



PRIVATE & CONFIDENTIAL

6 December 2021

Thi Vo
Employer Implementation & Transition Manager
IOOF Holdings Ltd
Level 10
347 Kent Street
Sydney NSW 2000

Dear Thi,

FIVE STAR SHIPPING SUPERANNUATION PLAN
Actuarial Valuation as at 30 June 2021

Attached is the report on the actuarial investigation of the above fund.

Thank you for the opportunity to assist you. If you have any questions, please call me on (02) 9233 4300.

Yours sincerely

Jeff Humphreys
Director



Actuarial Investigation **Regulation 9.29A(2) of the SIS Regulations**

IDENTIFICATION

<i>Name of Fund</i>	Cosco Shipping Lines (Oceania) Pty Ltd Super Plan, the “Fund”.
<i>Employer</i>	Cosco Shipping Lines (Oceania) Pty Ltd.
<i>Purpose</i>	This investigation is made to satisfy SPS 160 issued under the Superannuation Industry (Supervision) Act.
<i>Date of Investigation</i>	30 June 2021
<i>Report is addressed to</i>	OnePath Custodians Pty Limited (The Trustee) as trustee of the OnePath MasterFund
<i>Responsible actuary</i>	Jeffrey Humphreys
<i>Capacity</i>	Actuary of Actuaries in Super Pty Ltd on appointment by the Trustee.
<i>Date of Report</i>	6 December 2021
<i>Previous report</i>	The previous investigation was carried out by Jeffrey Humphreys as at 1 July 2018, report dated 17 December 2018.

NATURE OF FUND

<i>Structure of Fund</i>	The Fund is a subfund of the OnePath MasterFund.
<i>Compliance status</i>	The Fund is part of a regulated superannuation fund under the SIS Act.
<i>Taxation Status</i>	The Fund is subject to tax as a regulated superannuation fund.



GOVERNING RULES

Documentation

The Fund's Trust Deed is dated 1 September 1992.

The Fund's commencement date is 18 November 2009.

Benefit Provisions

The rules provide for members to accumulate superannuation benefits under a defined benefit design. The defined benefit design is set out in the Benefit Specification Schedule, attached separately.

Employees of the Employer may also have accumulation benefits, but these are supported by assets held outside the Fund.

Contribution Provisions

The Fund may receive contributions in accordance with complying fund requirements.

Timing of investigations

An actuarial investigation is required once every three years, the next due no later than 30 June 2024 (report to be received by the Trustee within 6 months).

ACCOUNTS

The accounts, financial and other data and information used for the valuation were supplied by Thi Vo, Premium Employer Services Consultant, ANZ.

The accounts are as at 30 June 2021.

EXPERIENCE

Quality of data

Data is in good order.

Investment returns

The Fund earning rate after tax and investment expenses is set out below. Returns for the period have been slightly above those expected at the last valuation.

Year Ending 30 June	Investment Return (% p.a.)
2019	4.8
2020	-2.8
2021	16.1
Whole Period	5.2%

Salary Increase

Salaries have increased at the rate of approximately ██████ % p.a. over the 3 years since the last valuation. This is consistent with expectations.



Membership numbers

There were [redacted] defined benefit members as at 1 July 2021 aged [redacted]

Members are at or approaching the retirement ages. The mean term of the liabilities is difficult to estimate with very low membership numbers and the accumulation benefit currently well in excess of the defined benefit. However, it is reasonable to assume the liabilities are medium term.

ASSETS

Quality of data

Data is in good order.

Summary of investments

As at 1 July 2021 the assets backing the liabilities of the Fund are invested in the Legg Mason Balanced Fund.

The investment allocation for the assets as at 30 June 2021 is summarised below.

Asset Class	Benchmark (%)
Fixed Income Australia	23
Fixed Income International	8
Property securities	12
Australian equities	34
Global equities	21
Other	0
Cash	2
Total	100

Value

The value of the assets of the Fund shown in the Quarterly Statement 30 June 2021 is \$ [redacted].

The value of the assets used for the purpose of the investigation is \$ [redacted].



INVESTMENT POLICY

Suitability to liabilities The assets are invested in listed shares, fixed interest, and cash with a high weighting (around 67%) to Growth assets.

I provided a separate report on the investment strategy in a report to the Trustee dated 14 January 2021. My advice recommended, with reasons, that the current strategy should be maintained. I have reviewed this advice and it remains appropriate.

Recommendations The Trustee should ensure communication to members makes the design clear and discloses both the accumulation benefit and defined benefit as well as the vested benefit.

INSURANCE

Requirement The unfunded portion (total benefit less the Accrued Benefit) of death and TPD benefits and the TTD benefit are insured under a policy held by the Trustee with OnePath Life Limited.

With the current strong financial position of the Fund, the level of cover is more than sufficient to meet the death, TPD and TTD benefit liabilities.

The insurance arrangements are appropriate for the Fund.

Recommendations The Trustee should reconsider the level of insurance as assets cover the cost of the death sum insured, TPD sum insured and the payment of the SCI benefit to all three members with a margin of 10%.



VALUATION

Valuation method

The Attained Age Normal Method has been used to estimate the required Employer contribution rate in respect of the future service liability of existing members. It also estimates the amount of any excess of assets over past service liabilities.

Valuation Basis

The assumptions for the valuation are set out below.

Investment returns net of tax and investment expenses, 4.5% p.a. based on the fund's current asset mix and the expected future returns of each asset class. The assumption at the last valuation was 4.5% p.a..

Salary increase rate of █% based on past experience for the members of the fund and the current future economic outlook. The assumption at the last valuation was █% p.a..

Age decrement rates, sample set out below (unchanged from the previous valuation):

Age	Resignation and Retirement	Death and TPD
35	5%	0.1%
40	4%	0.1%
45	3%	0.2%
50	2%	0.4%
55	20%	0.6%
60	20%	0.9%
65	100%	

Valuation Data

There are █ defined benefit members with salaries of \$ █ and defined benefit vested benefits of \$ █ and accumulation vested benefits \$ █. Members receive the greater of the accumulation benefit (Withdrawal Benefit) and the defined benefit.

Valuation Results

The valuation results are set out in the tables below.

Vested Benefits

Value of	\$
Vested Benefits	█
Assets	█
Vested Benefit Index	155%



The Vested Benefits Index remains stable (last valuation 157%).
 MRB's are clearly covered by the assets with a very large margin
 by examination of the position above.

A Fund projection including vested benefits has been
 undertaken.

Valuation Balance Sheet

Value of Defined Benefit Past Service Liability	Resignation and Retirement	█	█
	Death and TPD	█	
Surcharge Accounts			█
Value of Accumulation Accounts			n/a
Total Past Service Liability			█
Value of Assets			█
Excess of Assets over past service liabilities			█

Current Contributions

The Employer currently contributes at the rate of █% of salaries.
 The members contribute at the rate of 5% of salary.

Contribution Recommendation

The Fund is in a very strong financial position as detailed above.
 The future service liabilities and normal contribution rate are set
 out in the table below.

Valuation Results		\$'000	
Value of Future Service Liabilities	Retirement and Resignation	█	
	Death and TPD	█	█
Value of Future Member Contributions			█
Value of net Future Service Liability of DB Members			█
Value of 1% of salaries of DB Members			█
Contribution Rate		% of Salary	
Net Employer Contribution Rate		13.1%	
Expenses		4.0%	
Tax on Employer contributions		2.2%	
Required Normal Contribution Rate		19.3%	

A Normal rate of █% of salaries is indicated.

However, the Fund is in a very healthy financial position. The
 excess of assets over liabilities exceeds the value of future service



liabilities by a considerable margin. This means that contributions do not need to be made to the Fund at least for a period.

The Employer contribution is recommended to remain at 0%. . The Fund projection indicates that the excess of assets over liabilities and vested benefits is sufficient to support this recommendation until at least the next valuation.

The recommendation will be reviewed at the next valuation.

There is a strong possibility that the Employer will not have to contribute again at any time over the life of the Fund if the investment performance and salary increases are in line with my assumptions.

Termination Benefits

On termination of the Fund, the assets are distributed to members in accordance with the procedures set out in the Benefit Specification Schedule. The Employer has no obligation to top up the assets if they are insufficient to cover accrued benefits or vested benefits.

MATERIAL RISKS

The material risks for the Fund are:

***Investment Return/
salary increase***

A sustained period of poor investment returns, or a large salary increase for one or more of the members.

Regulatory and policy risks

These are numerous, examples include:

- the effect of increased fees for regulators;
- the cost of compliance as it becomes more onerous and complex; and

the effect of changes to the rules relating to superannuation or retirement incomes policy.

SENSITIVITY ANALYSIS

Sensitivity analyses have been undertaken in relation to the material risks set out above. These show that the Fund is able to absorb poor investment performance or high salary increase rates unless these are very extreme.



COMPLIANCE

**Statement of
compliance**

This investigation complies with Professional Standard 400 of the Institute of Actuaries of Australia.

This report meets and has satisfied all internal checks.

Jeff Humphreys
Fellow of the Institute of Actuaries of Australia
Director
6 December 2021