Russell Investments Master Trust - Parmalat Employer Division

Actuarial Valuation as at 30 June 2024

8 November 2024

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Section 1: Purpose and Summary

The Russell Investments Master Trust – Parmalat Employer Division (“the Fund”) is a sub-fund of the Russell Investments Master Trust (“RIMT”).

The Fund provides benefits which are of the *“defined benefit”* type where benefits are defined by Salary and period of membership. Additional accumulation benefits are also provided for most 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 employer contribution rate required to ensure that the Fund maintains a satisfactory financial position,
- confirm the suitability of the Fund’s insurance and investment arrangements,
- satisfy Clause 15.6 of the Trust Deed which states that Total Risk Management Pty Limited (the Trustee) must ensure that the Actuary carries out an actuarial investigation of the Russell Investments Master Trust or one or more plans (such as employer sub-plans) as the Trustee considers appropriate as at times determined by the Trustee. Clause 15.7 also requires the Actuary to prepare a report on each actuarial investigation and to make recommendations on the level of contributions to be made by the Company in relation to defined benefits provided by the Fund, and
- meet legislative and prudential standard requirements, in particular paragraph 23 of the Prudential Standard 160 Defined Benefit Matters (“SPS 160”). Under SPS 160 an actuarial valuation is to be completed within 3 years of the previous valuation and to be provided to the Trustee within 6 months of the review date.

This report has been prepared effective 30 June 2024 for the Total Risk management Pty Ltd (the “Trustee”), in my capacity as Plan Actuary.

This report has been prepared in accordance with Professional Standard 400, dated March 2021, issued by the Institute of Actuaries of Australia. The previous valuation, which was also conducted by me, Nick Wilkinson of Towers Watson Australia Pty Ltd. was carried out at 30 June 2021 with the results set out in a report dated 10 December 2021.

The next actuarial review will be as at 30 June 2027 in line with the requirement for 3 yearly actuarial reviews.

Reliance statement and disclaimer

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 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, Lactalis Australia Pty Ltd (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 Fund 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.

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.

Company Contributions & Other Recommendations

In the absence of any special circumstances, we recommend that the Company contributes in line with the rates of salary as outlined below.

- Continue the current contribution rate of 28.5% of salaries for defined benefit members until 31 December 2024.
- Reduce contribution rate to 17.0% of salaries for defined benefit members from 1 January 2025
- Subject to the financial position at the end of 2026, reduce to long term cost of benefits of 11.5% from 1 January 2027 onwards.

Since the investigation date there has been no material changes in membership or other experience that may impact on the recommended contributions.

The financial status of the Fund is sensitive to actual financial experience (principally, investment returns, salary increases) and membership movements. We therefore recommend that quarterly checks on the Vested Benefits Index continue to be undertaken, and also at any time if the Defined Benefit membership reduces significantly, in order to confirm that the Fund maintains coverage of vested benefits. The next actuarial valuation is due at 30 June 2027.

Actuarial Assumptions

Section 4 outlines the assumptions used in this valuation. The decrement / turnover assumptions used were consistent with those used in the 30 June 2021 valuation while the financial assumptions were updated to reflect current expectations for the investment return on defined benefit assets and salary inflation. The discount rate which has increased from 2.0% at 30 June 2021 to 4.8% at 30 June 2024 which reflects the change in investment strategy during the period and the Salary Inflation which increased from 2.5% at 30 June 2021 to 3.7% at 30 June 2024.

Funding Status Measures

Vested Benefits

Vested benefits are the benefits payable if all Members voluntarily resigned from service. As at the valuation date, the net assets of the Plan are sufficient to cover the vested benefits. The ratio of the Plan's assets to vested benefits is 99.1% at 30 June 2024.

Assuming:

a. the benefits described in the Trust Deed remain unchanged

b. Company contributions are paid at the recommended rate

c. the future experience of the Fund is in accordance with the assumptions made in this actuarial valuation

then the assets of the Fund should return to a satisfactory financial position by 30 June 2025 after which the recommended contributions are aimed at increasing the coverage to a vested benefit index of 104%.

Present Value of Accrued Benefits

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

The Fund's net assets are adequate to cover the present value of the accrued benefits of all members of the Plan at the valuation date. The ratio of the Fund's assets to the present value of accrued benefits 101.4%.

Minimum Benefits

The Fund is *"solvent"* if the net realisable value of the assets of the Fund exceeds the Minimum Requisite Benefits (MRB).

As at the valuation date the net assets of the Fund exceeded the MRBs and the Fund was in a solvent financial position. The ratio of the Fund's net assets supporting defined benefits to the total MRB was 120.9%.

Shortfall Limit

As required under SPS 160 the Trustee has previously set the Shortfall Limit for the Fund at 99%. I consider the Shortfall Limit is appropriate given the nature of the defined benefit assets and liabilities.

Target Funding Level

I recommend that the Trustee maintain the Target Funding Level to 104% which is consistent with other defined benefit funds with similar benefit designs invested in the same strategy.

Superannuation Guarantee

The Company's Superannuation Guarantee obligation is fully met for all Members by the minimum benefits provided under the Fund. The required Benefit Certificate is dated 23 May 2020.

A Funding and Solvency Certificate dated 10 December 2021 has been issued to the Trustee corresponding to the Benefit Certificate dated 23 May 2020.

The purpose of the Benefit Certificate is to specify the minimum benefits used to offset the Superannuation Guarantee charge. Pursuant to the SIS Act, a superannuation fund is *"solvent"* if the net value of its assets exceeds the minimum Superannuation Guarantee benefits. At 30 June 2024, the Fund is solvent and based on the actuarial assumptions, we see no reason why it would be unlikely that an actuary will not be able to certify the solvency of the Fund in three years' time on this basis.

Investments

The Trustee's current investment policy is discussed in Section 4. At 30 June 2024, the investment policy is to have the assets supporting the Fund's defined benefit liabilities invested 100% in Russell Defensive Option.

The current investment policy is considered suitable to the Fund's liabilities in respect of membership at 30 June 2024.

The Trustee regularly monitors the investment managers' performance and we recommend that this continues.

Insurance

In comparison with the Fund's assets the total amount of insurance protection against death and total and permanent disablement benefits is insufficient as at 30 June 2024 by approximately $2.5 million. While this expected cost to the Fund of this underinsurance is unlikely to impose a significant strain the financial position of the Fund. In the event that the funding deficit persists, we would recommend that the Trustee review the insurance arrangements with the aim to eliminate or reduce the level of under insurance.

The temporary disablement benefit is insured up to the Automatic Acceptance Limit ("AAL") of $12,000 per month with cover in excess of this AAL effectively self-insured by the Fund. Given the limited exposure and financial risk associated, we do not recommend any changes to the current Total Temporary Disablement ("TTD") insurance formula. Given the relative size of the level of self-insurance, we do not recommend that an explicit self-insurance reserve be set aside. We note however that APRA may impose more stringent conditions on trustees in regards to the level of self-insurance. We assume the Trustee has been allowed by APRA to carry this level of self-insurance.

During the period we understand that there has been one such TTD claim where there was an element of self insurance. This liability has been recognised as a payable from the assets used for valuation purposes in this report.

Next Valuation

The next valuation should be held no later than 30 June 2027. Vested Benefits coverage should continue to be monitored at both quarterly and annually and more frequently if warranted.

N. Wilkinson

Nick Wilkinson
Fellow of the Institute of Actuaries of Australia

8 November 2024

D: GD/MSC | TR: HA | CR/ER: NW

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Section 2: Background and Data

The Parmalat Superannuation Fund (formerly known as the Pauls Superannuation Fund) was established from 1 July 1983 by a Trust Deed executed on 1 September 1983.

Following the successor fund transfer of the Parmalat Superannuation Fund into the Russell Investments Master Trust – Parmalat Employer Division effective 1 March 2004, the Trust Deed of the Russell Investments Master Trust dated 26 June 2003, as amended from time to time, applies to the Fund, together with the Employer Application dated 27 February 2004 setting out the benefits and conditions of the Parmalat Employer Division.

Under Clause 15 of the Trust Deed governing the Russell Investments Master Trust which requires an actuarial investigation of the Parmalat Employer Division at least every three years to recommend a rate of contribution to be payable to the Fund by the employer.

The Fund is a regulated complying superannuation fund under the SIS Act and for taxation purposes. The Fund is closed to new defined benefit members.

A summary of the main Plan benefits is included as Appendix A to this report.

Previous Recommendations

The previous actuarial valuation of the Fund was carried out as at 30 June 2021 myself Nick Wilkinson, FIAA, of Towers Watson Australia Pty Ltd. The results of the previous investigation were set out in a report dated 10 December 2021.

The recommended contribution plan from the previous valuation were for the Company to contribute:

- No less than 23% of salaries for defined benefit members from 1 July 2021 to 31 December 2021;
- No less than 19% of salaries for defined benefit members from 1 January 2022 onwards;
- Contributions of 10.0% (or such other amount as required to satisfy SG legislation) of Ordinary Time Earnings are payable for all Category 5 members.

Since the previous valuation report was issued the Fund's financial position declined into an unsatisfactory financial position and a rectification plan was established by the Trustee and regularly reviewed during the period. The following is a summary of the Employer contribution arrangements during the period:

- 23% of salaries for defined benefit members from 1 July 2021 to 31 December 2021;
- 19% of salaries for defined benefit members from 1 January 2022 to 30 June 2022;
- 24.3% of salaries for defined benefit members from 1 July 2022 to 30 June 2023;
- 28.5% of salaries for defined benefit members from 1 July 2023 onwards.

Changes to benefits since the last valuation of the Plan

From 1 July 2021 to 30 June 2024 the Superannuation Guarantee Rate has increased to 11.5%. From 1 July 2025 the Superannuation Guarantee Rate will increase again to 12.0%. We have allowed for this scheduled increase in the Superannuation Guarantee Rate when calculating the Plan's liabilities as part of this valuation. There have been no other changes to benefits since the last valuation as at 30 June 2021.

Sources of Information

We have relied on the administrative records at 30 June 2024, as currently stored on the RIMT administration system.

We have relied on the unaudited financial information for the Plan prepared by the Fund for the year ending 30 June 2024.

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

Data

At 30 June 2024 there were 121 members in the Fund compared with 175 at 30 June 2021. The membership split by category is show in the following table.

Number of members in Category	30 June 2021	30 June 2024
1	13	6
2	69	56
2A	63	45
3 / 4	19	14
5	11	0
Total	**175**	**121**

We have checked a sample of the membership data for internal consistency and are satisfied as to the accuracy of this sample. The Fund does not have any lifetime pensioners.

The following table outlines some key membership statistics for the Fund's Defined Benefit members (Categories 1, 2, 2A, 3 and 4) as at 30 June 2021 and 30 June 2024.

	30 June 2021	30 June 2024
Number of members	164	121
Average Age	54.2 years	55.4 years
Average Past Membership	22.5 years	24.2 years
Total Superannuation Salaries	$16,884,098	$13,619,304
Average Superannuation Salary	$102,952	$112,556

The average attained age of Defined Benefit Members has increased from 54.2 years to 55.4 years. The average completed membership of Defined Benefit Members has increased from 22.5 years to 24.2 years.

The salary weighted average annual rate of salary increase over the year to 30 June 2024 of remaining Defined Benefit Members was approximately 4.4% p.a.

At 30 June 2024, 32 of the 121 Defined Benefit members were over the age of 60 and are expected to retire within the next 5 years.

Section 3: Assets and Investment Strategy

Accounts

We have been supplied with unaudited accounts covering the period from 30 June 2021 to 30 June 2024. These accounts have been combined to produce the consolidated accounting statement for the period 30 June 2021 to 30 June 2024 shown in Appendix C to this report.

We understand that these unaudited accounts have been determined based on data and methodologies consistent with the audited value of the assets of the RIMT as at 30 June 2024.

We have reconciled the statistical data on exits provided for the purposes of this valuation with the amounts appearing in the accounts for benefit payment purposes and have checked all the larger benefit payments to ensure that these were being calculated in accordance with the provisions of the Trust Deed.

Based on high level reasonable checks of the contributions shown in the Fund's accounts, it appears that the Employer has been contributing in accordance with the recommendations of the last valuation report and subsequent rectification plans.

Market Value of Net Assets

The breakdown of the market value of the Fund's assets held in RIMT at 30 June 2024 is summarised below.

Market Value of Defined Benefit Assets at 30 June 2024	$
DB Assets – Russell Defensive	55,383,279
Plus contributions receivable in respect of June 2024	320,062
Less adjustment for benefits payable	(300,900)
Less tax payable in respect of June 2024 contributions	(48,009)
Adjusted TOTAL	**55,354,431**
ORFR	(138,458)
Adjusted DB Assets net of ORFR	**55,215,973**

The Market Value of the Fund's Defined Benefit assets are based on redemption unit prices.

Nature of Defined Benefit Liabilities

The level of the Defined Benefit liabilities does not bear the same direct relationship with the assets as exists with accumulation liabilities.

Whereas the Defined Benefit liabilities reflect such things as salary growth, pension increases and mortality experience, the supporting assets depend on a range of factors including:

i. the level of Company contributions, and

ii. the level of investment returns.

It is the Company which bears the investment risk as the level of contributions is dependent on the level of investment returns achieved.

An investment strategy which is framed to take a long-term view will often adopt relatively high levels of equity investment in order:

i. to secure attractive long term investment returns, and

ii. to provide an opportunity for capital appreciation and dividend growth, which gives some protection against inflation (as benefits are linked to salary growth and pension increases are linked to inflation).

The main constraint in this situation is that potential fluctuations in asset values mean that the total asset value could fall below the level of Vested Benefits, placing the Fund in an unsatisfactory financial position.

While the impact of a sudden sharp fall in asset values can be limited by maintaining a buffer of assets over and above the level of vested benefits, the level of the buffer may never be sufficiently high to safeguard against all investment outcomes. However, the buffer should be at a level where the risk of the asset values falling below the level of vested benefits under a particular investment strategy is acceptable to the Trustee and the Company.

In this regard, a lower buffer may be acceptable where the Company is willing and able to accept short-term variations in contributions as part of underwriting the defined benefits of the Fund. In this case, short-term variations in company contributions may result from:

i. reducing a buffer that has grown too large, or

ii. rebuilding a buffer that has fallen or become negative.

An alternative for a plan which does not have a sufficient asset buffer above the level of Vested Benefits is to adopt a more conservative investment strategy. While this may reduce short-term fluctuations in asset values, it is also likely to reduce long-term returns and hence result in increased company contributions in the long-term.

In summary, a balance needs to be achieved between these short-term and long-term considerations in funding the defined benefit liabilities.

Defined Benefits – Investment Objective and Strategy

The Trustee's principal investment objectives is to protect the Fund from deterioration in its financial position due to falling investment markets.

In order to meet this investment objective, the Trustee has adopted a specific long term benchmark allocation to each asset class. The investment strategy for the Fund's Defined Benefit assets is to invest 100% in the Russell Investments Defensive Option.

We have taken account of the investment objectives of the Fund and the investment guidelines under which the Fund's investment managers operate in setting our actuarial assumptions in Section 5 of this report.

Suitability of Investment Strategy

The defined benefit categories within the Fund are all closed to new members. The age profile of these categories will gradually increase. At 30 June 2024 the average age was 55.4 years old and the duration of the liabilities is 5.2 years, so the investment timeframe is relatively short-term at present.

At the valuation date, the assets were insufficient to cover the Fund's vested benefits. On the basis that the Company contributes in line with the recommendations, and that Vested Benefits coverage and funding requirements will continue to be reviewed quarterly and at 1 July each year, I consider the current investment strategy to be suitable.

The results in this valuation assume that the current investment strategy is maintained, as such, any future changes to this investment strategy may result in changes to funding requirements in future.

Suitability of Crediting Rate Policy

As outlined in the extract of the Trustee's Investment Policy Statement dated 12 May 2021, the Trustee credits members accounts with returns equal to the daily change in unit prices of the underlying investment product in which the defined benefit accounts are invested. I consider this crediting rate policy to be suitable.

Section 4: Valuation Method, Plan Experience and Actuarial Assumptions

To carry out an actuarial valuation, assumptions are required in three areas:

- the valuation method to be adopted,
- the value of the assets for the purposes of long-term assessment, and
- the assumptions for factors which will affect the cost of the benefits to be provided by the Plan in the future.

Valuation Method

Aggregate Method

Consistent with the previous actuarial valuation we have adopted the Aggregate Funding method. This funding method presents an appropriate funding method for the Fund, given the material level of past service accrued retirement benefits yet to vest, declining nature of the Fund's membership and the continued focus on short term funding and solvency positions.

This method seeks to spread the expected future cost of the Plan's benefits over the average future working lifetime of the members to produce a level contribution as a percentage of the salaries of members.

The logic of the Aggregate Funding Method is to project each member's benefits payable in the future allowing for salary increases and the probability of leaving service due to withdrawal, death, disability or retirement. These benefit payments are then discounted back to the valuation date using the valuation rate of interest.

The actuarial value of the assets is then deducted from the present value of the benefits to determine the present value of the amount to be financed by future member and Company contributions. In the same way, the present value of 1% of members' salaries can be determined.

A combined member and Company contribution rate is then determined by dividing the present value of benefits yet to be financed by the value of 1% of member salaries. Adjustments are then made for administration expenses and the resulting combined member and Company contribution is split between the member and Company parts. An adjustment is then made for the impact of contributions tax.

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 Fund 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.

Administration expenses

The Fund is charged 0.5% pa in respect of administration expenses. These costs are also deducted from returns applied to member accounts.

The investment return assumptions outlined below have been reduced for a 0.5% pa allowance for these administration expenses.

Investment Return

The assumption for investment returns at the last valuation was 2.0% p.a. net of tax and expenses which reflected the expected return for the Fund's investment strategy over a 10-year time horizon.

The Plan's investment returns over the three years to 30 June 2024 were as follows:

Period	Investment Return (net of tax, investment and administration and expenses)
1 July 2021 – 30 June 2022	-4.89%
1 July 2022 – 30 June 2023	4.30%
1 July 2023 – 30 June 2024	4.85%
1 July 2021 – 30 June 2024	**1.30%**

The net of tax investment return on the Fund's assets was 0.70% p.a. lower than the assumed rate.

For the purposes of determining the long term cost of benefits in this valuation, we have increased the net of tax and expenses return assumption to 4.8% pa which reflects the median annualised return expectations from the WTW Global Asset Model for the Plan's investment strategy over years 1 to 10, broadly representing the expected outlook for the Fund with a duration of 5 to 6 years.

We have also considered the shorter term return expectations in our projection of the Fund's financial position and the recommended contribution rates for the period following this valuation. Further details are provided in Section 8 of this report.

Salary Inflation

The assumed rate of salary inflation was 2.5% p.a. at the last valuation. The average rate of growth of salaries (weighted by salary) for Defined Benefit members who were present at both the last and current valuation dates was 4.4% p.a. The actual increase in salary growth was therefore higher than the assumed rate.

In view of the long term nature of this assumption and following discussions with the Company on future expectations of salary growth for the Defined Benefit member group of employees, for this valuation we have increased the assumed rate to 3.7% p.a. for salary inflation. The salary inflation experience will continue to be monitored and considered in future valuations.

Over the long term, it is the "gap" between the investment return (net of tax and expenses) and salary inflation assumption that is important when valuing active members' liabilities.

In this valuation we have increased the "gap" from -0.5% p.a. to -1.1% p.a. Over the review period the actual "gap" was -3.1% p.a. which has had a negative impact on the Fund's financial position.

Member Turnover Rates / Decrement Assumptions

We have retained the decrement assumptions used at the previous valuation. Statistically significant results based on actual experience are not available from a fund of this size. At a high level the projected number of exits at the last valuation for the 3 years to 30 June 2024 of 52 was broadly in line with the actual number of exits of 43 over the period.

New Members

All Defined Benefit categories have been closed to new entrants since 1 July 2008.

Cost of Insurance

In the last valuation, the assumed annual cost of Death, Total and Permanent Disability (TPD) and Temporary disablement benefits allowed for in the ongoing contribution rates was 1.0% of member salaries. During the period the actual cost of insurance was approximately 0.9% of member salaries.

We have maintained the assumed long term costs of 1.0% of salaries for insurance benefits.

Summary of Valuation Assumptions

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

Section 5: Insurance Arrangements

Death and Total and Permanent Disability (“TPD”) insurance

The insurance coverage of the Fund is considered adequate if the assets of the Fund are sufficient to cover the death and TPD benefits of the Fund after any insured components have been allowed for.

The Plan currently has death and TPD with AIA. Cover is generally provided up to the automatic acceptance level (AAL), with cover above this level subject to underwriting. Members who exceed the Automatic Acceptance Limit (AAL) of $1,000,000 for death and TPD insurance are explicitly self-insured by the Fund. As at 30 June 2024 there were no members with a sum insured that exceeded the AAL. The current level of death and TPD insurance is calculated as:

K% x FAS x Future Plan Membership to age 65 (in years and days)

Where K is 13, 16, 18 or 20, depending on category of membership

The following table shows the adequacy of the Fund’s insurance cover at 30 June 2024:

	Death Benefits $m	TPD Benefits $m
Lump Sum Death/Disablement Benefits (A)	79.2	79.2
Less Aggregate Group Life Insurance (B)	21.3	21.3
Fund’s Exposure (A – B)	57.9	57.9
Fund’s Net Assets	55.4	55.4

The table above shows that the amount at risk should all members die or become disabled is approximately $2.5 million more than the Fund’s amount of assets and insured benefits as at 30 June 2024. This amount has reduced from $3.1 million as at 30 June 2021 and will continue to reduce as the members approach retirement age.

We have considered the expected annual claim cost relating to the under insurance using the external premium rates as a somewhat conservative proxy for expected annual cost of claims. Based on this, the expected annual claims cost to the Fund relating to the underinsured benefits is approximately $4,400 per annum. While this expected cost is unlikely to impose a significant strain the financial position of the Fund, we do recommend that the Trustee review the insurance arrangements with the aim to eliminate or reduce the level of under insurance.

Total and Temporary Disablement (“TTD”) Insurance

Salary continuance benefits are also provided in the Fund (75% of salary for a maximum period of 2 years to age 65) and are insured with AIA. The Fund explicitly self-insures 7 members that have exceeded the Automatic Acceptance Limit (AAL) of $12,000 per month. The total self-insurance for these 7 members above the AAL is $32,000 per month. Given the relative size of the Fund and monthly cash flows, it is anticipated that the Fund will meet any self-insured TTD benefits as they arise and hence no explicit reserves have been set aside for this purpose. For the period from 1 July 2021 to 30 June 2024 there was one self-insured TTD claim with a total cost of approximately $300,000.

We recommend that the current TTD insurance formula be maintained. Given the relative size of the level of self-insurance, we do not recommend that an explicit self-insurance reserve be set aside. We note however that APRA may impose more stringent conditions on trustees in regards to the level of self-insurance. We assume the Trustee has been allowed by APRA to carry this level of self-insurance.

Section 6: Solvency and Funding Measures

There are several methods used to assess the current financial situation of the Fund. These measures are dealt with below.

In line with legislative and actuarial requirements, the net assets used to calculate the funding status measures was $55,215,973 being the Net Market Value of assets for the account.

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 of the fund.

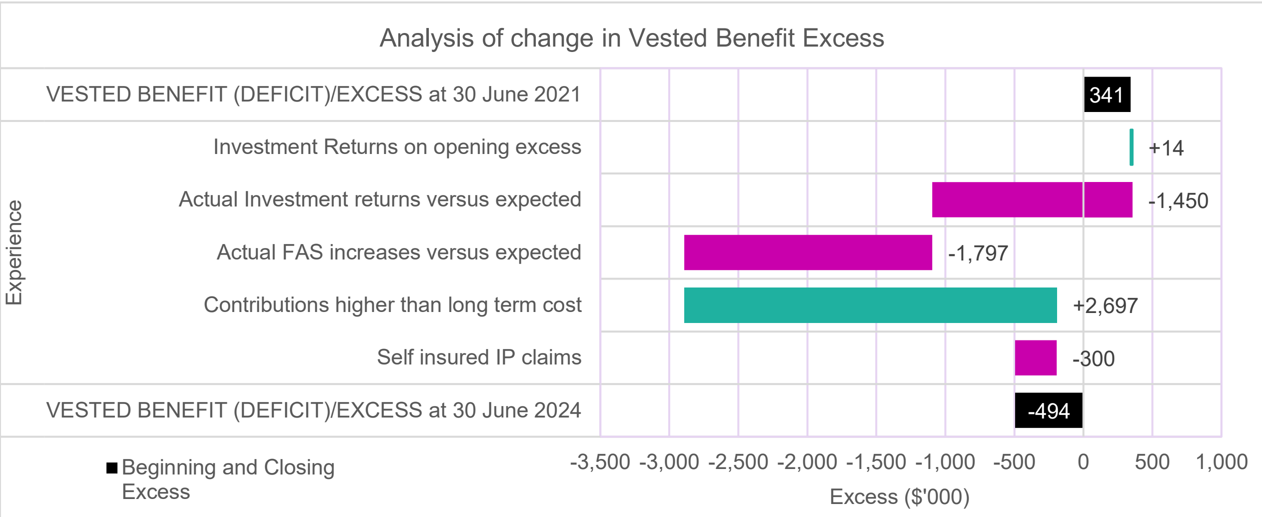
The Vested Benefits represent the benefit entitlements of Members should they voluntarily leave the Fund. Where the member is entitled to a defined benefit pension or a deferred benefit or to exercise an option, then the value of that benefit or option has been determined using the assumptions adopted for this valuation. The Vested Benefits Index is a test of the Fund'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.

	Last Valuation $000's	This Valuation $000's
Net Assets	70,375	55,216
Vested Benefits	70,034	55,710
Vested Benefits Index	100.5%	99.1%

As at 30 June 2024, the net assets of the Fund did not exceed the Vested Benefits and the Fund was in an unsatisfactory financial position. The ratio of the Fund's assets supporting defined benefits to the Vested Benefits was 99.1%. At the previous valuation, this ratio was 100.5%.

The following chart illustrates the main factors influencing the change in surplus over the period.



Actuarial Value of Accrued Benefits

An indication of the funding status of the Fund is given by the ratio of the Fund's assets to the Actuarial Value of Accrued Benefits (AVAB). This is called the Actuarial Value of Accrued Benefits Index (AVABI).

AVAB 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 Actuarial Value of Accrued Benefits Ratio 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 Actuarial Value of Accrued Benefits Ratios depending on the age and employment history of the members.

A fully secured position is represented by a ratio of 100.0%. At this level, if the Fund 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 if the actuarial assumptions are borne out in practice.

The following table shows the progression of the Actuarial Value of Accrued Benefits Index over the review period.

	Last Valuation $000's	This Valuation Previous Basis $000's	This Valuation New Basis $000's
Net Assets	70,375	55,216	55,216
Actuarial Value of Accrued Benefits	74,836	59,993	54,444
Actuarial Value of Accrued Benefits Index	94.0%	92.0%	101.4%

As at 30 June 2024, the net assets of the Fund were adequate to cover the Actuarial Value of Accrued Benefits.

Minimum Benefits

The Company's Superannuation Guarantee obligation is fully met for all Members by the minimum benefits provided under the Fund. The required Benefit Certificate is dated 23 May 2020.

A Funding and Solvency Certificate dated 10 December 2021 has been issued to the Trustee corresponding to the Benefit Certificate dated 23 May 2020.

The Fund is *"solvent"* if the net assets of the Fund, less the value of the benefit entitlements of former members, exceed the Minimum Requisite Benefits (MRB) of all members in service.

The following table shows the progression of the Minimum Benefits Index over the review period.

	Last Valuation $000's	This Valuation $000's
Net Assets	70,375	55,216
Minimum Benefits	61,234	45,672
Minimum Benefits Index	114.9%	120.9%

As at 30 June 2024, the net assets of the Fund exceeded the Minimum Benefits and the Fund was in a solvent financial position. The ratio of the Fund's net assets supporting defined benefits to the minimum defined benefits was 120.9%. At the previous valuation, this ratio was 114.9%.

Shortfall Limit

As required under SPS 160 the Trustee has set the Shortfall Limit for the Fund as 99. 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 Fund 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.

We consider the Shortfall Limit is appropriate given the nature of the defined benefit assets and liabilities.

Target Funding Level

Based on the volatility of the returns for the chosen investment strategy and the benefit design I recommend that the Trustee retain the Target Funding Level to 104% which is consistent with other defined benefit funds with similar benefit designs invested in the same strategy.

Benefits Payable on Termination

The Trust Deed states that, on termination of the Fund (cessation of participation by the Employer) the Trustee is to determine the portion of assets held in the Fund for each member after seeking advice of the Actuary and have regard to minimum benefits.

The termination provisions do not require a minimum benefit to be paid but to apply assets in an order of priority.

Benefits Payable on Retrenchment

As all members in the Plan have membership in excess of 10 year, the benefits payable to members on retrenchment are equivalent to the benefits payable on voluntary exit from the Plan. As at 30 June 2024, the net assets of the Fund did not exceed the Retrenchment Benefits. The ratio of the Fund's net assets supporting defined benefits to the retrenchment benefits was 99.1%.

Experience since the Investigation Date

Since the investigation date there has been no material changes in membership or other experience that may impact on the funding indices.

Section 7: Valuation Contribution Results

The funding indices shown in Section 6 relate to the current position at the review date. A projection of the Fund is required to assess the adequacy of Company contribution rates to provide defined benefits for current members in the future.

Our projections have been carried out using the funding method and assumptions discussed in Section 4 and set out in Appendix D and the results of the valuation are summarised in this Section.

Long Term Defined Benefit Contribution Rates

Having examined the Fund on the basis of its position if it were to be terminated, we now move to examine the Fund as a going concern. The following table summarises the results of the valuation at 30 June 2024, based on the assumptions and funding method as outlined in Appendix D.

		$000's
Present discounted value of benefits in respect of already completed membership		54,444
Less Plan Assets		55,216
Actuarial Deficit/(Surplus) on Accrued Benefits		(772)
Present discounted value of benefits in respect of benefits in respect of future membership		11,710
Total to be met from Future Contributions		**10,939**
Less	Value of future member contributions	3,944
Defined Benefit Liability to be funded from future Company contributions		**6,994**
Present Value of future salaries		78,019
		% of salaries
Future Company contribution rate required		9.0%
Plus	Allowance for 15% contributions tax	1.6%
Plus	Allowance for Plan insurance costs	1.0%
Total Gross Company Contribution Rate required		**11.5%**

Hence, the long term contribution rate required to fund future benefits for Defined Benefit Members is 11.5% of salaries.

Recommended Company Contribution Rate

In the absence of any special circumstances, we recommend that the Company contributes in line with the rates of salary as outlined below.

- Continue the current contribution rate of 28.5% of salaries for defined benefit members until 31 December 2024.
- Reduce contribution rate to 17.0% of salaries for defined benefit members from 1 January 2025
- Subject to the financial position at the end of 2026, reduce to long term cost of benefits of 11.5% from 1 January 2027 onwards.

Since the investigation date there has been no material changes in membership or other experience that may impact on the recommended contributions.

Future Review

The financial status of the Fund is sensitive to actual financial experience (principally, investment returns, salary increases) and membership movements. We therefore recommend that quarterly checks on the Vested Benefits Index continue to be undertaken, and also at any time if the Defined Benefit membership reduces significantly, in order to confirm that the Fund maintains coverage of vested benefits. The next actuarial valuation is due as at 1 July 2027.

Section 8: Sensitivity Analysis and Material Risks

Sensitivity Analysis

It should be noted that the variations selected in the sensitivity analysis below do not indicate upper or lower bounds of all possible outcomes. Further analysis can be carried out if required.

Investment Return

For the purpose of this investigation the investment return (net of tax and expenses) assumption is 4.8% p.a. Other assumptions could be used and the table below shows the impact of varying this assumption on the Fund's financial position and long term contribution rate. No changes have been made to the demographic assumptions adopted for this valuation in the scenarios below.

	This Valuation Basis	Scenario 1 -1%	Scenario 2 +1%
Investment return (net of tax and expenses)	4.8% p.a.	3.8% p.a.	5.8% p.a.
Actuarial Value of Accrued Benefits Index for Defined Benefits only	101.4%	96.4%	106.2%
Surplus / (Deficit) of Assets over Actuarial Value of Accrued Benefits	$771,858	($2,060,700)	$3,220,800
Long Term Company Contribution Rate*	11.5%	16.3%	7.1%

* Including allowance for the cost of expenses and insurance. Excludes any adjustment for the surplus/deficit on past service liabilities.

Salary inflation

For the purpose of this investigation the salary inflation assumption is 3.7% p.a. Other assumptions could be used and the table below shows the impact of varying this assumption on the Fund's financial position and long term contribution rate. No changes have been made to the demographic assumptions adopted for this valuation in the scenarios below.

	This Valuation Basis	Scenario 1 +1%	Scenario 2 -1%
Salary inflation	3.7% p.a.	4.7% p.a.	2.7% p.a.
Actuarial Value of Accrued Benefits Index for Defined Benefits only	101.4%	97.5%	105.2%
Surplus / (Deficit) of Assets over Actuarial Value of Accrued Benefits	$771,858	($1,482,200)	$2,714,900
Long Term Company Contribution Rate*	11.5%	15.1%	8.0%

* Including allowance for the cost of expenses and insurance. Excludes any adjustment for the surplus/deficit on past service liabilities.

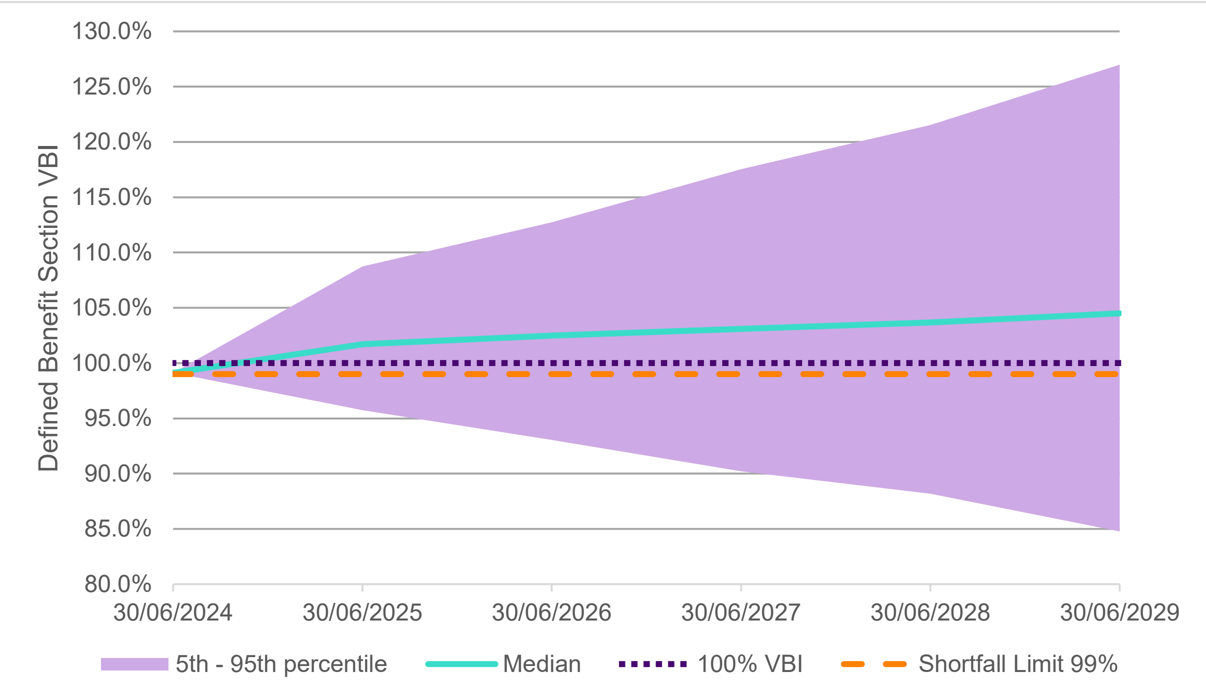
Material Risks

The purpose of this section of this report is to identify the material risks for the defined benefit section of the Fund which are associated with the actuarial assumptions or actuarial management of the Fund of which we are aware as Actuary. We also comment on the way in which the identified financial risks are being managed by the Trustee.

Investment Returns

The following chart highlights the sensitivity of the Fund's financial position to changes in the actual investment return experience over the 5-year period ending 30 June 2029.

In order to illustrate the range of projected vested benefit index (VBI) outcomes due to varying investment return experience we have also included projections using the, 5th Percentile and 95th Percentile of cumulative investment returns over the projection period from the WTW Global Asset Model. The 5th percentile and 95th percentile projections also include the same contribution amounts. In practice, our recommendation is that the Trustee review and agree on an appropriate level of contribution rate with the Company in light of emerging experience with the aim of reaching and maintaining the target VBI.



In the event of consistent poor returns outcome over the next 5 year to 30 June 2029, the Fund's financial position is expected to breach the Shortfall Limit of 99%, which would trigger additional interim Actuarial investigations and would also require rectification plans to be put in place to address the unsatisfactory financial position.

The Fund's defensive investment strategy goes someway to protecting against significant volatility in investment performance, however regular monitoring and review of the annual top up contribution schedule is still required to address any unsatisfactory financial positions that arise due to underperformance relative to the assumed investment returns as outlined in Appendix D.

Next Valuation

The next valuation should be held no later than 30 June 2027. Vested Benefits coverage should continue to be monitored quarterly and more frequently if warranted.

Appendix A: Summary of Benefits

Categories

Category 1: Benefit Rate = 13%, 5% compulsory member contribution

Category 2: Benefit Rate = 16%, 5% compulsory member contribution

Category 2A: Benefit Rate = 16%, 5% compulsory member contribution

Category 3: Benefit Rate = 18%, 5.25% deemed member contribution

Category 4: Benefit Rate = 20%, 5.25% deemed member contribution

Definitions

Salary

Salary is the yearly rate of remuneration for services rendered or work done, as advised to the Trustee by the Company. Salary excludes any commission, bonuses, special grants, overtime payments and allowances.

For members who were members of the Dairyfields Fund, Salary is the member's basic wage or salary payable from time to time, expressed as an annual amount. It excludes director's fees, commission, bonuses, special grants, overtime payments, allowances and other emoluments.

Normal Retirement Date (NRD)

The member's 65th birthday.

Retirement

Members are eligible to retire after attaining 55 years of age (with employer consent) or after attaining 60 years of age. In both cases a minimum of 10 years of service must have been completed.

Late Retirement

Retirement at any time following attainment of 65 years of age.

Rollover Multiple

The benefit multiple determined by the Actuary as equivalent to any rollover a member makes to this Fund from another superannuation fund, which takes into account age and Salary at that time of the rollover.

Employer-financed Benefit Multiple

The applicable Benefit Rate multiplied by Membership Period in each Category of the Fund.

Final Average Salary (FAS)

The average Salary of the member during the continuous period of the last three years (or the actual period, if less) immediately prior to ceasing to be a member.

For a member who was a member of the Dairyfields Fund during the period 1 January 2000 to 1 April 2000 immediately prior to joining the Parmalat Superannuation Fund, a minimum of the average of Salary at the three review dates preceding the member's date of retirement (or the average of the highest three consecutive review Salaries in the ten years preceding the member's date of retirement) applies.

Membership Period

Membership Period is the period of continuous service measured in years and days, adjusted for part-time service and periods of non-contributory membership.

Leaving Service Benefit Factor

The Leaving Service Benefit Factor is determined from the table below, based on Membership Period.

Membership period (years)	Factor %	Membership period (years)	Factor %
1	10	6	60
2	20	7	70
3	30	8	80
4	40	9	90
5	50	10 or more	100

Discount Factor

The Discount Factor is determined from the table below, based on the member's age on ceasing to be an employee.

Age (years)	Discount Factor %	Age (years)	Discount Factor %
35 or less	60	46	82
36	62	47	84
37	64	48	86
38	66	49	88
39	68	50	90
40	70	51	92
41	72	52	94
42	74	53	96
43	76	54	98
44	78	55 or more	100
45	80		

The Discount Factor is interpolated between adjacent factors for additional fractions of a year of age.

Accounts

Member Account

This account comprises the accumulation of member pre-tax and post-tax contributions to the Fund. Tax at 15% is deducted from pre-tax contributions when credited to this Account (except for deemed contributions for Category 3 and Category 4 members).

Rollover Account

This Account comprises the accumulation with interest of any amounts transferred into the Fund from any other approved superannuation fund.

Voluntary Account

This Account comprises the accumulation of additional member pre-tax and post-tax contributions to the Fund. Tax at 15% is deducted from pre-tax contributions when credited to this Account.

Benefits

Retirement Benefit

The Retirement Benefit is a lump sum equal to the sum of:

a. The Employer-financed Benefit Multiple times Final Average Salary;

b. The Voluntary Account; and

c. The greater of:

   i. The Rollover Multiple times Final Average Salary; and

   ii. The Rollover Account

Late Retirement Benefit

The Late Retirement Benefit is a lump sum equal to the sum of:

a. The Retirement Benefit at age 65, increased with interest; and

b. SG contributions from age 65, with interest; and

c. Any voluntary contributions made after age 65, with interest

Retrenchment Benefit

The greater of:

a. 2 times the Member Account; and

b. The Employer-financed Benefit Multiple times Final Average Salary times Discount Factor.

Plus the sum of:

a. The Voluntary Account; and

b. The greater of:

   i. The Rollover Multiple times Final Average Salary; and

   ii. The Rollover Account

Death Benefit, Total and Permanent Disablement Benefit

Equals the Retirement Benefit calculated at age 65, using FAS at the date of death or Total and Permanent Disablement.

Leaving Service Benefit

The Leaving Service Benefit is a lump sum equal to the sum of:

a. The Member Account; and

b. The Voluntary Account; and

c. The greater of:

   i. The Rollover Multiple times Final Average Salary times Discount Factor; and

   ii. The Rollover Account

a. If the member is not dismissed, the Leaving Service Benefit Factor multiplied by the greater of:

   i. The Member Account; and

   ii. The Employer-financed Benefit Multiple times Final Average Salary times Discount Factor, less the Member Account

Total and Temporary Disablement Benefit

Upon Total and Temporary Disablement, members are eligible for an income benefit of 75% of Salary, paid monthly, for a period of up to 2 years. For members in Category 1, 2 and 2A, 5% of this benefit is used to pay compulsory member contributions. Waiting periods vary between 90 and 180 days depending on Category of membership.

Benefit offsets

All benefits above, with the exception of the Total and Temporary Disablement Benefit, are reduced for any Surcharge tax paid (indexed at the applicable rate) plus any amounts deducted under the Family Law Act and amendments indexed at the applicable rate.

Appendix B: Valuation Method and Assumptions

Valuation Method

Attained Age method.

Asset Value

Market value taken from unaudited accounts at the valuation date.

Investment Returns (net of taxes and expenses)

Long term average return assumption of 4.8% p.a.

Inflationary Salary Increase

3.7% p.a. compound

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

Examples of rates at which members leave the Plan per year per 10,000 members:

Age Next Birthday	Resignation	Death	TPD
30	1,665.0	3.2	4.0
35	1,275.0	4.4	5.0
40	900.0	6.9	10.0
45	525.0	11.8	13.0
50	250.0	20.4	21.0
55	0.0	34.6	44.0
60	0.0	57.1	84.0

Rates of Retirement

The number of members reaching a given age who are expected to retire are as follows:

Attained Age	Number per year per 10,000 members	Attained Age	Number per year per 10,000 members
55	2,000	62	1,500
56 to 59	500	63	1,000
60	2,000	64	3,000
61	1,000	65	10,000

Rates of Retrenchment

A retrenchment rate of nil per 10,000 members has been assumed.

Future Expense Allowance

Expenses of investment management and asset-based administration fees of 0.5% pa are allowed for by assuming a net rate of investment return.

Cost of insurance

An allowance of 1.0% of members' salaries has been assumed for the cost of Death, TPD and Temporary disability income insurance.

New Entrants

No allowance for new entrants as the Fund has been closed to new entrants since 1 July 2008.

Taxes

Tax on investment income is allowed for in the investment returns shown above.

Tax on contributions has been allowed for as 15% of Company contributions reduced by allowable deductions (administration and insurance costs). No allowance has been made for GST or Reduced Input Tax Credits.

Surcharge Tax

No allowance has been made for the Surcharge Tax as the Trustee offsets any tax payable by the Plan against the benefits of the relevant Members, if the Member does not reimburse the Plan for the surcharge payable.

Composition of Membership

It has been assumed that Members remain in their current Category.

Appendix C: Consolidated Revenue Account

Reconciliation of defined benefit net assets for the period 1 July 2021 to 30 June 2024

DB Section	Year ending 30-Jun-22 $	Year ending 30-Jun-23 $	Year ending 30-Jun-24 $	Three years to 30-Jun-24 $
Opening balance (including ORFR)	**70,459,407**	**62,784,964**	**58,967,908**	**70,550,813**
Employer contributions	5,045,607	4,388,135	5,025,755	14,047,372
Member contributions	284,926	771,331	173,959	1,230,215
Benefits payments	(9,014,499)	(11,263,946)	(10,527,735)	(30,547,280)
Admin fees/expenses payments	(349,894)	(325,999)	(311,714)	(987,607)
Insurance premiums	(95,379)	5,795	(293,152)	(382,736)
Tax (expense)/refund	(686,079)	(513,155)	(713,905)	(1,851,320)
Investment earnings	(2,859,125)	3,120,784	3,033,316	3,294,974
Closing balance (including ORFR)	**62,784,964**	**58,967,908**	**55,354,431**	**55,354,431**
ORFR	(156,962)	(147,420)	(138,458)	(138,458)
Closing balance (excluding ORFR)	**62,628,001**	**58,820,448**	**55,215,973**	**55,215,973**

Note that the asset position at 30 June 2024 includes accrual for June contributions received in early July as well as benefits and tax payable not included in the Fund’s liabilities at the valuation date.

Appendix D: Statements required under Paragraph 23 of SPS 160

The statements required under paragraphs 23(a) to (h) of SPS 160 for regular investigations are set out below. Note, these are provided in relation to the Fund's defined benefit liabilities only.

a. Plan Assets

The net market value of the Fund's assets attributable to the defined benefit liabilities at 30 June 2024 was $55,215,973. This amount is the amount disclosed in the Plan Accounts adjusted for known accrual and excludes assets attributable to accumulation members or the accumulation balances of defined benefit members as well as any Operational Risk Financial Requirement

This value of assets at 30 June 2024 was used to determine the recommended Company contribution rates and assess the funding status measures and is also referred to as the "actuarial value" of the assets.

b. Projection of Vested Benefits

The projected likely future financial position of the Fund during the five years following the valuation date and based on my best estimate assumptions is as follows:

Date	Assets ($'000s)	Vested Benefits ($'000s)	Vested Benefits Index
30 June 2024	55,216	55,710	99.1%
30 June 2025	53,543	52,642	101.7%
30 June 2026	50,954	49,715	102.5%
30 June 2027	46,697	45,295	103.1%
30 June 2028	44,768	43,190	103.7%
30 June 2029	41,204	39,430	104.5%

c. Accrued Benefits

In my opinion, the value of the assets of the defined benefit members of the Fund at 30 June 2024 was adequate to meet the liabilities in respect of the accrued benefits of defined benefit members of the Fund (measured as the value of members' accrued entitlements using the valuation assumptions). We consider that the assumptions and valuation methods set out in this report are appropriate for determining the accrued liability.

d. Vested Benefits

At 30 June 2024 the Fund was in an unsatisfactory financial position, as defined in SPS 160. I consider the Shortfall Limit is appropriate given the nature of the defined benefit assets and liabilities.

e. Minimum Benefits

At 30 June 2024 the value of the minimum benefits of the defined benefit members of the Fund were less than the defined benefit assets at that date. Minimum benefits are as defined in Regulation 5.04 of the Superannuation Industry (Supervision) Regulations.

The coverage of the MRBs for all defined benefit members of the Fund as at 30 June 2024 was 120.9%.

f. Funding and Solvency Certificates

Funding and Solvency Certificates for the Fund covering the period from 1 July 2021 to 30 June 2024 have been obtained. The Fund was solvent, as defined in the Superannuation Industry (Supervision) Regulations at 30 June 2024. In my opinion, the solvency of the Fund will be able to be certified in any other Funding and Solvency Certificate required under the Regulations during the three year period to 30 June 2027.

g. Recommended Company Contributions

In the absence of any special circumstances, the recommended Company contribution rates of salary are outlined below.

- Continue the current contribution rate of 28.5% of salaries for defined benefit members until 31 December 2024.
- Reduce contribution rate to 17.0% of salaries for defined benefit members from 1 January 2025
- Subject to the financial position at the end of 2026, reduce to long term cost of benefits of 11.5% from 1 January 2027 onwards.

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