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2 November 2020

Retail Employees Superannuation Pty Limited
C/- Ms J Giang
Acumen – REST Super Solutions
Level 5, 321 Kent St
SYDNEY NSW 2000

Dear Trustee,

AKZO NOBEL COATINGS SUPERANNUATION FUND
– ACTUARIAL VALUATION AS AT 30 JUNE 2020

EXECUTIVE SUMMARY

Introduction

You requested that ALEA Actuarial Consulting Pty Limited ("ALEA") conducts an actuarial valuation of the Akzo Nobel Coatings Superannuation Fund (the "Fund") as at 30 June 2020.

We understand the Fund is not a non-complying fund under the Superannuation Industry (Supervision) Act 1993 (the "SIS Act") and that it complies with all relevant superannuation legislation. The previous actuarial investigation was undertaken as at 30 June 2017 (my report dated 23 October 2017).

The purpose of the investigation is to:

- provide an assessment of the financial position of the Fund with regard to its defined benefit liabilities;
- review the level of contributions required from Akzo Nobel Pty Limited (the "Employer") to fund members' defined benefits; and
- satisfy the requirements of the SIS Act.

This investigation was undertaken in accordance with:

- the provisions of the Prudential Standard SPS160 ("SPS160") – Defined Benefit Matters; and
- the Institute of Actuaries of Australia's professional standard relating to the actuarial investigation of defined benefit funds and reporting of the results of such an investigation – Professional Standard 400 ("Investigations of the Financial Condition of Defined Benefit Superannuation Funds").

Background and Benefits (Appendix A)

The Fund commenced as a sub-plan of Acumen Super on 23 September 2011 following the decision to wind-up the Akzo Nobel Coatings Superannuation Fund (the “Previous Fund”) with all members’ benefit entitlements under the Previous Fund transferred to the Fund.

The Employer has advised that the defined benefit section of the Fund is closed to new employees who are provided with accumulation benefits.

This investigation is concerned solely with the Fund’s defined benefit members’ assets and liabilities. The value of accumulation and pensioner members’ assets and liabilities, as well as the accumulation assets of defined benefit members where members have a choice as to how they are invested, are excluded from this investigation.

The defined benefit section members’ benefits are specified to be provided on a lump sum basis in accordance with the provisions of the Previous Fund Trust Deed as it stood immediately before 23 September 2011. Details of members’ benefits are provided in the Deed of Application (dated 23 September 2011).

I have been advised by the Administrator the Fund’s benefit provisions, as described in the previous actuarial investigation as at 30 June 2017 and the Deed, remain unchanged as at 30 June 2020. A brief summary of our understanding of the Fund’s benefit provisions is included in Appendix A.

Membership Data (Appendix B)

As at 30 June 2020, the Australian Administration Services Pty Limited (the “Administrator”) advised there were six (6) members entitled to receive defined benefits under the Fund. This has decreased since 30 June 2017 when there were twelve (12) members eligible to receive defined benefits.

During the period from 30 June 2017 to 30 June 2020 the salaries of defined benefit members in the Fund throughout the period increased at an average rate of 3.0% per annum which was less than the 6.0% per annum assumed in the previous investigation.

I have reviewed the member data provided by the Administrator for this valuation and discussed any data issues with its personnel when possible. Although I have undertaken these checks I relied substantially upon the checks carried out by the Administrator in accepting the quality and accuracy of the data provided.

I am satisfied it is appropriate for use in this investigation at this time. However, should the data be amended for any reason, I reserve the right to revise the calculations and this report.

A brief summary of the member data used in this investigation is included in Appendix B.

Fund Assets and Investment Strategy (Appendix C)

Investments

Previously the Fund’s assets were invested in the REST Core Strategy portfolio. Subsequently I was advised by the Trustee the Employer had decided to alter the Fund’s investment strategy and that the Plan’s monies would be transferred into the REST Capital Stable portfolio.

It is my understanding this transfer was implemented in January 2020 and that as at 30 June 2020, the Fund's monies were invested in a range of asset classes through pooled investments in the REST Capital Stable portfolio.

On the basis of advice from the Administrator, the market value of the Fund's assets was approximately $7,487,000 as at 30 June 2020. The Administrator also advised that there were various outstanding transactions as at 30 June 2020 in relation to contributions and expenses with an estimated net deductions of approximately $36,000. After allowing for these transactions the value of Fund assets available to meet defined benefit members' liabilities was approximately $7,451,000 as at 30 June 2020.

A brief summary of transactions applicable to the period from 1 July 2017 to 30 June 2020 is included in Appendix C.

Over the period from 1 July 2017 to 30 June 2020, the Fund's average rate of earnings was approximately 7.3% per annum (based on details supplied by the Administrator) which was less than the 8.0% per annum assumed in the previous valuation.

The Administrator also confirmed an amount of approximately $406,000 included in the Fund's earnings was related to prior year investment units correction. Consequently, it was estimated to have increased the Fund's investment return for the year ending 30 June 2020 by 5.4%.

The Fund's Administrator advised that approximately 31% of the Fund's monies were invested in "growth" assets – i.e. shares and property – as at 30 June 2020 with the remaining assets invested in cash and fixed interest investments. This is appreciably different to the Fund's investments in the REST Core Strategy portfolio as at 30 June 2017 when approximately 75% of its monies were invested in "growth" assets.

In my opinion I consider:

- the current investment strategy is appropriate for the Fund at this time.
- the current Crediting Rate of Interest Policy (Appendix C) is appropriate also to the Fund at this time.

Assumptions, Taxation and Legislative/Regulatory Matters (Appendix D)

Financial Assumptions

The financial assumptions adopted for this valuation are 3.5% per annum for investment earnings and 4.0% per annum for future salary growth, thereby providing a real rate of return equal to -0.5% per annum.

These financial assumptions are different to the financial assumptions adopted in the previous valuation as at 30 June 2017 reflecting the change in the Fund's investment strategy and expected future financial experience.

Demographic Assumptions

The demographic assumptions adopted for the previous investigation as at 30 June 2017 were adopted again in this investigation.

Taxation

The Fund is liable for tax at 15% (the concessional rate for regulated superannuation funds) on Employer contributions less insurance charges and certain expenses.

Tax at 15% is also paid directly by the investment manager on the Fund's investment earnings less certain deductions.

Additional Contribution Tax

From 1 July 2017 members with an income in excess of $250,000 have their concessional (employer) contributions taxed at the rate of 30% – an increase from the contributions tax rate of 15%.

It is expected one (1) defined benefit member may be affected by this tax. Nevertheless, it is important to note that it is possible an increased rate of contributions tax could apply to other members depending upon the extent of any other taxable income earned by them.

We have not taken this additional contribution tax into account in this investigation.

Transfer Balance Cap

The Government has introduced a $1,600,000 cap on the total amount that can be transferred into the tax-free retirement phase effective from 1 July 2017.

While this change is unlikely to have any impact upon the Fund, members whose benefits are in excess of the cap are likely to be required to pay tax on the amount exceeding it at their marginal rate of tax.

Other Regulatory Matters

<u>Prudential Standard SPS160 ("SPS160") – Defined Benefit Matters</u>

SPS160 commenced with effect from 1 July 2013 and includes a number of matters to be addressed in actuarial investigations.

It also provides for the establishment of a "shortfall limit" for the Fund to be used as a measure of the extent to which the Trustee considers an "unsatisfactory" financial position, arising due to temporary investment market fluctuations, may be corrected within one (1) year.

It is my understanding the Trustee decided upon a shortfall limit for the Fund as a VBI figure of 100% to comply with SPS160. On this basis, the shortfall limit has not been breached as at 30 June 2020. In my opinion, the current shortfall limit remains appropriate for the purpose of SPS160 at this time.

<u>Prudential Standard SPS114 ("SPS114") – Operational Risk Financial Requirement ("ORFR")</u>

In accordance with SPS114 the Trustee has agreed to establish the ORFR level for the Fund as a target ORFR level of 0.25% of asset values. I understand this has been achieved by the use of Trustee capital and will continue to be funded through a deduction from the administration fee paid from the Fund.

For the purpose of this investigation, I have ignored any assets held by, or on behalf of, the Fund to fulfil its ORFR requirements.

Funding Position (Appendix E)

It is instructive to consider various measures of the funding status of the Fund. A brief summary of such measures is provided below with further detail provided in Appendix E.

It should be a minimum requirement that if a superannuation fund was wound up on the valuation date the available assets were sufficient to pay members' leaving service benefits – i.e. their Vested Benefits.

It is also important to assess a fund's position as an ongoing entity. The fund's progress in this regard is determined by comparing the value of assets with the total Value of Accrued Benefits as at the date of the investigation. It is a minimum requirement that the level of assets in a fund should exceed the total of members' Minimum Requisite Benefit amounts for Superannuation Guarantee ("SG") purposes.

The Fund's current financial position is illustrated by considering the following funding index figures as at 30 June 2020:

	30 June 2017	**30 June 2020**
Vested Benefits Index	147%	182%
Value of Accrued Benefits Index	152%	163%
Minimum Benefit Index	158%	204%

(Note: the above Indices exclude defined benefit members' additional accumulation benefits.)

A Vested Benefits Index of 182% indicates that the Fund was in a sound financial position on a wind-up basis while a Value of Accrued Benefits Index of 163% indicates the Fund was in a sound financial position also on an ongoing basis in respect of its defined benefit liabilities as at 30 June 2020.

A Minimum Benefit Index of 204% indicates the Fund was not in a position of "technical insolvency" as at 30 June 2020.

The changes in the Fund's financial position on various bases since the previous valuation reflect a number of factors which are discussed briefly in Appendix H.

Employer Contribution Rate (Appendix F)

Calculated Long-Term Employer Contribution Rate

For existing defined benefit members the Employer Contribution Rate (in respect of benefit liabilities arising from both past and future Fund membership), calculated as per the valuation method and assumptions set out in Appendix D, is nil – i.e. no Employer contributions are expected to be required in respect of defined benefit members in future years.

This rate includes an allowance for the "long-term" surplus of $2,867,000– i.e. the surplus of assets above the value of members' accrued benefits.

This is the same as the Employer contribution rate calculated in the previous investigation as at 30 June 2017.

Current Employer Contribution Arrangements

In the previous actuarial valuation of the Fund as at 30 June 2017, I recommended the Employer contributes to the Fund on the following basis:

- nil for defined benefit members (not including any compulsory member contributions); and
- contributions at the agreed rate for accumulation benefit members.

I recommended also that no additional contributions should be paid by the Employer to cover the cost of Fund expenses for defined benefit members until at least 30 June 2020.

On the basis of data received from the Administrator it appears the Employer adopted these arrangements over the period since 30 June 2017.

In early 2020, I understand the Trustee agreed to the Employer's request to utilise the Fund's defined benefit surplus assets to meet various contributions and expenses for certain accumulation benefit members as follows:

- the Employer's SG contributions for employees entitled to receive accumulation benefits through the Retail and Employees Superannuation Trust ("REST") or through the Acumen Superannuation Fund ("Acumen"); and
- administration fees and insurance costs for employees receiving accumulation benefits through Acumen.

On the basis of advice received from the Trustee, I understand this arrangement commenced with effect from the month of July 2020 and that it is subject to regular actuarial monitoring and review on a monthly basis.

Financial Experience since 30 June 2020

During the period from 1 July 2020 to 30 October 2020 the Fund's assets achieved an average return of approximately 2.1% over the period – i.e. approximately 6.3% per annum (calculated based on the change in unit prices of the Fund's investment portfolio over the period).

This is greater than was assumed in this investigation (3.5% per annum) and is expected to have a favourable impact upon the Fund's financial position. I have taken this experience into consideration in the recommendations made below.

Recommended Employer Contribution Arrangements

In consideration of the above arrangements in respect of the use of surplus assets, the calculated long-term contribution rate for defined benefit members and expected financial experience, I recommend the Employer continues its current "contribution holiday" in respect of the Fund's defined benefit members until at least 30 June 2023 – i.e. the date of the next full actuarial valuation of the Fund.

I recommend also the Employer continues to utilise the Fund's surplus defined benefit assets to meet the Employer's SG contributions and expenses in relation to certain of the Fund's accumulation members for the period from 1 July 2020 to 30 June 2021 subject to ongoing actuarial review and oversight.

It should be noted that this arrangement may cease earlier if the Fund's defined benefit surplus assets decrease below the level specified by the Trustee.

Other Comments

It is important both the Trustee and the Employer appreciate that investment markets are experiencing high volatility at this time due to the COVID-19 pandemic and general economic/geopolitical uncertainties.

It is possible the Fund's financial position may be adversely affected by these and other factors in the short-term such that the Fund's current contribution arrangements, in respect of both defined benefit and accumulation members, may cease to be appropriate.

Sensitivity Analyses and Material Risks (Appendix G)

I have undertaken sensitivity analyses in relation to the key assumptions used in this investigation – i.e. the investment earnings rate and the salary growth rate. The results of the analyses are discussed in Appendix G.

Further, the benefit design has potential implications for the Fund's future financial position. This is discussed in Appendix G in terms of material risks for the Fund.

In my opinion, it is reasonable for the effect of these risks to be monitored through the regular reviews of the Fund's financial position and Employer contribution arrangements and for appropriate actions to be taken as the need arises.

Fund Experience during the Valuation Period (Appendix H)

Surplus or deficit items arose during the valuation period due to actual experience differing from the experience assumed as at the previous valuation. The effects of these differences are discussed briefly in Appendix H.

Insurance (Appendix I)

The current group insurance arrangements are considered adequate to protect the Fund against adverse Death and Total & Permanent Disablement experience.

I also consider the Fund's current Income Protection Benefits insurance arrangements are suitable to protect the Fund against adverse temporary disability experience.

Statement of Compliance (Appendix J)

SPS160 prescribes minimum requirements of actuarial reports for defined benefit superannuation funds. On the basis of the information provided by the Trustee and Administrator I certify a number of matters in Appendix J.

Reliance and Limitation

It is important to note this valuation has relied upon the accuracy and completeness of all data and information provided by the Administrator and Employer for the purpose of this investigation.

I have not carried out any independent verification or audit of the data provided but have carried out various reasonableness checks of the data. Where necessary, I have discussed any data issues with the Administrator and received clarification of relevant matters. It should be noted that if any data, or other information provided to us, is inaccurate or incomplete then this report and any recommendation may need to be revised.

This report is produced solely for the use of the Trustee and the Employer. No other use of, or reference to, this report should be made without prior written consent, nor should the whole or part of this report be disclosed to any other person without prior written consent.

Recommendations

I recommend:

- the Employer contributes to the Fund for the period from 1 July 2020 to 30 June 2023:
    - nil for defined benefit members' benefits (not including any compulsory member contributions);
    - nil to cover the cost of Fund expenses for defined benefit members; and
    - at the agreed rate for accumulation benefit members who receive an accumulation benefit only and who are not subject to the arrangement referred to below.
- the Employer meets the following amounts from the Fund's defined benefit surplus assets for the period from 1 July 2020 to 30 June 2021, subject to monthly actuarial review and approval:
    - the Employer's SG contributions for its employees entitled to receive accumulation benefits through REST or through Acumen (as advised); and
    - administration fees and insurance costs for all the Employer's employees receiving accumulation benefits through Acumen (as advised).
- these recommendations are reviewed if:
    - the Fund undergoes significant changes to its defined benefit membership numbers;
    - the Fund undergoes significant changes to its benefit basis; or
    - there is a substantial reduction in the value of the Fund's assets;
- the next actuarial investigation is undertaken as at 30 June 2023 to comply with the requirements of SPS 160, the SIS Act and Regulations.

Yours sincerely,

D. J. O'Keefe

David O'Keefe
Fellow of the Institute of Actuaries of Australia
Director – ALEA Actuarial Consulting Pty Limited

APPENDIX A – BENEFIT CONDITIONS AND ENTITLEMENTS

Fund Background

The Fund commenced as a sub-plan of Acumen Super on 23 September 2011 following the decision to wind-up the Akzo Nobel Coatings Superannuation Fund (the "Previous Fund") with all members' benefit entitlements under the Previous Fund transferred to the Fund.

A summary of these details was provided by the Administrator in the Deed of Application. A brief summary of these details is provided below.

The principal parties involved with the Fund as at 30 June 2020 are:

Trustee	Retail Employees Superannuation Trust Pty Limited
Principal Employer	Akzo Nobel Pty Ltd (the "Employer")
Associated Employers	Akzo Nobel Car Refinishes (Australia) Pty Ltd
	National Starch Pty Limited
Administrator	Australian Administration Services Pty Ltd (the "Administrator")
Insurer	Hannover Re Life
Investment Managers	Various – as listed on the website of REST Super

General

Categories:	*Category B: Defined Benefit Members*
Annual Review Date (ARD):	*1 July each year*
Final Average Salary (FAS):	*The average annual rate of salary at the three ARDs immediately preceding retirement*
Normal Retirement Age (NRA):	*65*
Early Retirement Age (ERA):	*55*
Compulsory Member Contributions:	*Category B: 5% of salary*
Previous Fund:	*Akzo Nobel Coatings Superannuation Fund*
Past Membership (PM):	*Years and complete months of membership in the Fund, plus half of any period of membership of the Former Fund*
Member Account:	*Compulsory member contributions accumulated with compound interest*
Additional Accounts:	*Member's voluntary contributions and rollovers accumulated with compound interest*
Surcharge Account:	*Member's surcharge amounts (as advised by the ATO) accumulated with compound interest*
Transfer Account:	*Member's transfer amounts from the Former Fund accumulated with compound interest*

Benefits – Category B

Normal Retirement Benefit ("NRB")

The benefit payable on retirement at age 65 is equal to a lump sum of:

16.67% x FAS x PM

(Note: this benefit is subject to a maximum of 7.5 times FAS)

Early Retirement Benefit ("ERB")

The lump sum benefit payable on retirement from age 55 is calculated in the same manner as their NRB but based on Fund Membership completed to the actual date of retirement.

Death and Total & Permanent Disablement ("D&TPD") Benefit

The benefit payable on D&TPD before age 65 is a lump sum of equal to the NRB but based on OTE salary as at the date of death or disablement.

Salary Continuance Benefit

The benefit payable on temporary disability after a six (6) month waiting period is a monthly benefit of:

1/12 x 75% of OTE Salary.

Leaving Service Benefit ("LSB")

The benefit payable on leaving service prior to the NRA is a lump sum equal to:

- two times the Member Account; plus
    - Transfer Account where applicable.

Accumulation Benefits

In addition to the above defined benefits a member will receive the balance of their Additional Accounts less their Surcharge Accounts.

Minimum Benefits

All benefits payable to members are subject to a minimum of the amount of their Minimum Requisite Benefit as defined in the Fund's current Superannuation Guarantee Benefit Certificate.

APPENDIX B – MEMBERSHIP DATA

The table below provides a summary of Category B Fund membership as at 30 June 2020, based on information provided by the Administrator:

Category	Number of Members	Salaries	Average Age	Average Fund Membership
B	6	$999,351	57	29

The Fund has decreased in size since 30 June 2017 when there were twelve (12) defined benefit members with salaries totalling approximately $2,021,000.

During the period from 30 June 2017 to 30 June 2020 the salaries of defined benefit members in the Fund throughout the period increased at an average rate of 3.0% per annum which was less than the 6.0% per annum assumed in the previous investigation.

This investigation was made having regard to liabilities calculated on the basis of member details advised by the Administrator and benefit provisions as described in the Deed of Application.

I am satisfied reasonable steps have been taken to ensure the reliability of the data used in this investigation. However, should the data be amended for any reason, I reserve the right to revise the calculations and this report.

APPENDIX C – FUND ASSETS AND INVESTMENT STRATEGY

A summary of the Fund's accounts is as follows:

	($'000)	($'000)
Market Value of Fund Assets as at 30 June 2017		11,422
Income		
Employer Contributions	209	
Employer Contributions for Exps. & Insce. Costs	985	
Net Investment Income*	1,937	3,131
Outgo		
Administration Expenses	-1,148	
Insurance Costs	-596	
Benefit Payments	-5,228	
Taxation	-94	-7,066
Market Value of Fund Assets as at 30 June 2020		7,487

** Note: The Administrator confirmed an amount of approximately $406,000 included in the Fund's earnings was related to prior year investment units correction.*

These figures are based on the Fund's unaudited Operating Statement for the period from 30 June 2017 to 30 June 2020 (as provided by the Administrator) and do not allow for outstanding transactions.

I am satisfied reasonable steps have been taken to ensure the reliability of the asset data in this investigation. However, should the asset data be amended for any reason, I reserve the right to revise the calculations and this report.

Fund Assets

As at 30 June 2020, the Fund's monies were invested in a range of asset classes through pooled investments in the Capital Stable portfolio. The total market value of these assets was approximately $7,487,000 as at 30 June 2020.

The Administrator advised also there were outstanding transactions as at 30 June 2020 in relation to contributions and expenses with an estimated net deductions of approximately $36,000. After allowing for these transactions the value of Fund assets available to meet defined benefit members' liabilities was approximately $7,451,000 as at 30 June 2020.

Investment Strategy

The general aim of the investment strategy is to achieve capital and income growth, while minimising the risk that members' benefits will not be adequately covered, through asset diversification and the use of a professional fund manager. The fund manager invests the Fund's assets on a discretionary basis consistent with their stated investment strategy.

Asset Allocation

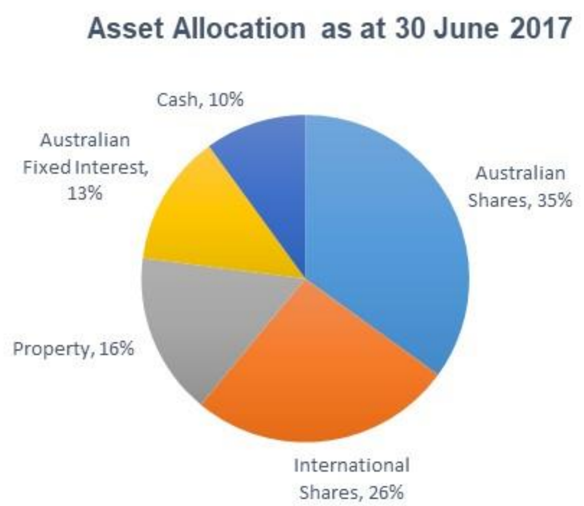
Previously the Fund's assets were invested in the REST Core Strategy portfolio. Subsequently I was advised by the Trustee the Employer had decided to alter the Fund's investment strategy and that the Plan's monies would be transferred into the REST Capital Stable portfolio.

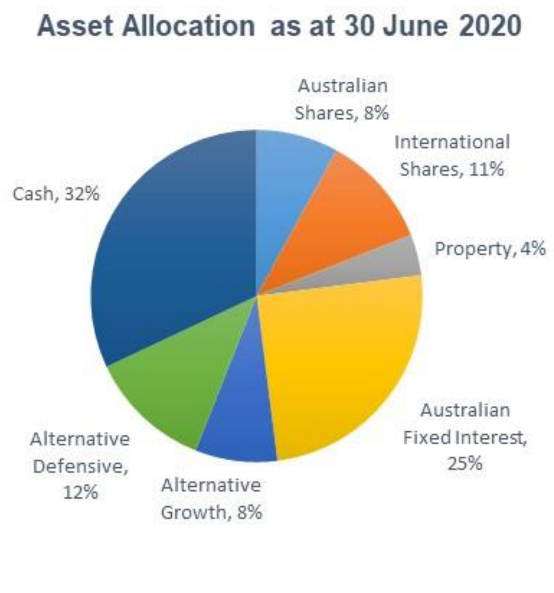
It is my understanding this transfer was implemented in January 2020 and that as at 30 June 2020, the Fund's monies were invested in a range of asset classes through pooled investments in the REST Capital Stable portfolio.

The Fund's Administrator has advised that approximately 31% of the Fund's assets were invested in "growth" assets – i.e. shares and property – as at that date with the remaining assets invested in cash and fixed interest investments.

The Fund's assets were invested in the Core Strategy portfolio as at 30 June 2017 when approximately 75% of the Fund's assets were invested in "growth" assets. I was advised by the Trustee in July 2019 that the Employer decided to alter the Fund's asset allocation to a strategy with no more than 20% of the Fund's monies being invested in "growth" assets. On the basis of advice from the Trustee in November 2019, I understand the Trustee approved the change to the Fund's investment strategy.

On the basis of advice received from the Administrator the Fund's asset allocation as at 30 June 2017 and 30 June 2020 were advised to be:





The suitability of the above investment strategy was reviewed in this investigation. As discussed previously (my letter to the Trustee regarding the change in investment strategy dated 8 November 2019), it is my opinion an investment strategy with a “growth” assets allocation range of 20% to 40% might be considered not unreasonable given:

- the Fund’s strong financial position with a substantial level of surplus assets at this time;
- the relatively low defined benefit membership of the Fund;
- recent volatility and possible future volatility in investment markets; and
- the possible windup of the Fund in the near future resulting in an appreciably shortened future investment time horizon for the Fund.

It should be noted that adopting such a conservative approach to the Fund’s investments still retains some risks – e.g. in adverse financial circumstances it is possible there may not be sufficient assets available to meet member’s benefits at their exit dates (or on windup of the Fund) and “top-up” contributions may be required at that time. In my opinion, the current investment strategy is appropriate for the Fund at this time.

Investment Performance

During the period from 30 June 2017 to 30 June 2020 the Fund’s estimated investment returns based on the transactions provided were:

Financial Year Ending	Investment Returns % per annum
30 June 2018	8.6%
30 June 2019	6.2%
30 June 2020*	7.1%
Average	7.3%

** Note: An adjustment made to the earnings due to a prior year investment units correction was estimated to increase the Fund’s investment return for the year ending 30 June 2020 by approximately 5.4%.*

These rates were calculated net of tax and investment expenses (based on details supplied by the Administrator).

By way of comparison, the SuperRatings Performance Survey shows an asset weighted average return for similar portfolios over the same period of 6.9% per annum (after the deduction of tax, fees and expenses).

On this basis the investment return on the Fund’s assets during the period since 1 July 2017 was slightly greater than the average return experienced on a similar pool of assets.

Crediting Rate of Interest Policy

Subsequent to the change of investment strategy in January 2020, I understand the Fund’s member accounts are credited with a notional crediting rate of interest – i.e. the change in unit prices of the Rest Core Strategy option. I consider the current Crediting Rate of Interest policy, as described above, is appropriate to the Fund at this time.

APPENDIX D – VALUATION METHODS AND ASSUMPTIONS

Valuation Objectives and Method

The objectives of the valuation are as follows:

- To determine a rate of contribution as a percentage of salaries which will provide adequate funds for the payment of benefits as they fall due. The rate of contribution should remain stable in the long-term.
- To test whether the funds accumulated at the valuation date are adequate, in relation to a reasonable standard, to cover liabilities for benefits accrued prior to the valuation date, but payable on future retirement, death, disability and withdrawal.
- To determine whether the assets of the Fund are adequate to cover Vested Benefits in respect of service completed before the valuation date.

A funding method is a systematic basis for meeting the cost of benefits over the years of operation of the Fund. It recognises that:

- a member's benefit entitlements should be funded as uniformly as possible over his or her working lifetime; and
- the assets of the Fund should cover the total benefits which members would reasonably expect if they left the Fund.

However, the choice of method does not directly affect the cost of benefits provided by the Fund, which depends upon the Fund's actual experience in future years. All funding methods are expected to produce the same total cost of benefits with the choice of method determining the "pace" at which such costs are met by the Employer.

This valuation was made using the "Aggregate" Funding Method. The method identifies the Employer contribution rate required for the Fund, so that the present value of future contributions by the Employer together with the existing assets of the Fund attributable to those members, meet the present value of future benefits (arising from both past and future service) in respect of all members.

It was used here because it provides a future contribution rate that is:

- relatively simple to understand;
- expected to remain reasonably stable over time; and
- unaffected by the absence of new entrants to the Fund.

The above method used in this valuation is the same as the method used in the previous investigation.

In determining the present value of future expected benefits and contributions, assumptions are usually required about a variety of factors, both economic and demographic.

Investment Earnings and Salary Increases

The difference between the investment earnings rate and the rate of salary increase is referred to as the "real" investment return and is the most significant assumption. It is important to note that the differential is applied over a long period of time – i.e. the future Fund membership of each active member. Therefore it is important to choose assumptions that relate to relatively long periods of time.

The financial assumptions adopted in the previous valuation were 8.0% per annum (net of tax) for investment earnings and 6.0% per annum for salary increases – thereby providing for a real rate of return of 2.0% per annum (net of tax)

The "real" rate of return over the nine (9) year period since 1 July 2011 was an average of approximately 4.5% per annum.

Taking into account long-term real rates of return, the Fund's membership size, the current investment strategy, past experience and likely future experience the financial assumptions adopted for this valuation are 3.5% per annum for investment earnings and 4.0% per annum for future salary growth, thereby providing a real rate of return equal to -0.5% per annum.

These assumptions are materially different to those adopted in the previous valuation as at 30 June 2017.

Demographic Assumptions

We have adopted the same demographic assumptions as the previous valuation. The following rates of death, retirement and withdrawal were adopted at various ages (no other decrements were included in the valuation of liabilities):

Age	***Number Expected Out of 10,000 Lives at the Start of Each Year at the Age Shown to:***		
	Die	***Retire Early***	***Resign***
20	*8*	*nil*	*1,850*
30	*5*	*nil*	*1,150*
40	*12*	*nil*	*580*
50	*42*	*nil*	*130*
60	*159*	*2,000*	*nil*
64	*250*	*5,000*	*nil*

Asset Valuation

The net market value of Fund assets has been used for valuation purposes.

Expenses

The investment earnings rate is assumed to be net of investment expenses.

I believe it is appropriate to make specific allowance for administration expenses and insurance costs in relation to the defined benefit members in this valuation as follows:

- 10% of defined benefit members' salaries in respect of administration/general expenses; and

- an allowance of 10% of the future cost of death and disablement benefits made in respect of the cost of members' Death/TPD insurance.

Superannuation Tax

The Fund is liable for tax at 15% (the concessional rate for regulated superannuation funds) on Employer contributions less insurance charges and certain expenses. Tax at 15% is also paid directly by the investment manager on the Fund's investment earnings less certain deductions.

Additional Contribution Tax

From 1 July 2017 members with an income in excess of $250,000 have their concessional (employer) contributions taxed at the rate of 30% – an increase from the contributions tax rate of 15%.

It is expected one (1) defined benefit member may be affected by this tax. Nevertheless, it is important to note that it is possible an increased rate of contributions tax could apply to other members depending upon the extent of any other taxable income earned by them.

We have not taken this additional contribution tax into account in this investigation.

Transfer Balance Cap

The Government has introduced a $1,600,000 cap on the total amount that can be transferred into the tax-free retirement phase effective from 1 July 2017.

While this change is unlikely to have any impact upon the Fund, members whose benefits are in excess of the cap are likely to be required to pay tax on the amount exceeding it at their marginal rate of tax.

Other Legislative/Regulatory Matters

Prudential Standard SPS160 ("SPS160") – Defined Benefit Matters

SPS160 commenced with effect from 1 July 2013 and includes a number of matters to be addressed in actuarial investigations.

It also provides for the establishment of a "shortfall limit" for the Fund to be used as a measure of the extent to which the Trustee considers an "unsatisfactory" financial position, arising due to temporary investment market fluctuations, may be corrected within one (1) year.

It is my understanding the Trustee decided upon a shortfall limit for the Fund as a VBI figure of 100% to comply with SPS160. On this basis, the shortfall limit has not been breached as at 30 June 2020. In my opinion, the current shortfall limit remains appropriate for the purpose of SPS160 at this time.

Prudential Standard SPS114 ("SPS114") – Operational Risk Financial Requirement ("ORFR")

In accordance with SPS114 the Trustee has agreed to establish the ORFR level for the Fund as a target ORFR level of 0.25% of asset values. I understand this has been achieved by the use of Trustee capital and will continue to be funded through a deduction from the administration fee paid from the Fund.

For the purpose of this investigation, I have ignored any assets held by, or on behalf of, the Fund to fulfil its ORFR requirements.

General

These assumptions are realistic in terms of likely long-term experience and provide a reasonable estimate of the Fund's future experience. It is important to note that the long-term cost of the benefits does **not** depend directly on the chosen assumptions, but on the Fund's own future experience.

APPENDIX E – FUNDING STATUS

It is instructive to consider various measures of the funding status of the Fund. These measures assist in monitoring the progress of the Fund over time.

Vested Benefits Index ("VBI")

The first measure compares the market value of assets with members' Vested Benefits at the valuation date and provides an indication of the Fund's solvency on a short-term basis. The Vested Benefits are the amount of withdrawal and early retirement benefits that would be paid if all members resigned or retired early at the valuation date. This measure represents a minimum reasonable funding standard for the Fund.

	30 June 2017 ($'000)	30 June 2020 ($'000)
A. Vested Benefits	7,507	4,101
B. Market Value of Assets	11,054	7,451
C. Vested Benefits Index (B/A)	147%	182%
Surplus/(Deficit)	3,547	3,350

(Note: both the Vested Benefits and the Market Value of Assets exclude defined benefit members' additional accumulation benefits)

The VBI as at 30 June 2020 was 182%. The index has improved since 30 June 2017 and is greater than the minimum acceptable level (100%). This represents a sound financial position.

Shortfall Limit

In compliance with SPS160, the Trustee decided upon a shortfall limit for the Fund expressed as a VBI figure of 100%. On this basis, the shortfall limit has not been breached as at 30 June 2020 and in my opinion, the current shortfall limit is appropriate for the purpose of SPS160 at this time.

Value of Accrued Benefits Index ("VABI")

The second measure compares the value of assets of the Fund with the total actuarial Value of Accrued Benefits and provides an indication of the Fund's solvency on a long-term basis.

The actuarial Value of Accrued Benefits is calculated for each member from the Fund's retirement benefit formula based on service completed, Final Average Salary at the valuation date and the valuation assumptions described above. An index value of 100% represents a strong funding position for a mature fund and most funds would normally be at a lower level.

	30 June 2017 ($'000)	30 June 2020 ($'000)
A. Value of Accrued Benefits	7,289	4,584
B. Market Value of Assets	11,054	7,451
C. Value of Accrued Benefits Index (B/A)	152%	163%
Surplus/(Deficit)	3,765	2,867

(Note: both the Value of Accrued Benefits and the Market Value of Assets exclude defined benefit members' additional accumulation benefits)

The VABI as at 30 June 2020 was 163% which has improved since 30 June 2017. On this basis the Fund remains in a sound financial position on an ongoing basis as at 30 June 2020.

A brief discussion of the reasons for this change is included in Appendix H.

Superannuation Guarantee ("SG") Minimum Benefits Index ("MBI")

It is a minimum requirement that the level of assets in a fund should exceed the total of members' Minimum Requisite Benefit amounts for SG purposes.

The Fund's progress in this regard is determined by comparing the value of the Fund's assets with the total of members' Minimum Requisite Benefits as at the date of investigation. These benefit amounts are calculated in accordance with the terms of the Fund's SG Benefit Certificate.

The Fund's financial position in relation to these benefits is illustrated by considering the following MBI figures:

	30 June 2017 ($'000)	**30 June 2020 ($'000)**
A. Minimum Requisite Benefits	7,014	3,647
B. Market Value of Assets	11,054	7,451
C. Minimum Benefits Index (B/A)	158%	204%
Surplus/(Deficit)	4,040	3,804

(Note: both the Minimum Requisite Benefits and the Market Value of Assets excludes defined benefit members' additional accumulation benefits)

These figures indicate that the Fund was not in a position of "technical insolvency" as at 30 June 2020.

Retrenchment Benefits

There are no specific retrenchment benefits payable to members retrenched by the Employer under the terms of the Deed. In the event of retrenchment a member receives their Leaving Service Benefit or their Early Retirement Benefit (if eligible).

Therefore the value of the Fund's assets is, by definition, sufficient to meet members' benefits on retrenchment at this time.

Termination Benefits

In the event of termination of the Fund, there are no guaranteed benefits, and existing members are entitled to an amount determined by the Trustee acting on the advice of the actuary in accordance with the Deed.

It is not unreasonable for the termination benefits to be calculated as the greater of each member's Vested Benefits and the Value of their Accrued Benefits. On this basis the total of members' termination benefits as at 30 June 2020 was estimated to be approximately $4,584,000.

Therefore the value of the Fund's assets is sufficient to meet members' benefits on termination at this time.

APPENDIX F – VALUATION RESULTS AND FUTURE CONTRIBUTION RATES

The present value of future liabilities for expected benefits and expenses is compared with the value of assets and future contributions to determine the Employer contribution rate required as follows:

	Present Values ($'000)
Value of Assets	7,451
Total Service Liabilities	5,589
Future Member Contributions	250
Balance of Future Liabilities to be funded by Employer Contributio	-2,112
Present Value of Future Contributions of 1% of Salary	50
The Employer's Net Contribution Rate (before tax and expenses)	0.0%
The Employer's Net Contribution Rate (after tax and expenses)	0.0%

Calculated Long-Term Employer Contribution Rate

For existing defined benefit members the Employer Contribution Rate (in respect of benefit liabilities arising from both past and future Fund membership), calculated as per the valuation method and assumptions set out in Appendix D, is nil – i.e. no Employer contributions are expected to be required in respect of defined benefit members in future years.

This rate includes an allowance for the "long-term" surplus of $2,867,000– i.e. the surplus of assets above the value of members' accrued benefits.

This is the same as the Employer contribution rate calculated in the previous investigation as at 30 June 2017.

Current Employer Contribution Arrangements

In the previous actuarial valuation of the Fund as at 30 June 2017, I recommended the Employer contributes to the Fund on the following basis:

- nil for defined benefit members (not including any compulsory member contributions); and
- contributions at the agreed rate for accumulation benefit members.

I recommended also that no additional contributions should be paid by the Employer to cover the cost of Fund expenses for defined benefit members until at least 30 June 2020.

On the basis of data received from the Administrator it appears the Employer adopted these arrangements over the period since 30 June 2017.

In early 2020, I understand the Trustee agreed to the Employer's request to utilise the Fund's defined benefit surplus assets to meet various contributions and expenses for certain accumulation benefit members as follows:

- the Employer's SG contributions for employees entitled to receive accumulation benefits through the Retail and Employees Superannuation Trust ("REST") or through the Acumen Superannuation Fund ("Acumen"); and

- administration fees and insurance costs for employees receiving accumulation benefits through Acumen.

On the basis of advice received from the Trustee, I understand this arrangement commenced with effect from the month of July 2020 and that it is subject to regular actuarial monitoring and review on a monthly basis.

Financial Experience since 30 June 2020

During the period from 1 July 2020 to 30 October 2020 the Fund's assets achieved an average return of approximately 2.1% over the period – i.e. approximately 6.3% per annum (calculated based on the change in unit prices of the Fund's investment option over the period).

This is greater than was assumed in this investigation (3.5% per annum) and is expected to have a favourable impact upon the Fund's financial position. I have taken this experience into consideration in the recommendations made below.

Recommended Employer Contribution Arrangements

In consideration of the above arrangements in respect of the use of surplus assets, the calculated long-term contribution rate for defined benefit members and expected financial experience, I recommend the Employer continues its current "contribution holiday" in respect of the Fund's defined benefit members until at least 30 June 2023 – i.e. the date of the next full actuarial valuation of the Fund.

I recommend also the Employer continues to utilise the Fund's surplus defined benefit assets to meet the Employer's SG contributions and expenses in relation to certain of the Fund's accumulation members for the period from 1 July 2020 to 30 June 2021 subject to ongoing actuarial review and oversight.

It should be noted that this arrangement may cease if the Fund's defined benefit surplus assets decrease below the level specified by the Trustee.

Other Comments

It is important both the Trustee and the Employer appreciate that investment markets are experiencing high volatility at this time due to the COVID-19 pandemic and general economic/geopolitical uncertainties.

It is possible the Fund's financial position may be adversely affected by these and other factors in the short-term such that the Fund's current contribution arrangements, in respect of both defined benefit and accumulation members, may cease to be appropriate.

Summary

I recommend:

- the Employer contributes to the Fund for the period from 1 July 2020 to 30 June 2023:
    - nil for defined benefit members' benefits (not including any compulsory member contributions);

    - nil to cover the cost of Fund expenses for defined benefit members; and
    - at the agreed rate for accumulation benefit members who receive an accumulation benefit only and who are not subject to the arrangement referred to below.
- the Employer meets the following amounts from the Fund's defined benefit surplus assets for the period from 1 July 2020 to 30 June 2021, subject to monthly actuarial review and approval:
    - the Employer's SG contributions for its employees entitled to receive accumulation benefits through REST or through Acumen (as advised); and
    - administration fees and insurance costs for all the Employer's employees receiving accumulation benefits through Acumen (as advised).
- these recommendations are reviewed if:
    - the Fund undergoes significant changes to its defined benefit membership numbers;
    - the Fund undergoes significant changes to its benefit basis; or
    - there is a substantial reduction in the value of the Fund's assets;
- the next actuarial investigation is undertaken as at 30 June 2023 to comply with the requirements of SPS 160 and the SIS Act and Regulations.

APPENDIX G – SENSITIVITY ANALYSES AND MATERIAL RISKS

Sensitivity Analysis

I have undertaken sensitivity analyses in relation to key assumptions – i.e. the investment earnings rate and the salary growth rate, used in this investigation.

Based on recent experience and future expectations in respect of the Fund and financial markets, I believe it would be appropriate to "stress test" both of these financial assumptions by applying an increment/decrement at the rate of 1.0% as follows:

- the rate of investment earnings (3.5% per annum) increased or decreased by 1.0% per annum; and
- the rate of salary growth (4.0% per annum) increased or decreased by 1.0% per annum.

It is important that the Trustee and Employer appreciate these sensitivity analyses are used only to illustrate the possible financial implications for the Fund in relation to the changes in investment returns and salary growth rate. They do not represent upper or lower bounds of possible outcomes that might arise in the future.

The table below shows the Fund's projected VBI as at 30 June 2023 under the different assumptions outlined above and assuming the Employer contributes in accordance to the recommended contribution arrangements set out in Appendix F for the period from 1 July 2020 to 30 June 2023:

	VBI 30 June 2023
Current Assumptions	126%
Investment Earnings Rate - 1% higher	130%
Investment Earnings Rate - 1% lower	121%
Salary Growth Rate - 1% higher	122%
Salary Growth Rate - 1% lower	130%

The table illustrates the following:

- the Fund's VBI may be less than expected over the three (3) year period in adverse financial conditions – i.e. with a lower than expected level of investment performance or with higher than expected salary increases; and
- the Fund's VBI is expected to be in a stronger position over the three (3) year period if future financial experience is better than expected.

The above indicates also that the Fund's current contribution arrangements and surplus can be expected to provide the Fund with a "buffer" against future adverse experience with the Fund expected to remain in a sound financial position in the future even in periods of relatively unfavourable financial experience.

Material Risks

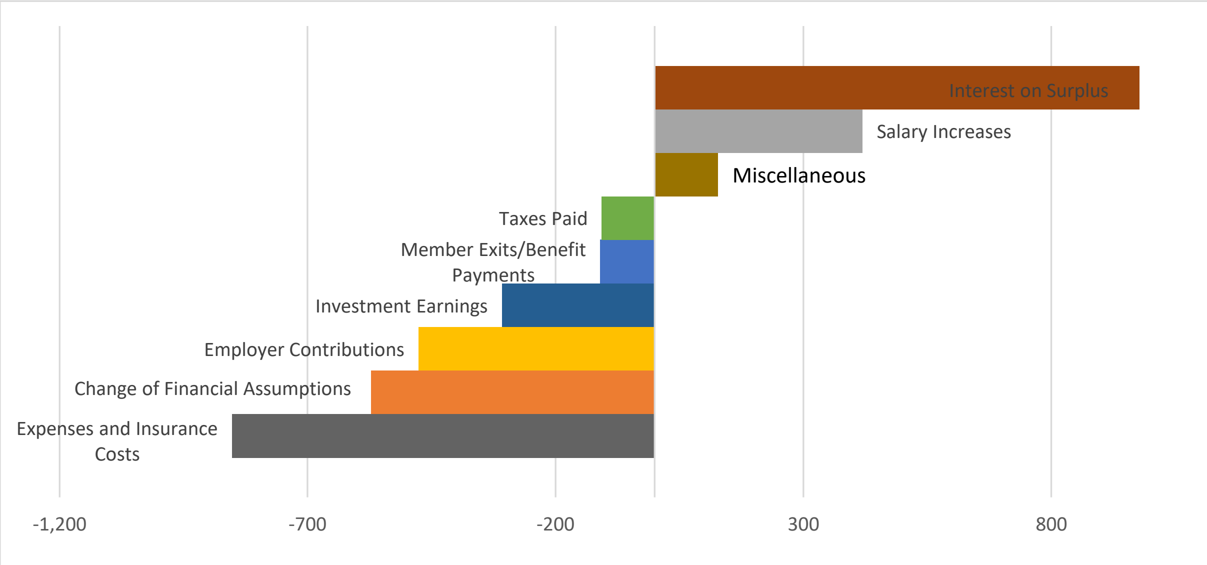
During the process of this investigation I identified four (4) material risks that may have an impact on the Fund's financial position:

- the benefit design of the Fund – the benefits payable to defined benefit members are predominantly salary based and are therefore not matched to the investment returns earned by the Fund's assets. The Trustee and the Employer should be aware that if investment returns earned by the Fund reduce, the Fund's defined benefit liabilities are not likely to drop correspondingly. This will likely result in a reduction in the financial position of the Fund.
- the maturity of the Fund membership – more than half the Fund members have reached their early retirement age. It is expected that cashflow requirements for the Fund may become very "lumpy" if these members elected to leave the Fund, or if a permanent disablement claim occurred, about the same time.
- the small size of the Fund's membership – this increases and is reflected in the above risks related to the maturity of the Fund membership and the future rate of investment earnings.
- the continued use of the defined benefit surplus assets to meet contributions and administration/insurance costs for various accumulation benefits members. This will result in a reduction in the financial position of the Fund and care is required to ensure that sufficient monies remain in the Fund to provide an appropriate level of cover for the benefits of defined benefit members.

In my opinion, it is reasonable for the effect of these risks to be monitored through regular reviews of the Fund's financial position and Employer contribution arrangements and for appropriate actions to be taken as the need arises.

APPENDIX H – COMPARISON WITH PREVIOUS VALUATION

An approximate analysis was made of the change in the Fund's financial position since the previous valuation. The impact of the main items producing this change in the Fund's financial position over the period is discussed below.



Interest on Surplus – This is the effect of interest on the Fund's surplus at the beginning of the period and resulted in an improvement in the Fund's financial position as at 30 June 2020.

Salary Increases – Salaries increased for members over the period since the previous valuation at an average rate of 3.0% per annum, which was less than expected (6.0% per annum). This produced a lower than expected cost of meeting members' defined benefits and resulted in an improvement in the Fund's financial position as at 30 June 2020.

Taxes Paid – The amount of tax paid from the Fund was more than expected and resulted in a small reduction in the Fund's financial position as at 30 June 2020.

Member Exits/Benefit Payments – The vested benefits payable to members exiting the Fund were generally greater than the value of their accrued benefits. Therefore a strain generally arose each time a member left the Fund. The actual number of exits from the Fund was also greater than expected. A combination of the above resulted in a small reduction in the Fund's financial position as at 30 June 2020.

Investment Earnings – Investment returns on the Fund's assets averaged approximately 7.3% per annum over the period from 30 June 2017 to 30 June 2020 (based on details supplied by the Administrator). This was less than the 8.0% per annum expected and contributed to a reduction in the Fund's financial position as at 30 June 2020.

Employer Contributions – The Employer was on "contribution holiday" since 30 June 2017 and nil contribution were made. This is lower than the expected long term rate of contribution required in respect of defined benefit members in future years. This resulted in a reduction in the Fund's financial position as at 30 June 2020.

Change of Financial Assumptions – The financial assumptions adopted in the current valuation were revised to reflect the Fund's current investment strategy and membership. This resulted in a reduction in the Fund's financial position as at 30 June 2020.

Expenses and Insurance Costs – Nil contributions were made by the Employer to meet the cost of the Fund's expenses and insurance costs since 30 June 2017.

This represents the amount of expenses and insurance premiums, in respect of the Fund's defined benefit members, paid from the Fund and resulting in a reduction in the Fund's financial position as at 30 June 2020.

Miscellaneous – This is the effect of other differences between actual experience and the valuation basis. These differences have not been analysed further, however their combined net effect is small.

APPENDIX I – INSURANCE

Death and Total & Permanent Disablement ("Death/TPD") benefits

The purpose of insurance is to protect the Fund against Death/TPD benefits to the extent of the "Amount at Risk" for defined benefit members in the Fund.

The "Amount at Risk" is the difference between each member's Death/TPD benefit and the sum of insured amounts for each member.

The Trustee effected a group life insurance policy with Hannover Re Life, under which the Death/TPD sum insured for Category B members is calculated as below:

Death Benefit less Accrued Benefit

Therefore the Amount at Risk is the difference between the total of members' Death/TPD benefits and the value of their insured benefits (as above):

	Amount ($'000)
Approximate Death/TPD Benefits	5,921
less	
Sum of Insured Amount	1,497
Amount at Risk	4,424

On this basis the Amount at Risk is less than the value of the Fund's assets ($7,451,000). This might suggest there is scope for a reduction in the level of the Fund's insured benefits. However, given the recommendations of:

- an Employer contribution holiday; and
- the use of the defined benefit surplus assets in relation to certain accumulation benefit members;

I recommend the Death/TPD insured amounts are maintained at the current level in the circumstances.

On this basis, I consider the Fund's insurance arrangements are adequate to protect the Fund against adverse Death/TPD experience.

Income Protection Benefits ("IPB")

The Fund's IPB are also provided under a separate insurance policy. This benefit is fully insured and is adequately covered by the existing insurance arrangements

Accordingly I also consider the Fund's current IPB insurance arrangements are suitable to protect the Fund against adverse temporary disablement experience.

APPENDIX J – STATEMENT OF COMPLIANCE WITH PARAGRAPH 23 OF SPS160

SPS160 prescribes the following matters to be contained in actuarial reports for defined benefit superannuation plans:

- The total value of the Fund's assets for the purpose of the valuation was $7,451,000 as at 30 June 2020. This is also the market value of Fund assets at that date.
- The Fund's assets (excluding ORFR) are adequate to meet the value of members' liabilities in respect of accrued benefits of $4,584,000 as at 30 June 2020.
- The Fund's assets are adequate to meet Fund liabilities in respect of total vested benefits of $4,101,000 as at 30 June 2020. Accordingly the Fund's financial position as at 30 June 2020 was not unsatisfactory under Regulation 9.04 of the Superannuation Industry (Supervision) Regulations.
- The value of the defined benefit liabilities of the Fund in respect of the minimum benefit is approximately $3,647,000 as at 30 June 2020.
- The recommended Employer contribution arrangements are set out in Appendix F.
- The Employer contributions arrangement as above, together with the assets of the Fund (valued at $7,451,000) and the expected earnings of the Fund over the period from 1 July 2020 to 30 June 2023, will provide adequately for the expected defined benefit liability during the period. They are also expected to fully provide for the defined benefit liability at the end of that period in respect of accrued benefits.
- The Fund is to be used to reduce or remove the Employer's Superannuation Guarantee Charge obligation imposed under Section 5 of the Superannuation Guarantee Charge Act 1992:
    - all funding and solvency certificates required over the period from 30 June 2017 to 30 June 2020 were obtained during this period;
    - on the basis of the information provided for this investigation, and assuming that future experience is a reasonable reflection of the assumptions used in this investigation, it is my opinion that an actuary will be able to certify the solvency of the Fund in a funding and solvency certificate under the Superannuation Industry (Supervision) Regulations during the period from 1 July 2020 to 30 June 2023.
- The Fund has not been granted a Pre-1 July 1988 funding credit, nor has it obtained such a credit by way of transfer.

APPENDIX K – ACTUARIAL STATEMENT FOR AASB1056

This Appendix was prepared for the purpose of inclusion in the Fund accounts in accordance with AASB1056 as at 30 June 2020 and should not be used for any other purpose.

Latest Actuarial Valuation of the Fund

- The latest full actuarial valuation of the Fund was conducted by David O'Keefe FIAA of ALEA Actuarial Consulting Pty Ltd (ABN 84 107 302 803) of 50 Clarence Street Sydney in the State of New South Wales as at 30 June 2020.
- This actuarial investigation was the subject of an actuarial report by David O'Keefe FIAA dated 2 November 2020. This report includes details of the financial and demographic assumptions used in valuing the Plan's benefit liabilities – as provided in Appendix D.

Calculation Basis

- The Value of Accrued Benefits were based on the data available as at 30 June 2020 (as per Appendix B) and on the various financial and demographic assumptions used in valuing the Fund's liabilities (as per Appendix D).
- The Value of Accrued Benefits were calculated for each member as the present value of their future benefit entitlements based upon membership completed to 30 June 2020 and future expected salary levels.
- The production of benefit amounts for the member's values, based on changes to various assumptions, are calculated in the same manner but with individual assumptions adjusted as required.

AASB1056 Disclosure Details as at 30 June 2020

- Total of Vested Benefits – $4,101,000
- Total Value of Accrued Benefits – $4,584,000
- Total Value of Accrued Benefits – sensitivity estimates:

Sensitivity Basis	$'000
Investment earnings rate - 1.0% higher	4,369
Investment earnings rate - 1.0% lower	4,818
Salary growth rate - 1.0% higher	4,772
Salary growth rate - 1.0% lower	4,408

- The Value of Accrues Benefits were calculated in a manner consistent with Professional Standard 402 issued by the Institute of Actuaries of Australia using "accrued retirement benefit" approach and was not subject to a minimum of each member's Vested Benefit.

Actuarial Practice Guideline

- This statement was prepared in accordance with the Institute of Actuaries of Australia's Practice Guideline 499.06.

APPENDIX L – ACTUARIAL STATEMENT FOR SRF160.0

The Australian Prudential Reporting Authority requires the following matters to be contained in Superannuation Reporting Form 160.1 for all superannuation funds:

SRF 160.0 Defined Benefit Matters

Australian Business Number	Institution Name	
	Akzo Nobel Coatings Superannuation Fund	
Reporting Period	**Scale Factor**	**Reporting Consolidation**

1. Defined benefits measures	Defined benefit interests (1)	Defined contribution interests (2)	Total Interest (3)	Index (4)
1.1. Accrued benefits	4,584	-	4,584	162.5%
1.2. Vested benefits	4,101	-	4,101	181.7%
1.3. Minimum benefits	3,647	-	3,647	204.3%
1.4. Net assets available for members' benefits (net of ORFR reserves)	7,451	-	7,451	
1.5. Date of defined benefits measures			30/06/2020	

2. Shortfall limit	100.0%
3. Actuarial projection assumptions	
3.1. Long term investment return assumption	3.50%
3.2. Long term wage growth assumption	4.00%
3.3. Long term consumer price index assumption	2.50%
3.4. Date of actuarial projection assumptions	30/06/2020
Weighted average term and certificate information	
4. Weighted average term of projected defined benefit liabilities	
4.1. Weighted average term of defined benefit liabilities	8.2
4.2. Date of weighted average term calculation	30/06/2020
5. Certificates	
5.1. Current effective date of funding and solvency certificate	01/07/2020
5.2. Have any notifiable events occurred? (Yes/No)	No **
5.3. Date of benefit certificate	01/04/2020
5.4. Current financial position	Satisfactory

5.5 Financial position change	Financial position type	Date

** based on our understanding of the Fund

Note: The figures above are in respect of defined benefit members only and exclude defined benefit members' additional accumulation benefits.