended, the Defined Benefit contribution rates were at a lower rate than the long-term cost of providing the defined benefits.
Expenses and Insurance Premiums[5]	• 9.0% p.a. for Expenses • 1.6% p.a. for Death and TPD insurance premiums • 0.5% p.a. for SCI insurance premiums	• 10.2% p.a. for Expenses • 2.0% p.a. for Death and TPD insurance premiums • 0.6% p.a. for SCI insurance premiums	Unfavourable effect: The Defined Benefit assets, on average, have paid more expenses and premiums than assumed.

[1]net of investment expenses and tax

[2]based on the Rainmaker Capital Stable Fund Performance Table issued for the period ending 30 June 2022

[3]for the remaining Defined Benefit member over the investigation period

[4]Percent of Defined Benefit members' salaries

[5] As the assumption was based on total Defined Benefit salaries, the impact of the exited members means that the expenses as a percentage of total Defined Benefit salaries was higher than assumed. The dollar impact was relatively small.

The other factors affecting the Plan's financial position during the period since the previous regular triennial actuarial investigation include:

- Membership movements:
  - Exits: One Defined Benefit member left the Plan due to early retirement and two Defined Benefit members left the Plan due to normal retirement during the triennial actuarial investigation period, which was higher than assumed for early retirement and expected for normal retirement. Overall, more benefits paid were more than the amounts reserved and therefore, in isolation, this has led to an unfavourable effect on the financial position of the Plan.
- Late Payment Earnings
  - It was discovered that some members who exited in the past were paid incorrect late payment interest on their benefits. As such, corrected payments were made in 2021. This led to a slight unfavourable effect on the financial position of the Plan.

The overall experience of the Plan during the regular triennial actuarial investigation period has had a negative effect on its financial position, however the Plan still remains in a satisfactory financial position.

Section 3 – Assumptions

As part of this regular triennial actuarial investigation, I have analysed the method and assumptions used in the previous regular triennial actuarial investigation as at 1 July 2019. Where appropriate I have maintained these methods and assumptions, however some have changed in light of the experience discussed in Section 2 of this report and after consideration of changes in market expectations. It is worth noting that the remaining member of the Plan retired within a month of the valuation date and as such all assumption changes have minimal impact on their retirement benefit.

The actuarial method used is described in Appendix D.

Interest/Salary Differential

The most significant financial assumptions used in a regular triennial actuarial investigation are the rate of future investment returns and the rate of future salary increases. These rates must be considered together because of their economic interdependence in the medium to long-term.

While the absolute level of assumed investment returns is relevant in any regular triennial actuarial investigation, the critical factor is the relationship that this rate has with the assumed rate of salary increase. The difference between the two figures is the Interest/Salary Differential. For this investigation I have used an Interest/Salary Differential assumption of 1.0 percent p.a. as shown in the table below. Therefore, the Interest/Salary Differential is less conservative than used in the previous regular triennial actuarial investigation. The overall impact of these assumptions, in isolation to all others, is that the Actuarial Value of Accrued Benefits and the long-term contribution rate has decreased very slightly.

	Net investment return (p.a.)	Salary increase rate (p.a.)	Differential (p.a.)
Assumption as at 1 July 2019	3.70%	3.20%	0.50%
Assumption as at 1 July 2022	4.40%	3.40%	1.00%

These assumptions have taken into account the long-term outlook of economic conditions, in particular:

- The investment return assumption was derived using long-term assumptions for each asset class net of tax as determined by Aon's global investment team, multiplied by the strategic asset allocation of the Defined Benefit related assets (based on 100 percent in the Moderate – Active option) and allowing for correlations of investment returns between asset classes and investment fees;
- We expect that inflation will remain under control at around the RBA target of 2 percent p.a. to 3 percent p.a.;

- The long-term outlook for investment returns being somewhat higher than those earned in the last three years; and
- The salary increase rate assumption was determined based on the forecast increases in Average Weekly Ordinary Time Earnings (AWOTE), the Employer's expectations and past experience.

Demographic Assumptions

The Death and TPD assumptions have been updated from the last regular triennial actuarial investigation based on the overall experience of Master Trusts in the Australian market. The impact of this change in isolation is a minimal decrease in the liabilities.

The assumptions for leaving service and early retirement have been updated from the last regular triennial actuarial investigation based on the overall experience of Master Trusts in the Australian market. The impact of this change in isolation is to create a very small decrease in the liabilities.

Specimen rates of leaving through various causes which have been used in this regular triennial actuarial investigation and the previous regular triennial actuarial investigation are shown in the following table:

Number of exits per 10,000 members

	1 July 2022			1 July 2019		
Age Last	**Resignation**	**Death and Disablement**	**Retirement**	**Resignation**	**Death and Disablement**	**Retirement**
30	0	5	0	1,000	5	0
40	0	10	0	750	8	0
50	0	35	0	500	30	0
60	0	137	2,400	0	116	1,500
65	0	0	10,000	0	0	10,000

* exact age

No allowance has been made for retrenchment which is consistent with the last triennial actuarial investigation. Note that there is no specific retrenchment benefit for the Plan (i.e. members receive the same benefit as if they had resigned or retired, as applicable).

The impact of these changes in assumptions in isolation has slightly decreased both the Actuarial Value of Accrued Benefits and the long-term contribution rate.

Expenses and Insurance Premiums

The operating expenses and insurance premiums of the Plan are met from the Assets of the Plan, and as such, the regular triennial actuarial investigation requires a specific allowance to be made to meet these costs. The assumed expenses and insurance premiums for this investigation and the previous investigation are shown in the table below.

	1 July 2019	1 July 2022
Operating expenses (% p.a. of Defined Benefit members' salaries)	9.0% p.a.	$30,000 p.a.^
Death and TPD insurance premiums (% p.a. of Defined Benefit members' salaries)	1.6% p.a.	1.6% p.a.
Salary Continuance Insurance premium (% p.a. of Defined Benefit members' salaries)	0.5% p.a.	0.5% p.a.
Total expense and insurance premium assumption	11.1% p.a.	$30,000 plus 2.1% p.a.

^ As the assumption is based on total expected Defined Benefit salaries averaged over the next three years, the impact of having the remaining Defined Benefit member leaving shortly means that the expenses as a percentage of total Defined Benefit salaries is no longer appropriate. The assumption is thus set at a fixed dollar amount per annum and is the expected average fee for the next year.

The expenses and insurance premiums assumptions have decreased in dollar terms from the previous regular triennial actuarial investigation to reflect the expected expenses over the next year.

Premiums for any voluntary insurance cover are deducted from Defined Benefit members' accounts and are not funded by the Plan Assets therefore no assumption is required for this cover.

Accumulation members' expenses and insurance premiums for Death or TPD and SCI insurance are paid by the Employer via payment of a monthly invoice and therefore the assumptions above do not incorporate the cost associated with Accumulation members' expenses and insurance premiums.

The impact of this change in total expense and insurance premiums assumption in isolation has increased the long-term contribution rate but is an overall decrease in dollar terms.

Tax

There have been no changes to our assumptions regarding tax since the last regular triennial actuarial investigation. These assumptions are set out below.

Contribution rates for future service benefits include an allowance for the current 15 percent tax on Employer contributions, net of deductible expenses.

For the purpose of meeting funding requirements, we have made the following assumptions:

- No allowance has been made in the projections for the impact of the surcharge (up to 30 June 2005 but not assessed before 1 July 2022), or withholding tax due to members not providing their Tax File Number to the Trustee, or excessive contributions tax levied on the member where the member has elected the Plan to pay it on their behalf, if not assessed before 1 July 2022;
- No allowance has been made for the additional 15 percent tax on contributions for high-paid individuals or any excessive contributions tax levied. It is assumed that benefits will be adjusted

(via additional accumulation accounts) for affected members to meet these tax amounts assessed;

- No adjustment has been made to the non-concessional contributions, if any, of members where their total superannuation benefit exceeds $1.7 million;
- The Trustee has made a decision in relation to the tax deductibility rules for after-tax contributions from 1 July 2017 in a way that would not lead to a funding implication for Defined Benefit members; and
- That the SG Rate is paid without limitation (i.e. not limited to the SG maximum salary base) for Defined Benefit members.

Overall Effect of Changes in Assumptions

Overall the changes have a minimal impact on the expected cost of providing Defined Benefits to the remaining member of the Plan as they retired within a month of the valuation date.

Section 4 – Actuarial Value of Accrued Benefits

I have adopted the actuarial method and assumptions described in Section 3 and in Appendix D of this report to determine the present value of past and future liabilities and Employer contributions in relation to Defined Benefit members. The results of the regular triennial actuarial investigation are detailed in the following table and both the assets and liabilities include the Accumulation member account balances and additional accounts for the Defined Benefit members.

Actuarial Value of Accrued Benefits (past service)	**Total ($)**
Retirement	[redacted]
Death and Disablement	[redacted]
Resignation	[redacted]
Total of Defined Benefit related liabilities	[redacted]
Additional accounts for Defined Benefit members	[redacted]
Accounts for Accumulation members	[redacted]
Actuarial Value of Accrued Benefits	[redacted]
Assets*	[redacted]
Surplus/(Deficit)	**379,939**

*Assets for Accumulation members have been set equal to the active Accumulation members' benefits.

Analysis of Changes in Financial Position Since the Last Regular Triennial Actuarial Investigation

The following table quantifies the various impacts on the financial position of the Plan since the last regular triennial actuarial investigation as at 1 July 2019. These figures give an indication of the impact of the factors that affect the final regular triennial actuarial investigation result. As there are yearly funding calculations performed, these items have been determined in each year between triennial investigations and added to provide the three years' worth of movements.

	$(000's)
Previous surplus/(deficit)	**726**
Interest on surplus/(deficit)[1]	16
Investment gains/(losses)[2]	(49)
Employer contributions paid at a higher/(lower) rate than long-term rate[3]	(261)
Expense gains/(losses)[4]	(23)
Salary gains/(losses)[5]	(3)
Change in basis gains/(losses)[6]	0
Withdrawal gains/(losses)[7]	(14)

Late Payment Interest Fixes[8]	(11)
Miscellaneous	(1)
Surplus/(deficit) as at the valuation date	**380**

[1] Interest on surplus over the period

[2]An investment loss occurs when investment earnings are lower than assumed.

[3]A contribution loss occurs when employer contributions are paid at a lower rate than the long-term rate.

[4]An expense loss occurs when expenses are more than assumed.

[5]A salary loss arises when salaries increase at a higher rate than assumed.

[6]A very small gain (less than $300) from a change in basis occurs when the overall set of assumptions becomes less conservative.

[7]A withdrawal loss occurs when the benefit is higher than reserved for in the Plan.

[8]A strain occurs due to the payments made to correct the late payment earnings due to exited members.

Use of Excess Reserves

The excess of assets over Actuarial Value of Accrued Benefits equates to the surplus of Assets held by the Plan. It is useful to hold a small surplus to protect the Plan from minor fluctuations in asset values.

Total assets exceeded the Actuarial Value of Accrued Benefits as at 1 July 2022 by $379,939. This is equivalent to 60.6 percent of Defined Benefit liabilities (i.e. excluding accumulation members' benefits and Defined Benefit members' additional accounts) and 275.6 percent of total Defined Benefit salaries.

As the last remaining Defined Benefit member has retired in July 2022 and paid their benefit, this excess, subject to Trustee approval and legal review, can be either:

- repatriated to the Employer; or
- used to meet the Employer contributions for Accumulation members.

Section 5 – Immediate Solvency and Funding Indices

Immediate Tests on the Adequacy of the Assets

An important objective of this regular triennial actuarial investigation is the measurement of the funding of expected member benefits in respect of their service up to the valuation date.

- Assets: I have taken the fair value of the net assets provided by the Plan administrator, based on the Smart Future Trust financial statements as the value of assets for Defined Benefit members and the value of Accumulation members' benefits as the value of assets for Accumulation members for the purpose of this regular triennial actuarial investigation. The financial statements at 30 June 2022 were audited and expected to be signed on 28 September 2022. The assets are discussed further in Appendix C.
- Liabilities: Appendix D contains a summary of the method used in the regular triennial actuarial investigation to determine the liabilities of the Plan.

The indices described here have been used to assess whether the Assets of the Plan are sufficient to ensure its ongoing solvency and to measure the changes in these indices since the last regular triennial actuarial investigation.

The table below shows the relevant indices calculated by dividing the level of assets by the total of the relevant benefit based on the results of this regular triennial actuarial investigation and the previous regular triennial actuarial investigation.

	1 July 2019			1 July 2022			
	Amount	**Index[1]**	**DB Index[2]**	**Amount**	**Index[1]**	**DB Index[2]**	
	($)			**($)**			
Minimum Requisite Benefits	[redacted]	116.4%	140.2%*	[redacted]	116.2%	209.3%*	A
Vested Benefits	[redacted]	114.1%	133.6%	[redacted]	111.1%	160.7%	A
Leaving Service Benefits[3]	[redacted]	112.7%	130.0%	[redacted]	111.1%	160.7%	A
Actuarial Value of Accrued Benefits	[redacted]	113.4%	131.9%	[redacted]	111.1%	160.6%	A
Accumulation Benefits[4]	[redacted]			[redacted]			B
Assets[5]	[redacted]			[redacted]			C

[1] Index is C/A

[2] DB Index is (C – B)/(A – B), i.e. the index excluding accumulation benefits.

[3] The benefit design allows the Employer to grant early retirement consent for Defined Benefit members between ages 55 and 60.

[4]The accumulation benefits are inclusive of additional accounts for Defined Benefit members (including surcharge accounts) and active Accumulation members' benefits.

[5]Assets for active Accumulation members have been set equal to the Accumulation members' benefits.

*Includes the accumulation of Company contributions over and above the former 9 percent SG rate for determination of the DB MRB index; these amounts were $5,787 at 1 July 2022 and $12,051 at 1 July 2019. The DB MRBI at 1 July 2019 had a typographical error and has been amended here.

Vested Benefits Index

Vested Benefits are the benefits that members are entitled to receive upon voluntary withdrawal from the Plan. It is either the resignation benefit or early retirement benefit, if eligible assuming Employer consent is not granted.

The Vested Benefits Index provides a measure of the Plan's ability to meet its minimum obligations to all members if they had withdrawn from the Plan on the valuation date.

To ensure that the Plan is in a satisfactory financial position, it is essential that the Vested Benefits Index is kept above 100 percent. The Vested Benefits Index was at a satisfactory level at the valuation date.

Leaving Service Benefits Index

Leaving Service Benefits are the benefits that members are entitled to receive upon voluntary withdrawal from the Plan. It is either the resignation benefit or early retirement benefit, if eligible assuming Employer consent is granted.

The Leaving Service Benefits Index provides a measure of the Plan's ability to meet its minimum obligations to all members if they had withdrawn from the Plan on the valuation date and, if eligible for early retirement, assuming Employer consent is granted.

Where the Employer regularly gives consent for early retirement, it is desirable to have the Leaving Service Benefits Index above 100 percent. The Employer occasionally consents to the early retirement benefit for members.

The Leaving Service Benefits Index was at an adequate level, and therefore the Defined Benefit Leaving Service Benefits Index was at an adequate level at the valuation date.

Shortfall Limit

In accordance with SPS 160, the Trustee has set a Shortfall Limit of 99.0 percent. This is the extent to which the Trustee considers the Plan can be underfunded (on the basis that assets are insufficient to meet all members' Vested Benefits) but retain a reasonable expectation of returning to a funded position within a year, solely due to a correction to temporary negative market fluctuations in the value of the Plan assets.

This Shortfall Limit is to be compared to the Defined Benefit Vested Benefits Index i.e. the ratio of Defined Benefit assets and Defined Benefit Vested Benefit liabilities. Accumulation members' benefits and additional accounts for Defined Benefit members are excluded from the assets and liabilities.

The Defined Benefit Vested Benefit Index at 1 July 2022 was 160.7 percent. Therefore, the Plan has not fallen below the Shortfall Limit at the valuation date.

I have reviewed the Shortfall Limit of 99.0 percent and confirm that, in my view, it remains appropriate whilst the last DB member remained in the Plan. The shortfall limit is determined as follows:

100 percent – 5 percent x Vested Benefit Salary related proportion (100 percent) x Growth investments related (34 percent).

As the Shortfall Limit is determined with reference to the proportion of growth-oriented assets (as well as salary related benefits) the Shortfall Limit will need to be recalculated if the Trustee changes the investment strategy of Defined Benefit related assets or there is a change to the salary related benefits proportion.

Should the Plan become a deemed DB fund, then I propose the Trustee adopts a Shortfall Limit of 100 percent until the surplus monies are fully utilised.

Minimum Requisite Benefits Index

Minimum Requisite Benefits (MRBs) are the minimum benefits that members are entitled to under the Superannuation Guarantee legislation. The Plan is 'solvent' if the net realisable value of the Assets of the Plan exceeds the MRB of all members of the Plan.

The Minimum Requisite Benefits Index provides a measure of the Plan's ability to meet its minimum Superannuation Guarantee obligations to all active members if they had withdrawn from the Plan on the valuation date.

The Minimum Requisite Benefits Index was kept above 100 percent and therefore the Plan was solvent at the valuation date.

Actuarial Value of Accrued Benefits Index

The valuation results shown in Section 4 of this report disclose the Actuarial Value of Accrued Benefits, also known as the Past Service Liability. This is the same as the figure calculated for AASB1056 purposes which was calculated in accordance with the Institute of Actuaries of Australia Practice Guideline 499.06. This amount constitutes the "value of the liabilities in respect of accrued benefits" as defined in Division 9.5 of the Superannuation Industry (Supervision) (SIS) Regulations and has been calculated in accordance with Professional Standard 402 issued by the Institute of Actuaries of Australia.

The Actuarial Value of Accrued Benefits Index provides a measure of the Plan's ability to meet its benefit obligations to all members of the Plan based on membership to the valuation date.

The minimum desirable range for this index is 100 to 105 percent which allows for possible variations in asset values. The index was at an adequate level at the valuation date.

Termination of the Plan

In the event of the termination of the Plan, all assets available at that time, net of accruals and expenses, would be distributed to members to the extent of their "termination liabilities" as per Clause 1.17 of the Trust Deed and in accordance with relevant law. Each member would be credited with an amount (as resources permit) equal to the greater of the member's vested benefit and, for Defined Benefit members, his or her leaving service benefit (i.e. assuming the Employer consent for early retirement is granted between ages 55 and 60). These are known as "termination liabilities".

There is no guarantee of adequacy for the termination liabilities, only a priority charge on available assets up to the level of termination liabilities. At 1 July 2022 the available assets exceeded the member's termination liabilities.

Section 6 – Adequacy of Insurance Arrangements

The Plan Trustee has taken out insurance to protect the assets against certain contingencies which may have a material adverse effect on the solvency of the Plan.

Death or Total and Permanent Disablement Insurance (Lump Sum)

The Trustee has effected Group insurance (with AIA Life) to cover part of the lump sum benefits payable from the Plan in the event of the death or Total and Permanent Disablement (TPD) of members. The Sum Insured is designed to supplement the proportion of the benefit which has already been accrued in respect of the members within the Plan and to provide the balance of the relevant benefit from the insurance arrangement. Insurance replaces the otherwise volatile impact on the Plan of payments required in respect of the 'unfunded' portion of each death or disablement benefit with an annual premium, which can be taken into account in the financial planning of the Plan.

The Trustee has confirmed that there are no unusual terms and conditions in the insurance contract. At the present time, the formulae used to determine the amount to be insured are as follows:

Defined Benefit Members

Insured Amount = Death or TPD benefit - 0.77 * Accrued Multiple x Salary - additional accounts

Accumulation Members

Insured Amount is the maximum of $100,000 and the minimum insurance cover applicable for each age.

Death or Total and Permanent Disablement (TPD) Funding and Insurance

The following table shows the funded and insured portions of the benefit. It identifies the shortfall or excess amount of insurance in the event that all members were to die or become totally and permanently disabled.

	1 July 2022 Death Benefit ($)	1 July 2022 TPD Benefit ($)
Total sums insured (A)	[redacted]	[redacted]
Plan Assets available to meet Death/TPD benefits (B)	[redacted]	[redacted]
Available on Death or TPD (A)+(B)=(C)	[redacted]	[redacted]
Total Death or TPD benefits (D)	[redacted]	[redacted]
Excess/(shortfall) (C) - (D)	[redacted]	[redacted]

Recommendation

I have reviewed the formulae and confirm that, in my view, they remain appropriate and the current insurance arrangement should be maintained.

Disability Income Insurance

The Trustee also has effected Group Insurance (with AIA Life) to cover disability income benefits payable from the Plan in certain circumstances of disablement. This is a fully insured benefit, however the Plan remains liable for the payment of retirement, death, total and permanent disablement and resignation benefits if a member who receives a disability income benefit terminates service. Benefits are payable for a period of two years in the Plan.

Indemnity Insurance

The Trust Deed provides an indemnity to the Trustee against claims which may be made against it. This is secured against the Assets of the Plan.

The Trustee has taken out trustee indemnity insurance to help protect the Trustee, its Directors and the Fund against certain liabilities, that is consistent with the size and nature of its business and industry standards. As with any insurance, the indemnity is subject to the terms and conditions of the relevant insurance policy.

Material Issues Arising From Insurance

There are no material issues arising from insurance, although the Trustee should periodically review that all insurance cover remains sufficient.

Section 7 – Sensitivity Analysis and Projections

Assumption Variation

The values of the benefit liabilities shown in this report depend on the assumptions used to calculate them. The main assumptions relate to salary increases and the long-term investment return (net of tax and investment expenses). Examples below provide an indication of the effect on the Actuarial Value of Accrued Benefits of changing these assumptions only. The actual investment earning rate and salary increase rate may not be constantly above or below the rates assumed in carrying out the projection of benefits and the actual results may not fall within the ranges shown in the table below:

Assumptions (salary increase rate/long-term investment return)	Actuarial Value of Accrued Benefits as at 1 July 2022
	($)
This valuation (3.4% p.a./4.4% p.a.)	[redacted]
Last valuation (3.2% p.a./3.7% p.a.)	[redacted]
Last valuation with this valuation decrements (3.2% p.a./3.7% p.a.)*	[redacted]
Salary inflation rate plus 1% p.a. (4.4% p.a./4.4% p.a.)	[redacted]
Salary inflation rate minus 1% p.a. (2.4% p.a./4.4% p.a.)	[redacted]
Investment return plus 1% p.a. (3.4% p.a./5.4% p.a. active members)^	[redacted]
Investment return minus 1% p.a. (3.4% p.a./3.4% p.a. active members)^	[redacted]

* This is based on last valuation's financial assumptions only, i.e. the decrement assumptions are the same as those used for this valuation.

Based on the above results, it is clear that the financial position of the Plan will vary only slightly depending on the actual experience of the Plan and particularly in relation to salary increases and long-term investment returns.

As the period to the normal retirement for the last remaining DB member is less than a month, there is minimal impact on the expected cost to the Employer of providing Defined Benefits to the remaining member of the Plan.

Post Valuation Events

The remaining DB member has retired on the 28 July 2022 and I understand the benefit has been paid out in early August 2022. The Plan assets has earned an average investment return of 0.3 percent from the date of the valuation to 26 September 2022, which is less than assumed. However, we estimate that there still remains a surplus amount of around $370,000 in the Plan as at 26 September 2022.

Projection of Future Liabilities

At the date of this report, there are only Accumulation members remaining in the Plan and their benefits are equal to their assets. Therefore, there is no need for projection of future liabilities for this report.

Section 8 – Material Risks

Financial Risk

As noted in the results of the Sensitivity Analysis (Section 7), the items that have the greatest impact on the financial position of the Plan are the differences between the assumed and the actual salary increase rate and the assumed and actual long-term investment return. Should salaries increase at a higher rate than assumed, the liabilities will be higher than expected and the assets may then be insufficient to cover members' benefits. This may then require the Employer to make larger contributions to the Plan. Similarly, if there are lower than assumed investment returns, the assets of the Plan would be reduced compared to the assets expected and may then be insufficient to cover members' benefits. This may then require larger contributions to be made by the Employer. If the Employer is willing and able to make these larger contributions and accept the volatility involved, a deterioration in the financial position can be managed.

Other strategies to mitigate these risks are:

- to ensure that the Employer is aware of the effect on the financial position of salary increases being granted above assumed rates; and
- to change the asset allocation on the Defined Benefit related assets to a less risky strategy (note: that this would generally increase the long-term cost to the Employer but provide lower contribution volatility).

With the last remaining DB member's benefit paid out in August, there is no longer a financial risk to the Employer in respect of the Plan's defined benefits.

Investment Policy

As mentioned above, market risk is a key driver in the financial position of the Plan. However, there are other investment risks to consider. These include:

- **Liquidity Risk** - the risk that illiquid assets or large cashflows from the Plan cause the payment of benefits to be delayed or assets to be sold at reduced values to meet liability obligations.

  smartMonday PRIME mitigates this risk by holding limited illiquid investments and holding a small cash float to facilitate switches and withdrawals.

- **Concentration Risk** – the risk that investments are concentrated in one particular asset class, country or manager, the poor performance of which could cause a material effect on the investment return.

  smartMonday PRIME mitigates this risk by investing across a number of asset classes each within lower and upper asset class limits, and within each asset class holding a diversified portfolio of securities, and where relevant, across currencies and geographies.

The Trustee should periodically monitor the risks summarised in this section and seek advice or take action as may be deemed necessary. With the last DB member retiring, I recommend the Trustee and Employer consider investing the DB assets in cash to preserve the surplus until a decision is made regarding the treatment of these assets.

Section 9 – Recommendations and Actuary's Summary Statement for the Purposes of SPS 160

Recommendations

Future Contribution Recommendations

As the last DB member retired in July 2022, there is no longer a requirement to pay contributions into the Plan in respect of the member's defined benefits, noting that the Employer has been on a contribution holiday since 1 October 2019.

As there is some surplus monies remaining in the Plan, I recommend that, subject to Trustee approval and legal review:

- The surplus monies are repatriated to the Employer (if that is the Employer's wish); or
- The Trustee provides a Conversion Notice to the Commissioner of Taxation so that the Plan is deemed to be a defined benefit fund and the Employer takes a contribution holiday in respect of the Accumulation members in the Plan – i.e. the surplus monies are used to meet the Employer contributions of at least the Superannuation Guarantee rate of Ordinary Times Earnings (OTE) plus actual expenses and Death/TPD and Salary Continuance Insurance premiums (where the exact expenses are currently paid by the Employer via a monthly invoice) for Accumulation members, until the surplus is exhausted.

In respect of the members where no employer contributions are made due to the contribution holiday, the Employer Superannuation Guarantee contributions must be loaded to members' accounts by the 28th day of the month following the quarter end.

I understand that the Employer wishes to take a contribution holiday in respect of the Accumulation members in the Plan.

Shortfall Limit Recommendations

I have reviewed the Shortfall Limit of 99.0 percent (see Section 5) and confirm that, in my view, it remains appropriate whilst the last DB member remained in the Plan.

Should the Plan become a deemed DB fund, then I propose the Trustee adopts a Shortfall Limit of 100 percent until the surplus monies are fully utilised.

Insurance Recommendations

I have reviewed these formulae (see Section 6) and confirm that, in my view, they remain appropriate.

Investment Recommendations

In my opinion, the retention of the current investment strategy has been appropriate to meet the long-term liabilities of the Plan including the projected lump sum benefits of Defined Benefit members on termination of employment or on reaching their Normal Retirement Date and converting to the Plan's Accumulation category.

With the last DB member retiring, I recommend the Trustee and Employer consider investing the DB assets in cash to preserve the surplus until a decision is made regarding the treatment of these assets.

Crediting Rate Recommendations

I have reviewed the crediting rate policy for the Plan and confirm that, in my view, it remains appropriate and should be maintained. For more information refer to Appendix C.

Monitoring Recommendations

With the remaining DB member retired, the current practice of carrying out a funding position review on an annual basis between triennial actuarial investigations would no longer be required, unless the Employer chooses to use the surplus monies to take a contribution holiday in respect of the Accumulation members. In which case an annual review of the financial position will still be required while there remains a surplus.

Disclaimer

The calculations provided in this report are based on a number of assumptions. The assumptions used are best estimates only and may not be borne out in practice. It is therefore important to review the calculations in the light of actual experience and obtain regular updates.

Actuary's Statement for the Purposes of SPS 160

I have conducted a regular triennial actuarial investigation of the smartMonday PRIME - Harsco Rail Superannuation Plan (the Plan) as at 1 July 2022 covering the three-year period to that date.

In my opinion:

1) As at 1 July 2022, the fair value of the net Assets of the Plan for Defined Benefit members, based on audited accounts for the Plan plus the Accumulation members' benefits for Accumulation member assets, was [redacted] and this is the value of assets used to determine the Employer contribution required with an allowance for investment returns for the period from 1 July 2022 to 26 September 2022.

2) The value of the Assets of the Plan was adequate to meet the value of liabilities of the Plan in respect of the Actuarial Value of Accrued Benefits of [redacted] as at 1 July 2022. The Actuarial Value of Accrued Benefits of Defined Benefit members as at 1 July 2022 for the purposes of Australian Accounting Standard AASB1056 was [redacted] which was calculated in accordance with Practice Guideline 499.06 (this excludes additional accounts for Defined Benefit members and Accumulation members' benefits). The relevant value of Defined Benefit related assets for AASB 1056 was [redacted]).

3) The value of the Assets of the Plan was adequate to meet the value of liabilities of the Plan in respect of the Minimum Requisite Benefits as at 1 July 2022.

4) The investigation disclosed the Plan was in a satisfactory financial position as at 1 July 2022. The Plan's financial condition has not fallen below the Shortfall Limit set by the Trustee at the valuation date.

5) The Plan has no liability in respect of current pensioners. Any member who has postponed retirement or deferred receipt of their benefit remains a member under the Rules and any relevant liability is included with that of other members.

6) I have recommended contributions to ensure that the assets will continue to be adequate to meet the liabilities of the Plan and I expect the Plan to remain in a satisfactory financial position as defined in the SIS Regulations.

7) All Funding and Solvency Certificates required to be obtained during the period of investigation were provided. I expect that an actuary will be able to certify the solvency of the Plan in any Funding and Solvency Certificate required during the three-year period following the valuation date.

Su Li Sin
Fellow of the Institute of Actuaries of Australia
Aon Risk Services Australia Limited

4 October 2022

Appendix A – Summary of Plan Rules

As set out in Section 13 of the Smart Future Trust Deed, the Trustee may review and amend contributions and/or benefits under the Trust Deed as long as the amendment does not reduce the benefits accrued to any member with respect to the period before the date of the amendment, unless the member or regulator has approved the amendment in writing.

Eligibility

Category B – Staff (Main Payroll)

Category C – Staff (Private Payroll Salary Sacrifice)

There are no longer any members in Category B and Category C is now closed. All new members join Category D, the Accumulation category.

Plan Structure

The smartMonday PRIME - Harsco Rail Superannuation Plan (the Plan) is a Defined Benefit plan and is constituted by a Trust Deed originally dated 1 June 1992 and no amendments were made since the last regular triennial actuarial investigation that would affect members' benefits.

All new entrants to the Plan join the Accumulation section. This, and the fact that the Plan provides Minimum Requisite Benefits to satisfy Employer obligations under Superannuation Guarantee arrangements, has ensured that an increased number of benefits are being calculated on an accumulation basis.

The Plan is a complying fund for the purposes of the Superannuation Industry (Supervision) Act 1993. This results in the Plan being taxed at the favourable rate of 15 percent on income net of allowable deductions.

Annual Review Date

1 July

Definitions

Normal Retirement Date (NRD)

65th Birthday

Early Retirement Date (ERD)

After age 55 with the consent of the Employer or at any time after the age of 60.

Salary

The ordinary annual rate of salary or wages excluding commissions, bonuses, overtime payments and any other additional payments or other remuneration allowances, loading or emolument. In some cases, Salary shall be such other amount as determined by the Principal Employer and approved by the Member. Contributions are paid on part-time salary (i.e. Salary x Fraction).

Final Average Salary

Final Average Salary is the average of the Defined Benefit member's Salary at the review date for three consecutive years immediately preceding the earlier of the date of leaving service and the Normal Retirement Date.

Service

Membership

The most recent period of continuous service measured in years and complete months plus any period of Credited Membership, where applicable. Membership is altered by Fraction for the purposes of calculating multiples.

Credited Membership

Such an additional period of time as decided by the Employer.

Fraction

This is the proportion of a full-time working week worked and is varied if working hours change (for full-time employees the Fraction is 1).

Contributions

Member

Category C	Nil*

* Paid by the Employer on behalf of the member as a 5.26 percent deemed member contribution

Employer

Category C	Balance of costs
Category D	Superannuation Guarantee Rate

Benefits

Normal Retirement Benefit (NRB)

Equal to Retirement Benefit Multiple times Final Average Salary. The Retirement Benefit Multiple is the sum of the following:

i. 15.0 percent p.a. x each complete month of Category B Membership

ii. 15.79 percent p.a. x each complete month of Category C Membership

For Category D this benefit is equal to the sum of all accumulation accounts.

Early Retirement Benefit (ERB)

The benefit is determined as for normal retirement, based on Membership and Final Average Salary at the date of retirement.

Late Retirement Benefit (LRB)

NRB with investment earnings plus Superannuation Guarantee contributions less tax, expenses and premiums, if applicable, accumulated with investment earnings after the NRD.

Death Benefit

Category B and C

Lump sum benefit equal to the prospective benefit which would have been paid at the NRD if the member had continued on the same Salary

Category D

Lump sum benefit equal to the sum of:

- Accumulation Accounts
- An Insured Benefit Amount (based on an age related fixed amount)
- Any voluntary insurance cover the member has elected and been approved for

Total and Permanent Disablement (TPD) Benefit

The TPD Benefit is the same as for the Death Benefit.

Total and Temporary Disablement Benefit

For Category B and C

75 percent of salary payable in monthly instalments. This income is payable after a three-month waiting period and for a maximum period of 24 months.

For Category D

This benefit is available for Category D members.

Resignation Benefit

For Category C

Members who have completed a minimum of 10 years continuous service receive their 'Equitable Share' of the Fund as calculated by the Actuary at the date of resignation.

Members who have not completed 10 years of continuous service receive the sum of:

i. twice the member contribution account;

ii. the accumulation of the Transfer Account (from the Previous Fund at 1 June 1992);

iii. the accumulation of the Additional Contribution Accounts.

Equitable share has been determined to be the same as the benefit calculated for members with less than 10 years of continuous service and this has been the practice of the previous actuary and administrator.

For Category D

Members receive a lump sum equal to the sum of their accumulation accounts.

Plan Termination Benefits

Assets (up to a level equivalent to the greater of theoretical early retirement benefit and a resignation benefit) are distributable to the Members on Termination. If assets are insufficient, all are distributed to Members, but there is no further liability. Excess assets (if any) may be returned to the Employers (subject to relevant legislation).

Additional Accounts

Additional Voluntary Contribution Accounts and Rollover Accounts are in addition to all of the above benefits. Additional increases in SG (above 9.0 percent p.a.) are paid in a separate accumulation account for each Defined Benefit member as elected by the Employer.

Surcharge Account

All benefits are offset by the Surcharge Account (if any). The Account is the accumulation, with investment earnings, of all surcharge amounts assessed for each member.

Additional Contributions Tax Account

All benefits are offset by the Additional Contributions Tax Account (if any). The Account is the accumulation, with investment earnings, of all additional contributions tax amounts paid by the Plan on behalf of the member.

Family Law Account

All benefits are also offset by the Family Law Account (if any). The Account is any amount paid to a former spouse (a family law split) accumulated at the rate determined by the Government Actuary which is calculated with reference to AWOTE + 2.5 percent p.a. from the date the split occurs to the date the non-spouse member's benefit is paid and then accumulated with investment earnings thereafter.

Partial Withdrawals

All benefits are offset by any partial payments made from the Plan accumulated with investment earnings.

Appendix B – Membership

Changes in Membership 1 July 2019 – 1 July 2022

	Total
Active DB Membership at 1 July 2019	**4**
Plus	
New Entrants	0
Transfers from other funds	0
Transfers from other categories	0
Less	
Transfer to other funds	0
Transfers to other categories	0
Deaths	0
Total and Permanent Disablement	0
Early retirements	1
Normal retirements	2
Resignations	0
Retrenchments	0
Late retirements	0
Active DB Membership at 1 July 2022	**1**

In addition:

There were 17 Accumulation members at the valuation date with total salaries of $1,528,093.

Membership Characteristics as at 1 July 2022

The main characteristics of the Plan's Defined Benefit membership at the valuation date are summarised in the following table. For comparison, active figures for the previous valuation date (1 July 2019) are shown also:

[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

Quality of Data

Member data was received electronically and was in good order for the purposes of preparing this Report. Defined benefit individual membership data as well as Defined Benefit asset information was reconciled to the annual triennial actuarial investigation data.

Accumulation members' cash flow information was not available from the Administrator and therefore a full reconciliation on accumulation members' assets was not carried out.

We have relied on the asset information provided by the Plan administrator as at 1 July 2022 as audited financial statements for the Plan at that date are not available, however we understand that the financial statements for the Smart Future Trust as at 1 July 2022 have been audited and are expected to be signed on 28 September 2022.

Aon have relied on data and information provided by the Plan administrator. Aon did not audit the employee data and financial information used in this valuation. However, on the basis of our review of this data, we believe that the information is sufficiently complete and reliable, and that it is appropriate for the purpose intended.

If the data and information provided is revised for any reason and materially changes the results, then this report may need to be revised.

Administration

No significant variations were detected between the method of calculation of benefits on the administration system and our calculations. The data received was adequate and appropriate for the purposes of the regular triennial actuarial investigation. Data checking included:

- Accrued and normal retirement multiples;
- Final average salary and consistency of salaries from year to year; and
- All benefit calculations at the valuation date (resignation, retirement, death and total and permanent disablement benefits).

Appendix C – Accounts and Summary of Assets

Accounts

The following is a summary of the cash flows for the regular triennial actuarial investigation period 1 July 2019 to 30 June 2022. The final accounts of the Smart Future Trust for 30 June 2022 (including the asset of the Plan) have received audit clearance.

	1 July 2019 to 30 June 2020 ($)	1 July 2020 to 30 June 2021 ($)	1 July 2021 to 30 June 2022 ($)	1 July 2019 to 30 June 2022 ($)
Plan Assets at start of period (A)	[redacted]	[redacted]	[redacted]	[redacted]
Accumulation accounts at start of period* (B)	[redacted]	[redacted]	[redacted]	[redacted]
Defined Benefit related Plan Assets at start of period (C) = (A) – (B)	[redacted]	[redacted]	[redacted]	[redacted]
Plus				
Member contributions	[redacted]	[redacted]	[redacted]	[redacted]
Employer contributions	[redacted]	[redacted]	[redacted]	[redacted]
Rollovers/transfers in	[redacted]	[redacted]	[redacted]	[redacted]
Investment income (including capital appreciation/depreciation)	[redacted]	[redacted]	[redacted]	[redacted]
Sundry income	[redacted]	[redacted]	[redacted]	[redacted]
Less				
Group Life premiums (net of rebates)	[redacted]	[redacted]	[redacted]	[redacted]
Benefits (net of insurance recoveries)	[redacted]	[redacted]	[redacted]	[redacted]
Transfers out to other funds	[redacted]	[redacted]	[redacted]	[redacted]
Administration and other charges	[redacted]	[redacted]	[redacted]	[redacted]
Income tax	[redacted]	[redacted]	[redacted]	[redacted]
Other taxes	[redacted]	[redacted]	[redacted]	[redacted]

Others	[redacted]	[redacted]	[redacted]	[redacted]
Defined Benefit related Plan Assets at end of period (D)	[redacted]	[redacted]	[redacted]	[redacted]
Accumulation accounts at end of period (E)*	[redacted]	[redacted]	[redacted]	[redacted]
Plan Assets at end of period (F) = (D) + (E)	[redacted]	[redacted]	[redacted]	[redacted]

*This excludes the additional accounts for Defined benefit members which are included in the Defined Benefit related Plan Assets in this summary table.

Summary of Assets

Accumulation members and Defined Benefit members for non-defined benefit related assets, may invest their account balances in any option. Members who do not choose an investment option will have their account balances invested in the MySuper default option.

Defined Benefit related account balances are invested in the Moderate – Active option. Defined Benefit assets above account balances (i.e. defined benefit reserve assets) are invested in the Moderate – Active option.

A breakdown of the asset allocation of the Moderate – Active Option at 1 July 2022 and 1 July 2019 is as follows:

By Asset Class	**1 July 2019**	**1 July 2022**
(based on benchmark asset allocation)	(%)	(%)
Australian Shares	12.0	12.0
International Shares	12.0	10.5
Property	6.0	6.0
Alternatives Asset - growth	0.0	5.9
Alternatives Asset - defensive	10.0	18.6
Australian Fixed Interest	25.0	38.0
International Fixed Interest	25.0	4.0
Cash	10.0	5.0
Total	100.0	100.0

The asset valuation method is in accordance with Professional Standard 404 published by the Institute of Actuaries of Australia. There were no material qualifications identified in the latest audit report that impact on the value of assets. We have relied on the asset information provided by the Plan administrator as at 1 July 2022 as audited financial statements at that date are not available, however we understand that the financial statements as at 30 June 2022 were expected to be audited by 28 September 2022.

Crediting Rate Policy

The Moderate - Active option return for the period was:

Option	Year to 30 June 2020 (p.a.)	Year to 30 June 2021 (p.a.)	Year to 30 June 2022 (p.a.)	3 Years to 30 June 2022 (p.a.)
Moderate – Active Option[1]	-0.6%	8.4%	-5.3%	0.7%

[1]net of investment fees and of taxes

The Plan credits the actual return after investment related expenses to members' accounts based on daily unit prices. This method of crediting interest is appropriate as members receive interest on their accounts in accordance with what the Plan has earned and there are no cross-subsidisations. Investment earnings can be positive or negative and are based on the changes in unit price of the relevant option.

Appendix D – Funding Method

Funding Method

The funding method is the manner in which the Employer's recommended contribution rate is determined. In this regular triennial actuarial investigation I have calculated the recommended Employer contribution rate using an actuarial funding method called the Attained Age Normal method (AAN).

In this method an initial contribution rate is determined for each category which will be sufficient to meet the benefits which will accrue to current members at the valuation date in respect of their future service only.

The contribution rate is constructed so that it is expected to remain constant until the last current member leaves the Plan (assuming the assumptions made are borne out and remain unchanged).

Secondly, the value of current members' Actuarial Value of Accrued Benefits is compared to the value of assets. The future service contribution rates are adjusted in the light of any surplus or deficiency.

This is the same method as was used at the last regular triennial actuarial investigation.

The reason this method is chosen is so that the Employer can be provided with the long-term future cost of providing the benefits based on the current membership which should not vary substantially as it is a smoothed rate. The usage of surplus or funding of a deficit can then be over a time horizon that is considered suitable from both the Trustee and Employer's point of view.

Summary of Method of Attributing Benefits to Past Membership

In order to determine if the Plan is in surplus or deficit, it is necessary to determine what proportion of benefits payable in the future from the Plan are due to past service. The past membership components in respect of the current members are projected forward allowing for future assumed salary increases and then discounted back to 1 July 2022 at the valuation rate of interest assumption.

The past membership component for each type of benefit is:

Retirement Benefits

Based on a member's actual accrued retirement benefit multiple as at the date of valuation.

Death and Disablement Benefits

Based on a member's accrued retirement benefit multiple as at the date of valuation.

Resignation Benefit

In the case of benefits based on the accumulated value of contributions made to the Plan, the past component is based on the accumulated contributions with investment earnings to the valuation date, allowing for future expected investment earnings, vesting and discounted from the projected date of resignation to the valuation date.

In the case of benefits based on a multiple of Final Average Salary, the past component is based on members' actual accrued multiple as at the valuation date.

Adjustments

Additional accumulation accounts for Defined Benefit members and Accumulation members' benefits (e.g. rollover, voluntary member contribution, etc.) have been added to the past membership liability at their face value and accounts such as the surcharge and/or family law liability account have been deducted.

Contact Information

Su Li Sin
Senior Consultant, Actuary
Aon Risk Services Australia Limited
Wealth Solutions
+61 2 9253 7113
su.li.sin@aon.com

Aon Risk Services Australia Limited
ABN 17 000 434 720
AFSL No 241141
Level 33
201 Kent Street
Sydney NSW 2000
Australia

About Aon

Aon plc (NYSE: AON) exists to shape decisions for the better—to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.