

Regular Triennial Actuarial Investigation Report to the Trustee of the

**smartMonday PRIME TEF - Valvoline Australia
Superannuation Plan**

Valuation Date: 1 July 2024

Date of Report: 28 October 2024

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Executive Summary

Superannuation regulations and the Trust Deed of the smartMonday PRIME TEF - Valvoline Australia 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 Valvoline (Australia) Pty Ltd (the Employer) and the Trustee is Equity Trustees Superannuation Limited (the Trustee).

Effective from 1 February 2022, the Future Super Group acquired smartMonday from Aon. 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.

Financial Condition

A snapshot of the financial condition of the Plan as at 1 July 2024 is set out below.

	Defined Benefits only	Total Plan	Comments
Vested Benefits Index	99.4%	99.8%	The Plan is in an unsatisfactory financial position. The Plan's Vested Benefit Index for Defined Benefits is above the Shortfall Limit of 97.0%.
Actuarial Value of Accrued Benefits Index	101.4%	100.5%	The Plan remains in an adequate financial position. The Plan had a surplus on this basis of \$131,632.
Minimum Requisite Benefits Index	147.0%	114.4%	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 Regular 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

Administration Issues

A number of administrative errors that occurred under the previous Plan Administrator were discovered when there was a change in Plan Administrators from 14 June 2023. These errors were rectified in 2023 after the 1 July 2023 annual review. There was also an administrative error in the processing of an investment switch on 30 May 2024 which resulted in the understatement of the actual returns for the year and consequently the assets being understated at the date of the valuation.

Unfortunately, this has resulted in the Plan being in an unsatisfactory financial position in relation to the Vested Benefits but is above the Shortfall Limit of 97.0 percent at the valuation date. The Australian Prudential Regulation Authority was notified in our letter dated 27 August 2024 of this occurrence. However, no action was recommended at that stage as the error was rectified and the correction returned the Plan to a satisfactory financial position.

Other Items

Due to the definition of salary including bonuses and other items the Salary used for superannuation purposes can be volatile and we note that the Salary rise as at 1 July 2022 averaged 11.5 percent. However, the Final Average Salary is a three year average of Salaries and therefore this was not classed as a significant event. We note that the two subsequent years averaged 2.9 percent and 1.4 percent respectively.

There was concern that the financial position may have or may have about to become unsatisfactory in March 2024 so the Employer chose to make a one-off lump-sum contribution of \$106,147 to avoid that outcome.

The insurance formula was updated during the period to the Trustee's preferred formula of insuring the difference between the Death and Total and Permanent Disablement Benefit and the Vested Benefit.

Significant Changes to the Plan Benefits

There are no changes to the Plan benefit structure since last regular triennial actuarial investigation as at 1 July 2021.

Employer Contribution Recommendations

I recommend that the Employer pays contributions to the Plan at the rates set out in the table below:

Category	Employer Rate for Defined Benefit Members		
	(% p.a. of Salaries ¹)		
	1/07/2024 - 31/12/2024	1/01/2025 - 30/06/2027	1/07/2027 - onwards
1	25.0%	18.8%	0.0%
2	24.0%	17.7%	0.0%

¹The Superannuation Guarantee (SG) contribution rate is to be paid based on Ordinary Time Earnings (OTE) and the remainder of the employer contribution rate is to be paid on base salary plus bonus and/or Restricted Stock Equivalents (RSEs), if any.

In addition, the following contributions are also payable:

- Defined Benefit member contributions of 5 percent p.a. (or 5.88 percent p.a. if salary sacrifice or if paid by the Employer and deemed to be paid by the Member) of base salary plus bonus, if any plus RSEs, if any; and
- Employer contributions of at least the required contributions to meet Superannuation Guarantee legislation as per the Plan's Benefit Certificate in respect of Accumulation members.

These rates are lower than those currently being paid from 1 January 2025.

The Employer contributions in respect of Defined Benefit members must be paid (or loaded if on a contribution holiday) by the 28th day of the month following the month to which they relate or earlier date as required by legislation. The Employer contributions in respect of Accumulation members must be paid by the 28th day of the month following the quarter end or earlier date as required by legislation.

For illustration, the long-term Employer Defined Benefit contribution rates without considering the Plan's current financial position (i.e. deficit/surplus) or amounts allocated to additional accumulation accounts are:

Category	Employer Rate (% p.a. of Salaries) ¹ ²
1	18.8%
2	17.7%

¹The Superannuation Guarantee contribution rate is based on Ordinary Time Earnings and the remainder of the employer contribution rate is paid on base salary plus bonuses and/or RSEs, if any.

² Defined Benefit member 5 percent p.a. contributions (or 5.88 percent p.a. if salary sacrifice or paid by the Employer and deemed to be paid by the Member) of base salary plus bonus, if any plus RSEs are paid in addition.

Please refer to Section 4 for details.

Shortfall Limit Recommendations

I have reviewed the Shortfall Limit of 97.0 percent and confirm that, in my view, it remains appropriate.

Please refer to Section 5 for details.

Insurance Recommendations

I have reviewed the formula for defined benefit members and confirm that, in my view, it remains appropriate and the current insurance arrangement should be maintained.

I also recommend the Trustee continues to review the arrangement for the member with restricted insurance cover on death and TPD remains appropriate.

Please refer to Section 6 for details.

Investment Recommendations

Other than the SG minimum benefit and resignation benefit, the defined benefits are not impacted by the investment return. As a result, the financial position of the Plan and contribution requirements are particularly sensitive to the investment return achieved on the Plan's assets.

In my opinion, the retention of the current investment strategy is 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.

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 and should be maintained. For more information refer to Appendix C.

Monitoring Recommendations

I have reviewed the current practice of carrying out a funding position review on an annual basis between triennial actuarial investigations and confirm that, in my view, it remains appropriate based on the current and expected financial position over the next 3 years.

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.

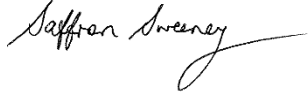
Next Actuarial Investigation

The next regular triennial actuarial investigation of the Plan should be carried out with an effective date of 1 July 2027. A funding position review will be performed at each 1 July between investigations. The Trustee may request that an interim actuarial investigation be carried out before this date.

An interim actuarial investigation may need to be carried out at an earlier date if one or more of the notifiable events in the funding and solvency certificated dated 28 October 2024 occur prior to that date as advised by the Trustee (unless, after reviewing the details of a specific event which would otherwise be classified as a notifiable event, the actuary advises the Trustee in writing that such an event does not constitute a notifiable event).

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.



Saffron Sweeney
Fellow of the Institute of Actuaries of Australia
28 October 2024

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 2024 (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 clause 4.2(b) of 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 2024 by Saffron Sweeney, of Aon Risk Services Australia Limited, Fellow of the Institute of Actuaries of Australia. The previous regular triennial actuarial investigation was also completed by Saffron Sweeney, as at 1 July 2021. The results are shown in the report dated 28 October 2021.

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 Guidelines 1, 499.08 and 499.09 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 investigation and funding positions reviews were as follows:

	Regular Triennial Actuarial Investigation as at 1 July 2021	Funding Position Review as at 1 July 2022	Funding Position Review as at 1 July 2023
A surplus/(deficit) of Assets over the Actuarial Value of Accrued Benefits	\$884,505	(\$1,083,111)	(\$743,267)
An excess/ a (deficiency) of Assets over the Vested Benefits	\$1,517,043	\$298,699	(\$57,294)
Summary of the recommended Employer contribution for DB members	<ul style="list-style-type: none"> 17% for Category 1 and 16% for Category 2 from 1 July 2021 onwards. 	<ul style="list-style-type: none"> an additional lump sum contribution of \$100,000 by 30 September 2022; and 17% for Category 1 and 16% for Category 2 from 1 July 2022 to 30 September 2022 followed by 25% for Category 1 and 24% for Category 2 from 1 October 2022 onwards. 	<ul style="list-style-type: none"> 25% for Category 1 and 24% for Category 2 from 1 July 2023 onwards.
	<ul style="list-style-type: none"> Plus member contributions of 5% p.a. post tax or (or 5.88% p.a. if salary sacrifice/deemed). 		

The average long-term Employer contribution rate was 16.1 percent p.a. of Defined Benefit members' superannuation salaries as at 1 July 2021.

Contributions have been paid in accordance with the above recommendations since the last regular triennial actuarial investigation to the date of this report apart from an additional contribution the Employer made in March 2024 of \$106,147 to ensure that the funding position was sound.

Section 2 – The Plan’s Experience

This section considers the assumptions used in the previous regular triennial actuarial investigation as at 1 July 2021 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 2021 were as follows:

	Assumptions at the previous triennial investigation	Plan Experience	Impact on the Financial Position of the Plan (when considered in isolation)
Investment Returns¹	5.0% p.a.	3.0%* p.a.	Unfavourable effect: The Defined Benefit assets increased at a lower rate than assumed.
		Above the equivalent average return of funds with a similar investment strategy which was 4.3% p.a. ²	The Plan earned slightly higher returns (when allowing for the corrected return) than other funds with a similar investment mix.
Salary Increases	4.0% p.a.	5.2% p.a. ³	Unfavourable effect: The Defined Benefit liabilities increased at a higher rate than assumed.
Average Employer Contribution Rate⁴	Recommended rate (averaged based on category and period) of 21.2% p.a.	Long-term rate of 16.1% p.a.	Favourable effect: The Defined Benefit assets increased at a higher rate than the long-term cost of providing the defined benefits.
			As recommended, the lump sum contributions plus Defined Benefit contribution rates were at a higher rate (on the average) than the long-term cost of providing the defined benefits.
Expenses and Insurance Premiums⁴	<ul style="list-style-type: none"> • 2.0% p.a. for Expenses • 0.9% p.a. for Death and TPD insurance premiums • 0.6% p.a. for SCI insurance premiums 	<ul style="list-style-type: none"> • 2.2% p.a. for Expenses • 1.0% p.a. for Death and TPD insurance premiums • 0.5% p.a. for SCI insurance premiums 	Unfavourable effect: The Defined Benefit assets, on average, have paid more expenses and premiums than assumed.

¹net of investment expenses and tax

²based on the 3-year median return for Rainmaker's Top 50 Workplace Super – Balanced Investment options for the period ending June 2024

³for existing Defined Benefit members averaged yearly increase at each annual review date over the investigation period

⁴Percent of Defined Benefit members' salaries

*The actual investment return after the investment switch error correction would result in an investment earnings of 4.4 percent p.a. instead of 3.0 percent p.a..

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

- Membership movements:
 - Exits: 7 Defined Benefit members left the Plan due to early retirement and normal retirement during the triennial actuarial investigation period, which is lower than that assumed in the previous investigation. Overall, benefits paid were slightly more than the amounts reserved and therefore, in isolation, this has led to a small unfavourable effect on the financial position of the Plan.
- The administrative error in the processing of an investment switch resulted in the actual returns for the year and consequently the assets being understated at the date of the valuation.

The overall experience of the Plan during the regular triennial actuarial investigation period has had a negative effect on its 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 2021. 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. 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 1.7 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 changes in assumptions, in isolation to all others, is that the Actuarial Value of Accrued Benefits decreased and the long-term contribution rate has decreased.

	Net investment return (p.a.)	Salary increase rate (p.a.)	Differential (p.a.)
Assumption as at 1 July 2021	5.00%	4.00%	1.00%
Assumption as at 1 July 2024	5.70%	4.00%	1.70%

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 the Balanced Growth option) and allowing for correlations of investment returns between asset classes and investment fees;
- We expect that inflation will return to the RBA target of 2 percent p.a. to 3 percent p.a. We have assumed CPI will be 2.5 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) 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 and the current membership profile.

All other demographic assumptions remain unchanged.

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:

Age Last	1 July 2024			1 July 2021		
	Resignation	Death and Disablement	Retirement	Resignation	Death and Disablement	Retirement
30	1,000	8	0	1,000	7	0
35	1,000	10	0	1,000	9	0
45	500	28	0	500	24	0
50	500	55	0	500	48	0
55	0	115	1,000	0	101	1,000
60	0	219	2,400	0	193	2,400
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 this change in assumptions in isolation has slightly increased the Actuarial Value of Accrued Benefits and 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 on the next page.

	1 July 2021	1 July 2024
Operating expenses (% p.a. of Defined Benefit members' salaries)	2.0% p.a.	4.0% p.a. [^]
Death and TPD insurance premiums (% p.a. of Defined Benefit members' salaries)	0.9% p.a.	1.2% p.a.
Salary Continuance Insurance premium (% p.a. of Defined Benefit members' salaries)	0.6% p.a.	0.6% p.a.
Total expense and insurance premium assumption	3.5% p.a.	5.8% p.a.

[^] As the assumption is based on total Defined Benefit salaries, the impact of having fewer Defined Benefit members means that the expenses as a percentage of total Defined Benefit salaries increases.

The expenses and insurance premiums assumptions have increased from the previous regular triennial actuarial investigation to reflect the expected expenses over the next three years.

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 deducted from members' accounts, or paid by the Employer 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.

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 2024), 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 2024;
- 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 \$1.9 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 increased the expected cost of providing Defined Benefits to the members of the Plan.

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	8,643,254
Death and Disablement	673,174
Resignation	315,737
Total of Defined Benefit related liabilities	9,632,165
Additional accounts for Defined Benefit members	1,152,772
Accounts for Accumulation members	13,829,045
Actuarial Value of Accrued Benefits	24,613,982
Assets*	24,745,614
Surplus/(Deficit)	131,632

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

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 and to ensure Vested Benefits are covered.

Total assets exceeded the Actuarial Value of Accrued Benefits as at 1 July 2024 by \$131,632. This is equivalent to 1.4 percent of Defined Benefit liabilities (i.e. excluding accumulation members' benefits and Defined Benefit members' additional accounts) and 5.0 percent of total Defined Benefit salaries. As mentioned earlier in this report, the assets were understated at the valuation date due to an error made when the investment switches occurred and this was not corrected until after the valuation date and therefore the excess reserves were theoretically higher than are stated in this report. This excess reserve amount will largely be maintained within the Plan as a small buffer against future adverse experience and allow the Employer to reduce its current contributions to the average long-term employer contribution rate.

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 2021. 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 3 years' worth of movements.

	\$(000's)
Previous surplus/(deficit)	885
Interest on surplus/(deficit) ¹	(202)
Investment gains/(losses) ²	113
Employer contributions paid at a higher/(lower) rate than long-term rate ³	614
Expense gains/(losses) ⁴	1
Salary gains/(losses) ⁵	(1,136)
Change in basis gains/(losses) ⁶	189
Withdrawal gains/(losses) ⁷	(8)
Investment Switch Error ⁸	(422)
Miscellaneous	98
Surplus/(deficit) as at the valuation date	132

¹ Interest on surplus (which turned into a deficit in the interim) over the period.

² An investment gain occurs when investment earnings are higher than assumed. Note that although the three year compound return was lower than expected due to the value of the assets and the proportion of salary related benefits to account based benefits and the gains/losses calculated each year there was an overall gain.

³ A contribution gain occurs when employer contributions are paid at a rate higher than the long-term rate.

⁴ An expense gain arises when expenses are less than assumed. Note that although on an average of percentage of salaries basis expenses were slightly more than expected when considering this in dollar terms, and the gains/losses calculated each year, there was a very small overall gain in the three years.

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

⁶ A gain from a change of basis occurs when the overall set of assumptions becomes less conservative.

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

⁸ A loss due to an administrative error in the processing of an investment switch that resulted in the assets being understated at the valuation date. Note that this was subsequently corrected but not backdated to the valuation date.

Long-term Contribution Rate

The Defined Benefits long-term Employer contribution rate has increased since the last regular triennial actuarial investigation mainly due to the expected increase in expenses.

Present Value of Future Service Liability	Total (\$)
Retirement	1,258,003
Death and Disablement	106,544
Resignation	85,113
Total of Defined Benefit related liabilities	1,449,660
Less member contributions	466,902
Net Future Service Liability	982,758
Equivalent net future contribution rate	10.5%
Tax	1.9%
Expense allowance	4.0%
Death and TPD premiums	1.2%
Salary Continuance premiums	0.6%
Employer contribution rate required for Future Service Benefits (p.a. salary)	18.2%

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 general ledger as the value of assets for Defined Benefit members and the value of Accumulation members' benefits for Accumulation members for the purpose of this regular triennial actuarial investigation. The financial statements, which includes all smartMonday plans, at 30 June 2024 were audited and signed on 30 September 2024. The assets are net of any amount held to meet the Operational Risk Financial Requirement (ORFR). 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 2021			1 July 2024			
	Amount	Index ¹	DB Index ²	Amount	Index ¹	DB Index ²	
Minimum Requisite Benefits	20,372,746	117.4%	143.7%	21,625,564	114.4%	147.0%	A
Vested Benefits³	22,408,019	106.8%	114.9%	24,804,012	99.8%	99.4%	A
Leaving Service Benefits³	22,440,640	106.6%	114.6%	24,846,893	99.6%	99.0%	A
Actuarial Value of Accrued Benefits	23,040,557	103.8%	108.2%	24,613,982	100.5%	101.4%	
Accumulation Benefits⁴	12,245,248			14,981,817			B
Assets⁵	23,925,062			24,745,614			C

¹Index is C/A.

²DB Index is $(C - B)/(A - B)$, i.e. the index excluding accumulation benefits.

³The benefit design allows the Trustee to grant early retirement consent for Defined Benefit members between ages 55 and 60. Consent is generally granted. Early retirement benefits are able to be paid without requiring consent from the Employer for employees aged between 55 and 60 with at least 20 years of service and at least 15 years of Plan membership as a defined benefit member.

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

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

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 and Employer consent is assumed not to be granted for Early Retirement benefits.

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 an unsatisfactory level at the valuation date but the index was above the shortfall limit of 97 percent. Note that the assets were understated at the valuation date due to an error made when the investment switches occurred and this was not corrected until after the valuation date and it was not backdated. Therefore, if the correction in the investment switch is taken into account, the Plan was technically in a satisfactory financial position and therefore no remediation required.

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 usually consents to the early retirement benefit for members.

The Leaving Service Benefits Index was at an inadequate level, and therefore the Defined Benefit Leaving Service Benefits Index was at an inadequate level at the valuation date, however it was theoretically adequate when the investment switch correction is taken into account.

Shortfall Limit

In accordance with SPS 160, the Trustee has set a Shortfall Limit of 97.0 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 2024 was 99.4 percent. Therefore, the Plan has not fallen below the Shortfall Limit at the valuation date. The investment switch error was rectified in August 2024 and the Plan's investments have earned approximately 5.5 percent since the valuation date to 18 October 2024 and this has had a positive effect on the Defined Benefit Vested Benefit Index and it has now returned to above 100 percent and therefore there is no need for a restoration plan to be put in place.

I have reviewed the Shortfall Limit of 97.0 percent and confirm that, in my view, it remains appropriate.

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.

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.

* Also note that the Actuarial Report for AASB1056 Purposes dated 23 August 2024 excluded Defined Benefit members' additional accounts and Accumulation members' benefits as these liabilities are equal in value to the assets held and therefore recognised as "Defined Contribution member benefits" in the AASB1056 financial statements.

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, the Trustee must apply the assets of the Plan in this order of priority:

- (i) first, in paying the costs and expenses of winding up the Plan;
- (ii) secondly, in securing the minimum benefit prescribed by Superannuation Law for each affected Member;
- (iii) thirdly, in securing the benefits of those Members, their Dependants or legal personal representatives who at the date on which the notice of termination was given or received by the Trustee were in receipt of or were entitled to be paid a benefit from the Plan;
- (iv) fourthly, in securing for a Member or the Member's Dependants or legal personal representative the benefits payable in accordance with these Plan Rules where during the period of notice the Member retired on or after the Normal Retirement Date or a benefit became payable to or in respect of a Member as a result of the Member's death or disablement while employed by the Employer; and
- (v) lastly, in securing the Member's Reserve in the Plan of each of the remaining Members including any Members who may have ceased to be employed by the Employer during the period of notice but excluding those Members to whom paragraphs (iii) and (iv) apply.

There is no guarantee of adequacy for the termination liabilities and therefore by definition Plan assets are sufficient to cover 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 Australia Limited) 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 - Vested Benefit

Accumulation Members

Minimum Level of Death Cover based on age subject to a minimum of the dollar amount of cover for members who were members at 1 July 2023 (or reduced amount if requested by the member)

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 2024 (Death) (\$)	1 July 2024 (TPD) (\$)
Total sums insured (A)	11,538,357	11,418,357
Plan Assets (B)	24,745,613	24,745,613
Amount of Surplus, if any, set aside for funding purposes as well as inclusion on correction of asset value (C)*	(47,089)	(47,089)
Plan Assets available to meet Death/TPD benefits (B)-(C)=(D)	24,792,703	24,792,703
Available on Death/TPD (A)+(D)=(E)	36,331,060	36,211,060
Total Death/TPD benefit (F)	36,342,369	36,222,369
Excess/(shortfall) (E)-(F)=(G)	(11,309)	(11,309)

* a portion of the surplus is set aside for funding purposes to make allowance for the recommended contribution rate being lower than the long-term Employer contribution rate and therefore this cannot be considered for Death or TPD purposes. We have, however, included with this an allowance for the impact of the investment switch error, therefore combined there will be an increase to the assets available.

Recommendation

The current formula for defined benefit members, allowing for the investment switch error which was rectified post the valuation date, results in a small non-funded portion of the death and TPD benefits of the Defined Benefit members in the Plan which is reasonable on the basis of the recommended funding levels.

I have reviewed the formula and confirm that, in my view, it remains appropriate and the current insurance arrangement should be maintained.

Disability Income Insurance

The Trustee also has effected Group Insurance (with AIA Australia Limited) 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 five 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 Fund including this 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 was one member of the Plan whose death and TPD insurance covers were restricted by the Insurer's Automatic Acceptance Limit. As a result, their death and TPD benefits were restricted to their vested benefit plus their restricted cover. In order to receive the full death and TPD benefit as prescribed under the Trust Deed, they will have to undergo a medical underwriting process to obtain the full standard death and TPD insurance cover (based on the formula above) and benefits (based on the Trust Deed).

We recommend the Trustee should communicate with the affected member (if they haven't done so) to ensure that the member understand the possibility of an underwriting process and the death cover restriction's impact on the member's total death benefit.

Also, we recommend the Trustee continues to review to ensure that the arrangement for this member remains appropriate.

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 and on the Employer contribution rate 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 2024	Overall long-term Employer contribution rate as at 1 July 2024**
	(\$)	(p.a.)
This valuation (4.0% p.a./5.7% p.a.)	24,613,982	18.2%
Last valuation (4.0% p.a./5.0% p.a.)	24,802,857	18.5%
Last valuation with this valuation decrements (4.0% p.a./5.0% p.a.)*	24,805,839	18.5%
Salary inflation rate plus 1% p.a. (5.0% p.a./5.7% p.a.)	24,761,305	18.5%
Salary inflation rate minus 1% p.a. (3.0% p.a./5.7% p.a.)	24,487,084	18.1%
Investment return plus 1% p.a. (4.0% p.a./6.7% p.a.)	24,370,215	18.0%
Investment return minus 1% p.a. (4.0% p.a./4.7% p.a.)	24,892,427	18.7%

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

**This is calculated based on this valuation's expense and premiums assumption.

Based on the above results, it is clear that the financial position of the Plan and the required Employer contribution will vary depending on the actual experience of the Plan and particularly in relation to salary increases and long-term investment returns. If the increase in salaries of Defined Benefit members is 1 percent p.a. higher than the assumed rate, the long-term cost to the Employer will be 0.3 percent p.a. higher than that based on the assumptions used for this valuation. If long-term investment returns are 1 percent p.a. higher than assumed, the long-term Employer contribution rate decreases by 0.2 percent p.a.

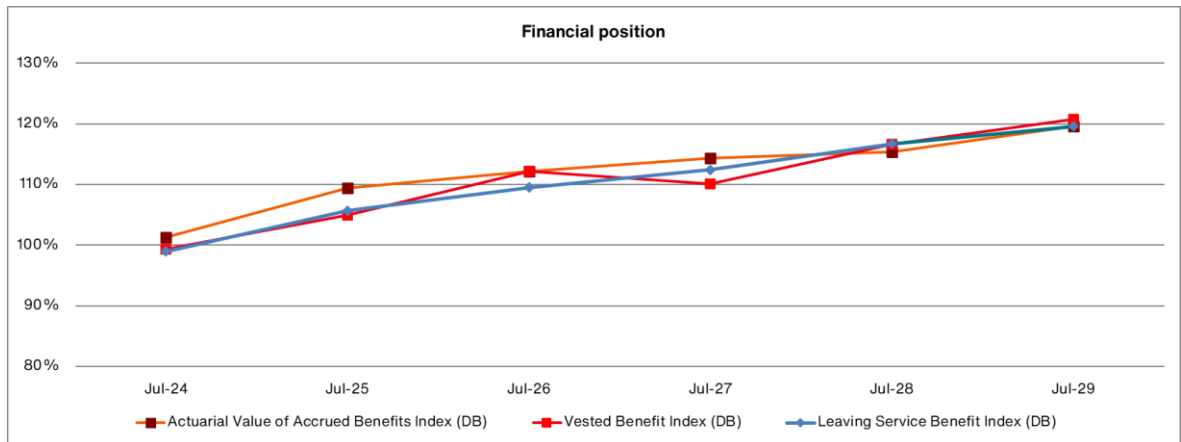
Post Valuation Events

The Plan has earned an average investment return of 5.5 percent from the date of the valuation to 18 October 2024. This is significantly higher than the rate assumed for the valuation and has further strengthened the financial position of the Plan. I estimate that, with the rectification of the investment switch error, the coverage of Vested Benefits without Employer’s consent (exclusive of Accumulation members’ benefits and Defined Benefit members’ additional accounts) has increased from 99.4 percent at the valuation date to approximately 105.0 percent as at 18 October 2024. This has been taken into account in the recommended Employer contributions.

As Minimum Requisite Benefits (MRBs) are accumulation in nature, they will have moved in line with this investment return. Therefore, the funding position, in regards to MRBs, is largely unchanged since the valuation date.

Projection of Future Liabilities

The graph below shows the projected value of Defined Benefit Vested Benefits, Defined Benefit Leaving Service Benefits and Actuarial Value of Accrued Benefits for Defined Benefit members funding indices over the next five years. These projections have been based on defined benefit liabilities and assume that the Employer will pay contributions in accordance with the contribution recommendation (refer to Section 9 of this report) and are based on the assumptions used to calculate past service liabilities at each of the future dates. These projections also allow for the post valuation events described above.



Assuming the Employer contributions are not less than the rates which I have recommended, I expect that on the assumptions, methods and asset values adopted in the valuation, that the Assets were technically sufficient once the investment switch error is taken into account and they will remain sufficient to cover the value of these liabilities during the period up to 1 July 2029.

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).

Employer Financial Viability

The future of the Plan relies on the Employer remaining a viable entity and being willing and able to pay contributions as and when needed. The Trustee should discuss the valuation report with the Employer and ensure the Employer understands the recommendations before agreeing to the contribution rates.

Plan Specific Risks

Salary Definition

As agreed between the Employer and Trustee, longer-term incentives (bonuses) are to be included in the Superannuation Salary (for the purposes of determining Final Average Salary). Based on information from the Employer, these incentives may currently include the following: Restricted Stock Equivalents (RSEs), Restricted Stock Units (RSUs), Performance Unit Awards (PSUs) and Founder's Grant and may or may not be paid in a year and therefore may result in fluctuations in Superannuation Salary. The fluctuations are partially mitigated for members by having a definition of Final Average Salary which incorporates the highest 36 months of consecutive earnings in the 60 months prior to retirement, however, the impact of large bonuses can be large particularly for members with long service.

The Employer needs to be aware of the funding impact when awarding these bonuses to Defined Benefit members.

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.

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

Recommendations

Future Contribution Recommendations

I recommend that the Employer pays contributions to the Plan at the rates set out in the table below:

Category	Employer Rate for Defined Benefit Members		
	(% p.a. of Salaries ¹)		
	1/07/2024 - 31/12/2024	1/01/2025 - 30/06/2027	1/07/2027 - onwards
1	25.00%	18.8%	0.00%
2	24.00%	17.7%	0.00%

¹The Superannuation Guarantee contribution rate is to be paid based on Ordinary Time Earnings and the remainder of the employer contribution rate is to be paid on base salary plus bonus and/or RSEs, if any.

In addition, the following contributions are also payable:

- Defined Benefit member contributions of 5 percent p.a. (or 5.88 percent p.a. if salary sacrifice or if paid by the Employer and deemed to be paid by the Member) of base salary plus bonus, if any plus RSEs, if any; and
- Employer contributions of at least the required contributions to meet Superannuation Guarantee legislation as per the Plan’s Benefit Certificate in respect of Accumulation members.

These rates are lower than those currently being paid from 1 January 2025.

The Employer contributions in respect of Defined Benefit members must be paid (or loaded if on a contribution holiday) by the 28th day of the month following the month to which they relate or earlier date as required by legislation. The Employer contributions in respect of Accumulation members must be paid by the 28th day of the month following the quarter end or earlier date as required by legislation.

The recommended contributions will need to be reviewed prior to the next regular triennial actuarial investigation due with an effective date of 1 July 2027 if one or more of the notifiable events within the Funding and Solvency Certificate occur prior to that date as advised by the Trustee (unless, after reviewing the details of a specific event which would otherwise be classified as a notifiable event, the Actuary advises the Trustee in writing that such an event does not constitute a notifiable event).

Shortfall Limit Recommendations

I have reviewed the Shortfall Limit of 97.0 percent (see Section 5) and confirm that, in my view, it remains appropriate.

Insurance Recommendations

I have reviewed the formula (see Section 6) and confirm that, in my view, it remains appropriate.

I also recommend the Trustee continues to review the arrangement for the member with restricted insurance cover on death and TPD remains appropriate.

Investment Recommendations

Other than the SG minimum benefit and resignation benefit, the defined benefits are not impacted by the investment return. As a result, the financial position of the Plan and contribution requirements are particularly sensitive to the investment return achieved on the Plan's assets.

In my opinion the investment strategy is appropriate to meet:

- the long-term liabilities of the Plan;
- the expected lump sum benefits of Defined Benefit members on termination of employment; and
- a conversion to the Plan's Accumulation category on reaching their Normal Retirement Date.

The levels of liquidity available to the Plan are adequate to meet any of its short-term liquidity requirements.

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

I have reviewed the current practice of carrying out a funding position review on an annual basis between triennial actuarial investigations and confirm that, in my view, it remains appropriate based on the current and expected financial position over the next 3 years.

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 TESH - Valvoline Australia Superannuation Plan (the Plan) as at 1 July 2024 covering the three-year period to that date.

In my opinion:

- 1) As at 1 July 2024, the fair value of the net Assets of the Plan for Defined Benefit members, based on the general ledger for the Plan plus the Accumulation members' benefits for Accumulation member assets, was \$24,745,613 and this is the value of assets used to

determine the Employer contribution rate with an allowance for the rectification of the investment switch error and investment returns for the period from 1 July 2024 to 18 October 2024.

- 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 \$24,613,982 as at 1 July 2024. The Actuarial Value of Accrued Benefits of Defined Benefit members as at 1 July 2024 for the purposes of Australian Accounting Standard AASB1056 was \$9,632,165 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 AASB1056 was \$9,763,797.
- 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 2024.
- 4) The investigation disclosed the Plan was in an unsatisfactory financial position as at 1 July 2024. The Plan's financial condition has not fallen below the Shortfall Limit set by the Trustee at the valuation date. However, once the investment switch error is included the Plan was in a satisfactory financial position and therefore no remediation was recommended.
- 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 after taking into account the corrected earnings in relation to the investment switch error, 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.



Saffron Sweeney
Fellow of the Institute of Actuaries of Australia
Aon Risk Services Australia Limited

28 October 2024

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.

The following is a summary of the Plan rules used for the valuation. This summary should not be used to calculate benefits or be relied upon in place of the formal Plan rules.

Eligibility

All employees are eligible for membership on commencement of employment, however, the Defined Benefit categories 1 and 2 are closed to new entrants.

Plan Structure

The smartMonday PRIME TESH - Valvoline Australia Superannuation Plan (the Plan) is a Defined Benefit plan and is constituted by a Trust Deed originally dated 1 June 1988. Further to the amendment of the Deed in November 2018, it was further amended in June 2020 with changes including replacement of existing Early Retirement Benefit, on the transfer to the accumulation category at normal retirement where not terminating service with the employer, death benefits and insurance.

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

Accumulation Member

References to Accumulation Members in this Report also include Late Retirees unless separately noted.

Normal Retirement Date (NRD)

65th Birthday

Early Retirement Date (ERD)

- Anytime between ages 55 and 60 having completed 20 years of continuous service with defined benefit membership at least 15 years without requiring the consent of the employer, or
- any time after age 55 and before age 60 with the consent of the employer, or
- any time from age 60.

Insurance Salary

This is a members' base salary as advised by the Employer.

Salary

Salary is the annual rate of ordinary salary or wages earned including director's fees and allowances as determined from time to time by the Employer but excluding commissions or sums paid for overtime work or for other special services. However, the Employer has agreed to (and the trustee has approved) the inclusion of longer-term incentives (bonuses) in the Superannuation Salary for the purposes of determining Final Average Salary. Based on information from the Employer, these incentives may currently include the following: Restricted Stock Equivalents (RSEs), Restricted Stock Units (RSUs), Performance Unit Awards (PSUs) and Founder's Grant.

The Superannuation Salary will be the sum of:

- A rate of salary as advised by the Employer at 1 July for the next twelve-month period; and
- The actual bonuses paid by the Employer to a Member, while a member of the Plan, in the previous twelve-month period.

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 in any consecutive 36 months, in the 60 months (5 years) prior to retirement, that provides the highest result. Full-time equivalent salary is used for part-time members.

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 but not vesting.

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 1	5.88 percent p.a. paid by the Employer and deemed to be paid by the Member
Category 2	5 percent p.a. after tax (or 5.88 percent p.a. if paid from pre-tax Salary)
Accumulation Members	Nil

Employer

Category 1 and 2	Balance of costs, including expenses for Late Retiree Members
Accumulation Members	Superannuation Guarantee Rate on OTE

Benefits

Accumulation Members' Benefits

Late Retirees	Sum of account balances
Accumulation Members	Sum of account balances (apart from Death, Total & Permanent Disablement and Temporary Disablement – see below)

Normal Retirement Benefit (NRB)

Equal to Retirement Benefit Multiple times Final Average Salary.

Category 1	A lump sum benefit calculated as 17.5 percent x FAS x Membership
Category 2	A lump sum benefit calculated as 15 percent x FAS x Membership prior to 1 July 1988 + 17.5 percent x FAS x Membership from 1 July 1988

Early Retirement Benefit (ERB)

Categories 1 and 2: The benefit is determined as for normal retirement, based on Membership and Final Average Salary at the date of retirement and subject to a discount factor of 3 percent for each complete year that the early retirement precedes age 60.

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 1 and 2

Lump sum benefit equal to the prospective benefit which would have been paid at the Normal Retirement Date based on the Final Average Salary at Death.

Accumulation Category

Lump sum benefit equal to the sum of:

- Account balances
- Minimum Level of Death Cover based on age subject to a minimum of the dollar amount of cover for members who were members at 1 July 2023 (or reduced amount if requested by the member)

Total and Permanent Disablement (TPD) Benefit

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

Total and Temporary Disablement Benefit

For Category 1 and 2

75 percent of salary payable in monthly instalments for a maximum period of 5 years.

Resignation Benefit

Sum of:

- Member Account
- the greater of a proportion of (i) set out in the table below and the SG Account.

Completed Years of Plan Membership	Category 1 %	Category 2 %
Less than 5	0	0
5	50	30
6	60	35
7	70	40
8	80	45
9	90	50
10	100	55
11	100	60
12	100	70
13	100	80
14	100	90

Completed Years of Plan Membership	Category 1 %	Category 2 %
15 and over	100	100

Plan Termination Benefits

Assets (up to a Member's Reserve in the Plan) are distributable to the Members on Termination. If assets are insufficient, all are distributed to Members, but there is no further liability.

Additional Accounts

Additional Voluntary Contribution Accounts and Rollover Accounts are in addition to all of the above benefits.

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 with investment earnings from the date of the split for accumulation members and for defined benefit members 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 2021 – 1 July 2024

Active DB Membership at 1 July 2021	23
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	4
Normal retirements	3
Resignations	0
Retrenchments	0
Late retirements	0
Active DB Membership at 1 July 2024	16

In addition, there were 108 Accumulation members at the valuation date with total salaries of \$6,144,229. Note there are no Late Retirees at the valuation date.

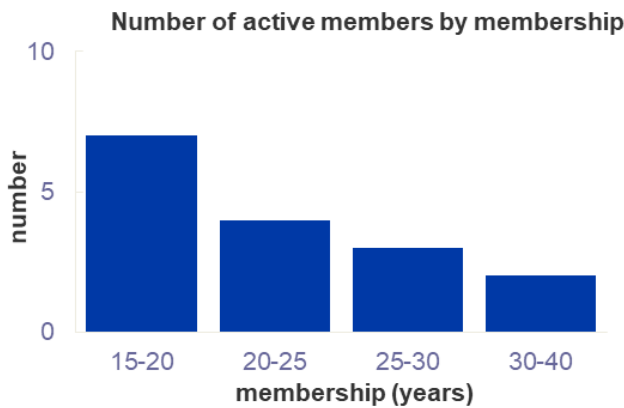
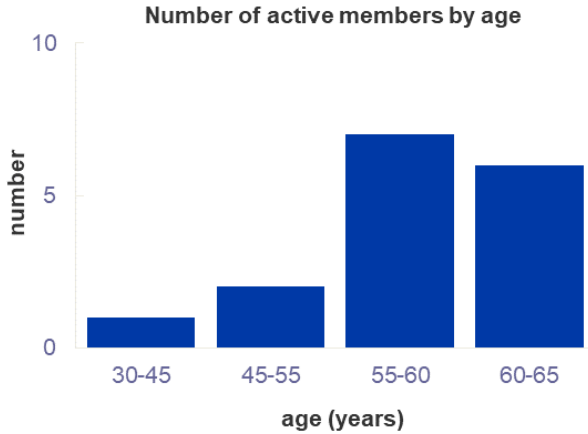
Membership Characteristics as at 1 July 2024

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 2021) are also shown below:

Defined Benefit Active Members	1 July 2021	1 July 2024
Number of members	23	16
Average age (years)	56.2	57.2
Average membership (years)	20.0	22.4
Total annual salary (\$)	3,405,900	2,622,796
Average annual salary (\$)	148,083	163,925

By Age and Membership

The following graphs outline the distribution by age and membership of the 16 active Defined Benefit members:



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 last funding position review data as at 1 July 2023.

We have relied on the asset information provided by the Plan administrator as at 1 July 2024 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 30 June 2024 have been audited and signed on 30 September 2024.

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 & permanent disablement benefits).

Appendix C – Accounts and Summary of Assets

Accounts

The following is a summary of the cash flows provided by the Plan administrator for the regular triennial actuarial investigation period 1 July 2021 to 30 June 2024. The final accounts of the Smart Future Trust for 30 June 2024 have received audit clearance.

	1 July 2021	1 July 2022	1 July 2023	1 July 2021
	to	to	to	to
	30 June 2022	30 June 2023	30 June 2024	30 June 2024
	(\$)	(\$)	(\$)	(\$)
Plan Assets at start of period (A)	23,925,063	22,166,902	27,947,405	23,925,063
Accumulation accounts at start of period* (B)	10,652,370	9,386,230	14,279,937	10,652,370
Defined Benefit related Plan Assets at start of period (C) = (A) – (B)	13,272,693	12,780,672	13,667,468	13,272,693
Plus				
Member contributions	189,624	172,083	158,171	519,878
Employer contributions	655,409	819,086	982,726	2,457,221
Rollovers/transfers in	10,873	0	0	10,873
Investment income (including capital appreciation/depreciation)	(509,815)	1,108,896	647,608	1,246,689
Less				
Group Life premiums (net of rebates)	39,085	56,613	56,951	152,649
Benefits (net of insurance recoveries)	624,848	872,293	4,320,496	5,817,637
Administration and other charges	61,431	143,865	23,847	229,143
Income tax	112,748	140,498	138,110	391,356
Defined Benefit related Plan Assets at end of period (D)	12,780,672	13,667,468	10,916,569	10,916,569
Accumulation accounts at end of period* (E)	9,386,230	14,279,937	13,829,045	13,829,045
Plan Assets at end of period (F) = (D) + (E)	22,166,902	27,947,405	24,745,614	24,745,614

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

Aon have relied on data and information provided by the Plan administrator. Aon did not audit the 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 financial information provided is revised for any reason and materially changes the results, then this report may need to be revised.

Summary of Assets

Accumulation members and Defined Benefit members for non-defined benefit related assets (apart from the Surcharge Account which is invested in the Balanced Growth Option), may invest their account balances in any option. Where an investment option is not chosen by Accumulation members, account balances are invested in the default MySuper option and for Defined Benefit members' additional accounts they are invested in the Balanced Growth option, where no option is selected.

Defined Benefit related account balances are invested in the Balanced Growth option. Defined Benefit assets above account balances (i.e. defined benefit reserve assets) are also invested in the Balanced Growth option. We note that the Balanced Growth - Active Option is now the Balanced Growth Option from 1 June 2024 as a result of the changes implemented by smartMonday and understand that there is no significant change to the underlying strategic asset allocation.

The benchmark asset allocation of the Balanced Growth Option is as follows:

By Asset Class	1 July 2021	1 July 2024
(based on benchmark asset allocation)	(%)	(%)
Australian Shares	27.0	27.0
International Shares	27.0	27.8
Property	6.0	6.0
Alternatives Asset - growth	10.0	8.3
Alternatives Asset - defensive	11.0	11.9
Australian Fixed Interest	7.5	13.0
International Fixed Interest	7.5	2.0
Cash	4.0	4.0
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 2024 as audited financial statements for the Plan at that date are not available, however we understand that the Smart Future Trust financial statements as at 30 June 2024 were signed on 30 September 2024.

Crediting Rate Policy

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 is no return mismatch and no cross-subsidisations. Investment earnings can be positive or negative and are based on the changes in unit price of the relevant options.

As noted in previous sections, the Plan assets were credited with incorrect earnings due to an administrator error during the investment switch process, which meant that Plan assets were not credited with the rate below for the year to 30 June 2024. This error was rectified in August 2024.

The Balanced Growth option return for the period was:

	Year to 30 June 2022	Year to 30 June 2023	Year to 30 June 2024	3 Years to 30 June 2024
	(p.a.)	(p.a.)	(p.a.)	(p.a.)
Balanced Growth	-4.3%	8.7%	9.4% [^]	4.4% [^]

[†]net of investment fees and of taxes

[^]the return provided to the affected Plan assets due to the error was 1.0 percent for the year to 30 June 2024 which results in a 3-year return of 1.7 percent p.a..

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 2024 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.

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 leaving to the valuation date.

Death and Disablement Benefits

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

Resignation Benefit

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.

Superannuation Guarantee Minimum Benefit

In the case of Superannuation Guarantee benefits the past component is based on the accumulated contributions with investment earnings to the valuation date, allowing for future expected investment earnings and discounted from the projected date of termination to 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.



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