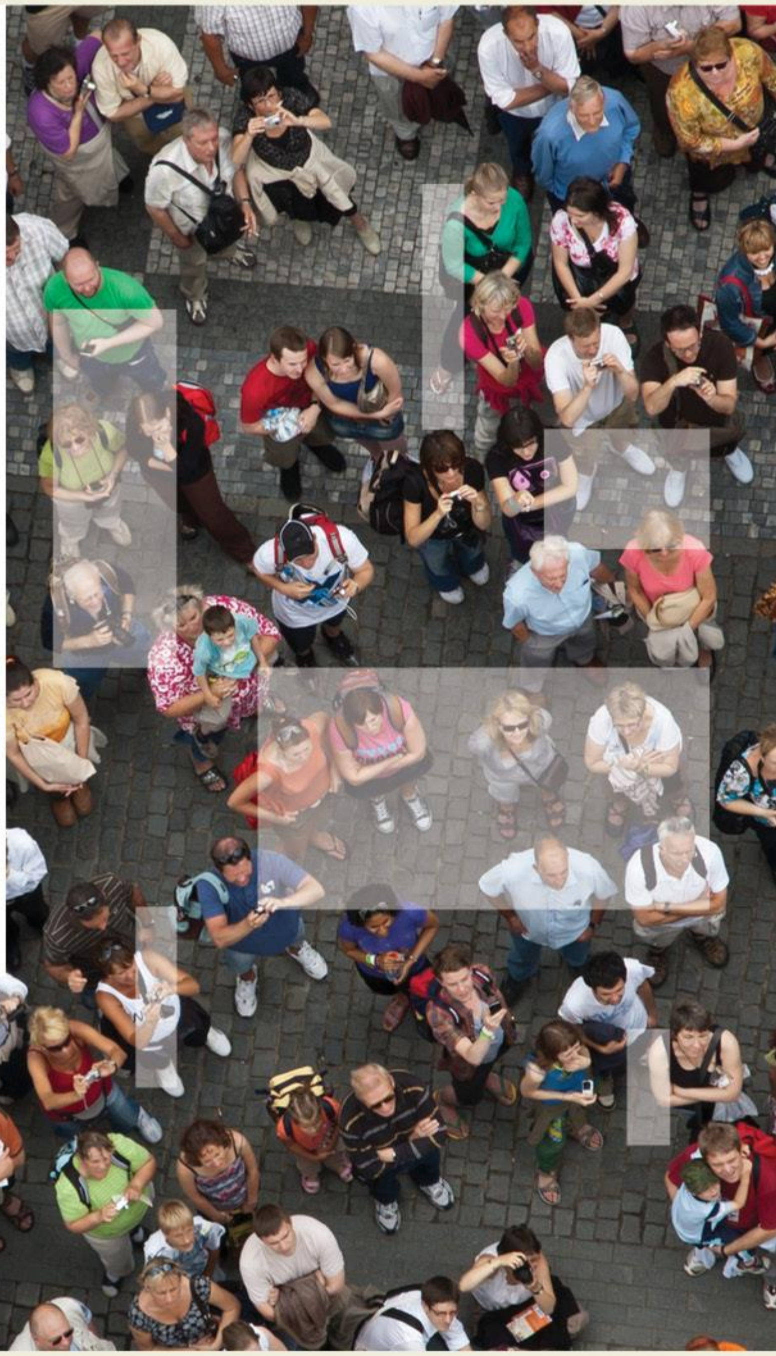
Willis Towers Watson

Jacobs Douwe Egberts Super Plan

Report on the Actuarial Investigation as at 30 June 2021

22 December 2021



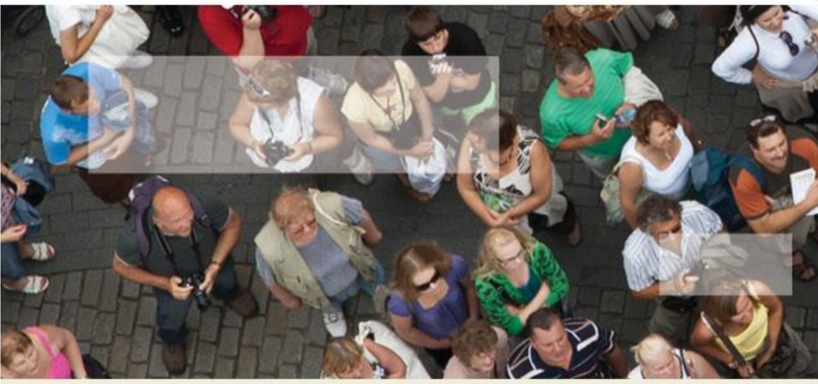


Table of Contents

Section 1 : Executive summary......1
Section 2 : Introduction......5
Section 3 : Membership......7
Section 4 : Assets and investments......8
Section 5 : Funding method...... 11
Section 6 : Experience and assumptions...... 12
Section 7 : Experience and assumptions - financial...... 13
Section 8 : Experience and assumptions - demographic...... 16
Section 9 : Valuation results...... 17
Section 10 : Solvency...... 19
Section 11 : Insurance...... 22
Section 12 : Material risks...... 23
Appendix A: Summary of benefits and conditions...... 24
Appendix B: Summary of calculations basis...... 27
Appendix C: Requirements under Prudential Standard SPS160...... 28

Reliance Statement and Data

This report is provided subject to our Consulting Services Agreement dated 13 March 2017. This report is provided solely for the Trustee's use and for the specific purposes indicated in the report. It may not be suitable for use in any other context or for any other purpose.

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

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

In conducting this review, we have relied upon information and data provided to us orally and in writing by the Trustee and other persons or organisations designated by the Trustee. We have relied on all the data and information provided, including plan provisions, membership data and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for consistency.

The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this letter and such inaccuracies may produce materially different results that could require that a revised letter be issued.

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

Section 1: Executive summary

1.1 I am pleased to present my report to Total Risk Management Pty Ltd (the “Trustee”) on the actuarial investigation into the Jacobs Douwe Egberts Au Pty Ltd Super Plan (the “Fund”, formerly D.E Coffee & Tea Australia Super) in the Russell Investments Master Trust as at 30 June 2021.

Membership

1.2 The actuarial investigation was based on [redacted] defined benefit members plus [redacted] former members and [redacted] spouses of former members in receipt of pensions at 30 June 2021.

1.3 In addition, there were 90 members in the Accumulation Section with total account balances of $15,422,000.

Assets

1.4 The net market value of assets at 30 June 2021 was taken to be $17.204 million, excluding the amount held to meet the Operational Risk Financial Requirement. The defined contribution assets were $15.422 million, the defined benefit member investment choice assets were [redacted] and the defined benefit reserve was [redacted].

1.5 For the purpose of the actuarial investigation, the value of the liabilities was compared to the net market value of assets.

Experience of the Fund

1.6 The main features of the Fund’s experience over the three years 30 June 2021 were as follows.

1.7 Jacobs Douwe Egberts Au Pty Ltd Pty Ltd (the “Company”) contributed in accordance with the agreed funding plan, as follows:

- nil in respect of Defined Benefit members;
- Accumulation Division contributions in accordance with Division 5 of the Trust Deed;
- expenses and insurance costs in respect of Accumulation members at the rate of 1% of salaries;
- contributions payable by the Company on behalf of Defined Benefit and Accumulation members; and
- any productivity contributions payable in respect of members.

1.8 The actual net investment return earned on the market value of the Fund’s assets averaged 6.9% pa. This was higher than the long term rate of investment return of 4.5% pa assumed in the 2018 investigation and had a positive impact on the financial position of the Fund.

1.9 The rate of interest credited to members’ accounts averaged 6.3% pa, which was less than the actual net investment return and had positive impact on the financial position of the Fund.

1.10 Inflationary salary increases for Defined Benefit members averaged 1.3% pa, which was lower than the rate of 4.5% pa assumed in the 2018 investigation. This had a positive impact on the financial position of the Fund.

1.11 Overall, the combined effect of the Fund's experience over the three years to 30 June 2021 was an improvement of the Fund's financial position compared to that expected based on the 30 June 2018 investigation.

Valuation Assumptions

1.12 The key economic assumptions used for this actuarial investigation are a long-term net investment earnings rate of 3.2% pa and a long-term inflationary salary increase rate of 2.0% pa. The effective gap between the long-term net investment earnings rate and the long-term inflationary salary increase rate is 1.2% pa.

1.13 In the previous investigation of the Fund as at 30 June 2018 an effective gap of 0% pa was assumed.

1.14 I have retained the same set of assumptions as were previously adopted with regards to mortality rates for pensioners. In respect of the active member I have modified the decrement assumptions to assume that the member will remain in service until age 65.

1.15 The key assumptions used for this actuarial investigation are set out in Appendix B of this report.

Valuation Results

1.16 The actuarial investigation of the Fund at 30 June 2021 revealed that it was in a satisfactory financial position.

1.17 The Fund's Vested Benefits Index (VBI) is the ratio of the market value of assets to the vested benefits. The VBI as at 30 June 2021 and 30 June 2018 is shown in the table below.

Date	Market Value of Assets ($'000)	Vested Benefits ($'000)	VBI
30 June 2021	17,204	16,096	107%
30 June 2018	17,705	16,721	106%

1.18 The DB VBI (i.e. the VBI of the defined benefit section, excluding the accumulation accounts of defined benefit members) as at 30 June 2021 and 30 June 2018 is shown in the table below.

Date	Defined Benefit Market Value of Assets ($'000)	Defined Benefit Vested Benefits ($'000)	DB VBI
30 June 2021	1,748	640	273%
30 June 2018	1,525	570	268%

1.19 The Fund's Accrued Benefits Reserve Index (ABRI) is the ratio of the market value of assets to the total accrued benefits reserve. The ABRI as at 30 June 2021 and 30 June 2018 is shown in the table below.

Date	Market Value of Assets ($'000)	Accrued Benefits Reserve ($'000)	ABRI
30 June 2021	17,204	16,096	107%
30 June 2018	17,705	16,721	106%

1.20 I have also calculated the Fund's DB ABRI (i.e. the ABRI excluding accumulation members in this section and the accumulation accounts of defined benefit members). The DB ARBI as at 30 June 2021 and 30 June 2018 is shown in the table below.

Date	Defined Benefit Market Value of Assets ($'000)	Defined Benefit Accrued Benefits Reserve ($'000)	DB ABRI
30 June 2021	1,748	640	273%
30 June 2018	1,525	569	268%

Prudential Standard SPS160 Requirements

1.21 APRA issued Prudential Standard SPS 160 Defined Benefit Matters, effective from 1 July 2013. The key requirements of SPS 160 include regular actuarial investigations and an interim actuarial investigation where the financial position of the fund falls below a pre-determined shortfall limit.

1.22 Under SPS 160, the shortfall limit is to be set by the Trustee. It is to be the level at which a fund can reasonably expect to be restored to a satisfactory financial position within one year. The Trustee has set the shortfall limit of 98% for the Fund, which I believe remains appropriate.

1.23 In addition, under SPS 160 a restoration plan to restore funding to a satisfactory position (ie such that vested benefits are fully funded) must be implemented if the shortfall limit is breached.

1.24 For the Fund, assets exceeded vested benefits at 30 June 2021. As such, the Fund was in a satisfactory financial position and not in breach of the shortfall limit.

Events since the Valuation Date

1.25 I am not aware of any events since the valuation date that would have a material impact on the financial position of the Fund.

Recommendations

1.26 I recommend that the Company continue to contribute at no less than the following amounts in respect of the active members of the Fund:

- nil in respect of Defined Benefit members;
- Accumulation Division contributions in accordance with Division 5 of the Trust Deed;
- expenses and insurance costs in respect of Accumulation members at the rate of 1% of salaries;
- contributions payable by the Company on behalf of Defined Benefit and Accumulation members; and
- any productivity contributions payable in respect of members.

1.27 I also recommend that:

- the next actuarial investigation is undertaken no later than 30 June 2024; and
- the financial position is reviewed at least annually at each 30 June.

Andrew Sach

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22 December 2021

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

DO:ST|TR:AB|ER,CR:AS

Section 2: Introduction

Background

2.1 The Jacobs Douwe Egberts Au Pty Ltd Super Plan – a sub plan of the Russell Investments Master Trust was established by successor fund transfer on 1 July 2008. Its operations are governed by a Trust Deed dated 26 June 2003, as amended from time to time, and an Employer Application Deed originally signed on 5 May 2009.

2.2 The Russell Investments Master Trust has a notice of compliance under the Superannuation Industry (Supervision) Act which has not been revoked. In addition, the Trustee made a formal election for the Russell Investments Master Trust to be a "regulated" fund under the Superannuation Industry (Supervision) Act. The Russell Investments Master Trust, and the Fund, therefore qualifies for concessional tax treatment.

2.3 There are six divisions of membership of the Fund. Divisions 1, 4 and 6 have no members. Divisions 2 and 3 provide lump sum and pension defined benefits i.e. benefits related to members' period of membership and salary over the last few years of membership. Divisions 2 and 3 are collectively known as the "Defined Benefit Section". The Fund has a statement from APRA which exempts the Fund from performing annual actuarial investigations.

2.4 In addition, the Fund provides lump sum defined contribution benefits for Division 5 members i.e. lump sum benefits related to net contributions and investment earnings thereon. Division 5 is known as the "Accumulation Section", and is the default fund for Jacobs Douwe Egberts employees under the Choice of Fund legislation requirements.

2.5 Divisions 2 and 3 are closed to new entrants. Division 5 is open to new employees. A detailed description of the benefits valued in this investigation is included in Appendix A to this report.

2.6 The previous actuarial investigation of the Fund was carried out by Andrew Sach, FIAA, on behalf of Willis Towers Watson as at 30 June 2018 and the results were presented in a report dated 21 December 2018.

2.7 The key results of that investigation were:

The Fund's financial position as at 30 June 2018 was satisfactory.

- It was recommended that the Company contribute the following amounts in respect of the active members of the Fund:
  - nil in respect of Defined Benefit members;
  - Accumulation Division contributions in accordance with Division 5 of the Trust Deed;
  - expenses and insurance costs in respect of Accumulation members at the rate of 1% of salaries;
  - contributions payable by the Company on behalf of Defined Benefit and Accumulation members; and
  - any productivity contributions payable in respect of members.

2.8 It was also recommended that:

- no explicit self-insurance reserve be maintained;
- the next actuarial investigation be undertaken no later than 30 June 2021; and
- the financial position and the contribution rates be reviewed at least annually at each 30 June.

2.9 We believe these recommendations have been addressed by the Trustee.

2.10 This investigation is made as at 30 June 2021 and is presented to Total Risk Management Pty Ltd ('TRM'), the Trustee of the Fund, by the Actuary to the Fund, Andrew Sach, FIAA.

2.11 This report satisfies the requirements of the Professional Standards 400, 402, 404 and 410.

Events since the Last Investigation

2.12 I am not aware of any significant events since the previous Actuarial Investigation at 30 June 2018.

Purpose of the Investigation

2.13 Clause 13.1 of the Employer Application governing the operations of the Fund requires an actuary to:

conduct an investigation at least once every three years; and

recommend to the Trustee the rate at which the Company should contribute to the Fund.

2.14 The main aims of the investigation are to examine:

the solvency position of the Fund, which is the main concern of the Trustee; and

the long-term financial position, which is used to confirm the appropriateness and potential impact of recommendations for employer contributions to be made by the Company.

Section 3: Membership

3.1 For the purposes of this investigation, we were supplied with membership details for active members, current and contingent pensioners at 30 June 2021 by the Fund Trustee. This section of the Report summarises the membership data provided for this investigation.

3.2 A series of data integrity checks were carried out on the data supplied for this investigation. I believe that the data supplied is appropriate for this actuarial investigation.

Actives

3.3 The defined benefit active membership as at 30 June 2021 consisted of [redacted] in the age band of 55 to 60 years. [redacted]. In addition, there were 90 members in the Accumulation Section with total account balances of $15,422,000 as at 30 June 2021.

Pensioners

3.4 As at 30 June 2021, there [redacted] former members in receipt of lifetime pension benefits, with pensions totalling [redacted]. These pensioners form part of the Defined Benefit Section.

Section 4: Assets and investments

Data

4.1 The Russell Investments Master Trust (RIMT) accounts were prepared and audited as at 30 June 2021, however audited information at the sub-plan level is not available as at 30 June 2021. This financial information which includes the asset and transaction data was provided by the Fund Trustee, Total Risk Management. The administrator has advised the net market value of the sub-plan assets relating to the Fund as at 30 June 2021. We understand this value has been determined based on data and methodologies consistent with the audited value of the assets of the RIMT as at 30 June 2021. We are satisfied that the information appears to be correct based on our knowledge of the Fund.

4.2 Consideration was given to the Institute of Actuaries Australia Professional Standard 404 “Valuation of Superannuation Fund Assets” in determining the asset values for the purpose of the valuation.

4.3 The assets of the Fund have been reduced by the amount of the ORFR reserve.

Assets as at 30 June 2021

4.4 The Fund’s total net market value of assets was $17.204 million as 30 June 2021. This compares to the Fund’s total net market value of assets as at 30 June 2018 of $17.705 million. These have been used to determine the contribution rate recommendations and to calculate the funding status of the Fund.

4.5 As at 30 June 2021 the defined benefit member investment choice assets were $[redacted] and the defined benefit reserve was $[redacted]. These compare to values of $0.028 million and $[redacted] respectively as at 30 June 2018.

4.6 Net market value is the most objective value of assets and is the best estimate of the immediately realisable value of the Fund’s assets.

Investment Performance

4.7 During the three years to 30 June 2021 the average annual rate of return of the assets based on market values was approximately 6.9% pa after tax and investment management fees.

4.8 The rate of increase in CPI (Consumer Price Index) over the three years to 30 June 2021 was 1.6% pa and the rate of AWOTE (Average Weekly Ordinary Time Earnings) over the same period was 3.1% pa.

4.9 The investment return of 6.9% pa over the investigation period is higher than the rates of increase in CPI and AWOTE over the corresponding period.

Investment Objectives and Strategy

4.10 The defined benefit assets are invested as follows: 40% Russell Australian Cash Option, 45% Russell Balanced Option and 15% Russell Growth Option, with regular rebalancing.

4.11 For the assets supporting the Defined Benefit Section, the investment objectives are those underlying each of the investment options in which the assets are invested, as follows:

For the Russell Balanced Growth Option, to earn a return after expected costs and tax, exceeding CPI by 3.5% per annum, measured over rolling 5 year periods.

For the Russell Growth Option, to earn a return after expected costs and tax, exceeding CPI by 4.0% per annum, measured over rolling 5 year periods.

For the Russell Australian Cash Option, to earn a return consistent with the benchmark, both measured after expected costs and tax, over a one year period.

4.12 At 30 June 2021 the defined benefit section assets were as follows:

	30 June 2021 ($'000)
Balanced Option of the Russell PST	[redacted]
Growth Option of the Russell PST	[redacted]
Cash Option of the Russell PST	[redacted]
Less ORFR Reserve	[redacted]
Total	[redacted]

4.13 The benchmark allocation of the Defined Benefit Section's investments to the various investment classes at 30 June 2021 was as follows:

Investment Sector	Defined Benefit Section Benchmark %
Australian Equities	[redacted]
Overseas Equities	[redacted]
Listed Property	[redacted]
Infrastructure	[redacted]
Total Growth Assets	[redacted]
Fixed Interest	[redacted]
Cash	[redacted]
Total Defensive Assets	[redacted]
TOTAL	100.0%

4.14 In my opinion, the investment strategy and the asset allocation adopted by the Trustee in respect of the Defined Benefit Section are appropriate given the nature of the Defined Benefit Section liabilities.

4.15 The Accumulation Section has Member Investment Choice. The investment objectives and strategies are appropriate for the investment choices offered.

4.16 The current asset allocation is a suitable investment for the assets backing the pensions, having regard to the liquidity required to meet the expected future pension payments.

Crediting Rate Policy

4.17 In accordance with the Investment Policy Statement, the Trustee determines the investment returns that will be credited to members' accounts. The crediting rate policy for defined benefit members as adopted by the Trustee provides for the crediting rate to be declared each 30 June, based on a geometric average of actual returns of the Fund (excluding the investment in the Australian Cash Option) over the previous three years to 30 June.

4.18 An interim crediting rate will apply from 1 July each year, based on the average of the actual returns of the fund over the previous two years to 30 June and the expected return for the current year.

4.19 The actuary will monitor and update the interim crediting rate on a quarterly basis to allow for actual experience in each quarter. The actuary will monitor and update the prevailing interim rate at other times, if considered necessary.

4.20 The assets invested in the Australian Cash option from April 2013 are excluded from the calculation of investment returns for the purposes of determining the crediting rates.

4.21 In my opinion, the crediting rate policy for the Fund is suitable.

4.22 The rate of interest credited to members' accounts over the investigation period averaged 6.3% pa, which was slightly less than the actual net investment return and had a slight positive impact on the financial position of the Fund.

Section 5: Funding method

5.1 There is now only one remaining active member and three lifetime pensioners in the Fund and the assets of the Fund significantly exceed the value of all benefits expected to be paid in the future. We expect that no future Company contributions will be required to the Defined Benefit Section. Therefore, there is no need to specify a funding method.

5.2 As such, for this investigation we have simply calculated the financial position of the Fund on an accrued liability basis and then considered the cost of benefits accruing for the defined benefit member and the annual expenses of the Defined Benefit section. This is the same approach that was used for the previous valuation. The analysis is set out in Section 9.

5.3 We have also carried out a long term projection of the Defined Benefit assets and liabilities to confirm that no further Company contributions are required.

Section 6: Experience and assumptions

6.1 The valuation of the Fund's liabilities is an essential part of examining the long term financial position of the Fund, as described in Section 5. In order to value the liabilities, it is necessary to make assumptions regarding the timing and amount of future benefit payments, expenses and contributions since these cannot be known in advance. These assumptions are divided into two categories:

financial assumptions relating to the rates of salary growth and investment income; and

demographic assumptions relating to the rates of retirement, resignation, death and disablement.

6.2 While each of the assumptions used is normally the actuary's best estimate of future experience, in practice, the Fund's actual experience in any period can always be expected to differ from the assumptions to some extent. However, it is intended that over longer periods, and when all of the assumptions are combined, they will provide a reasonable estimate of the likely future experience and financial position of the Fund.

6.3 In setting the assumptions to be used in this investigation, I have taken into account assumptions adopted for the previous actuarial investigation of the Fund and the experience of the Fund since that investigation.

6.4 A summary of the assumptions used in this investigation is included in Appendix B.

Section 7: Experience and assumptions - financial

Investment Returns

7.1 The actual net investment return earned on the Fund's Defined Benefit Section assets averaged [redacted] pa over the three years to 30 June 2021. This was higher than the long term rate of investment return of [redacted] pa assumed in the 2018 actuarial investigation. Considered in isolation this would have had a positive effect on the Fund.

7.2 The return earned each year is shown in the following table, together with the interest rates credited to members' accounts during the relevant period. The return earned each year has been calculated based on unit price movements for the Russell Balanced Growth and Russell Growth Options, and based on estimated returns of Cash related investments during the period to 30 June 2021.

Period	Interest Rate Credited to Members' Accounts % pa	Net Fund Return
Year ended 30 June 2019	8.1	6.0
Year ended 30 June 2020	4.0	-2.4
Year ended 30 June 2021	6.9	18.2
Average 1 July 2018 to 30 June 2021	6.3	6.9

7.3 The table above shows that the interest rates credited to members' accounts have on average been lower than the net return earned on the Fund's investments. This had a positive financial effect on the Fund.

7.4 Based on current long term expectations of investment returns net of taxation and investment management expenses, I have assumed a long term investment earning rate of 3.2% pa for this investigation. This is lower than the assumed rate of 4.5% adopted in previous investigation largely due to reflect current expectations of long-term investment performance.

Salary Increases

7.5 The salary increase for [redacted] Defined Benefit [redacted] in the Fund for the entire period averaged [redacted] over the three years to 30 June 2021 which was lower than the rate of 4.5% pa assumed in the 2018 actuarial investigation. Considered in isolation, this would have a positive material impact on the financial position of the Fund.

7.6 Taking into account current long-term expectations for wage inflation, I consider an inflationary salary increase assumption of [redacted] pa to be appropriate for this actuarial investigation of the Fund.

7.7 [redacted] I have assumed no promotional increases in this investigation.

WillisTowersWatson

'Gap' Between Investment Returns and Salary Growth

7.8 The assumption of major significance in the valuation of the Fund's future defined benefit liabilities and contributions is the difference (or 'gap') between the assumed future rate of investment earnings and the assumed rate of future growth in salaries or pensions, i.e. the real rate of return on invested assets. These factors are offset against each other in their financial effect - hence it is the difference between the rates that is important rather than the absolute values ascribed to them. The higher the real rate of return assumed the lower the value placed on the liabilities and the lower the resulting estimated required employer contribution rate.

7.9 In the previous investigation of the Fund as at 30 June 2018 an effective gap of 0% pa was used. The effective gap used for this investigation is [redacted] pa. The increase in effective gap is largely the result of the reduction in the assumed rate of salary increases, which is partially offset by the reduction in the investment earnings expectations.

7.10 The actual effective gap over the three years to 30 June 2021 is [redacted] pa (investment returns of [redacted] pa minus salary growth of [redacted] pa). This compared to the assumed effective gap of 0% pa and would have had a positive effect on the financial position of the Defined Benefit Section.

Active Members

7.11 The Defined Benefit Section [redacted] required to make compulsory member contributions towards [redacted] defined benefit of [redacted] of salary and this is set out in his employment contract. I have assumed that this member will continue to make member contributions at the current level.

Pensioners

7.12 Pensions currently being paid, contingent and deferred pensions have also been valued assuming an investment earning rate of [redacted] pa. Due to the small size of the pension liability, the assets supporting these liabilities are not segregated and so the effective tax rate is the same as for the assets supporting active member liabilities.

7.13 Allowance for future pension indexation at [redacted] pa was made for all pensions. This is consistent with the assumption used in the previous investigation of the Fund as at 30 June 2018.

Expenses

7.14 The Company funds the Defined Benefit Section expenses via contributions made to the Defined Benefit Section, and funds the Accumulation Section expenses and costs of insurance separately.

7.15 At the last investigation, expenses were assumed to be [redacted] of future salaries of Defined Benefit and Accumulation Section members.

7.16 For this investigation, I have assumed expenses and insurance premiums for Accumulation members to be [redacted] of future salaries of Accumulation Section members, based on the current rate of expenses and insurance premiums. In respect of the Defined Benefit Section, I have assumed expenses of [redacted] increasing with AWOTE.

Taxation

7.17 Any change in the taxation regime applying to superannuation funds in Australia would have an impact on the financial status of the Fund. I have assumed that the current regime will continue and that the tax rate presently applying to the Fund will be maintained in future, i.e. that the Fund will remain a regulated and complying fund under SIS and the Tax Act respectively and that a concessional tax rate of 15% will apply to net deductible contributions and investment earnings.

Section 8: Experience and assumptions - demographic

8.1 [redacted] Given the small number of members, we did not undertake any demographic experience analysis.

8.2 I have modified the demographic assumptions in respect of the active member so that there are no decrements applicable prior to age 65. [redacted]

Pensioner Mortality

8.3 Due to the small number of lifetime pensioners in the Defined Benefit Section, we did not undertake any mortality experience analysis of the pensioners.

8.4 The pensioner mortality rates used for the investigation are prescribed by the Australian Life Insurance Actuarial Standards Board, and are based on the experience of Australian pensioners who were required to take a pension as their benefit. As the pensioners of the Fund are such pensioners, I consider these mortality rates appropriate for the use in valuing their liabilities.

8.5 A summary of the demographic assumptions in the calculation basis is shown in Appendix B.

Section 9: Valuation results

9.1 This section of the Report presents the results of the long-term valuation of benefits used to assess the adequacy of future Company contributions.

Financial Position

9.2 The following table shows the value of assets that are attributable to the Defined Benefit Section liabilities.

Valuation Results	30 June 2021
	[redacted]
Net Market Value of Assets	[redacted]
Non Defined Benefit Liabilities	
Accumulation Members (Division 5)	15,422
Voluntary account and productivity balances of Defined Benefit Members	[redacted]
Total Non-Defined Benefit Liabilities	15,456
Assets Remaining to cover Defined Benefit liabilities	[redacted]

9.3 The net financial position of the Fund is calculated in the following table.

Valuation Results	30 June 2021
Long-term differential assumption: 1.2% pa	$'000
Defined Benefit Members	
Total Service Liability for Active Defined Benefit Member	[redacted]
Pensioners	[redacted]
Total Defined Benefit Section Liability	[redacted]
Assets Remaining to cover Defined Benefit liabilities	[redacted]
Surplus	[redacted]

9.4 We expect that expenses in respect of the Defined Benefit Section will cost $[redacted] increasing with AWOTE.

9.5 The surplus of [redacted] is more than sufficient to meet expected future defined benefits and expenses. As such, we expect that no future contributions will be required to the Defined Benefit Section.

Sensitivity of the Financial Position to financial assumptions

9.6 The following table shows the calculation of the Net Defined Benefit liability using a larger long-term differential assumption of 2.2% pa (as opposed to 1.2% assumed in 9.3).

Valuation Results	30 June 2021
Long-term differential assumption: 2.2% pa	[redacted]
Defined Benefit Members	
Total Service Liability for Active Defined Benefit member	[redacted]
Pensioners	[redacted]
Total Defined Benefit Section Liability	[redacted]
Assets Remaining to cover Defined Benefit liabilities	[redacted]
Surplus	[redacted]

9.7 The following table shows the calculation of the Net Defined Benefit liability using a lower long-term differential assumption of 0.2% pa (as opposed to 1.2% assumed in 9.3)

Valuation Results	30 June 2021
Long-term differential assumption: 0.2% pa	[redacted]
Defined Benefit Members	
Total Service Liability for Active Defined Benefit Member	[redacted]
Pensioners	[redacted]
Total Defined Benefit Section Liability	[redacted]
Assets Remaining to cover Defined Benefit liabilities	[redacted]
Surplus	[redacted]

9.8 Under both of these alternative scenarios, the surplus is more than sufficient to meet expected future defined benefit accrual and expenses. As such, we expect that no future contributions will be required to the Defined Benefit Section.

9.9 Note that while the above sensitivity tests have been selected to provide a range of possible economic outcomes, the variations in assumptions do not indicate upper or lower bounds for all possible outcomes.

9.10 Based on my best estimate assumptions the defined benefit vested benefits index is projected to remain above [redacted] over the period to 30 June 2024.

Section 10: Solvency

10.1 This section of the Report examines the solvency position of the Fund at the investigation date.

Measure of Financial Strength

10.2 The solvency position of the Fund refers to the position at a particular point in time, and the valuation date is generally used for this purpose. In order for the Trustee to ensure that the benefits of the members are adequately secured by the assets of the Fund, a number of measures are normally considered. These are:

the financial position if all members were to voluntarily leave the Fund at the valuation date;

the level of assets relative to the retirement benefits accrued to date; and

Termination Liabilities.

Current Vested Benefits Index

10.3 The Vested Benefits Index (VBI) is a measure of the extent to which the assets of the Fund cover the benefits of all members of the Fund if they were to voluntarily resign at the valuation date. Because of the desirability of covering vested benefits immediately, a current (or market) value of assets is appropriate and is used for this calculation.

The index is calculated as follows:

$$\text{VBI} = \frac{\text{Adjusted Market Value of Assets*}}{\text{Total Value of Vested Benefits}}$$

* Adjusted Market Value of Assets is calculated as the market value of assets less all accumulation balances of Accumulation members

10.4 The defined benefit section's Vested Benefits Index at 30 June 2021 was 259%. This is shown in the following table, together with the Vested Benefits Index at the previous valuation date.

Date	Defined Benefit Market Value of Assets ($'000)	Defined Benefit Vested Benefits ($'000)	DB VBI
30 June 2021	[redacted]	[redacted]	[redacted]
30 June 2018	[redacted]	[redacted]	[redacted]

10.5 A Vested Benefits Index in excess of 100% would indicate that the Fund would have been able to meet its obligations if all members had voluntarily ceased employment at the valuation date. A Vested Benefit Index of [redacted] indicates the Fund is in a satisfactory financial position.

10.6 The VBI slightly increased over the three years to 30 June 2021 mainly due to the investment return being greater than expected, slightly offset by the contribution holiday of the Fund.

10.7 The VBI for the entire fund, including all accumulation assets and liabilities as at 30 June 2021 was 107%. This is shown in the following table, together with the Vested Benefits Index at the previous valuation date.

Date	Market Value of Assets ($'000)	Vested Benefits ($'000)	VBI
30 June 2021	[redacted]		
30 June 2018	[redacted]		

Accrued Benefit Index

10.8 The second index is the Accrued Benefit Index (ABI). "Accrued benefits" is defined as the benefits payable at the normal retirement date accrued in respect of service to the valuation date. The index is calculated as follows:

$$\text{ABI} = \frac{\text{Adjusted Market Value of Assets*}}{\text{Total Value of Accrued Benefits}}$$

* Adjusted Market Value of Assets is calculated as the market value of assets less all accumulation balances of Accumulation members

10.9 The value of the ABI should normally tend to unity as the membership approaches retirement (if there are no new entrants) and provides an indication of the long term funding position of the Fund. The defined benefit section's Accrued Benefits Reserve Index at 30 June 2021 was 224%. This is shown in the following table, together with the corresponding figures at 30 June 2018.

Date	Defined Benefit Market Value of Assets ($'000)	Defined Benefit Accrued Benefits Reserve ($'000)	DB ABRI
30 June 2021	[redacted]		
30 June 2018	[redacted]		

10.10 A ratio of 224% indicates that the Fund is in a very strong financial position on a going concern basis. The ABI declined over the three years to 30 June 2021 mainly due to a decrease in the long-term funding gap and the contribution holiday of the Fund, offset by the investment returns being greater than expected.

10.11 The ABI for the entire Fund, including accumulation assets and liabilities as at 30 June 2021 was 106%. This is shown in the following table, together with the corresponding figures at 30 June 2018.

Date	Market Value of Assets ($'000)	Accrued Benefits Reserve ($'000)	ABRI
30 June 2021	[redacted]		
30 June 2018	[redacted]		

Termination Liability

10.12 If the Fund were to be terminated at any time, the Trust Deed of the Fund specifies that all members receive their Actuarial Reserve. Therefore a member's termination benefits would be the greater of the Actuarial Reserve and the SG minimum benefit as set out in legislation. The Termination Benefit Index (TBI) is calculated as follows:

$$\text{TBI} = \frac{\text{Adjusted Market Value of Assets*}}{\text{Total Value of Termination Benefits}}$$

* Adjusted Market Value of Assets is calculated as the market value of assets less all accumulation balances of Accumulation members

10.13 The calculated figure for the Defined Benefit Section is [redacted] at 30 June 2021. The above TBI results suggest that the Fund is able to meet its termination liabilities at the investigation date of 30 June 2021, without additional contributions from the Company

10.14 If the Trustee was required to secure current pensions on termination by purchasing annuities from a financial services institution, it is likely the cost would be significantly higher than the [redacted] shown in paragraph 9.3 and included in vested benefits above. However, even allowing for this, we estimate that there would still be significantly more than sufficient assets to cover termination benefits.

Minimum Requisite Benefit Index (MRBI)

10.15 We have calculated that the Minimum Requisite Benefits as defined in the Fund's benefit certificate are equal to the vested benefits for the remaining active member and pensioners in the Fund. Hence, the DB Minimum Requisite Benefits Index is [redacted] and so the Fund is not technically insolvent.

Prudential Standard SPS 160

10.16 APRA issued Prudential Standard SPS 160 Defined Benefit Matters, effective from 1 July 2013. The key requirements of SPS 160 include:

- Regular actuarial investigations;
- An interim actuarial investigation where the financial position of the fund falls below a pre-determined shortfall limit; and
- Implementation of a restoration plan to restore funding to a satisfactory position (i.e. such that vested benefits are fully funded).

10.17 Under SPS 160, the shortfall limit is to be set by the Trustee. It is to be the level at which a fund can reasonably expect to be restored to a satisfactory financial position within one year. The Trustee has set the shortfall limit of 98% for the Fund, which we believe remains appropriate.

10.18 In addition, under SPS 160 a restoration plan must be implemented if the shortfall limit is breached.

10.19 For the Fund, assets exceeded vested benefits at 30 June 2021. As such, the Fund was in a satisfactory financial position and not in breach of the shortfall limit.

Section 11: Insurance

11.1 The Fund currently insures the future service portion of the death and disablement benefits in respect of the defined benefit member and the defined contribution members with MetLife.

11.2 I believe that the insurance is adequate and suitable.

Section 12: Material risks

12.1 The purpose of this section of this report is to identify the material risks for defined benefit section of the Fund which are associated with the actuarial management of the Fund of which we are aware as actuary to the Fund.

Assumptions Risk

12.2 There is a risk that assumptions we have used for this actuarial investigation may be materially different from the Fund's actual experience in the future. Salary inflation and investment risk are discussed under each of the relevant factors below.

12.3 There is also a risk that changes in assumptions have an impact on our contribution recommendations from time to time. This may change the timing of contributions but does not change the ultimate cost of providing the benefits in the Fund.

Salary and Price inflation

12.4 The defined benefit liabilities are linked to salaries and price inflation and therefore a higher than expected rate of salary or price inflation could have a negative impact on the financial position. Salary increases and price inflation should continue to be monitored at each triennial investigation, in order to determine if adjustments to the Company contribution levels are required.

Underperformance of the Fund's Investments

12.5 The risk faced by the defined benefit section is that the investment returns earned on the assets will not be as high as expected. This means that the financial position of the whole Fund will deteriorate and employer contributions may need to increase. Whilst this risk is quite significant, we will review the funding position during the inter-valuation period to monitor the financial position of the Fund.

Longevity

12.6 There is a risk that the pensioners may live longer than is implied by the assumed pensioner mortality.

Support of the Employer Sponsor

12.7 The continuation of the Fund is dependent on the support of the employer sponsor. If the employer sponsor was unwilling or unable to pay contributions to the Fund, that may affect the ongoing viability of the Fund.

Other Risks

12.8 The Fund faces a variety of operational and other risks which may in some circumstances lead to cost increases. We understand that the Trustee monitors and takes action on such risks as part of its risk management policies.

Appendix A: Summary of benefits and conditions

This summary outlines the main features of the Fund as at 30 June 2021. For greater detail, refer to the Trust Deed, Employer Application or Product Disclosure Statement.

Definitions

Actuarial Reserve – A lump sum equal to the member's equitable interest in the Fund, determined by the Trustee after considering the Actuary's advice.

Salary – Ordinary annual salary (including in some cases bonuses, but in all cases excluding overtime, etc.) earned in each Fund Year (normally years ending 30 June). "Salary" is the annualised rate of basic earnings since the previous Anniversary Date (normally 30 June), when a benefit arises during a Fund Year.

Final Average Salary (FAS) – The average of the three highest Salaries in the ten years prior to Normal Retirement Date or prior date of retirement. Salary at entry is assumed to have applied in years prior to entry if completed membership is less than ten years.

Defined Benefit Section

Division 3

This division of membership is closed to all new members. There is only one defined benefit member remaining. A summary of the main benefits provided to this member is set out below.

Normal Retirement Date (NRD)

65th birthday

Contributions

Members – at a rate determined by the Trustee, currently not exceeding 5% of Salary, reviewed annually.

Normal Retirement Benefit

On retirement at NRD, a lump sum is payable equal to 15% of FAS for each year of completed membership of the Fund.

Late Retirement Benefit

A lump sum equal to the benefit available at NRD plus interest at a rate related to the general investment-earning rate of the Fund.

Early Retirement Benefit

(i) Within ten years prior to NRD:

A lump sum calculated as for normal retirement but with the formula benefit reduced for the period remaining between the retirement date and NRD.

(ii) More than ten years prior to NRD:

At the sole discretion of the Principal Company a member may be credited with additional membership and may be deemed to be of an age that will entitle him to benefits under (i) above.

If early retirement is at a Company's request, the Principal Company's discretion in (ii) above may be extended to permit payment of the normal retirement benefit above.

Death-in-service Benefit

On death prior to NRD, a lump sum is payable equal to the prospective formula normal retirement benefit i.e. counting membership to NRD, but based on Salary at death. (An averaged Salary is used if death occurs in the three years prior to NRD).

On death at or after NRD, a lump sum is payable equal to the late retirement benefit.

Total and Permanent Disablement Benefit

A lump sum benefit is payable equal in amount to the death benefit applicable at the date of disablement.

Salary Continuance

Members of all categories who work more than 15 hours per week are entitled to a total and temporary disablement benefit of 75% of salary for up to 2 years.

Withdrawal Benefit (no other benefit being payable)

A lump sum is payable equal to the sum of:

- a "Basic Withdrawal Benefit" which is equal to a return of the member's own contributions (and/or deemed contributions) to this Fund, plus compound interest at a rate related to the general investment earning rate of the Fund, but not less than 0% per annum; plus
- a further 20% of the Basic Withdrawal Benefit for each year of completed membership with a maximum of five years of membership counting for this purpose; plus
- designated "member's contributions" transferred in from another fund (if any), plus compound interest at a rate related to the general investment earning rate of the Fund, but not less than 0% per annum.

The withdrawal benefit is subject to a minimum of the Actuarial Reserve.

Additional Accounts

In all cases additional Company or voluntary member contributions or transfers into the Fund (if any) are returned with interest (in line with the investment strategy adopted by the member) in addition to the benefits set out above.

SG Minimum Benefit

Any benefit payable is subject to a minimum of the SG minimum benefit as set out in the Fund's Benefit Certificate.

Pensioners

Pensioners receive a fortnightly pension, indexed to CPI each 31 December (subject to a maximum annual indexation of 3.0% at the Trustee's discretion), payable for life with a 50% spouse reversion.

Accumulation Section

Division 5

Categories

Category 1: The Company contributes in line with Superannuation Guarantee requirements.

Category 2: The Company contributes in line with Superannuation Guarantee requirements. In addition, the Company will match any contributions made by the member up to a maximum matching contribution of 3% of Salary.

Category C: The Company contributes at 15% of Salary.

On all forms of exit from the Fund, the benefit paid is equal to member and company contributions accumulated with interest (in line with the investment strategy adopted by the member) net of any voluntary insurance premiums payable by the member. An additional insured benefit may be payable on death or total and permanent disablement.

Death or Total and Permanent Disablement

Category 1 and 2: The benefit is subject to a minimum of twice salary or $60,000 if greater. The cost of applying this minimum benefit is met by the Company.

Category C: The benefit is equal to the leaving service benefit plus 15% x salary x potential years of service to age 65. The cost of the additional benefit is met by the Company.

Salary Continuance

Permanent employees who work more than 15 hours per week are entitled to a total and temporary disablement benefit of 75% of salary for up to 2 years.

Appendix B: Summary of calculations basis

Rate of Investment Return and Salary Growth

Current Members

The calculation of the liabilities for active members was made using long-term assumptions of 3.2% pa investment earnings and 2.0% pa salary growth.

Former Members

The calculation of the liabilities was made using an investment earning rate of 3.2% pa for current, contingent and deferred pensioners.

Allowance was made for pension increases at a rate of 2.0% pa for current pensioners and former members with deferred benefits during both the deferral period and the actual pension payment period.

Mortality after Retirement

Out of every 10,000 pensioner members at each age shown, the following are assumed to die in a year:

Age	Male	Female
65	102	62
70	188	109
75	331	200
80	612	382

Active member

Standard actuarial techniques involving the use of retirement, death, disability and resignation decrement rates in valuing future benefits are reliant on the fund membership being of a reasonable size. As there is only one active member, for the purposes of this investigation we believe it is appropriate to assume the member survives to and retires at age 65.

Expenses

An allowance for expenses (which are currently met by the Fund) has been made. I have assumed that future administration expenses are equal to 1.0% of the salaries of all active members in the Fund and $10,000 pa for the defined benefit section.

Appendix C: Requirements under Prudential Standard SPS160

I have carried out an actuarial valuation of the Jacobs Douwe Egberts Au Pty Ltd Super Plan (the Fund), which is a sub-plan of the Russell Investments Master Trust, at 30 June 2021. For the purposes of Prudential Standard SPS 160, as Actuary to the Fund, I certify that:

a) The value of assets of the Fund for the purposes of the valuation has been taken as $17.204 million which is the market value of assets of the Fund, excluding the amount held to meet the Operational Risk Financial Requirement (ORFR). The market value of assets relating to the defined benefit section was [redacted] million as at 30 June 2021.

b) I have projected that, based on my reasonable expectations, it is likely that during the three years following the valuation date the assets of the Fund will exceed the liabilities of the Fund in respect of both accrued benefits and vested benefits.

c) In my opinion, the value of the assets of the Fund, excluding the amount held to meet the ORFR, at the investigation date was adequate to meet the liabilities of the Fund in respect of accrued benefits at that date.

d) The value of accrued benefits for the defined benefit member has been taken as the present value of future benefit payments which are attributable to service prior to the valuation date. The value of accrued benefits for pensioners has been taken as the present value of the pension payments on the valuation assumptions. The assumptions adopted to calculate accrued benefits are best estimate assumptions. In my opinion, these methods and assumptions are appropriate for the purpose of determining accrued benefits.

e) At 30 June 2021 the value of the liabilities of the Fund in respect of minimum benefits of the members of the Fund is less than $16.096 million. Minimum benefits are as defined in Regulation 5.04 of the Superannuation Industry (Supervision) Regulations.

f) The financial position of the Fund is not unsatisfactory at 30 June 2021 and, in my opinion, the current shortfall limit of 98% in respect of the Defined Benefit Section does not need to be reviewed

g) I recommend that over the next 3 years from 30 June 2021 the Company contribute no less than:

Nil in respect of Defined Benefit members;

Accumulation Section contributions in accordance with Division 5 of the Trust Deed;

1% of the annual salaries of Accumulation members. This contribution, is intended to meet the administration expenses and insurance costs of the Fund;

deemed member and salary sacrifice contributions payable by the Company on behalf of Defined Benefit and Accumulation members; and

any productivity contributions payable by the Company.

h) All necessary Funding and Solvency Certificates for the Fund were obtained during the period from 1 July 2018 to 30 June 2021. In my opinion, the solvency of the Fund will be able to be certified in any Funding and Solvency Certificate required under the Superannuation Industry (Supervision) Regulations during the period to 30 June 2024, based on the assumptions used in this valuation and assuming the recommended contributions set out above and subsequent contributions determined in accordance with the Trustee's funding approach are paid.

i) In my opinion, as at 30 June 2021, there is a high degree of probability (i.e. more than 70%) that the Fund will be able to pay benefits to pensioners as required under the Fund's governing rules.

Andrew Sach

Andrew Sach

Fellow of the Institute of Actuaries of Australia

22 December 2021