Actuarial Investigation as at 30 June 2022

NewsSuper – a division of the Russell Investments Master Trust

5 December 2022

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Reliance statement and data

This report is provided subject to the terms set out herein and in our engagement letter *“Master Consulting Services Agreement”* 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 we 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 3 and Section 4.

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.

Section 1: Summary and recommendations

The Directors
Total Risk Management Pty Ltd
Level 28, 85 Castlereagh Street
SYDNEY NSW 2000

Dear Directors

We are pleased to present our report to the Trustee, Total Risk Management Pty Ltd, on the actuarial investigation into NewsSuper – a division of the Russell Investments Master Trust ("the Plan") as at 30 June 2022. I, Louise Campbell, FIAA, carried out the previous actuarial investigation of the Plan as at 30 June 2019.

Membership and assets

At 30 June 2022, there were 713 members in the Plan including 134 defined benefit (DB) members, 3 lifetime pensioners and 575 accumulation members. The Plan is closed to new members.

The net market value of assets available for members' benefits as at 30 June 2022 was $244,046,249 of which $64,869,526 was in respect of defined benefit members. For the purpose of the actuarial investigation, the value of the liabilities was compared to the net market value of assets, excluding the amount set aside for the Operational Risk Financial Requirement (ORFR).

Plan Experience

The main features of the Plan's experience over the three years to 30 June 2022 were:

- As the Plan is closed, the total DB membership reduced by 47% and total DB vested benefits reduced by 40%;
- The actual net investment return earned on the Plan's DB assets averaged 1.4% pa which was lower than the assumed net investment earnings rate of 3.0% pa;
- The actual increase in salaries averaged 3.2% pa compared with the assumed rate of 2.5% pa; and
- Employer contributions were made in accordance with the recommendations set out in the previous actuarial investigation report and subsequently agreed periods of contribution holiday.

Overall, the experience of the Plan over the three years to 30 June 2022 resulted in a deterioration of the Plan's financial position.

Assumptions

The key economic assumptions used for this actuarial investigation are a long-term net investment earnings rate of 5.0% pa and a long-term inflationary salary increase rate of 3.5% pa. This compares with a long-term net investment earnings rate of 3.0% pa and a salary increase rate of 2.5% pa in the previous investigation. The demographic assumptions used for this valuation remain the same as the previous investigation, as turnover experience was largely captured by the previous assumptions.

Valuation Results

The actuarial investigation of the Plan revealed that it was in a satisfactory financial position as at 30 June 2022, as defined in superannuation law. The Vested Benefit Index and Accrued Benefit Reserve Index for both the Plan as a whole and for the Defined Benefit elements of the Plan (i.e. excluding accumulation members and accumulation accounts of defined benefit members) as at 30 June 2019 and 30 June 2022 are shown in the following table:

Membership Category	30 June 2019	30 June 2022
Whole Plan		
Vested Benefit Index	103.0%	101.3%
Accrued Benefit Reserve Index	103.3%	101.6%
Defined Benefits elements		
Vested Benefit Index	111.2%	105.3%
Accrued Benefit Reserve Index	112.5%	106.3%

The Plan's Defined Benefit Reserve, which is invested in the Defensive Option, returned approximately 1.6% (based on the change in the underlying unit price) between 30 June 2022 and 12 November 2022. As such we expect the financial position of the Plan to have fallen slightly, while still remaining in a satisfactory financial position, relative to the position at 30 June to the date of signing this report.

Recommended Employer Contribution Rates

Defined Benefit members

We recommend the Principal Employer pay contributions at the rates shown below:

Category	Accumulation Component	Defined Benefit Component from 1 July 2022 to 30 June 2023	Defined Benefit Component from 1 July 2023 (100% of Normal Cost Rates)
1	6.0% where a member has not elected choice of fund	Nil	6.8%
2	6.0% where a member has not elected choice of fund	Nil	7.4%
2A	Nil	Nil	14.4%
3	Nil	Nil	12.5%

We have projected that if experience is in line with the assumptions adopted for our investigation and the employer contributes at the levels set out above in respect of defined benefit members, then the DB VBI will be approximately 105.7% at 30 June 2025.

Accumulation Members

We recommend the employer commence contributions in respect of the DC expenses and insurance premiums from 1 July 2023. As such, contributions will need to be made at the rates shown below to fund these costs:

Category	Accumulation Contributions (% of Salary)	Additional contributions for expenses and premiums (% of Salary) from 1 July 2022 to 30 June 2023	Additional contributions for expenses and premiums (% of Salary) from 1 July 2023
A	Superannuation Guarantee	Nil	0.52%
AC	Superannuation Guarantee	Nil	0.35%
AM	12%*	Nil	0.83%
AS	Superannuation Guarantee + package**	Nil	1.01%
HC	Superannuation Guarantee	Nil	1.07%
HCC	Superannuation Guarantee	Nil	0.37%
A NEST	Superannuation Guarantee + package**	Nil	1.13%

* Where a lower rate has been agreed between the Trustee and the Employer for a particular member, the lower rate applies.
** Package is negotiated between the Principal Employer and the Member.

For non-wholly owned subsidiaries, employer contributions should continue to be paid at least at rates selected by the Principal Employer and advised to the Trustee. The employer should continue to pay for the cost of the long-term salary continuance policy for Category A NEST members separately (outside of the Plan).

Other Recommendations

We also recommend that:

- The shortfall limit be maintained at 99% for the defined benefit section of the Plan;
- The financial position continues to be monitored at least on a quarterly basis; and
- The next full actuarial investigation of the Plan be made as at 30 June 2025.

Please contact Nick Wilkinson or me if you have any questions on this report.

Yours sincerely

LCampbell

Louise Campbell
Fellow of The Institute of Actuaries of Australia

5 December 2022

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Section 2: Background

NewsSuper originated from the News Limited Group Retirement and Assurance Plan, which commenced on 31 December 1969. It was renamed the NewsPlan – Group Retirement and Assurance Plan in 1990, and then renamed NewsSuper on 1 July 1999. NewsSuper (a division of the Russell Investments Master Trust) was established by successor fund transfer of NewsSuper on 31 March 2005. Its operation is governed by a Trust Deed dated 26 June 2003, as amended from time to time, and an Employer Application Deed dated 8 April 2005, as amended from time to time.

This Plan has numerous categories of membership, both defined benefit and accumulation. A detailed description of the benefits valued in this investigation is included in Appendix A to this report. The Plan is closed to new members. The Plan is a "regulated" fund under the Superannuation Industry (Supervision) Act 1993 ("SIS") and is treated as a "complying superannuation fund" for taxation purposes.

Purpose of the Investigation

Clause 15.6 of the Trust Deed requires an actuarial investigation to be undertaken at times determined by the Trustee. Clause 15.7 also requires the Actuary, as a result of the investigation, to recommend a rate of contribution to be payable to the Plan by the employer. Current legislation also requires that an actuarial investigation be undertaken at least every three years.

The Plan has been granted an exemption by APRA dated 12 September 2012 under modified subparagraph 9.29A(2)(c)(ii) of the SIS Regulations from annual actuarial investigations, with APRA determining that regular actuarial investigations only need to take place every three years.

This actuarial investigation has been carried out in accordance with Professional Standards 400, 402, 404 and 410 issued by the Actuaries Institute.

The main aims of the investigation are to:

- examine the long term funding of the Plan's benefits;
- examine the current financial position of the Plan;
- recommend a contribution rate at which the employer should contribute;
- meet the requirements of the Trust Deed and the relevant superannuation legislation;
- meet the reporting requirements of APRA prudential standard SPS 160.

Current legislation also requires that the investigation consider the solvency and financial position of the Plan both as at the investigation date and during the ensuing three years.

Rule 5.1 under Part 1 of the Employer Application states that each employer must contribute at the rate set out in the Part that applies to the relevant Members as agreed between the Trustee and the Principal Employer on the advice of the Plan's Actuary (unless contributions are varied under another Rule). The rates (if any) set out in the Deed for each Part are shown in the table below:

Part	Categories	Membership Type	Employer Contribution Rate
2	1, 2, 2A	Defined Benefit	Not specified
3	A, AC, AM, AS	Accumulation	A, AC: Superannuation Guarantee AS: 12% of Salary AM: 15% of Salary
4	3	Defined Benefit	Not specified
5	A NEST	Accumulation	Superannuation Guarantee + package*
6	HC, HCC	Accumulation	Superannuation Guarantee

* Package is negotiated between the Principal Employer and the Member.

Rule 6.6 of the Employer Application specifies that the employer, with the consent of the Trustee and the Principal Employer, may vary by agreement any or all of the benefits.

Previous Actuarial Investigation

The previous actuarial investigation of the Plan was carried out as at 30 June 2019 by me, Louise Campbell FIAA, of Russell Investments in a report dated 18 December 2019. The report and subsequent actuarial advice recommended contributions at least as follows:

Defined Benefit Members

Category	Accumulation Component	Defined Benefit Component
1, 2	6.0% where a member has not elected choice of fund	Nil
2A, 3, 5HC	Nil	Nil

Accumulation Members

Category	Accumulation Contributions (% of Salary)	Additional contributions for expenses and premiums (% of Salary)
A, AC, HC, HCC	Superannuation Guarantee	Nil
AM	12%*	Nil
AP	15%*	Nil
AS, A NEST	Superannuation Guarantee + package**	Nil

* Where a lower rate has been agreed between the Trustee and the Employer for a particular member, the lower rate apples.

** Package is negotiated between the Principal Employer and the Member.

We confirm that the employers have paid contributions in line with the recommended rates.

Other Changes

Since our previous actuarial investigation report, we are not aware of any changes to benefit provisions in the Trust Deed or Employer Application.

Section 3: Membership

Membership Data

Responsibility for maintaining member records, payment of benefits and other administrative tasks is delegated by the Trustee to Russell Investments Employee Benefits Pty Ltd. Membership data was provided in respect of members in the Plan as at 30 June 2022 and in respect of members who had exited the Plan between 1 July 2019 and 30 June 2022.

We have carried out reasonableness checks on the data to ensure that all dates, salaries and other amounts were reasonable. We are satisfied that the data provided is reasonable and correct and that there are no errors in the data which would have a material effect on the results of this investigation. We have relied on the information provided and although we have no reason to doubt the quality of the data, the results of this investigation are dependent on the quality of the data provided.

Membership Summary

The total number of members in the Plan as at 30 June 2019 and 30 June 2022 are set out in the table below.

Membership Category	30 June 2019	30 June 2022
Accumulation Members		
Active Members	1,086	574
Spouse Members	1	1
Non Member Spouse Members	0	0
Defined Benefit Members		
Active Members[1]	255	134
Pensioner Members	4	3
Total Members	**1,346**	**712**

[1] This excludes 26 members in 2019 and 6 members in 2022 who were notified exits yet to be processed at 30 June. For the purpose of this actuarial investigation, these members have been treated as benefits payable and have been removed from both assets and liabilities.

As expected, the number of members across the Plan has fallen during the valuation period as the Plan is closed to new members.

Defined Benefit Active Members

The changes in membership in active defined benefit categories can be attributed as follows:

DB Category	1	2	2A	3	5HC	Total
30 June 2019	**149**	**85**	**18**	**2**	**1**	**255**
- Retirements	(54)	(38)	(5)	(1)	(1)	(99)
- Withdrawals	(15)	(4)	(3)	0	0	(22)
- Deaths / Disablements	0	0	0	0	0	0
30 June 2022	**80**	**43**	**10**	**1**	**0**	**134**

Summary membership statistics for the active defined benefit members as at 30 June 2019 and 30 June 2022 are shown below:

	30 June 2019	30 June 2022
Number of Members	255	134
Average Age	54.1	55.7
Average Past Membership *	26.3	29.0
Total Salaries	$31,931,000	$19,263,071
Average Salaries	$125,219	$143,754

* Including membership of previous funds where applicable.

Some defined benefit members are subject to previous fund guarantees granted to them on transferring into the Plan from another superannuation fund previously sponsored by News or an associated employer.

Defined Benefit Pension Members

Key membership statistics for the defined benefit pensioner members are shown below:

	30 June 2019	30 June 2022
Number of Members	4	3
Average Age	96.0	98.3
Total Pensions (per annum)	$7,320	$4,330

Accumulation Members

Key membership statistics for the active accumulation members are shown below:

	30 June 2019	30 June 2022
Number of Members	1,087	575
Average Age	48.4	50.5
Average Past Membership [1]	14.9	17.8
Total Super Salaries	$112,510,000	$66,335,745
Average Super Salary	$103,505	$115,367

[1] Including membership of previous funds where applicable

Further details of the Plan experience are included in Section 7 **Error! Reference source not found.**and Section 8 of this report.

Section 4: Assets and Investments

Asset Data

Financial information for the Plan as at 30 June 2022 is based on transaction and asset information provided by the Plan administrator. We understand that this information has not been subject to audit at the employer division level, however the Russell Investments Master Trust is subject to regular audit as a whole.

We have relied on the information provided and we are satisfied that the Plan asset information appears to be correct based on our knowledge of the Plan.

Value of Assets

At 30 June 2022, the net market value of assets of the Plan available to pay benefits was as set out below:

Category	$
Accumulation Members	
Accumulation Member Accounts	150,981,207
Defined Benefit Members	
Member Investment Choice Accounts	28,195,516
Total Defined Benefit Reserve	67,463,736
Less Defined Benefit Operational Risk Reserve (ORR)	(168,659)
Less Benefits Payable	(2,425,551) [1]
Total Net Market Value of Assets	**244,046,249**
Total Net Market Value of Assets (Defined benefits only)	**64,869,526**

[1] Benefits payable for the 6 members who were notified exits yet to be processed at 30 June 2022. For the purpose of this actuarial investigation, these members have been treated as benefits payable and have been removed from both assets and liabilities.

This Net Market Value of Assets (excluding the Operational Risk Reserve) has been used in determining the employer contribution rate and assessing the financial position of the Plan. The market value is the most objective value of assets and is the best estimate of the immediately realisable value of the Plan's assets.

A summary of cash flows for the defined benefit reserve over the three year period to 30 June 2022 is provided in Appendix D.

Investment Objectives and Strategy

The assets held in the Defined Benefit Reserve are invested in the Defensive Option. Where Defined Benefit members have accounts that are not subject to Member Investment Choice (MIC), those accounts are also invested in the Defensive Option.

The long term investment goal for the Plan is to achieve above average and above benchmark investment returns and to maximise the return for each option.

The investment objectives for each Investment Choice option are outlined in the Investment Policy Statement for the Russell Investments Master Trust. Russell Investments reviews the appropriateness of these objectives at least once a year.

The Plan will participate in capital markets in order to maximise the chances of meeting its investment objectives. Where appropriate, assets will be diversified to minimise the risks associated with a downturn in any one market.

The Trustee has determined the strategic asset allocation for each investment Choice option after consultation with the Investment Manager (and with the Employer in respect of the Defined Benefit Reserve). The asset allocation is formulated for each investment option having regard to the investment objectives, long term risk and return considerations, and any applicable legislative requirements.

The current benchmark for each of the asset classes relevant to the Plan is set out in the Investment Policy Statement for the Russell Investments Master Trust.

The allocation of investments in various investment classes at 30 June 2022 in the Defensive Option relative to the strategic allocation were as follows:

Investment Sector	Actual Allocation	Strategic Allocation
Australian Shares	12.1%	11.0%
International Shares	14.5%	13.4%
Property	1.4%	9.3%
Alternatives	13.5%	0.0%
Cash	20.5%	25.0%
Fixed Interest	35.0%	36.0%
Infrastructure	3.0%	5.3%
Total Assets	**100.0%**	**100.0%**

Suitability of Investment Strategy

The benefit to be provided to members can be split into the following categories:

- Accumulation benefits for Accumulation members:
- Accumulation component for Defined Benefit members;
- Defined Benefit component for Defined Benefit members; and
- Pension payments for Pensioner members.

Each of these categories of benefit is backed by certain assets held by the Plan. We set out the nature of these categories and comment on the suitability of the assets held.

Accumulation benefits for Accumulation members

Members have a choice of the investment option used for their accumulation accounts. The movements in member's accumulation accounts will correspond with the movement in the underlying assets. Members are therefore subject to the investment risk underlying the assets held.

Accumulation component for Defined Benefit members

Defined Benefit Members have a choice of the investment option used for their addition accumulation accounts such as their Company, Voluntary and Rollover Accounts. The movements in these accounts will correspond with the movement in the underlying assets. Defined Benefit members are therefore subject to the investment risk in respect of these accounts.

Defined Benefit component for Defined Benefit members

The assets held in the Defined Benefit Reserve are used to back the Defined Benefit component for Defined Benefit Members. As at 30 June 2022 the assets held in the Defined Benefit Reserve were invested in the Defensive Option.

The defined benefit component is based on a member's Final Average Salary, period of membership within the Plan and accrual rate as set out in Appendix A. The value of member's compulsory contribution accounts are typically paid in addition to this defined benefit unless a previous fund guarantee takes effect. As at 30 June 2022 the total value of defined benefit members' compulsory contributions accounts was approximately $20.6 million.

The change in members' defined benefits is positively correlated with increases in salaries and the average future service of Defined Benefit members is approximately 4.3 years. The change in the value of members' compulsory contribution accounts will correspond with the movement in the Defined Benefit Reserve (i.e. the Defensive Option).

The investment strategy also needs to take into account the potential impact on members' compulsory contribution accounts as well as the impact on the funding position and expected employer contribution rates.

Pension payments for Pensioner members

The value of the pensioner liabilities is very small (around $13,000) in relation to the Plan's total assets and as such the investment strategy adopted does not pose a material risk.

Overall Investment Strategy

We consider that the investment objectives and strategy adopted by the Trustee continue to be appropriate for a fund of the size and with the benefit design of the Plan.

Crediting Rate Policy

The interest credited to member's accounts reflects the actual daily returns on the portfolios underlying their accounts. We consider this crediting rate policy adopted by the Trustee to be appropriate.

Section 5: Funding Method

Over the life of the Plan, the total income (mainly contributions and investment income) must be sufficient to meet the total expenditure (mainly benefits and expenses). The funding method is the method by which the actuary considers the long-term financial position of the Plan with a view to ensuring the Plan's assets will be sufficient over the long term to meet its liabilities as they arise.

In a hybrid fund such as NewsSuper, a pool of assets is built up over time which is available to meet benefit and expense payments as they arise. The pool of assets is built up by member and employer contributions and investment income on assets already accumulated. The pool is reduced by benefit payments, tax and expenses.

The amount of benefits which the Plan will be liable to pay from the pool in future cannot be known in advance since defined benefits depend on members' salaries near their date of leaving, their completed membership at that date and their reason for leaving. The amount of future tax and expenses also cannot be known in advance. It is therefore necessary to estimate these future liabilities and hence the amount that will be required in the pool of assets. The estimate is made based on a set of assumptions about future experience. More details on the individual assumptions used are included in Section 7 and Section 8 of this report.

The amount in the pool of assets at any time is determined by the level of contributions and investment income. The rate at which the employer contributes to the Plan is usually the only variable inflow over which the employer can exercise control and is the main determinant of the pace of funding of benefits. The actuarial funding method is the method of determining this contribution rate.

Funding Method

In determining the long term contribution rate required by the employer to provide Plan benefits to existing members in the future, we have used the Projected Unit Credit funding method. This method involves:

- calculating a Normal Cost which is the employer contribution required to fund benefits accruing over the next year, ignoring any over or under-funding of Accrued Benefits at the investigation date; and
- calculating an adjustment to the Normal Cost to take account of any over or under-funding of Accrued Benefits at the investigation date.

The Normal Cost is determined by:

- calculating the amount of benefits expected to be paid in all future years to existing members in respect of membership over the one year period following the investigation date, allowing for all the contingencies under which benefits can be paid (retirement, death, disablement and resignation) and for future salary increases;
- discounting these amounts to determine the present value of benefits arising in respect of the next year's membership for current members.

As a percentage of salary, this Normal Cost is an approximation of the employer contribution required in the short to medium term based on the membership profile of existing members.

The adjustment to the Normal Cost is determined by:

- calculating the amount of benefits expected to be paid in the future to existing members in respect of membership already completed to the investigation date, allowing for all the contingencies under which benefits can be paid (retirement, death, disablement and resignation) and for future salary increases;
- discounting these amounts to determine the present value of the Plan's liability for benefits accrued in the Plan up to the investigation date;
- subtracting this present value of accrued liabilities from the assets of the Plan at the valuation date, with a positive result indicating over funding and a negative result indicating under funding in the Plan; and
- spreading the over or under-funding over an appropriate number of years to obtain an adjusted employer contribution rate.

When calculating the adjustment to be made to the Normal Cost consideration will also be given to the Plan's short-term funding target of ensuring that the assets are sufficient to fully cover the value of the resignation benefits (i.e. a Vested Benefit Index of at least 100%).

Generally the Normal Cost for an individual member is reasonably stable but increases slightly from year to year. As a result, where the age and service distribution of the membership remains fairly static over time, the Normal Cost of the Plan as a whole will also remain fairly static (as a percentage of salaries). However, where there is a gradual aging of the membership then we will usually expect a gradual increase in the Normal Cost of benefits under the Plan.

Adjustments are also made to allow for tax, administration expenses and insurance premiums.

The Projected Unit Credit funding method is a suitable method for the Plan since it can be expected to adequately fund accrued benefits without over-funding, with the annual employer cost related to the actual increase in the cost of accrued benefits each year.

Section 6: Assumptions – General

The valuation of the Plan's liabilities is an essential part of examining the long-term financial position of the Plan, 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.

While each of the assumptions used is normally the actuary's best estimate of future experience, in practice, the Plan's actual experience in any (short) 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 Plan.

In setting the assumptions to be used in this investigation, we have compared the Plan's experience over the period since the last investigation to the assumptions used in that investigation. When the Plan's actual experience differs from the assumptions used in the actuarial investigation, this will result in the current financial position of the Plan being different from that expected.

It should be noted that any change in the assumptions will itself have an impact on the financial position of the Plan as measured by the long-term funding calculations described in Section 9. In order to maintain as much consistency as possible in the employer contribution rate over time, it is therefore appropriate to change the actuarial assumptions only when there is sufficient evidence to suggest that the previous assumptions are significantly different from the Plan's expected long-term future experience.

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

Section 7: Experience and Assumptions – Financial

Investment Returns

The rate of return on the Plan's defined benefit assets (net of tax and investment expenses) from 1 July 2019 to 30 June 2022 based on the changes in the unit prices of the Defensive Option is shown in the table below:

Year Ending	Return (% pa)
30 June 2020	0.7%
30 June 2021	8.3%
30 June 2022	-4.3%
Average Return (per annum)	1.4%
Expected Return (per annum) in 2019 investigation	3.0%

As the average return in the table above is lower than the expected return assumed in the last investigation, this has had a negative effect on the short-term financial position of the Plan.

Based on current long term expectations of investment returns net of taxation and investment management expenses, we have assumed a long-term after-tax investment earnings rate on assets held in the Defined Benefit Reserve of 5.0% per annum for this investigation. This increase in the forward looking expectation for investment returns is largely driven by changes in recent economic conditions and interest rates.

Salary Increases

The table below shows the actual salary increases per annum (weighted by salary) experienced in each of the intervening annual periods over the investigation period for defined benefit members.

Year Ending	Salary inflation (% pa)
30 June 2020	1.2%
30 June 2021	1.0%
30 June 2022	6.4%
Average Return (per annum)	2.9%
Expected salary inflation (per annum) in 2019 investigation	2.5%

Further, if we consider the salary experience for the remaining members over the investigation period, we see that the salary inflation experience has been marginally higher for the remaining cohort.

Total Salaries as at 30 June 2019 for members remaining at 30 June 2022	Total Salaries as at 30 June 2022	Average Increase (pa)
$17,543,792	$19,263,071	3.2%

The overall increase in salaries is higher than the rate of 2.5% per annum assumed in the last valuation. This will have had a negative effect on the short-term financial position of the Plan.

Based on current long-term expectations for inflation and discussions with the employer sponsor regarding the expected salary increases for the defined benefit members of the Plan we have assumed a long-term rate of salary increases of 3.5% per annum for this investigation.

'Gap' Between Investment Returns and Salary Growth

The assumption of major significance in the valuation of the Plan's future 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, i.e. the real rate of return on invested assets. These factors are offset against each other in their financial effect, hence the difference between the rates 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.

The gap resulting from the assumptions used at the last actuarial investigation was 0.5%, compared with 1.5% for this investigation. In isolation, the increase in the gap will reduce the liabilities.

Pension Increases

Pensions are increased each year in line with CPI inflation. Based on market expectations we have assumed that future long-term inflation will be 3.1% per annum, which is higher than the rate assumed at the previous investigation. We note the Plan only has a very small number of pensioners and the pensioner assumptions will not have a material impact on the results.

Expenses

Additional company contributions are required to meet expenses not deducted from members' accounts. These are calculated as a percentage of salaries for DB and Accumulation members.

Defined Benefit Members

Expenses of investment management in respect of DB assets are allowed for by assuming a net rate of investment return. Administration fees of 0.3% per annum of the DB assets are deducted from the DB reserve. These fees equate to 1.07% of total salaries of defined benefit members as at 1 July 2022.

Accumulation Members

As confirmed by Russell Investments Employee Benefits Pty Ltd, there have been no changes to the expenses in respect of accumulation members that are deducted from members' accounts. The fee basis for accumulation members is as follows:

- $78.00 (gross) / $66.30 (net) per member; and
- 0.09% of account balances.

We have determined that a contribution of 0.27% of salaries of accumulation members (specific rates for each category are outlined in Section 10) is required to cover these expenses.

Insurance

Details of the Plan's group insurance arrangements in respect of death and disablement benefits are included in Section 11.

We have estimated the cost of providing insurance for each of the membership categories based on indicative premium rates and sums assured.

The estimated cost of insurance as a percentage of salary for each membership category in respect of death, disablement and salary continuance are set out in the following table:

Category	Death and Disablement	Salary Continuance	Total Allowance	
			2019	2022
Defined Benefit Members				
1	0.28%	0.37%	0.57%	0.65%
2	0.33%	0.45%	0.72%	0.78%
2A	0.41%	0.39%	0.85%	0.80%
3	0.66%	0.48%	0.94%	1.14%
Accumulation Categories				
A	0.04%	0.21%	0.16%	0.26%
AC	0.02%	0.00%	0.03%	0.02%
AM	0.43%	0.21%	0.53%	0.64%
AS	0.34%	0.31%	0.47%	0.65%
HC	0.41%	0.36%	0.66%	0.77%
HCC	0.12%	0.00%	0.49%	0.12%
A NEST	0.26%	0.64%	0.33%	0.90%

For the purposes of determining the contribution rates required for each category we have included the allowances set out above in order to cover the costs payable from the Defined Benefit Reserve.

Taxation

Any change in the taxation regime applying to superannuation funds in Australia will have an impact on the financial status of the Plan. We have assumed that the current regime will continue and that the tax rate presently applying to the Plan will be maintained in future, i.e. that the Plan will remain a regulated and complying fund under SIS and the Tax Act respectively and have a concessional tax rate of 15% applied to net deductible contributions and investment earnings. No allowance is made for tax exempt income for assets supporting pensions in payment given the size of the pensioner liability which is not invested separately.

Section 8: Experience and Assumptions – Demographic

Demographic Experience and assumptions

The following table shows the actual number of retirements, resignations, deaths and disablements compared to the expected amounts based on the assumptions adopted in the previous actuarial investigation.

Reason for Exit	Expected Exits (2019 Basis)	Actual Turnover	Actual turnover / Expected Turnover
Retirement	103	99	97%
Resignation/Retrenchment	25	22	87%
Death	1	0	0%
Disablement	2	0	0%
Total	**131**	**121**	**93%**

The actual rates of exit due to retirement, death and disablement were broadly in line with those expected. Overall, the turnover assumptions appear to remain reasonable and we do not propose changes to these assumptions other than to update the pensioner mortality rates to reflect the latest Australian population mortality rates in the ALT2015-17 tables.

In the event of a member withdrawing from the fund through either retirement or resignation, the benefit paid is equal to their vested benefit. In the event of death or disablement, a benefit greater than the member's vested benefit may be paid. However, the Plan has an insurance policy which covers the future service portion of death and disablement benefits. The overall amount paid from the Defined Benefit Reserve in the event of a death or disablement will therefore be similar to a member's vested benefits.

When the Plan has a Vested Benefit Index (VBI) greater than 100%, any exits will cause a marginal improvement in the VBI. However, the Accrued Benefit funding ratio is likely to reduce as the result of a larger number of exits than expected as the benefits paid out in respect of members exiting the Plan will be greater than the value of their Accrued Benefit reserve.

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

Section 9: Solvency and Other Measures of Financial Position

When assessing the adequacy of the assets and future contribution rates, both the long-term funding and short term solvency positions should be considered. We have calculated three measures of the Plan's financial position at the investigation date, the Vested Benefits Index, and the Accrued Benefits Reserve Index and the Minimum Requisite Benefit Index. We have also considered the Shortfall Limit and the Plan's position on termination.

Vested Benefits Index (VBI)

This index represents the ratio of the assets at market value to the "vested benefits". The value of vested benefits represents the total amount which the Plan would be required to pay if all members were to voluntarily leave service on the valuation date. The vested benefits were taken as the amount of the resignation benefit, or the early retirement benefit for members who are eligible to retire. For pensioners the vested benefit is taken to be the actuarially determined value of future pension payments. The Plan's Vested Benefits Index at the current and previous investigation dates are shown in the table below.

VBI	Market Value of Assets $'m	Vested Benefits $'m	Vested Benefits Index
30 June 2022	244.04	240.80	101.3%
30 June 2019	393.79	382.39	103.0%

We have also calculated the Plan's Defined Benefit Vested Benefits Index at 30 June 2022 which excludes accumulation members and the accumulation accounts of defined benefit members. This is shown in the table below.

DB VBI	Defined Benefit Market Value of Assets $'m	Defined Benefit Vested Benefits $'m	Defined Benefit Vested Benefits Index
30 June 2022	64.87	61.63	105.3%
30 June 2019	113.27	101.89	111.2%

As the VBI was greater than 100% at 30 June 2022, the Plan was in a satisfactory financial position (as defined in superannuation law) at that date.

The main reason for the reduction in the Vested Benefit Index has been the poorer than expected asset returns during the three years to 30 June 2022 and the ongoing contribution holiday.

Accrued Benefits Reserve Index (ABRI)

This index compares the market value of assets with the present value of the accrued benefits of members at the valuation date. The Accrued Benefits Reserve Index is a simple measure of a plan's strength on a continuing or “going concern” basis. Accrued benefit reserves represent the present value of expected future benefit payments arising in respect of membership of the Plan up to 30 June 2022. The Plan’s Accrued Benefits Reserve Index is shown in the following table, together with the corresponding figures at the previous investigation.

Date	Market Value of Assets $’m	Accrued Benefits Reserve $’m	Accrued Benefit Reserve Index
30 June 2022	244.04	240.21	101.6%
30 June 2019	393.79	381.20	103.3%

A ratio of 101.6% indicates that the Plan is in an adequate financial position on a going concern basis.

We have also calculated the Plan’s Defined Benefit Accrued Benefit Reserve Index which excludes accumulation members and the accumulation accounts of defined benefit members. This is shown in the following table:

Date	Defined Benefit Market Value of Assets $’m	Defined Benefit Accrued Benefits Reserve $’m	Defined Benefit Accrued Benefit Reserve Index
30 June 2022	64.87	61.04	106.3%
30 June 2019	113.27	100.68	112.5%

Minimum Requisite Benefits Index (MRBI)

This index represents the ratio of the assets at market value to the “minimum requisite benefits” (MRB). The value of minimum requisite benefits represents the total amount which the members are entitled to on the valuation date under Superannuation Guarantee legislation. A minimum requisite benefits index of greater than 100% indicates the Plan is technically solvent. We have estimated the minimum requisite benefits for the Plan at 30 June 2022 and the results are set out below.

Date	Market Value of Assets $’m	MRB $’m	MRB Index
30 June 2022	244.04	213.15	114.5%
30 June 2019	393.79	335.48	117.4%

The Plan was technically solvent at 30 June 2022.

Shortfall Limit

The Trustee has developed strategies for managing the requirements of SPS 160 as described in the Trustee's policy for Actuarial Management of Defined Benefit Sub-Plans, including the determination of a Shortfall limit as defined in SPS 160. The shortfall limits are to be determined in respect of only the defined benefit components of defined benefit members' entitlements (i.e. excluding accumulation members and any add-on accounts of defined benefit members).

The Trustee set a Shortfall Limit of 99% for the Plan. We have reviewed the Shortfall Limit as part of this actuarial investigation and note the following:

- Additional accumulation accounts should be excluded and these totalled $179.2 million as at 30 June 2022.
- The overall growth proportion of the DB part of the Plan was in the order of 30% to 40%; and
- The Plan is well funded.

Based on this information, we recommend that the Shortfall Limit of 99% be retained. The shortfall limit should be reviewed in the event of a change in investment strategy or other change in circumstances that the actuary believes warrants a review of the limit, and as part of each actuarial investigation.

Defined Benefit Pensions

The Plan pays defined benefit pensions. Since the liabilities for pensions in payment rank ahead of the liabilities for accruing members on wind-up of the Plan, under clause 9.4 of the Employer Application Deed, I believe there is a high probability that the Plan will be able to pay the pensions as required under the Plan's governing rules.

Termination of the Plan

The Trust Deed states that, on termination of the Plan (cessation of participation by the Employer under Clause 3.2) the Trustee is to determine the portion of assets held in the Plan for each member, having regard to minimum benefits.

The power to reduce benefits means that the Plan is never technically unable to cover benefits payable on termination of the Plan.

Section 10: Valuation Results

Long Term Funding Results

The results of the valuation at 30 June 2022 using the Projected Unit Credit funding method reveals an excess of the value of assets over the value of the accrued liabilities. These results are set out in the table below, together with the 2016 valuation results for comparison:

Accrued Benefit Liabilities ***Defined benefit members***	**30 June 2019** **$'000**	**30 June 2022** **$'000**
Retirement	82,674	54,162
Withdrawal	15,993	5,715
Death and disablement	1,993	1,147
Pensioners	24	13
Total Accrued Benefits	100,684	61,037
Market Value of Assets	113,274	64,870
Surplus/(Deficit)	12,591	3,833
Accrued Benefit Funding Ratio	112.5%	106.3%

The main reason for the deterioration in the funding position is the return on assets which was poorer than expected since the previous valuation and the ongoing contribution holiday.

The change to the financial assumptions compared to those used in the valuation carried out as at 30 June 2019 has resulted in a decrease in accrued benefit liabilities of approximately $1.4 million.

Normal Employer Cost

Defined Benefit Categories

The benefits for Defined Benefit Members are made up of both a Defined Benefit Component and an Accumulation component.

Accumulation Component

The accumulation component consists of the balances held in members' Employer Account, Voluntary Accounts and Rollover Account. Members are able to make an investment choice for their accumulation component. The total value of the accumulation component for Defined Benefit Members was $28.2 million as set out in Section 4.

For Members of Category 1 and 2 the Employer is required to pay a contribution of 6% of Salary (gross of contributions tax) to members' Employer Accounts. Members have the option of electing for their Employer Contributions to be paid to another fund under the Choice of Fund legislation.

In practice, we understand that the contributions of 6% (gross of contributions tax) are paid directly through payroll to either Members' Employer Accounts or elected Choice of Fund arrangement.
For simplicity we have therefore excluded this 6% contribution from the calculation of the contribution required to fund the Defined Benefit Component.

Defined Benefit Component

The calculation of the Gross Employer Contribution rate for the defined benefit members is set out below in the following table:

2022 Normal Cost and employer contribution rate	($'000)
Total annual benefit cost	1,568
Less Member Contributions	(510)
Net Normal Employer Cost (A)	1,058
Salaries as at 30 June 2022 (B)	18,895
Net Employer Contribution Rate (A/B)	5.7%
Contributions Tax	1.0%
Allowance for Expenses	1.1%
Allowance for Insurance Premiums	0.7%
Gross Employer Contribution Rate	8.5%
Gross DB Contributions Payable during 2022/23 ($'000) (before adjusting for surplus)	1,617

The overall contributions payable in respect of the DB component during a financial year (before adjusting for any surplus or deficit) are to be determined by applying the above contribution rates to salaries as at the start of the year. These contributions will then be payable in monthly instalments during that financial year. The following table sets out the gross employer contribution rates split by category:

Category	Accumulation Component	Defined Benefit Component (Normal Cost)	Total Employer Contribution
1	6.0%[1]	6.8%	12.8%
2	6.0%[1]	7.4%	13.4%
2A	-	14.4%	14.4%
3	-	12.5%	12.5%

[1] The contributions in respect of the accumulation component for Category 1 and 2 members are to be paid to either the member's Employer Account within the Plan or their Choice of Fund arrangement.

The average DB Normal Cost (8.5%) across the entire DB membership determined in this investigation is lower than the average DB Normal Cost calculated at the 2019 valuation (9.1%). This decrease is largely due to the higher expected return assumption relative to the 2019 valuation.

Adjustment to the Normal Contribution Rate

The Normal Cost used to determine the Employer Contribution rate may be adjusted to allow for the Plan's funding surplus or deficit at the valuation date. As at 30 June 2022, the assets exceeded the value of the Accrued Benefit Liabilities by $3.8 million and Vested Benefit Liabilities by $3.2 million.

Since 1 October 2018, News has been on a cash contribution holiday in respect of the cost of defined benefit accruals and the cost of expenses and insurance for both defined benefit members and DC members within the Plan.

Due to the continued rapid decline in membership and the reduction in financial position the existing contribution holiday arrangement needs to be reviewed in order to maintain the target VBI of 105%.

Based on projections of VBI over the period to the next actuarial investigation, contributions for defined benefit members would need to be recommenced at 100% of normal cost rates outlined above from 1 July 2023 until the next actuarial investigation to maintain a VBI of 105%.

Accumulation categories

The Employer pays superannuation contributions which are credited directly to the accounts of the accumulation members (as set out in Section 2). The Employer also covers the cost of expenses and premiums for basic insurance cover which have historically been paid via deductions from the Defined Benefit Reserve. Due to the declining size of the defined benefit section of the Plan we recommend that the Employer commence contributions in respect of these costs from 1 July 2023.

Category	Allowance for Expenses	Allowance for Insurance Premiums	Total Additional Contribution
A	0.26%	0.26%	0.52%
AC	0.33%	0.02%	0.35%
AM	0.18%	0.64%	0.83%
AS	0.37%	0.65%	1.01%
HC	0.30%	0.77%	1.07%
HCC	0.25%	0.12%	0.37%
A NEST	0.23%	0.90%	1.13%
Overall	**0.27%**	**0.30%**	**0.57%**

Projection of Vested Benefit Index

As part of the valuation, we are required to confirm that the Plan will remain in a satisfactory financial position (i.e. the Vested Benefit Index is greater than 100%) over the three year period following the valuation date using the valuation and contribution assumptions. We have projected the value of the vested benefits and the assets based on the proposed contribution arrangement. The results are set out below:

Date	DB member Employer Contributions for year commencing	Accumulation member Employer contributions for year commencing	Projected DB VBI	Surplus / (Deficit)
30 June 2022	-	-	105.3%	$3.2m
30 June 2023	$1.29m	$0.34m	102.4%	$1.3m
30 June 2024	$0.96m	$0.31m	103.8%	$1.5m
30 June 2025	-	$0.27m	105.7%	$1.8m
30 June 2026	-	$0.25m	105.9%	$1.5m

The proposed contribution arrangement aims to return the Vested Benefit Index to 105% after two years of contributions. The position will then be reviewed as part of the next actuarial investigation.

Sensitivity of Results – Alternative Scenarios

As discussed in Section 7, one of the key assumptions is the gap between the investment return and salary increases. To illustrate the sensitivity of the valuation results on this gap we have performed valuations using a gap of 0.5% pa and 2.5% pa (compared to 1.5% pa assumed). All other demographic and financial assumptions remain unchanged. Please note that the range of the gap does not indicate upper or lower bounds of all possible outcomes.

The impact on the employer contribution rate, the employer contributions and the value of the Plan's accrued benefit liability of varying these assumptions are shown in the following table:

Sensitivity to changes in discount rates

Gap between investment return and salary increases (SI) by varying discount rate (DR) by -/+1%	0.5% p.a. (DR: 4.0% SI: 3.5%)	1.5% p.a. (DR: 5.0% SI: 3.5%)	2.5% p.a. (DR: 6.0% SI: 3.5%)
Gross Employer Contribution Rate for DB component	8.7%	8.5%	8.3%
Contributions Payable during 2022/23 ($'000)	1,661	1,617	1,573
Accrued Benefit Liability ($'000)	62,139	61,037	60,023

Sensitivity to changes in salary inflation

Gap between investment return and salary increases by varying salary assumption rate by +/-1%	0.5% p.a. (DR: 5.0% SI: 4.5%)	1.5% p.a. (DR: 5.0% SI: 3.5%)	2.5% p.a. (DR: 5.0% SI: 2.5%)
Gross Employer Contribution Rate for DB component	8.6%	8.5%	8.3%
Contributions Payable during 2022/23 ($'000)	1,642	1,617	1,589
Accrued Benefit Liability ($'000)	61,862	61,037	60,269

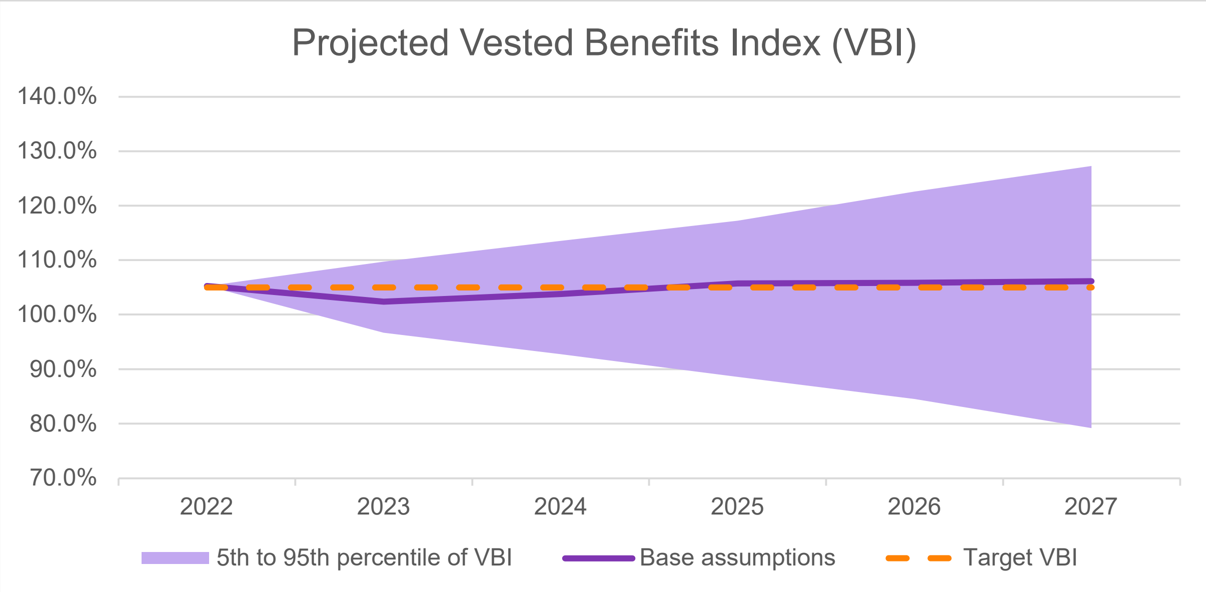
This analysis shows that if the long-term gap between investment returns and salary increases is 1.0% per annum higher or lower than that assumed, then the long term employer contribution rate in respect of future benefit accruals will decrease/increase by at most 0.2% of Salaries. For the 2022/23 year this would equate to a decrease/increase in contributions of around $44,000. The value of the Plan's accrued liabilities would also decrease/increase by approximately $1.0 million.

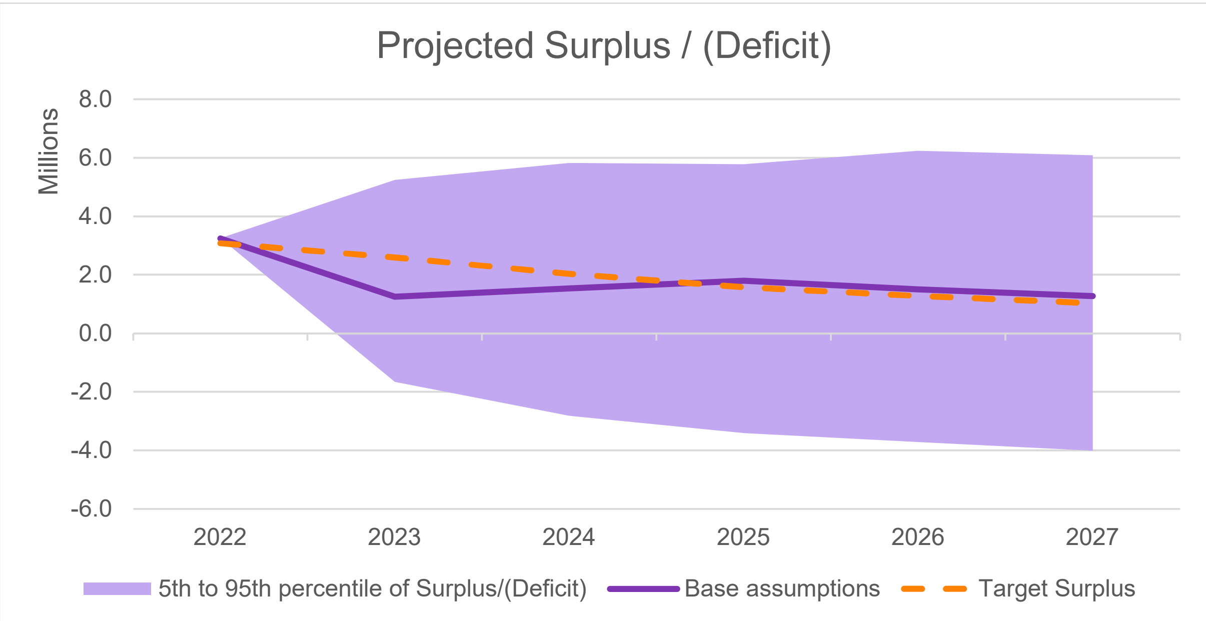
Effect of investment return experience on projected VBI

To show the effect of investment return experience on the Defined Benefit Vested Benefit Index and surplus amounts we have calculated the value of the assets and liabilities over the next five years assuming investment returns between the 5th and 95th percentile of our modelled cumulative returns.

The projections allow for the following funding policy to be adopted:

- Accumulation member expenses and insurance to be funded from DB surplus so long as the DB financial position remains above 110%
- DB contributions to be recommenced in the event that the DB financial position falls below 105%. The rates at which contributions are to be made will be determined annually with the aim of maintaining a DB financial position of 105%.





In the 95th percentile return scenario, the current contribution holiday can be maintained for both DB normal cost and Accumulation member costs of expenses and insurance premiums for the entire projection period.

Conversely, under the 5th percentile return scenario, even if contributions were to be recommenced from 1 July 2023 at 100% of DB normal costs and 100% of the cost of Accumulation member expenses and insurances, the Defined Benefit Vested Benefit Index would fall to 100% by 30 June 2023 and reach a deficit of approximately $4 million by 30 June 2027 which would require additional funding from the Employer during that period of approximately $4.5 to $5.0 million for the Plan to remain in a satisfactory financial position.

Experience after 30 June 2022

The Plan's Defined Benefit Reserve, which is invested in the Defensive Option, returned approximately 1.6% p.a. (based on the change in the underlying unit price) between 30 June 2022 and 12 November 2022. As such we expect the financial position of the Plan to be tracking broadly in line with the base line projections.

Recommended Employer Contribution Rates

Defined Benefit members

We recommend the Principal Employer pay contributions at the rates shown below:

Category	Accumulation Component	Defined Benefit Component from 1 July 2022 to 30 June 2023	Defined Benefit Component from 1 July 2023 (100% of Normal Cost Rates)
1	6.0% where a member has not elected choice of fund	Nil	6.8%
2	6.0% where a member has not elected choice of fund	Nil	7.4%
2A	Nil	Nil	14.4%
3	Nil	Nil	12.5%

We have projected that if experience is in line with the assumptions adopted for our investigation and the employer contributes at the levels set out above in respect of defined benefit members, then the DB VBI will be approximately 105.7% at 30 June 2025.

Accumulation Members

We also recommend the employer cease funding DC expenses and insurance premiums from the DB surplus from 1 July 2023. As such, contributions will need to made at the rates shown below to fund these costs:

Category	Accumulation Contributions (% of Salary)	Additional contributions for expenses and premiums (% of Salary) from 1 July 2022 to 30 June 2023	Additional contributions for expenses and premiums (% of Salary) from 1 July 2023
A	Superannuation Guarantee	Nil	0.52%
AC	Superannuation Guarantee	Nil	0.35%
AM	12%*	Nil	0.83%
AS	Superannuation Guarantee + package**	Nil	1.01%
HC	Superannuation Guarantee	Nil	1.07%
HCC	Superannuation Guarantee	Nil	0.37%
A NEST	Superannuation Guarantee + package**	Nil	1.13%

* Where a lower rate has been agreed between the Trustee and the Employer for a particular member, the lower rate applies.
** Package is negotiated between the Principal Employer and the Member.

For non-wholly owned subsidiaries, employer contributions should continue to be paid at least at rates selected by the Principal Employer and advised to the Trustee.

The employer should continue to pay for the cost of the long-term salary continuance policy for Category A NEST members separately (outside of the Plan).

We also recommend that:

- The shortfall limit be maintained at 99% for the defined benefit section of the Plan;
- The financial position continues to be monitored at least on a quarterly basis; and
- The next full actuarial investigation of the Plan be made as at 30 June 2025.

Section 11: Insurance

The Plan currently insures the future service portion of death and disablement benefits with TAL. Insurance is appropriate for a fund of this size to protect the Plan against adverse death or disability experience and to smooth out the inevitable fluctuations in such experience. The formula being used for insured death benefits is as follows:

Defined Benefits

A multiple of the member's prospective Final Average Salary for each year (and pro-rata days) of prospective Plan membership up to age 65. The multiples for the defined benefit categories are:

- Category 1 members: 10.0%
- Category 2 members: 12.5%
- Category 2A members: 15.0%
- Category 3 members: 17.5%

Accumulation

- Category AS and AM: 15% of the member's superannuation salary for each year (and pro-rata days) of prospective Plan membership from the date of death or disablement up to age 65.
- Category A and AC: One unit of compulsory cover as determined by the benefit scale in Appendix A.
- Category A NEST: 15% of the member's superannuation salary for each year (and pro-rata days) of prospective Plan membership from the date of death up to age 65 (capped to medical limit).
- Category HC: A Multiple of salary. This Multiple is 4 at ages 45 and below, reducing by 0.2 for every year above age 45, with the Multiple been 0 at age 65.

The formula being used for insured Total and Permanent Disablement (TPD) benefits is identical to death benefits, except for Category 3 and Category A NEST members (where the insured TPD benefit is 1 x salary) and Category AC members (where the insured TPD benefit is zero).

The following table provides a summary of the Plan's insured benefits:

As at 30 June 2022	Death $'000	TPD $'000
Basic Cover	47,336	45,838
Voluntary Cover	6,771	6,568
Total Cover	**54,107**	**52,406**

We recommend that the insurance formulae be maintained as set out above.

The Plan also provides salary continuance benefits. The majority of these benefits are provided under an insurance policy with TAL.

A closed group of 11 members (as at 30 June 2022) who were formerly members of the Herald Pension Fund are entitled to an additional uninsured salary continuance benefit for the first four months of temporary disablement. This uninsured element arises because these members are entitled to a benefit after a two month waiting period only (rather than three months as per the policy) and the benefit payable for the four month period is 90% of salary rather than 75% of salary.

The average salary for these members as at 30 June 2022 was approximately $198,000 per annum and the average age 58 years. Based on the current premium rates and membership, an average self-insured claim would be around $10,000 per year and we would expect there to be less than one claim per year on average. Therefore the impact of any claims which are self-insured in respect of these members is not likely to be material.

We confirm that the Plan's insurance arrangements remain suitable.

Section 12: Material Risks

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

Assumptions Risk

There is a risk that assumptions we have used for this actuarial investigation may be materially different from the Plan's actual experience in future. The sensitivity to certain financial assumptions has been discussed in Section 10. Inflation, demographic risks and investment risk are discussed under each of the relevant factors below.

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 is not expected to materially change the ultimate cost of providing the benefits in the Plan.

Salary Increases

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

Longevity Risk

The liability for defined benefit pensioners of the Plan was approximately $12,000 as at 30 June 2022 for three pensioners based on our valuation assumptions. Therefore, we consider the impact of demographic risk on pensioners' liabilities to be immaterial.

Underperformance of Plan's Investments

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 commence or increase. Whilst this risk is quite significant, the Trustee continues to review the funding position on an annual basis and on a quarterly basis if the Plan is in an unsatisfactory financial position.

Investment Risk

The Trustee's policy is for the Plan assets supporting defined benefit liabilities are to be invested 30% to 40% in growth investments. Based on the WTW Global Asset Model, there is less than a one in four probability that the after-tax rate of return of a portfolio invested in this way will be negative in any one year period.

The majority of the Plan's assets related to the Defined Benefit sections are invested in the Defensive Option. The investment objective of the Defensive Option is to provide investors with exposure to a diversified mix of growth orientated assets with moderate to high volatility and some defensive assets.

The Plan has a strategy of using diversified investment vehicles and requiring investment managers to themselves invest in a range of underlying securities. Given the level of diversification in the underlying investments, the Plan is unlikely to suffer any significant loss from underperformance by the failure of an individual underlying security.

Cross-subsidies with accumulation members

The Plan's expenses and premiums in respect of accumulation members are paid out of the Defined Benefit Reserve, with reimbursement from the accumulation members in respect of insurance premiums deducted from members' accounts.

There is a risk that the additional contributions paid in by the employer sponsor to cover insurance premiums and administration expenses may not be sufficient to meet the deductions from the Plan in that regard and the overall financial position will be affected. However, given that the accumulation section of the Plan is closed to new members and expected to decline over time, any net payment from the defined benefit assets is not expected to have a material impact on the financial position of the Plan.

Support of the Employer Sponsor

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

Other Risks

The Plan 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

Defined Benefit Categories

Definitions

Member Contribution

Members of Category 1 and 2 who have a previous fund guarantee are required to make member contributions to the Plan at the rate previously agreed with the Principal Employer.

All other members are not required to contribute to the Plan.

Accrued Membership

Years of continuous membership of NewsSuper (or prior funds) with days of membership counting proportionately. Accrued membership ceases to accrue upon reaching age 65.

Service Fraction

Percentage of full time employment worked. Where a member is on leave without pay, Service Fraction is equal to the Service Fraction prior to leave without pay commencing.

Accrued Multiple

Accrued Membership times member accrual rate. Accrual rate depends on category of membership as follows:

Category 1:	6.0% pa
Category 2:	7.5% pa
Category 2A:	15.0% pa
Category 3:	17.5% pa

Transfer Multiple

Applies for some former NewsPlan members; it is equal to the member's NewsPlan accrued multiple at transfer to NEST.

Prospective Membership

Years of continuous membership of NewsSuper (or prior funds) assuming the member remains in NewsSuper to age 65, with days of membership counting proportionately.

Death Benefit Multiple

Prospective membership times member future accrual rate. Future accrual rate depends on the accrual rate and the member contribution rate, as follows:

Category 1:	10.0%
Category 2:	12.5%
Category 2A:	15.0%
Category 3:	17.5%

Final Average Salary

Category 1, 2 and 2A:	The average of the three highest consecutive salaries as at 1 July over the past ten years.
Category 3:	Maximum salary received in any continuous twelve month period in the preceding ten years.

Prospective Final Average Salary

Final Average Salary at Normal Retirement Date assuming Salary remains unchanged.

Normal Retirement Date

Members 65th birthday or any other date agreed between the Trustee, the Principal Employer and the Member.

Member Contribution Account

Compulsory member contributions (less contributions tax of 15% if made by salary sacrifice) accumulated with interest.

Employer Account

Employer contributions at 6% of Salary (less contributions tax of 15%) accumulated with interest.

Member Voluntary Account

Member contributions made in addition to compulsory member contributions (less contributions tax of 15% if made by salary sacrifice) accumulated with interest.

Rollover Account

Any amount transferred into the Plan from another superannuation fund accumulated with interest.

Surcharge Account

Surcharge assessments received by the Plan (excluding in respect of Category 2A members) in respect of a Member accumulated with interest.

Total Account Balance

The sum of the Member Contribution Account, Employer Account, Member Voluntary Account, Rollover Account less the Surcharge Account Balance.

Additional Insurance Cover

Members of Category 1, 2 and 2A can choose to buy additional units of insurance cover, as per the table below, up to a maximum of 9 units. The cost of any additional cover is deducted from the Total Account Balance.

Age Next Birthday	Payment Per Unit	Age Next Birthday	Payment per Unit	Age Next Birthday	Payment per Unit
Up to 40	$83,000	49	$25,000	58	$5,900
41	$79,000	50	$22,000	59	$5,300
42	$73,500	51	$18,500	60	$4,600
43	$65,500	52	$14,500	61	$3,750
44	$59,500	53	$12,500	62	$3,500
45	$51,000	54	$10,500	63	$2,900
46	$42,500	55	$9,000	64	$2,400
47	$34,500	56	$8,000	65	$2,300
48	$30,000	57	$7,000		

Benefits

Leaving Service Benefit

The Leaving Service Benefit is:

Accrued Multiple x Final Average Salary, plus

Transfer Multiple x Final Average Salary, plus

Total Account Balance

Death Benefit

Category 1, 2, 2A:

Accrued Multiple x Final Average Salary, plus

Death Benefit Multiple x Prospective Final Average Salary, plus

Total Account Balance, plus

Additional Insurance cover.

Category 3:

Normal Retirement Multiple (to a maximum of 7) x Prospective Final Average Salary, plus

Total Account Balance.

Total and Permanent Disablement Benefit

Category 1, 2, 2A:

- If hours worked per week >= 15 hours, benefit equals Death Benefit;
- If hours worked per week < 15 hours, benefit equals Leaving Service Benefit.

Category 3:

1 x salary is payable on total permanent disablement

At age 65 (or date of death if earlier): Normal Retirement Multiple (to a maximum of 7) x Prospective Final Average Salary plus Total Account Balance is then payable

Salary Continuance Benefit

For Category 1, 2 and 2A:

- If hours worked per week >= 15 hours, benefit equals 75% x Monthly Salary x Service Fraction, payable for two years whilst members is less than age 65 and not Totally and Permanently Disabled;
- If hours worked per week < 15 hours, no benefit is provided.

For Categories 3: Benefit is provided outside the Plan Guaranteed Benefits

Members who transferred into NewsSuper from other superannuation funds previously sponsored by News Limited or associated employers may have been provided with benefit guarantees. Some members have also been provided with special benefit arrangements as approved by the Trustee and News Limited.

Accumulation Categories

There are five accumulation categories outlined in the Trust Deed, namely, A, AS, AM, A NEST and HC. In addition, the AC and HCC categories consist of category A and HC members who work less than 10 hours per week and the AP category consists of members who have packaged benefits.

The following table summarises the contributions received by the Plan for accumulation category members:

Category	Compulsory Member Contribution	Company Contribution
A, AC (casual and non-casual)	None	Superannuation Guarantee
AM	None	15% of salary
AS	None	12.0% of salary
A NEST	None	Superannuation Guarantee + package*
HC, HCC	None	Superannuation Guarantee

* Package is negotiated between the Principal Employer and the Member.

Member Contribution Account

Compulsory member contributions (less contributions tax of 15% if made by salary sacrifice) accumulated with interest.

Employer Account

Employer contributions (less contributions tax) accumulated with interest.

Member Voluntary Account

Member contributions made in addition to compulsory member contributions (less contributions tax of 15% if made by salary sacrifice) accumulated with interest.

Rollover Account

Any amount transferred into the Plan from another superannuation fund accumulated with interest.

Surcharge Account

Surcharge assessments received by the Plan in respect of a member accumulated with interest.

Total Account Balance

The sum of members' Member Contribution Account, Employer Account, Member Voluntary Account, Rollover Account less the Surcharge Account.

Basic Insurance Cover

The Basic Insurance cover for Category A and AC is one unit of cover dependent on age as shown below:

Age Next Birthday	Payment Per Unit	Age Next Birthday	Payment per Unit	Age Next Birthday	Payment per Unit
Up to 40	$83,000	49	$25,000	58	$5,900
41	$79,000	50	$22,000	59	$5,300
42	$73,500	51	$18,500	60	$4,600
43	$65,500	52	$14,500	61	$3,750
44	$59,500	53	$12,500	62	$3,500
45	$51,000	54	$10,500	63	$2,900
46	$42,500	55	$9,000	64	$2,400
47	$34,500	56	$8,000	65	$2,300
48	$30,000	57	$7,000		

The Basic Insurance cover for Category AM, AS and A NEST is 15% of the member's superannuation salary for each year (and pro-rata days) of prospective Plan membership from the death of death or disablement up to age 65 (cover is capped to medical limit for A NEST).

Additional Insurance Cover

Members from Category A, AC, AM and AS can choose to buy additional units of insurance cover, as per the table outlined above, up to a maximum of 9 units. The cost of any additional cover is deducted from the Total Account Balance.

For Category A NEST members, additional insurance cover is an amount elected by the member and approved by the insurer.

Service Fraction

Percentage of full time employment worked. Where a member is on leave without pay, Service Fraction is equal to the Service Fraction prior to leave without pay commencing.

Benefits

Leaving Service Benefit

Total Account Balances

Death Benefit

Total Account Balance, plus Basic Insurance Cover, plus Additional Insurance Cover (if applicable) plus Anti-Detriment (if applicable).

Category HC, HCC:

Other than casuals, an age-based insured amount on death, which is 4.0 times Salary at age 45 years or below, reducing by 0.2 times salary for every year above age 45, becoming 0 at age 65.

Total and Permanent Disablement

Category A, AM and AS:

- If hours worked per week >= 15 hours, benefit equals Death Benefit;
- If hours worked per week < 15 hours, benefit equals Leaving Service Benefit.

Category A NEST:

On total and permanent disablement: 1 x Salary, and

At age 65 (or date of death if earlier): Total Account Balance is then payable

Category HC:

Upon total and permanent disablement, the benefit payable is equal to the death benefit.

Salary Continuance Benefit

Category A, AM and AS:

- If hours worked per week >= 15 hours, benefit equals 75% x Monthly Salary x Service Fraction, payable for two years whilst member is less than age 65 and not Totally and Permanently Disabled;
- If hours worked per week < 15 hours, no benefit is provided.

Category HC:

Other than casuals, a benefit of 75% of salary after a 90 day wait, for 2 years.

Category A NEST – benefit is provided outside the Plan.

Appendix B: Summary of Actuarial Assumptions

Financial Assumptions

Assumption	Rates	Notes
Investment Returns	5.0% pa (net of tax)	Includes unrealised returns and is net of investment expenses
Salary Increases	3.5% pa	Allows for both inflationary and promotional increases
Pension Increases	3.1% pa	Expected future rate of inflation

Death and Total & Permanent Disablement in Service

Number out of 10,000 members aged X at the beginning of the year assumed to leave the Plan during the year on account of:

Age	Death	Disablement (Cat 1, 2, 2A only)
40	4	4
45	5	7
50	8	13
55	13	24
60	23	47

Resignation and Retirement

Number out of 10,000 members aged X at the beginning of the year assumed to leave the Plan during the year on account of:

Age	Resignation	Retirement
40	1,000	0
45	1,000	0
50	1,000	0
55 – 59	0	2,000
60 – 63	0	3,000
64	0	5,000
65	0	10,000

Pensioners

Mortality is based on Australian Life Tables 2015-17. Where spouse details are not known, 75% of members are assumed to be married. Husbands are assumed to be three years older than wives.

Expenses

Additional company contributions are required to meet expenses not deducted from members' accounts. These are calculated as a percentage of salaries for DB and Accumulation members.

Defined Benefit Members

Expenses of investment management in respect of DB assets are allowed for by assuming a net rate of investment return.

Administration fees of 0.3% pa of the DB assets are deducted from the DB reserve. These fees equate to 1.07% of total salaries of defined benefit members as at 1 July 2022.

Accumulation Members

Expenses of investment management in respect of accumulation members are deducted from members' accounts.

The fee basis for accumulation members and the expenses payable in respect of accumulation members are as follows:

- $78.00 (gross) / $66.30 (net) per member ; and
- 0.09% of account balances.

We have determined that a contribution of 0.27% of salaries of accumulation members is required in order to cover these expenses.

Insurance

The estimated cost of insurance as a percentage of salary for each membership category in respect of death, disablement and salary continuance are set out in the following table:

Category	Death and Disablement	Salary Continuance	Total Allowance
Defined Benefit Members			
1	0.28%	0.37%	0.65%
2	0.33%	0.45%	0.78%
2A	0.41%	0.39%	0.80%
3	0.66%	0.48%	1.14%
Accumulation Categories			
A	0.04%	0.21%	0.26%
AC	0.02%	0.00%	0.02%
AM	0.43%	0.21%	0.64%
AS	0.34%	0.31%	0.65%
HC	0.41%	0.36%	0.77%
HCC	0.12%	0.00%	0.12%
A NEST	0.26%	0.64%	0.90%

Taxation

We have assumed that the current taxation environment will remain unchanged and that the Plan will remain a complying fund and therefore be entitled to concessional tax treatment. Accordingly, future Employer contributions have been assumed to be taxed at 15%.

Surcharge and Excess Contributions Tax

In line with current practice, it is assumed that the cost of any surcharge or excess contributions tax will be deducted from members' benefits.

Appendix C: Summary of Cashflows 30 June 2019 to 30 June 2022

DB Section	Year ending 30 June 2020 $	Year ending 30 June 2021 $	Year ending 30 June 2022 $	Three years to 30 June 2022 $
Opening balance (net of ORR)	**126,810,372**	**93,511,413**	**87,549,911**	**126,810,372**
Adjustment to prior period earnings	(91,153)	-	-	(91,153)
Employer contributions	(97,639)	74,067	31,696	8,124
Member contributions	431,140	93,909	168,052	693,102
Investment earnings	1,153,455	7,258,065	(2,861,811)	5,549,709
Benefits transferred out for DB members	(34,435,862)	(12,882,325)	(19,544,599)	(66,862,786)
Pensions paid	(4,030)	(4,119)	(4,164)	(12,312)
Insurance premiums	(101,374)	(383,110)	(357,376)	(841,860)
Admin fees/expenses payments	(215,677)	(193,347)	(189,454)	(598,478)
Tax (expense)/refund	62,181	75,359	77,270	214,809
Closing balance (net of ORR)	**93,511,413**	**87,549,911**	**64,869,526**	**64,869,526**

The table above is in respect of the Defined Benefit section only (excluding Member Investment Choice accounts for Defined Benefit Members).

The investment revenue is affected by the timing of the cashflows paid to and from the Defined Benefit Reserve. As a result, the actual investment revenue may not reflect the rate of return based on the change in the unit price of the underlying assets as set out in Section 4.

Appendix D: Requirements under Prudential Standard SPS 160

NEWSSUPER (A DIVISION OF THE RUSSELL INVESTMENTS MASTER TRUST)
ACTUARIAL VALUATION AS AT 30 JUNE 2022

I have carried out the actuarial valuation of the Plan as at 30 June 2022. For the purposes of Prudential Standard SPS 160, I hereby certify that:

- **Plan Assets**. At 30 June 2022, the market value of the assets of NewsSuper (the Plan), a division of the Russell Investments Master Trust was $244,046,249. This value was used for the value of assets for the purpose of the actuarial valuation and excludes the amount held to meet the Operational Risk Financial Requirement (or Operational Risk Reserve (ORR)).
- **Projection of financial position**. 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 exceed the liabilities of the Plan in respect of both accrued benefits and vested benefits:

Period to	Projected Defined Benefit Vested Benefits Index
30 June 2022	105.3%
30 June 2023	102.4%
30 June 2024	103.8%
30 June 2025	105.7%

- **Accrued Benefits**. In my opinion, the value of the assets of the Plan at 30 June 2022 (excluding the amount held to meet the ORR) was adequate to meet the liabilities of the Plan in respect of accrued benefits in the Plan. The value of accrued benefits has been taken as the present value of future benefit payments which are attributable to service prior to the valuation date. 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.
- **Vested Benefits**. In my opinion, the Plan's financial position was not in an unsatisfactory position, nor was it about to become unsatisfactory. In my opinion, the current shortfall limit of 99% remains appropriate.
- **Minimum Benefits**. The value of the liabilities in respect of the minimum benefits of the members of the Plan as at the valuation date of 30 June 2022 was no higher than $213,152,476. The assets of the Plan exceeded this amount therefore the Plan was technically solvent as at 30 June 2022.

- **Recommended Employer Contributions.**

  Defined Benefit members

  We recommend the Principal Employer pay contributions at the rates shown below:

Category	Accumulation Component	Defined Benefit Component from 1 July 2022 to 30 June 2023	Defined Benefit Component from 1 July 2023 (100% of Normal Cost Rates)
1	6.0% where a member has not elected choice of fund	Nil	6.8%
2	6.0% where a member has not elected choice of fund	Nil	7.4%
2A	Nil	Nil	14.4%
3	Nil	Nil	12.5%

  Accumulation Members

  We recommend the employer contributions in respect of the DC expenses and insurance premiums are paid at the rates shown below:

Category	Accumulation Contributions (% of Salary)	Additional contributions for expenses and premiums (% of Salary) from 1 July 2022 to 30 June 2023	Additional contributions for expenses and premiums (% of Salary) from 1 July 2023
A	Superannuation Guarantee	Nil	0.52%
AC	Superannuation Guarantee	Nil	0.35%
AM	12%*	Nil	0.83%
AS	Superannuation Guarantee + package**	Nil	1.01%
HC	Superannuation Guarantee	Nil	1.07%
HCC	Superannuation Guarantee	Nil	0.37%
A NEST	Superannuation Guarantee + package**	Nil	1.13%

  * Where a lower rate has been agreed between the Trustee and the Employer for a particular member, the lower rate applies.
  ** Package is negotiated between the Principal Employer and the Member.

  For non-wholly owned subsidiaries, employer contributions should continue to be paid at least at rates selected by the Principal Employer and advised to the Trustee.

  The employer should continue to pay for the cost of the long-term salary continuance policy for Category A NEST members separately (outside of the Plan).

- We also recommend that:
  – The shortfall limit be maintained at 99% for the defined benefit section of the Plan;
  – The financial position continues to be monitored at least on a quarterly basis; and
  – The next full actuarial investigation of the Plan be made as at 30 June 2025.

- **Funding and Solvency Certificates** for the Plan covering the period from 1 July 2019 to 30 June 2022 required by the Superannuation Industry (Supervision) Act have been provided. In my opinion, the solvency of the Plan will be able to be certified in any Funding and Solvency Certificate required under the Superannuation Industry (Supervision) Regulations during the three year period to 30 June 2025, based on the assumptions used in this valuation and assuming the employers pay contributions at least at the rates set out above.
- **Defined Benefit Pensioners**. In my opinion, there is a high degree of probability at the investigation date that the Plan will be able to pay current pensions in payment as required under the Plan's governing rules.

L Campbell

Louise Campbell
Fellow of The Institute of Actuaries of Australia

5 December 2022

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