Hostplus Superannuation Fund
Maritime Trident DB Sub-Fund of Division 5 – Maritime Division

Report on the Actuarial Investigation as at 30 June 2024

24 October 2024

Towers Watson Australia Pty Ltd
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Summary

I am pleased to present my report to the Trustee of Hostplus Superannuation Fund on the actuarial investigation into the Maritime Trident DB Sub-Fund of Division 5 – Maritime Division as at 30 June 2024.

This Summary sets out the key results and recommendations contained in this report.

Summary of Data

The assets of the Sub-fund are invested in the Fund's Capital Stable investment option.

A summary of membership numbers and the value of net assets of the Sub-fund at 30 June 2024 are shown below:

	30 June 2024
Number of Members (Active)	-
Number of Members (Pensioners)	2
Number of Members (benefits payable)	2
Value of Net Assets	$11,919,000

Solvency

The solvency measures as at 30 June 2024 are shown below:

Measure	30 June 2024
VBI	129.7%
PVABI	129.7%

Contents

Throughout this report the following terms are used:

Fund
Hostplus Superannuation Fund

Sub-fund
Maritime Trident DB Sub-fund of Division 5 - Maritime Division

Trustee
Host-Plus Pty Limited, the Trustee of Hostplus Superannuation Fund

Employer
Woodside Energy Group Ltd

Trust Deed or Rules
The Fund's Trust Deed dated 1 September 2023 and subsequent amendments

The Investigation Date or Valuation Date
30 June 2024

Funding

Taking into account the projected financial position of the Sub-fund over the next three years, I do not consider that additional contributions are currently required.

In addition, I continue to recommend that the Employer contribute at the required amounts to meet any Superannuation Guarantee, contractual or any other obligations in respect of accumulation liabilities in the Sub-fund.

Other Matters involving Actuarial Oversight

I further recommend that:

- The Trustee increase the shortfall limit to 100% based on the current membership of the Sub-fund; and
- The Trustee monitor the financial position of the Sub-fund quarterly throughout the following investigation period, with results reviewed by the Actuary.

The next actuarial investigation of the Sub-fund should be conducted with an effective date no later than 30 June 2026 based on the APRA determination dated 29 August 2023. Without this determination actuarial investigations would otherwise be required on an annual basis.

The recommended employer contribution rates will be reviewed at that time or at an earlier date if considered appropriate as a consequence of the regular review of the VBI or as required by legislation.

I am not aware of any event since 30 June 2024 that warrants review of the recommendations in this report.

Chris Porter
Fellow of the Institute of Actuaries of Australia

24 October 2024

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DO: CR| TR: EC | CR/ER: CJP

Section 1: Introduction

Scope

This investigation has been prepared effective 30 June 2024 for Host-Plus Pty Limited, Trustee of Hostplus Superannuation Fund in respect of the Maritime Trident DB Sub-fund of Division 5 – Maritime Division. This report has been prepared by the actuary to the Sub-fund, Chris Porter, FIAA (Actuary).

The Trust Deed governing the Fund requires an actuarial investigation and report to be due at least every three years. Under subparagraph 14(d) of Prudential Standard SPS 160 Defined Benefit Matters, APRA has determined on 29 August 2023 that the Trustee require regular actuarial investigations of the Sub-fund to be made every two years.

The main aims of the investigation are to examine the current financial position of the Sub-fund and the long-term funding of the Sub-fund's benefits, and to provide advice to the Trustee on the contribution rate at which the Employer should contribute and on any other matters the Actuary considers relevant.

This investigation is primarily interested in the defined benefit liabilities of the Sub-fund, and unless otherwise specified, this report relates only to such defined benefit liabilities. The defined contribution liabilities of the Sub-fund, including those that relate to defined benefit members, are fully funded and do not impact upon the defined benefit liabilities. No investigation is required regarding the defined contribution liabilities, although in my recommendations I have continued to recommend that the Employer contribute to meet any Superannuation Guarantee, contractual or any other obligations in respect of such liabilities.

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

Background

On 1 September 2023, members and assets of Maritime Super were transferred to the Fund via a successor fund transfer (SFT), providing continuity of the Trident Sub-plan in Division 5 of the Fund. The Trustee was granted an exemption from APRA on 31 August 2023 under paragraph 42 of Prudential Standard SPS 160 Defined Benefit Matters to make an adjustment to the timing requirement of an initial actuarial investigation as required under paragraph 15 of SPS 160. As such, this investigation as at 30 June 2024 is the initial investigation of the Sub-fund.

The Fund is governed by a Trust Deed which was consolidated as at 1 September 2023 and subsequent amendments. The Fund is a complying superannuation fund for the purposes of the Superannuation Industry (Supervision) Act (SIS Act) and for taxation purposes.

The Sub-fund is closed to new members. Furthermore, the remaining active members of the Sub-fund were retrenched from service on or around 31 March 2024, and the benefit in respect of two of these members was still pending payment at the effective date of this valuation. All remaining members of the Sub-fund have a lump sum benefit payable or are currently in receipt of a lifetime pension.

Contributions

The level of Employer contributions is to be agreed by the Trustee and the Employer acting on the advice of the Actuary. This power is set out in Clause 4.1 of Schedule 1, Division 5 – Maritime Division of the Trust Deed which states:

> *"Subject to the Relevant Law, each Employer will contribute in respect of Members employed by it on such basis as is agreed between the Trustee and the Employer from time to time and, if necessary or appropriate, after obtaining the advice of the Actuary, provided that:*
>
> a. *contributions will be made at such times and in such manner as the Trustee and the Employer agree; and*
>
> b. *the Employers shall, to the extent necessary after taking into account the financial state of the relevant part of the Plan and having regard to the advice and valuations of the Actuary, make such contributions as are required from time to time to provide the benefits payable in respect of Members under this Schedule 1"*

If the Employer fails to pay any contributions required by the Trustee, then the Trustee may vary the benefits payable to members.

Previous Actuarial Investigation

The actuarial investigation of the predecessor fund in respect of the Sub-fund was carried out by Chris Porter, FIAA, as at 30 June 2022, with the results of that investigation set out in a report dated 6 December 2022. While this report represents the initial actuarial investigation of the Sub-fund, the results of the previous investigation as at 30 June 2022, as reported to the Trustee of Maritime Super, have been shown in this report for comparative purposes.

The previous investigation report concluded that the Sub-fund was not in an unsatisfactory financial position (as defined by SIS legislation) at that date and recommended that the following contributions were paid by the Employer:

- 22.5% of Salaries; plus
- Where a member elects to receive a lifetime pension on retirement, an additional contribution to be determined by the Actuary to maintain the funding level at the Trustee's targeted level.

I understand that the Employer has contributed amounts consistent with these rates.

Experience since 30 June 2024

Since 30 June 2024 the net return on the Sub-fund's assets to 31 August 2024 was 1.8% in respect of assets backing lifetime pensioners, and 1.6% in respect of other assets . These returns are higher than the return assumptions adopted in this investigation and, in isolation, have improved the financial position of the Sub-fund.

I understand that the two members with a lump sum payable at 30 June 2024 have now been paid. In isolation, the payment of these benefits has further improved the financial position of the Sub-fund.

I have taken into account experience since 30 June 2024 when carrying out the projection of the financial position of the Sub-fund from that date.

At the date of signing this report, I am not aware of any events subsequent to the investigation which would have a material impact on the conclusions or recommendations in this report.

Limitations

This report is provided subject to the terms set out herein and in our Master Services Agreement dated 10 January 2024, signed 6 February 2024 and any accompanying or referenced terms and conditions. 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.

We consent to the Trustee making a copy of this report available on the Fund's website where required in accordance with the relevant legislation.

The Trustee may make a copy of this report available to its auditors, the Employer or Unions 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 Employer, the Unions or any third party in this regard. The Trustee should draw the provisions of this paragraph to the attention of its auditors and the Employer or Unions 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 and Sub-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. The data and information we have relied upon is shown in the *Additional Information* section of this report.

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

Section 2: Solvency

Solvency Measures

When assessing the adequacy of the assets and future contribution rates, both the long-term and short-term solvency positions should be considered. To assess the solvency position, I have considered the following funding solvency measures:

- Vested Benefits Index (VBI), the ratio of assets to the vested benefits, which represent the total amount which the Sub-fund would be required to pay if all members were to voluntarily leave service (or are payable for benefits in the form of lifetime pensions or deferred benefits) on the investigation date; and
- The Present Value of Accrued Benefits Index (PVABI), the ratio of assets to the present value of accrued benefits, which represents the value in today's dollars, of expected future benefits payable based on membership completed to the valuation date.

The following table shows the above indices as at the valuation date, as well as the results of the previous investigation for the predecessor fund as at 30 June 2022.

	As at 30 June 2024[1]			As at 30 June 2022		
Measure	**Value of Liability**	**Value of Assets**	**Index**	**Value of Liability**	**Value of Assets**	**Index**
VBI	$9,191,000	$11,919,000	129.7%	$12,829,000	$15,520,000	121.0%
PVABI	$9,191,000	$11,919,000	129.7%	$13,450,000	$15,520,000	115.4%

The VBI and PVABI have improved from those at the previous investigation date. This is primarily a result of positive experience of the Sub-fund since 30 June 2022, in particular, lower than expected pension take-up of the retrenched members and higher than expected investment performance.

Additionally, changes in the assumptions used in the valuation of lifetime pension liabilities has resulted in an increase of 0.5% (in isolation) to these indices. This increase primarily relates to assumptions regarding future administration and operational expenses, with all expected expenses now recognised through the liability value given that all remaining members are lifetime pensioners (excluding members with lump sum benefits payable at the valuation date). This increase was partially offset by a reduction in liabilities due to the increase in discount rate assumption used to value lifetime pension liabilities.

The VBI is above 100% as at the valuation date, and as such, the Sub-fund is to be treated as being in a satisfactory financial position as at that date.

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[1] As the Sub-fund is comprised of only lump sum benefits payable and lifetime pensioners in payment at 30 June 2024, the liabilities valued under each solvency measure are identical.

Minimum Requisite Benefits Index

As the Sub-fund no longer includes any active defined benefit members it is my opinion that the Minimum Requisite Benefits Index at 30 June 2024 is equal to 1 under regulation 9.15(2) (ii) of the Superannuation Industry (Supervision) Regulations 1994 and the Sub-fund is not technically insolvent as at the valuation date.

Termination Benefits

Under the Rule 11 of Schedule 1, Division 5 – Maritime Division of the Trust Deed, on termination of the Sub-fund, the assets of the Sub-fund must be used in the following order and the Fund must then be wound up:

a. In the payment of the costs and expenses due but unpaid or likely to be incurred in connection with the termination of the Sub-fund; and then

b. As the Trustee, with the advice of the Actuary, considers appropriate to provide for benefits which became payable before the wind-up date, but have not been fully paid; and then

c. In the payment or provision of accrued benefits in respect of Members who have accumulation accounts; and then

d. In the payment or provision of the actuarial reserve to members, less any amount already paid under c. above; and then

e. In the payment and / or transfer of any residual assets among Employers.

Should the remaining assets of the Sub-fund be insufficient to provide for the benefits in any of b., c. or d., then the remaining assets shall be applied rateably amongst entitled members under b., c. or d., as applicable.

Further to b. above, in the event of the termination of the Sub-fund, the Trustee must determine if it is obliged to secure pensions by purchasing annuities from a life insurance company or by some other arrangement.

Further, upon termination, it could become necessary to liquidate existing assets. Given the assets of the Sub-fund are invested in Fund investment options, I do not expect there would be any liquidity issues if it became necessary to quickly realise funds, and the full amount of the Sub-fund’s assets at the date of termination would be available to use for meeting a. to e. (above). Therefore, I have not allowed for any discount on assets to reflect the sale of illiquid assets in the event of termination.

To broadly illustrate the Sub-fund’s ability to pay benefits upon termination, I have estimated the cost of purchasing annuities to secure the pension liabilities by valuing the pension liabilities using a discount rate that reflects the yield available on Australia high quality corporate bonds, plus a 10% loading on the liability value to make broad allowance for any administration expenses and profit margins included in the premiums charged by an insurer as well as additional expenses associated with the transfer of liabilities. I note that it is difficult to estimate the true cost of annuity contracts without seeking market quotes from an insurer.

The following table shows the estimated remaining assets available in this scenario.

	Coverage for Benefits
Net Assets at 30 June 2024	$11,919,000
Less: Lump sum benefits payable	$4,052,000
Less: Estimated assets required to secure pension liabilities	$5,261,000
Surplus / (Deficit) of assets	$2,606,000

I expect the Sub-fund to have adequate assets to pay all lump sum benefits payable and to secure contracts to pay lifetime pensions at the current level in the event that the Sub-fund is terminated.

If the Sub-fund was ever terminated, the Trustee would need to seek both actuarial and legal advice at that time to consider the method of determining and payment form of benefits from the Sub-fund.

I note that under the Trust Deed on wind-up of the Sub-fund, the Trustee has the power to reduce the amounts payable to pensioners, however, given the ongoing commitment of the Employer to support the benefits of lifetime pensioners I do not recommend that this course of action be pursued at this time.

Ability to Pay Pensions

SPS 160 requires the Sub-fund's actuary to certify whether there is a high degree of probability to pay current pensions in payment as required by the Trust Deed.

Professional Standard 410, issued by the Institute of Actuaries of Australia further specifies that a probability of at least 70% should be represented as a high probability for this purpose.

I have simulated the Sub-fund's projected financial position over the remaining lifetime of the Sub-fund, allowing for actual returns experienced since 30 June 2024 (as allowed under Professional Standard 410), and estimate a probability of greater than 70% that the Sub-fund can pay all future expected pension payments for the remaining lifetimes of the current pensioner members, including reversion pensions.

I am therefore able to certify that there is a high degree of probability to pay pensions at their current levels.

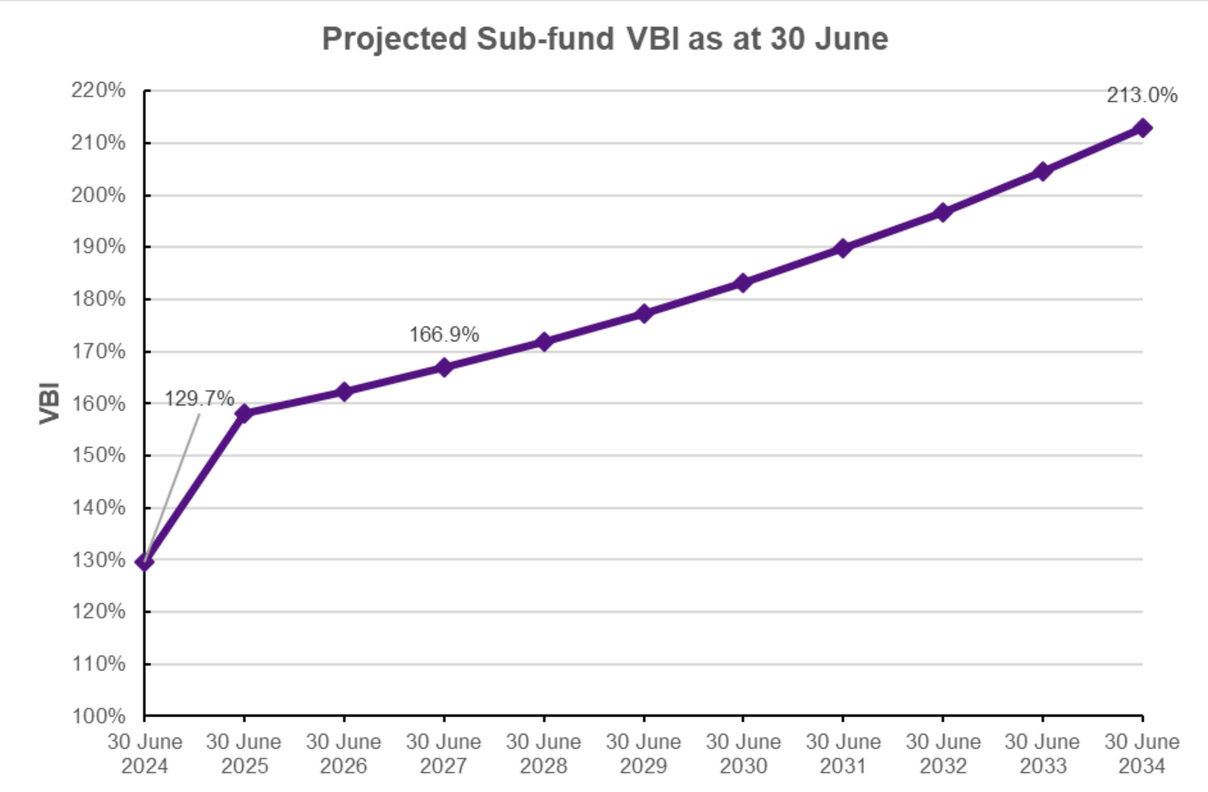
Section 3: Funding

This section considers the long-term funding of the Sub-fund and assesses the contributions required in order to fund benefits payable in future years. To determine the long-term contribution rates, I have used the Projected Benefit funding method as described in the *Additional Information* section of this report.

Vested Benefit Projection

In order to assess whether a contribution program is required to maintain the Sub-fund in a satisfactory position (i.e. a VBI above 100%), I have projected the Sub-fund's Vested Benefits Index over the next ten years based on no future Employer contributions.

I have allowed for actual investment return experience to 31 August 2024, as well as the immediate payment of lump sum benefits in this projection.



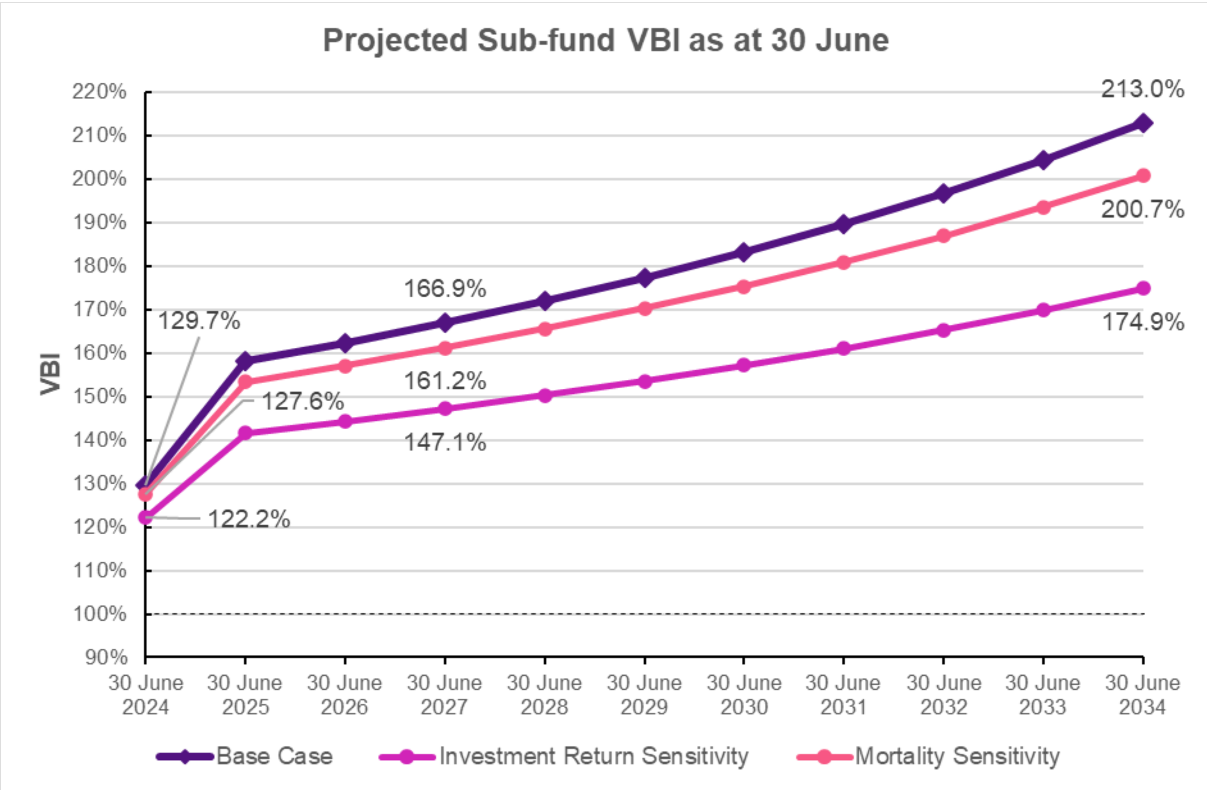
As can be seen from the graph, on the basis of the selected actuarial assumptions, the current assets of the Sub-fund are expected to be sufficient to maintain a satisfactory financial position.

Sensitivity Analysis

It is useful to consider the sensitivity of the analysis above to reasonable variations in the valuation assumptions. The following table shows the VBI calculated if key assumptions had been varied as described below:

	This Valuation Basis	Scenario 1	Scenario 2
Description	**Base Case**	**Investment Return Sensitivity**	**Mortality Sensitivity**
Discount Rate (pensioners)	6.5%	5.5%	6.5%
Discount Rate (other assets)	5.7%	4.7%	5.7%
Mortality Basis	70% ALT2015-17	70% ALT2015-17	55% ALT2015-17
Future Mortality Improvements	2% p.a. from 1 July 2016	2% p.a. from 1 July 2016	2% p.a. from 1 July 2016
VBI	129.7%	122.2%	127.7%

Similarly, the Sub-fund's projected VBI over the next 10 years under the varied assumptions, and with no additional Employer contributions are shown in the graph below:



These results show that the Sub-fund's projected financial position is moderately sensitive to long-term actuarial assumptions. While the sensitivities have been selected to be illustrative of reasonable changes in the valuation assumptions, they do not represent the upper or lower bounds of possible outcomes and more extreme outcomes are possible.

Summary

On the basis of the above results, I believe that no additional Employer contributions are required to meet the funding requirements of the Sub-fund at the current time.

I further recommend that the VBI position continue to be monitored quarterly throughout the following investigation period, with the results reviewed by the Actuary, to ensure that these contribution recommendations remain appropriate.

Section 4: Other Matters Involving Actuarial Oversight

Investments

The net market value of assets is based on the asset values declared by the respective external fund managers at 30 June 2024 which in turn are based on the market value of the assets after allowing for realisation costs.

I note that Professional Standard 404 defines the ‘Fair Value’ of assets as the value of assets before the deduction of transaction costs. Based on the type of assets held by the Fund I do not expect realisation costs to be material. I have therefore used the net market value of assets for the purpose of this investigation.

Investment Strategy

The assets of the Sub-fund are invested in the Fund’s Capital Stable option.

The Capital Stable option is a diversified portfolio, including some growth assets and some lower risk investments. The Capital Stable option’s target is to invest 37% of the fund in growth assets and 63% of the fund in defensive assets.

The return objective of the Capital Stable (pension) option is to outperform CPI by 3.0% p.a. on average over 20-year periods.

The Capital Stable option provides a reasonable level of short-term security with the potential for some capital growth in the long term.

The strategic asset allocation of the Capital Stable option as 30 June 2024 is shown in the below table:

Asset Class	Allocation
Australian Shares	8%
International Shares	11%
Private Equity	1%
Property	10%
Infrastructure	11%
Credit	7%
Alternatives	6%
Diversified Fixed Interest	28%
Cash	18%
Total Growth Assets	**37%**
Total Defensive Assets	**63%**

In my opinion an investment strategy as described above is suitable for a Sub-fund of this type having regard to its financial position, the underlying liabilities and the capacity of the respective employers to meet any funding shortfall.

Unit Pricing and Investment Reserving Policy

The assets backing the Sub-fund's liabilities are not subject to member investment choice and the net rate of return on assets does not impact the benefits of members of the Sub-fund.

Investment reserves are not held as there is no smoothing of investment earnings in the setting of unit prices. This remains appropriate.

Liquidity

I understand that the Fund's Capital Stable option currently have a soft limit for illiquid assets of 30%. As such, in my opinion the Fund has sufficient liquidity to meet payments from regular cashflows.

Shortfall Limit

The Trustee currently has an approved shortfall limit of 99%.

Based on the Sub-fund's benefit design and membership, in my opinion the 99% shortfall limit should be increased to 100% since all remaining members of the Sub-fund are lifetime pensioners in payment (following the payment of lump sum benefits payable). In practice, this higher shortfall limit means that the action will need to be taken more promptly if the financial position of the Sub-fund deteriorates in the future, with an interim actuarial review required in the event the shortfall limit is breached.

Insurance

As there are no active members, the Sub-fund has no insurance arrangements in place.

Section 5: Additional Information

Risks

The table below summarises the main risks to the financial position of the Fund.

Risk	Approach taken to risk
Investment returns on the existing assets could be insufficient to meet the Trustee's funding objectives	The Trustee takes advice from the Actuary on possible assumptions for future investment returns. In setting the future contributions, the Actuary considers the effect on the future financial position if investment returns are less than expected. The Trustee is able to agree further contributions with the Employer at subsequent valuations if future returns prove insufficient.
Falls in asset values might not be matched by similar falls in the value of the Sub-fund's liabilities	The Trustee considers this risk when determining the Sub-fund's investment strategy. It consults with the Employer in order to understand the Employer's appetite for bearing this risk and takes advice on the Employer's ability to make good any shortfall that may arise. To the extent that such falls in asset values result in deficits at future valuations, the Employer would be required to agree a recovery plan with the Trustee to restore full funding over a period of time.
Liquid assets are not sufficient to meet cashflow requirements of the Sub-fund when they fall due	The assets of the Sub-fund are invested in the Fund's Capital Stable investment option. As such, the total assets under management are sufficient to cover any potential cashflows of the Sub-fund.
Sub-fund members live longer than assumed	The Trustee adopted mortality assumptions that it regards as prudent estimates of the life expectancy of members so that higher reserves are targeted in respect of the risk than are expected to be necessary.
Legislative changes could lead to increases in the Sub-fund's liabilities	The Trustee takes legal and actuarial advice on changes in legislation and consults with the Employer or Unions, where relevant.

Economic risk | Demographic risk | Legal risk

Benefits Summary

There are no active members remaining in the Sub-fund as at 30 June 2024.

There are lifetime pensioners in the Sub-fund who receive monthly pension payments from the Sub-fund over their lifetime.

Death of a Pensioner

If a pensioner dies, a reversionary pension may be payable to their spouse or children. The total amount of the pension payable depends on the number of recipients, and is calculated as:

- Pension payable prior to Death multiplied by the percentage based on the number of recipients as follows:

Number of Recipients	%
1	50%
2	66 2/3%
3	83 1/3%
4 or more	100%

A lump sum of 50% of the pension is also payable to the pensioner's spouse.

Pensions payable to a child

A pension is payable to a child while under the age of 18 years or, in the opinion of the Trustee, a full-time student and remains engaged in a course of study at a school or tertiary institution.

Residual Benefit

Where all pension payments are complete (i.e. where the member and any dependants are deceased or no longer eligible for payment), a residual lump sum benefit if payable, if positive, calculated as:

Lump sum at retirement, less the cumulative total of all pension payments made to the member and the member's dependants.

Pension Increases

Lifetime pensions paid to former members of the Sub-fund are non-indexed.

The Trustee has the discretion to increase the pension payable to a dependent child once a year by the lesser of the increase in the Consumer Price Index over the preceding year and 5%.

Summary of Data Used in this Investigation

Membership Data

The administrator of the Fund, Australian Administration Services Pty Ltd, a member of MUFG Pension and Market Services (MUFG), has responsibility for maintaining member records, payment of benefits and other administrative tasks of the Sub-fund.

MUFG provided data in respect of members of the Sub-fund as at 30 June 2024, including members who had left the Sub-fund since the previous investigation of the Sub-fund under the predecessor fund as at 30 June 2022.

I have checked a sample of the membership data for internal consistency and am satisfied as to the accuracy of this sample.

The following tables show a summary of the membership as at 30 June 2024 and 30 June 2022:

Active Members

	30 June 2024	30 June 2022
Number of Members	-	6
Average Age	n/a	56.3
Average Service	n/a	33.6
Total Salaries	n/a	$1,619,000
Average Salary	n/a	$270,000

Pensioners

	30 June 2024	30 June 2022
Number of Members	2	1

Other membership statistics in respect of lifetime pensioners have been omitted for privacy reasons.

Other Members

Two former active members have lump sum benefits payable at the valuation date.

Assets Data

I have been provided with financial statements of the Sub-fund which I understand, given the size and materiality of the Sub-Fund, have not been subject to audit review. I have relied on these statements in determining the net asset relating to defined benefits in the Sub-fund.

The net assets exclude any amount held to meet the Trustee’s Operational Risk Financial Requirement.

I am satisfied that there are no material data discrepancies and that the data provided is suitable for the purpose of this investigation. I have relied on the information provided for the purposes of this investigation. Although I have no reason to doubt the quality of asset information provided, the results of this investigation are dependent on the quality of the asset information. Any changes to the asset values above will have an impact on the outcome of the investigation and any resulting recommendations.

Funding Method, Assumptions and Experience

Funding Method

In this valuation, I have determined the level of employer contributions required by projecting members' expected future benefits, and the expected level of future value of assets on the basis of selected assumptions, and compared its levels against relevant funding objectives. If the funding objectives are not expected to be achieved, alternative employer contributions were determined in order to achieve the funding objectives.

This funding method is suitable for this valuation, in particular, given that there are no longer any active members in the Sub-fund.

In producing my recommendations, I have also taken into account the pace of funding required to maintain certain short term solvency measures, in particular, that legislation requires the VBI to be above 100%.

This is consistent with the method used in the previous investigation. In my view this method remains appropriate.

Assumptions

In order to determine the value of expected future benefits and Sub-fund assets, it is necessary to make assumptions regarding the timing and amount of future benefit payments, expenses and contributions. In doing so it is important to examine the experience of the Sub-fund since the last valuation to see whether the previous assumptions have been borne out in practice.

While each of the assumptions used is normally the actuary’s best estimate of future experience, in practice, the actual experience in any (short) period can always be expected to differ from the assumptions to some extent. However, it is intended that over longer periods, they will provide a reasonable estimate of the likely future experience and financial position of the Sub-fund.

In the short-term, as the actual experience emerges differently to the experience implied by the assumptions, the financial position of the Sub-fund will also vary from that expected. However, adjustments to Employer contribution rates, if any, can be made to reflect these differences in the following actuarial investigation.

Financial Assumptions

Valuation assumptions can be broadly divided into demographic assumptions, which relate to characteristics of current and future members of the Sub-fund, and financial assumptions, which are assumptions other than demographic assumptions. The following sections first consider the financial assumptions that are to be adopted for this valuation.

Investment Returns

The actual rate of return on the Sub-fund's Assets (net of tax where applicable and investment expenses that are deducted from the investment return) from 30 June 2022 to 30 June 2024 are set out in the table below:

Year Ending	Net Investment Return	Gross Investment Return
30 June 2023	5.2%	5.9%
30 June 2024	5.1%	5.7%
Overall	5.2% p.a.	5.8% p.a.

Over the two-year period to 30 June 2024 the assets held in the Sub-fund in respect of active members returned 5.2% p.a. which is higher than the rate assumed in the previous investigation of 4.0% p.a. (net of tax). The assets held in respect of pensioners returned 5.8% p.a. over the same period, which is higher than the assumed rate in the previous investigation of 5.1% p.a. In isolation, this has had a positive impact on the financial position of the Sub-fund.

While short-term differences between actual investment return experience and the actuarial assumption can affect the long-term financial position of the Sub-fund as measured by the actuarial investigation, the assumption used in the investigation must be based on long-term expectations since the investigation involves valuing payments in the future.

Based on models of future investment returns developed by WTW, the current expectations of investment returns over the remaining lifetime of the Sub-fund, net of taxation (where applicable) and investment management expenses and the current strategic asset allocation of the Sub-fund is 6.5% p.a. in respect of pensioners and 5.7% p.a. in respect of other assets. On this basis, I have assumed an investment earning rate of 6.5% p.a. for assets in respect of pensioners, which is higher than the assumed long-term earning rate used for the previous investigation of 5.1% p.a. While there are no remaining active defined benefit members in the Sub-fund, assets in surplus of the liabilities relating to lifetime pensioners are subject to investment tax. I have therefore assumed an investment earning rate of 5.7% p.a. in respect of other assets, which is higher than the assumed long-term earning rate used for the previous investigation of 4.0% p.a.

Salary Increases

The average salary increases during the investigation period for the members remaining in the Sub-fund until 31 March 2024 before retrenchment was 7.3% p.a. This is higher than the salary increases assumption adopted for the previous actuarial investigation of 5.8% p.a. In isolation, this has had a negative impact on the financial position of the Sub-fund.

As there are no remaining active defined benefit member in the Sub-fund, no assumptions are required to be made regarding future salary increases.

Pension Increases

The lifetime pensions paid by the Sub-fund are non-indexed.

The Trust Deed allows the Trustee to apply discretionary pension increases to pensions in payment to dependent children. No such pensions are currently in payment and no allowance for future discretionary increases has been made in the valuation.

Administration Expenses and Insurance Costs

For this investigation, I assumed long-term administration and operational expenses of 18% of pension amounts. This reflects the following:

- A weekly administration fee of $4.1888 per member, in line with the MUFG administration expenses and an annual administration fee of $234 per member in respect of Hostplus fees; and
- Operational expenses of $60,000 p.a.

Fixed dollar expenses are assumed to increase in line with CPI.

In the previous investigation, I assumed:

- A long-term rate of expenses of 0.215% p.a. of assets; and
- An allowance for insurance premiums of 1.9% of Salaries.

The long-term expenses of 18% of pension amounts has been taken into account when calculating the present value of pension liabilities, with the value of future expenses included in liability amounts.

Demographic Assumptions

Rates at which Employee Members Cease Service

As assumed in the previous investigation, all remaining active members ceased service on or around 31 March 2024, with no exits prior to that date.

Pension Take-up Assumption

On retirement, members had the option of receiving the retirement benefit in the form of a lump sum or lifetime pension.

Of exits over the intervaluation period, 27% of eligible benefits were taken in the form of a lifetime pension. This is lower than the pension take-up assumption adopted for the previous actuarial investigation of 50%. This has had a positive impact on the financial position of the Sub-fund.

Assumptions regarding the rates at which members leave service and the form of benefits taken are no longer required as there are no remaining active members in the Sub-fund.

Pensioner Mortality

There were no pensioner deaths over the intervaluation period.

As the number of pensioners in the Sub-fund is very small, it is difficult to draw conclusive information from completing a demographic analysis.

For this valuation I have retained the same mortality assumptions as used in the previous investigation.

The mortality assumptions are based on the mortality studies in respect of the population of Australia. An adjustment to these rates has been applied to reflect that pensioners in the Sub-fund are likely to exhibit lighter mortality rates than the general Australian population. Additionally, allowances have been made for future mortality improvements.

Assumption	30 June 2024	30 June 2022
Base Table	70% of ALT 2015-17	70% of ALT 2015-17
Future Mortality Improvements	2% p.a. from 1 July 2016	2% p.a. from 1 July 2016

Dependant Assumptions

Actual data is collected regarding lifetime pensioners' marital status and spouse date of birth.

No allowance is made for pensions that may be payable to children on the death of a lifetime pensioner, however this could present an additional funding strain if such eligible children exist upon the death of a pensioner.

Statutory Statements Under SPS 160

Hostplus Superannuation Fund, Maritime Trident DB Sub-Fund of the Maritime Division

Actuarial Investigation as at 30 June 2024

The statements required under paragraphs 23(a) to (i) of SPS 160 for initial and regular investigations are set out below:

A. Sub-fund Assets

At 30 June 2024 the net market value of assets of the Sub-fund, excluding any amount held to meet the Operational Risk Financial Requirement (ORFR), was $11,919,000.

B. Projection of Defined Benefit Vested Benefit Index

Based on the actuarial assumptions and the recommended contributions set out in G below, I project that the likely future financial position of the Sub-fund over the three years following the investigation date will be as follows:

Date	Defined Benefit Vested Benefits Index
30 June 2024	129.7%
30 June 2025	158.0%
30 June 2026	162.3%
30 June 2027	166.9%

C. Accrued Benefits

The value of the accrued liabilities of all members as at 30 June 2024 was $9,191,000.

In my opinion, the value of the assets of the Sub-fund at 30 June 2024 was adequate to meet the liabilities in respect of accrued benefits in the Sub-fund (measured as the present value of members' accrued entitlements using the actuarial assumptions).

This assessment has been made using assumptions and a valuation method which I regard as reasonable.

D. Vested Benefits

The value of the vested benefits of all members as at 30 June 2024 was $9,191,000.

In my opinion, the financial position of the Sub-fund is not unsatisfactory. I recommend that the Trustee increase the shortfall limit to 100% based on the current membership of the Sub-fund.

E. Minimum benefits

As the Sub-fund no longer includes any active defined benefit members, it is my opinion that the Minimum Requisite Benefit Index for the Sub-fund is equal to 1 under regulation 9.15(2) (ii) of the Superannuation Industry (Supervision) Regulations 1994.

F. Funding and Solvency Certificates

Funding and Solvency Certificates applicable to the Sub-fund covering the period from 1 September 2023 (the date of the SFT) to 30 June 2024 required by the Superannuation Industry (Supervision) Act have been provided. In my opinion, I am likely to be able to provide Funding and Solvency Certificates for the Sub-fund covering the period from 30 June 2024 to 30 June 2027.

G. Employer Contributions

The report on the actuarial investigation of the Sub-fund at 30 June 2024 recommends that additional Employer contributions in respect of defined benefit liabilities are not required.

H. Payment of Pensions

In my opinion, at the valuation date, there is a high degree of probability that the Sub-fund will be able to pay the pensions as required under the Sub-fund's governing rules.

Pre-July 1988 Funding Credit

No pre-July 1988 funding credits have been granted to the Sub-fund.

Chris Porter
Fellow of the Institute of Actuaries of Australia

24 October 2024

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DO: CR| TR: EC| CR/ER: CJP

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At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at wtwco.com.