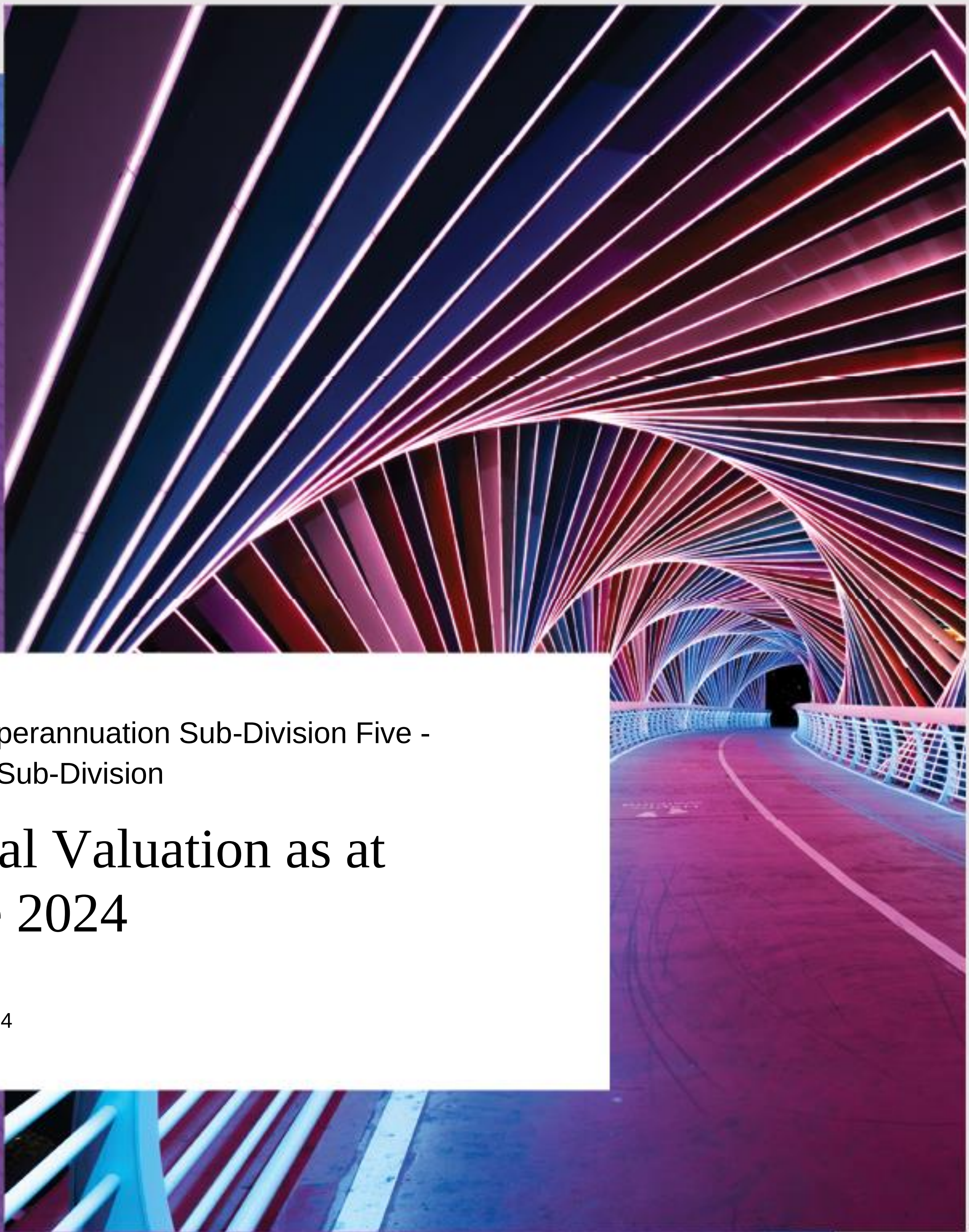

Harwood Superannuation Sub-Division Five - MonierPGH Sub-Division

Actuarial Valuation as at 30 June 2024

14 November 2024

wtwco.com

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

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Reliance statement and data

This report is provided subject to the terms set out herein and in our engagement letter dated 13 March 2017 and the accompanying Terms and Conditions of Engagement. This report is provided solely for the Trustee's use and for the specific purposes indicated above. It may not be suitable for use in any other context or for any other purpose.

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

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

In preparing this valuation, we have relied upon information and data provided to us orally and in writing by the Trustee and other persons or organisations designated by the Trustee. We have relied on all the data and information provided, including Plan provisions, membership data and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for consistency. The data and information we have relied upon is shown in Section 2.

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

Executive Summary

The MonierPGH Sub-Division (the Plan) in Sub-Division Five is a sub-fund of Harwood Superannuation (the Fund) as defined by Prudential Standard SPS 160. This report summarises the results of the actual investigation carried out as at 30 June 2024 (the valuation date). It has been prepared for Total Risk Management Pty Limited (the Trustee), in my capacity as RSE Actuary to the Plan.

Funding Status Measures

Vested Benefits

Vested benefits are the benefits payable if all Members voluntarily resigned from service. The following table shows the ratio of the Plan's assets to vested benefits as at the valuation date and results of the previous valuation for comparison for the Defined Benefit Section of the Plan.

	30 June 2023	30 June 2024
Total Vested Benefits	$27,494,948	$26,135,402
Net Assets (excluding ORFR)	$29,856,178	$28,650,415
Surplus / (shortfall)	**$2,361,230**	**$2,515,013**
Vested Benefits Index (VBI)	**108.6%**	**109.6%**

In addition, the Accumulation Section of the Plan had assets and liabilities of $5,462,832 as at the valuation date.

As at the valuation date, the net assets of the Defined Benefit Section exceeded the vested benefits and the Defined Benefit Section of the Plan was in a satisfactory financial position. The increase in the VBI since the last valuation is mainly due to the higher actual investment return over the year to 30 June 2024, slightly offset by the fund being on a contributions holiday.

Actuarial Value of Accrued Benefits

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

The following table shows the ratio of the assets to accrued benefits as at the valuation date and the results of the previous valuation for comparison for the Defined Benefit Section of the Plan. Note that the accrued benefits were equal to vested benefits at the valuation date because the Withdrawal Benefit (see Appendix A) underpin is applying for all members.

	30 June 2023	30 June 2024
Actuarial Value of Accrued Benefits	$26,809,874	$26,135,401
Net Assets (excluding ORFR)	$29,856,178	$28,650,415
Surplus / (shortfall)	**$3,046,304**	**$2,515,014**
Accrued Benefits Reserve Index (ABRI)	**111.4%**	**109.6%**

Company Contributions

We have projected that the surplus in the Plan is sufficient to offset the cost of accrual for members in the Defined Benefit Section, and the contributions that are payable in respect of members in the Accumulation Section, until at least July 2027. Therefore, on this basis, we calculate that no Company contributions are required to be paid to the Plan for the three years from 1 July 2024 or until the next actuarial investigation is carried out.

Note that while contributions are not required to be paid to the Plan, the accounts of members in the Accumulation Section should continue to be credited with the appropriate amounts to ensure that the Company continues to meet the SG regulations. Similarly, the SG rate on additional salary amounts (based on Ordinary Time Earnings as defined in the SG regulations) in respect of members in the Defined Benefit Section should continue to be credited to members where applicable.

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

Shortfall Limit

Under Superannuation Prudential Standard SPS 160, the “Shortfall Limit” is the amount by which the VBI may fall below 100% and for there to be a reasonable expectation of it being restored to 100% within one year without the need for further employer contributions, in addition to those being made at the time. Considering the Plan’s current investment strategy, the current Shortfall Limit of 98% continues to be appropriate.

Superannuation Guarantee

The Company’s SG obligation is met for all members by the minimum benefits provided under the Plan. The date of effect of the required Benefit Certificate is 1 July 2024. This certificate was issued by me.

The Plan is “solvent” if the net realisable value of the assets of the Plan exceeds the Minimum Requisite Benefits (MRBs). As at 30 June 2024 the Plan exceeded the estimated MRBs and was in a solvent financial position. In my opinion, it is likely that an actuary will be able to certify the solvency of the Plan in three years’ time.

Investments

At the valuation date, the investment policy was to have 75% of the Plan’s assets invested in the Russell Investments Balanced Growth Unit (PST) with the remaining 25% invested in the Russell Investments Diversified 50 Unit (PST). The current investment policy is considered suitable to the Plan’s liabilities in respect of defined benefit membership at the valuation date.

Insurance

In comparison with the Plan’s net assets, the total amount of insurance protection against death and total and permanent disablement benefits is considered to be adequate as at the valuation date. We recommend that the Trustee continues to insure the unfunded death and disablement liabilities for all members. The temporary disablement benefit is fully insured, hence the amount of insurance is not influenced by the level of the Plan’s assets.

Certifications

The actuarial statement required under Prudential Standard SPS 160, made under section 34C of the Superannuation Industry (Supervision) Act 1993 is contained in Appendix D.

Next Valuation

In accordance with the Fund's Rules, the next actuarial valuation is due at 30 June 2025.

Travis Dickinson
Fellow of the Institute
of Actuaries of Australia

Willis Towers Watson
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Melbourne VIC 3000

14 November 2024

Phone: 0475 421 040

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https://wtwonlineau.sharepoint.com/sites/tctclient_987204_Monier24/Documents/Actuarial Valuation/Deliverables/Actuarial Report_MonierPGH_30June2024_WTW.docx

Section 1: Purpose

The MonierPGH Sub-Division (the Plan) in Sub-Division Five is a sub-fund of Harwood Superannuation (the Fund) as defined by Prudential Standard SPS 160. Sub-Division Five includes a Defined Benefit Section that provides benefits that are of the “defined benefit” type where benefits are defined by salary and period of membership. Additional accumulation benefits are also provided for defined benefit members. With such a plan, a regular actuarial review is necessary to:

- examine the sufficiency of the assets in relation to members’ accrued benefit entitlements;
- determine the recommended contribution rate required to be paid by CSR Limited (the Company) or other Associated Employers (as defined in the Deed) under Rule 2.3 under Part 1 of the Rules of Sub-Division Five;
- examine the suitability of the Plan’s insurance and investment arrangements;
- satisfy Rule 7.1 of the Trust Deed that requires an actuarial review to be periodically conducted;
- meet legislative and prudential standard requirements, in particular paragraph 23 of Prudential Standard 160 Defined Benefit Matters (SPS160).

Sub-Division Five also includes an Accumulation Section that provides benefits that are of the “defined contribution” type where the benefits paid depend on the contributions made and the investment performance of the underlying assets. Unless where note, this valuation only considers the Defined Benefit Section.

This report has been prepared in accordance with Professional Standard 400, dated March 2021, issued by the Institute of Actuaries of Australia.

Section 2: Background and Data

The Harwood Superannuation Fund (the Fund) was originally established in 1890. The Harwood Superannuation Fund Trust Deed was amended on many occasions in the past and the Harwood Superannuation Fund was also renamed over time. In early 2003, it was renamed from "CSR Australian Superannuation Fund" to "Harwood Superannuation Fund".

Effective 1 November 2014, the Harwood Superannuation Fund transferred on a successor fund basis to the Russell Investments Master Trust. Its operations are governed by the Rules governing Harwood Superannuation in the Russell Investments Master Trust (the Harwood Superannuation Rules) and the Trust Deed of the Fund.

The MonierPGH Sub-Division (the Plan) in Sub-Division Five is a sub-fund of the Fund as defined by Prudential Standard SPS 160. The Plan provides lump sum benefits, which are the greater of accumulation and defined benefits, to active employees in the Defined Benefit Section and accumulation benefits to active employees in the Accumulation Section. The Plan is closed to new members. A summary of the benefits is included as Appendix A.

The Fund is a regulated fund under the Superannuation Industry (Supervision) Act 1993 and receives concessional tax treatment accordingly.

Previous Recommendations

The previous valuation, which was conducted by me, was carried out at 30 June 2023 with the results set out in a report dated 13 November 2023. That report was in respect of the Plan and covered the one-year period ended 30 June 2023. Key findings from that report included the following:

- The Vested Benefits Index (VBI) was 108.6% (Defined Benefit Section);
- The Accrued Benefits Reserve Index (ABRI) was 111.4% (Defined Benefit Section); and
- The report recommended that the Company and Associated Employers make no regular contributions in respect of members in the Defined Benefit Section. While contributions were not required to be paid to the Plan, the accounts of members in the Accumulation Section would need to continue to be credited with the appropriate amounts to ensure that the Company continues to meet the SG regulations. Similarly, the SG rate on additional salary amounts (based on Ordinary Time Earnings as defined in the SG regulations) in respect of members in the Defined Benefit Section would need to continue to be credited to members where applicable.

Sources of Information

We have relied on the following data provided by Link Administration (the Fund Administrator):

- the administrative records at the valuation date; and
- the unaudited financial information as at the valuation date for the Plan.

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

Data

The membership details for the Defined Benefit Section are summarised in the following table. We have carried out checks on the data and are satisfied that the data provided is reasonable based on our knowledge of the Plan.

Active Members – Division Five	30 June 2023	30 June 2024
Number of members	42	37
Average age	58.0 years	59.0 years
Annual salaries	$4,578,006	$4,111,035
Average completed membership	33.2 years	34.3 years

As at 30 June 2024, there were 7 members in the Accumulation Section of the Plan with total account balances of $5,462,832. (As at 30 June 2023, there were 7 members in the Accumulation Section of the Plan with total account balances of $4,911,334.)

Section 3: Assets and Investment Strategy

Accounts

We have been supplied with unaudited accounts covering the twelve-month period to the valuation date.

Market Value of Net Assets

The following table provides a breakdown of the market value of the Plan's assets at the valuation date.

Market value of the Plan's assets at 30 June 2024	$
Net assets before deducting the ORFR	**34,198,744**
Benefits payable	-
Operational Risk Financial Reserve (ORFR)	(85,497)
Market value of the Plan's net assets	**34,113,247**
Less Accumulation Section liabilities	(5,462,832)
Market value of the Plan's net assets backing the Defined Benefit Section	**28,650,415**

The market value of the Plan's assets is based on redemption unit prices. The market value of the net assets are the net assets available to meet the Plan's liabilities, excluding the liabilities of members in the Accumulation Section, as used in determining the contribution recommendations and Funding Status Measures at the valuation date.

Suitability of Crediting Rate and Investment Reserving Policy

The Trustee credits the accumulation accounts of members in the Defined Benefit Section with a smoothed investment return. The crediting rate applied is calculated based on changes in the unit prices of the underlying assets. In years when the actual investment earnings are negative, a small positive crediting rate of 0.01% p.a. is applied and in years when the actual investment earnings are positive, 30% of earnings are held back to cover the over-crediting in years of negative earnings.

The Trustee manages the operation of the crediting rate policy by tracking the cumulative difference between compounded actual returns and the crediting rate. As at the valuation date this percentage was estimated to be 2.0% (i.e. cumulative compounded interest rates credited to members have been below the actual cumulative compounded returns – i.e. the Plan has credited less to members than it has earned).

The smoothing method is intended to result in crediting rates being in line with the Plan's actual earning rates (net of fees and taxes) over the medium to long term. On that basis I consider this smoothed crediting rate policy to be appropriate.

Defined Benefits – Investment Objectives and Guidelines

The Trustee has developed formal objectives and a policy for the investment of the Plan's assets. These objectives and policies are summarised in the Investment Policy Statement for the Russell Investments Master Trust dated 18 February 2020.

At the valuation date, the investment policy was to have 75% of the Plan's assets invested in the Russell Investments Balanced Growth Unit (PST) with the remaining 25% invested in the Russell Investments Diversified 50 Unit (PST). As such approximately 63% was invested in growth assets such as shares and property, 6% was invested in alternative assets and 31% in income assets such as cash and fixed interest. We have taken account of the investment objectives of the Plan in setting our actuarial assumptions in Appendix C of this report.

The following table below shows the strategic asset allocation for the assets backing the Plan's defined benefit liabilities as at the valuation date.

Asset Class	Asset Allocation as at 30 June 2024
Australian Shares	25%
Overseas Shares	25%
Property and infrastructure	19%
Fixed Interest	29%
Cash and Liquid Assets	2%
Total	**100%**

Suitability of Investment Strategy

We consider the current investment strategy for the Plan's Defined Benefit Section to be suitable in view of the nature of liabilities.

Section 4: Valuation Method, Plan Experience and Actuarial Assumptions

To carry out an actuarial valuation for defined benefit liabilities, it is necessary to decide on:

- the valuation method to be adopted; and
- the assumptions as to the factors which will affect the cost of the benefits to be provided by the Plan in the future.

Valuation Method

The funding method adopted at the previous valuation was the Attained Age method. This funding method remains appropriate for the Plan and we have retained it for this valuation. The calculation of the Company contribution rate by this method consists of two parts.

1. The first part is the "normal cost". The total normal cost is expressed as a level % of expected future salaries and is equal to the sum of:
   - the cost based on actuarial assumptions of the benefits accruing to the members in respect of all future membership following the valuation date; plus
   - the cost of insured benefits, administration and taxation expenses.
2. The second part is the amortisation of any surplus or deficiency at the valuation date over the following 30 month period beginning 1 January following the valuation date.

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

- the actuarial value of the Plan's assets attributable to the Defined Benefit Section; and
- the present value of all benefits accrued to the date of the valuation in respect of Defined Benefit Section members based on the valuation assumptions adopted.

The total Company contribution for the year is the normal cost less (plus) any amortisation of surplus (deficit). However, the contribution rate required to maintain vested benefits coverage above 100% in three years' time based on the valuation assumptions has also been considered.

Plan Experience and Valuation Assumptions

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

Investment Return

The following table compares the investment return assumption made at the last valuation with the Plan's actual experience over the twelve-month period to the valuation date:

	30 June 2023 assumption	2023 - 2024 experience
Investment return (net of tax and expenses)	6.8% p.a.	8.1% p.a.

The Plan's actual investment return over the twelve-month period to the valuation date was higher than that rate assumed at the last valuation. This outperformance has had a positive effect on the Plan's financial position in isolation, although as member's benefits also improve with investment return (due to the crediting rate), there is a lower impact of the positive return on the financial position of the plan.

For this valuation, we have adopted the following long-term future investment return assumptions:

	30 June 2023 assumption	30 June 2024 assumption
Investment return (net of tax and expenses)	6.8% p.a.	6.7% p.a.

The investment return assumption adopted for this valuation is considered to be consistent with the Trustee's investment objectives and strategy.

Salary Inflation

The following table compares the salary increase assumption made at the last valuation with the Plan's actual experience of Defined Benefit Section members over the twelve-month period to the valuation date:

	30 June 2023 assumption	2023 - 2024 experience
Salary increases	3.0% p.a.	3.6% p.a.

The average rate of growth of salaries in FY24 for members who were present at the current valuation dates was higher than that rate assumed at the last valuation. This has increased the Plan's liabilities by more than expected. However, as the Plan's defined benefit liability is primarily affected by the crediting rates earned on members' accounts, the higher-than-expected salary inflation has not had a large impact on the financial position of the Plan.

For this valuation, we have adopted the following salary inflation assumption and retained the previous promotional scale (see Appendix C for the promotional salary scale).

	30 June 2023 assumption	30 June 2024 assumption
Salary increases	3.0% p.a.	3.0% p.a.

Impact of changes in financial assumptions

Over the long term, it is the “gap” between the assumed investment return and salary inflation assumptions that is important when valuing members’ liabilities. The ‘gap’ between the investment return (net of tax) and salary increase assumptions is 3.7% p.a. The gap used in last year’s valuation was at 3.8% p.a. That said, the valuation results are not sensitive to the actuarial assumptions this year because the benefits paid are subject to a defined contribution style underpin (i.e. that being the Withdrawal Benefit) that currently applies for all members.

Demographic Assumptions

The number of active members in the Plan is small such that it is not possible to carry out a meaningful experience analysis that could be used to derive demographic assumptions. Therefore, we consider it to be reasonable to retain the assumptions used at the previous valuation.

Expenses and Insurance Premiums

At the previous investigation it was assumed that administration expenses would be covered by an allowance of 1.0% of Eligible Salaries for all Sub-Division Five members. We have maintained this allowance for this valuation based on expenses expected to be incurred in the coming years.

Our previous assumption for the insurance premium expense was 0.7% of salaries. This remains appropriate at this valuation.

Summary of Valuation Assumptions

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

Section 5: Funding Status Measures

There are several methods used to assess the current financial situation (i.e. funding status measures) of the Plan. These measures are considered below.

Vested Benefits

Pursuant to superannuation law and SPS 160, a fund (or a section of a fund) is in a "satisfactory" financial position if the assets of the fund cover the vested benefit entitlements of the members.

The vested benefits represent the benefit entitlements of members should they voluntarily leave the Plan. The VBI is a test of the Plan's solvency if all Members voluntarily resigned (if under 55) or retired (if over 55) on the review date.

The following table shows the progression of the Vested Benefits Index over the review period for the Defined Benefit Section of the Plan.

	30 June 2023	30 June 2024
Total Vested Benefits	$27,494,948	$26,135,402
Net Assets (excluding ORFR)	$29,856,178	$28,650,415
Surplus / (shortfall)	**$2,361,230**	**$2,515,013**
Vested Benefits Index (VBI)	**108.6%**	**109.6%**

As at the valuation date, the net assets of the Defined Benefit Section exceeded the vested benefits and the Defined Benefit Section of the Plan was in a satisfactory financial position. The increase in the VBI since the last valuation is mainly due to the higher actual investment return over the year to 30 June 2024, slightly offset by the fund being on a contributions holiday.

In addition, the Accumulation Section of the Plan had assets and liabilities of $5,462,832 as at the valuation date.

Actuarial Value of Accrued Benefits

An indication of the funding status of the Plan is given by the ratio of the Plan's net assets to the actuarial value of accrued benefits. This is called the Accrued Benefits Reserve Index (ABRI).

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

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

If actual future experience is in line with all of the assumptions made in the valuation, a ratio of 100% implies that, if the Plan were closed to new entrants and no further benefits were allowed to accrue to current members, assets would be sufficient to meet all future benefit payments.

The following table shows the progression of the ABRI over the review period for the Defined Benefit Section of the Plan. Note that the accrued benefits were equal to vested benefits at the valuation date because the Withdrawal Benefit (see Appendix A) underpin is applying for all members.

	30 June 2023	30 June 2024
Actuarial Value of Accrued Benefits	$26,809,874	$26,135,401
Net Assets (excluding ORFR)	$29,856,178	$28,650,415
Surplus / (shortfall)	**$3,046,304**	**$2,515,014**
Accrued Benefits Reserve Index (ABRI)	**111.4%**	**109.6%**

As at the valuation date, the net assets of the Defined Benefit Section (excluding any amount held to meet the ORFR) are adequate to cover the actuarial value of accrued benefits. The ratio of the Plan's net assets backing the Defined Benefit Section to the Accrued benefits has decreased mainly due the fund being on a contribution holiday over the year to 30 June 2024, slightly offset by the surplus of assets now being spread over fewer members.

In addition, the Accumulation Section of the Plan had assets and liabilities of $5,462,832 as at the valuation date.

Minimum Benefits

The Company's SG obligation is met for all members by the minimum benefits provided under the Plan subject to the SG rate on additional salary amounts (based on Ordinary Time Earnings as defined in the SG regulations) in respect of members in the Defined Benefit Section being credited to members where applicable. The MRBs are not coded on the Plan's administration system and are not able to be readily calculated. Therefore, we have provided an estimate of the MRBs as defined by the Benefit Certificate issued by me, effective 1 July 2024.

A Funding and Solvency Certificate dated 6 June 2022 (effective 31 March 2022) has been issued, by me, to the Trustee corresponding to the abovementioned Benefit Certificate. The purpose of this certificate is to specify the required company contributions needed to fund the minimum benefits used to offset the SG charge.

The Plan is 'solvent' if the net realisable value of the assets of the Plan exceeds the MRBs. Based on this estimate the net assets of the Defined Benefit Section exceeded the MRBs and the Defined Benefit Section of the Plan was in a solvent financial position as shown in the following table.

	30 June 2023	30 June 2024
Estimated MRB	$19,720,965	$18,574,588
Net Assets (excluding ORFR)	$29,856,178	$28,650,415
Surplus / (shortfall)	**$10,135,213**	**$10,075,827**
MRB Index	**151.4%**	**154.2%**

At the valuation date the Plan was solvent and, based on the actuarial assumptions, in my opinion it is likely that an actuary will be able to certify the solvency of the Plan in three years' time. In addition, the MRBs in respect of members in the Accumulation Section of the Plan are equal to their vested benefits, which were $5,462,832 as at the valuation date.

Insurance

The Plan maintains insurance against death and disablement benefits. The insured amount for each member is calculated as the death and total & permanent disablement benefit less their accrued liability. The insurance is provided by MetLife.

This insurance arrangement is appropriate to protect the Plan against adverse death or disability experience and to smooth out the inevitable fluctuations in such experience.

Shortfall Limit

The shortfall limit is defined in paragraph 10 of SPS 160 as:

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

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

The Information Note dated June 2013 issued by the Actuaries Institute, provides guidance on what might be a reasonable shortfall limit based on modelling undertaken by several actuaries involved in the Actuaries Institute Superannuation Practice Committee. In the absence of any Plan specific analysis, based on the Information Note and considering the Plan's current investment strategy, we consider the current Shortfall Limit of 98% to continue to be appropriate.

Benefits Payable on Termination of the Plan

On termination of the Plan, the Rule 16 and Part C of Sub-Division Five of the Trust Deed provides that the Plan assets, after all wind-up expenses attributable to Sub-Division Five, are distributed among the Plan members in such shares and proportions and in such manner as the Trustee determine to be fair and equitable after considering the Actuary's advice.

Summary

The Plan's funding position has improved since the last valuation and remains at a sound financial position.

Section 6: Valuation Contribution Results

It should be emphasised that the funding measures shown in Section 5 relate to the current position at the review date. A projection of the Plan is required to assess the adequacy of Company contribution rates to provide defined benefits in the future.

Such a projection has been carried out using the funding method and assumptions discussed in Section 4 and set out in Appendix C.

Based on the data and calculations as at 30 June 2024, we have calculated the contribution rate to fund the cost of accrual as 16% of Eligible Salaries in respect of all Defined Benefit Section members. However, given that net assets at the valuation date exceed accrued liabilities, contributions can be made below this rate.

We have projected that the surplus is sufficient to offset the cost of accrual for members in the Defined Benefit Section, and the contributions that are payable in respect of members in the Accumulation Section, until at least July 2027. Therefore, on this basis, we calculate that no Company contributions are required to be paid to the Plan for three years from 1 July 2024 or until the next actuarial investigation is carried out.

Note that while contributions are not required to be paid to the Plan, the accounts of members in the Accumulation Section should continue to be credited with the appropriate amounts to ensure that the Company continues to meet the SG regulations. Similarly, the SG rate on additional salary amounts (based on Ordinary Time Earnings as defined in the SG regulations) in respect of members in the Defined Benefit Section should continue to be credited to members where applicable.

The contributions set out above assume that a valuation will be held at 30 June 2025 to reassess contribution requirements.

Projection of Results

We have tested the impact of the Company not paying contributions, in line with our recommendations above, by projecting the cash flows of the Plan and the build-up of the Plan's assets over the next three years and comparing the Plan's assets to the projected levels of the vested benefits.

	Assets	Vested Benefits	VBI
30 June 2024	$28,650,415	$26,135,402	109.6%
30 June 2025	$27,176,886	$24,946,316	108.9%
30 June 2026	$24,784,537	$22,785,906	108.8%
30 June 2027	$22,494,315	$20,651,517	108.9%

The projection shows the VBI is expected to remain steady at around 109% over the next three years. Therefore, if the Company does not contribute to the Plan, and assuming the valuation assumptions are borne out in practice, I expect the VBI to remain above 100% over the three years to 30 June 2027.

Next Valuation

In accordance with the Fund's Rules, the next actuarial valuation is due at 30 June 2025.

Section 7: Material Risks

Investment Returns

The benefits paid from the Plan are subject to a defined contribution style underpin (i.e. the Withdrawal Benefit). At the valuation date, the Withdrawal Benefit underpin was applying for all members. When this occurs, the valuation results and therefore the funding position, are not sensitive to investment returns. However, this situation can change if investment returns are poor such that the Withdrawal Benefit underpin does not apply or does not apply to the same extent across the membership.

When the Withdrawal Benefit underpin does not apply, and if actual investment returns are less than assumed in the investigation with all other actuarial assumptions borne out, then the funding position will worsen and increased Company contributions may be required.

Due to any surplus on termination being distributable to members, and not to the Company, the Trustee must balance the risk of poor investment returns adversely affecting the Plan's financial position against the risk of excess assets being accumulated from higher than required Company contributions.

Nevertheless, the Plan may need to be terminated at a time when the Plan's assets are below the vested benefits (for example because of recent market movements or non-payment by the employers of contributions, etc.). This indicates the need for the Trustee to maintain a policy of monitoring the Plan's assets against vested benefits, especially in times of market instability.

Any change to the investment strategy that impacts future expected return on assets supporting the defined benefit liabilities will potentially have a material impact on the financial position of the Plan. If the Trustee is considering changing the investment strategy, we recommend that we be asked to assess the potential impact on the financial position of the Plan and future Company contribution requirements.

Inflation

The Plan's defined benefit liabilities are linked to inflation through members' salary increases, which will generally be linked to wider salary inflation.

Significant increases in salary inflation are likely to significantly increase the Plan's liabilities, unless these inflationary increases are accompanied by compensating higher rates of investment return. This indicates the need for the Trustee to monitor salary inflation amongst its defined benefit members.

Credit Risk

The continuation of the Plan is dependent on the funding support of the Company. If the Company was unwilling or unable to pay contributions, or to meet the expenses and insurance premiums, that may affect the ongoing viability of the Plan. Given the current funding position and the nature of the Company we do not believe that credit risk should be seen as a material issue.

Liquidity Risk

The benefit payments to members will be made in lump sum form, therefore the Plan requires access to sufficient liquid assets to meet these payments as they fall due. The Plan's current assets are considered to be sufficiently liquid to mitigate this risk.

Sensitivity Analysis

The valuation results for the Plan are not sensitive to the actuarial assumptions because the benefits paid are subject to a defined contribution style underpin that currently applies for all members.

Indeed, reducing or increasing the gap (i.e. the difference between the assumed investment return and salary inflation assumptions) has no impact on the value placed on the Plan's liabilities as at the valuation date. However, this could change in the future if the Withdrawal Benefit underpin does not apply or does not apply to the same extent across the membership.

Appendix A: Summary of Benefits

Normal Retirement Age

Age 65.

Early Retirement Age

The Early Retirement Benefit is available from age 55.

Eligible Final Salary (EFS)

The average of the highest total Eligible Salary paid to a member in each of any three years of the last five years before a member's retirement date (or Normal Retirement Date if earlier).

Eligible Salary

The salary/wages only or ordinary time earnings actually received by a member.

Years of Actual Membership

That part (measured in complete years) of a member's Years of Eligible Membership that falls prior to the member leaving service.

Years of Eligible Membership

The member's Years of Eligible Membership in the MonierPGH Superannuation Plan immediately prior to 12 April 2006, plus the period from 12 April 2006, measured in years and complete months, to the date of retirement (or Normal Retirement Date if earlier).

Normal Retirement Benefit

A member who ceases employment on the Normal Retirement Date shall be entitled to receive a lump sum benefit which is determined as:

- Accrual Rate x EFS x Years of Eligible Membership + any additional accumulation accounts

Subject to a minimum of the Withdrawal Benefit.

Accrual Rates and contributions

The accrual rates and contributions for each member are in accordance with their classification of membership as given in the following table:

Division	Category	Accrual rate as a percentage of a members' Eligible Final Salary	Rate of member's contribution as a percentage of his or her Eligible Salary
A	1	5.0	0
	2	7.5	1
	3	10.0	2
	4	12.5	3
	5	15.0	4
B		17.5	4
C		20.0	4

Members may also make additional voluntary contributions to the Plan.

Late Retirement Benefit

A member who ceases employment after the Normal Retirement Date shall be entitled to receive a lump sum benefit equal to the Normal Retirement Benefit plus interest on that amount from the Normal Retirement Date to the member's date of retirement.

Early Retirement Benefit

A member who ceases employment on or after the age of 55 years, but before the age of 65 years shall be entitled to receive a lump sum benefit determined as the greater of:

- the Withdrawal Benefit the member is entitled to receive at the date of early retirement; and
- the Normal Retirement Benefit calculated using Years of Eligible Membership to the date of early retirement.

Disablement Benefit

The Death Benefit that would have been payable had the member died on the date of disablement.

Death Benefit

- Prior to Normal Retirement Date

  The Normal Retirement Benefit calculated as if the Member had retired at the date of his or her death, where:

  – A member is deemed to have the same classification as at the last review date, provided that a Division A member is deemed to be a Category 5 member for the period of membership commencing on or after 1 July 1992;

  – The member's Eligible Salary at the date of death is deemed to have continued unchanged up to the Normal Retirement Date.

- On or after Normal Retirement Date

  The Late Retirement Benefit calculated as if the Member had retired at the data of his or her death.

Withdrawal Benefit

A member who ceases employment prior to the Normal Retirement Date on or after age 65 shall be entitled to receive a lump sum benefit which is determined as the sum of:

- The balance of the member's MonierPGH Plan Account at the date of ceasing employment; plus
- An amount equal to the member's contributions accumulated with compound interest; plus
- An amount equal to the employer's contributions accumulated with compound interest; plus
- Any additional accumulation accounts.

Surcharge Account

A Surcharge Account is maintained in respect of each member. Any surcharge payable by the Plan is recorded in this account. The account is accumulated with interest and deducted from the benefit payable to or in respect of the member.

Accumulation Sub-Division

The Accumulation Sub-Division of Sub-Division Five of the Plan provides lump sum defined contribution benefits (i.e. lump sum benefits related to the employer's and the member's net contributions and investment earnings thereon). On leaving service due to death or disablement, Accumulation Sub-Division members receive the balance of their accounts, plus an insured benefit equal to a percentage of Eligible Salary for each year of future prospective membership up to age 65.

Appendix B: Movement in Plan Assets

A summary of the movement in Plan assets since the previous actuarial valuation is shown in the following table:

	MonierPGH Sub-Division ($)
Net assets available to pay benefits at 30 June 2023	**34,767,513**
Investment Revenue	2,683,841
Contributions Revenue	258,166
Other Revenue	-
Total Revenue from Ordinary Activities	**2,942,006**
Insurance	(14,000)
Administration Expenses	29,400
Benefits Paid	(3,572,773)
Excess Contributions Tax	-
Surcharge	-
Total Expenses from Ordinary Activities	**(3,557,373)**
Net movement related to ORFR	1,640
Income Tax (Expense) / Benefit	(40,538)
Net assets available to pay benefits at 30 June 2024	**34,113,247**
plus ORFR	85,497
Net Market Value (including ORFR) at 30 June 2024 (before benefits payable)	**34,198,744**

Appendix C: Valuation Assumptions

Asset Value

Market value taken from unaudited accounts at the valuation date.

Investment Returns

6.7% p.a. (net of taxation and net of investment expenses)

Inflationary Salary Increase

3.0% p.a.

Promotional Salary Increase Rate

The salary scale makes allowance for salary increases of a promotional nature, that is, in addition to the general salary inflation. Set out below are specimens of the promotional increases used in the calculations for the Plan.

Age	Promotional Scale
40	0.5%
45 to 65	0.25%

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

Sample of rates out of 10,000 members at the age shown expected to leave the Plan in the next year:

Age	Death	Disablement	Resignation
40	5	5	600
45	8	10	270
50	11	20	100
55	16	37	Nil
60	27	70	Nil
65	53	132	Nil

Number out of 10,000 members at the age shown expected to retire in the next year:

Age	Retirement
55	2,500
56	1,500
57	1,500
58	1,500
59	1,500
60	3,000
61 to 63	2,000
64	5,000
65	10,000

Administration Expenses

In projecting the financial position of the Plans, we have assumed expenses at the rate of 1.0% of Eligible Salaries based on expected expenses in the Plan, as well as insurance premium expenses of 0.7% of salaries.

Surcharge

All liability for surcharge is assumed to be deducted from members' benefits for assessments received after 23 August 2001.

Duration of liabilities

Using the assumptions described, the duration of the Plan's liabilities is 4.4 years as at 30 June 2024.

Appendix D: Requirements under Prudential Standard SPS 160

I have carried out an actuarial valuation of the MonierPGH Sub-Division (the Plan) in Sub-Division Five which is a sub-fund of Harwood Superannuation (the Fund) in the Russell Investments Master Trust a defined by Prudential Standard SPS 160. My valuation is carried out as at 30 June 2024. For the purposes of Prudential Standard SPS 160, as Actuary to the Plan, I certify that:

1. The value of assets of the Plan for the purposes of the valuation has been taken as $34,113,247 which is the market value of assets of the Plan, excluding the amount held to meet the ORFR. The value of assets relating to the Defined Benefit Section has been taken as $28,650,415.
2. 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 Plan will continue to exceed the liabilities of the Plan in respect of both accrued benefits and vested benefits.
3. In my opinion, the assets of the Plan, excluding the amount held to meet the ORFR, were adequate to meet the liabilities in respect of the accrued benefits of the members of the Plan.
4. The value of accrued benefits for active members in the Defined Benefit Section of the Plan 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 members in the Accumulation Section of the Plan has been taken as the total account balances of the members. 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.
5. The financial position of the Plan is not unsatisfactory at 30 June 2024.
6. Given the Plan’s investment strategy, in my opinion, the current shortfall limit of 98% in respect of the Defined Benefit Section of the Plan does not need to be updated.
7. The value of the liabilities in respect of the minimum benefits of the members of the Plan as at 30 June 2024 was no more than $18,574,588 in respect of the members in the Defined Benefit Section and equal to $5,462,832 in respect of members in the Accumulation Section.
8. Based on the results of this valuation we calculate that no Company contributions are required to be paid to the Plan for three years from 1 July 2024 or until the next actuarial investigation is carried out.
9. While contributions are not required to be paid to the Plan, the accounts of members in the Accumulation Section should continue to be credited with the appropriate amounts to ensure that the Company continues to meet the SG regulations. Similarly, the SG rate on additional salary amounts (based on Ordinary Time Earnings as defined in the SG regulations) in respect of members in the Defined Benefit Section should continue to be credited to members where applicable.

10. All necessary Funding and Solvency Certificates for the Plan were obtained during the period from 1 July 2023 to 30 June 2024. In my opinion, the solvency of the Plan is likely to be able to be certified in any Funding and Solvency Certificate required under the Superannuation Industry (Supervision) Regulations during the period to 30 June 2027, 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.

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14 November 2024

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