



PRIVATE & CONFIDENTIAL

8 December 2021

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

Dear Thi,

GARUDA INDONESIA SUPERANNUATION FUND
Actuarial Valuation as at 30 June 2021

Attached is the report on the actuarial investigation of the above fund satisfying the SIS Act and SPS 160.

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>	Garuda Indonesia Staff Superannuation Fund (the “Fund”).
<i>Employer</i>	Garuda Indonesia
<i>Purpose</i>	This investigation has been undertaken 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>	8 December 2021
<i>Previous report</i>	The previous investigation was carried out by Jeffrey Humphreys as at 1 July 2018, report dated 21 December 2018.

NATURE OF FUND

<i>Structure of Fund</i>	The Fund is a subfund of the OnePath MasterFund superannuation Fund.
<i>Compliance status</i>	The Fund is a regulated superannuation fund under the SIS Act.
<i>Taxation Status</i>	The Fund is subject to tax as a regulated superannuation fund. No employers contribute to the Fund for the purpose of meeting their Superannuation Guarantee obligations.

GOVERNING RULES

<i>Documentation</i>	The Fund’s Trust Deed is dated 30 June 2005 (unsigned).
<i>Benefit Provisions</i>	The rules provide for members to accumulate superannuation benefits under an accumulation design or (closed) defined benefit design. The defined benefit design is

set out in Appendix 3 of the Garuda Employer Application v8.

The defined benefit assets are segregated from the accumulation assets.

Contribution Provisions

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

Timing of investigations

An actuarial investigation, under normal circumstances, is required once every three years, the next due no later than 30 June 2024.

ACCOUNTS

The accounts, financial and other data and information used for the valuation were supplied by Thi Vo in an email dated 22 October 2021.

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.

Year Ending 30 June	Investment Return (% p.a.)
2019	6.9%
2020	-3.1%
2021	20.9%
Whole Period	7.9%

Salary Increase

Salaries have increased at an average rate of █% p.a. (last valuation █% p.a.) over the 3 years since the last valuation.

Membership numbers

There were █ (last valuation █) defined benefit members as at 1 July 2021.

The age distribution of these members is shown graphically below.

There is a wide distribution of ages within the fund. Most remaining members are approaching normal retirement age (age 60) with █ reaching retirement age in the next █ years. █

ASSETS

Quality of data

Data is in good order.

Summary of investments

As at 1 July 2021 the assets backing the defined benefit liabilities are invested 32% in the OnePath Managed Growth Fund and 68% in the OptiMix Growth Fund.

The target and actual investment allocation for these two funds are summarised below. This information comes from the Annual Statement for the defined benefit assets.

Asset Class	Current (%)		
	OnePath Managed Growth	OptiMix Growth Fund	Average
Cash	2.94	0.1	1.01
Fixed Interest	14.89	6.4	9.13
Property	11.74	9.63	10.31
Shares Aust	22.1	32.47	29.13
Shares Int	31.35	38.87	36.46
Other	16.98	12.53	13.96

Value

The value of the defined benefit assets of the Fund is \$ [REDACTED]

This is the value used for the purpose of the investigation.

Liabilities for the accumulation accounts of defined benefit members and accumulation members are backed by segregated assets that fully cover the liabilities. The value of these accounts was \$ [REDACTED].

INVESTMENT POLICY

Suitability to liabilities

The defined benefit assets are invested in a wide range of diverse assets including listed shares, fixed interest, and cash with a high weighting (around 80% to 90%) to Growth assets. This will create considerable fluctuations in annual returns as can be seen from the historical results. The investment strategy is reasonable given the Fund has a very healthy reserve (see below) and is able to support the current investment strategy.

The assets are sufficiently liquid given the liabilities of the Fund.

The assets are suitable for the liabilities of the Fund.

However, the liabilities are shortening, and members have very different risk outlooks under the Plan's design. It therefore remains appropriate to consider the suitability of the current strategy.

Recommendations

The Trustee should undertake a review of the Investment Strategy of the Fund and discuss this with the Employer. Given the very strong financial position, the Trustee may feel it is in members' best financial interests to "lock in" the financial position.

The Trustee should put in place an Investment Strategy Statement.

These recommendations are unchanged from the previous valuation.

INSURANCE

Requirement

The unfunded portion of death and TPD benefits 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 and TPD benefit liabilities. However, ceasing insurance cover may create issues of insurability if at some future point insurance cover was again required.

The insurance arrangements are appropriate for the Fund.

Recommendations

The Trustee should review the level of insurance as assets cover the cost of the death and TPD benefits with a margin of 70%.

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.

Only the assets and liabilities in respect of the defined benefits are included in the valuation. Accumulation balances of defined benefit members and accumulation members are held in a separate accumulation account supported by separate assets.

Valuation Basis

The assumptions for the valuation are set out below.

Investment returns net of tax and investment expenses, 4.5% p.a. (last valuation 4.5% p.a.) based on the fund's chosen asset mix and the expected future returns of each asset class and having regard to the relativity with the salary increase assumption.

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

Age decrement rates, sample set out below:

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	100%	n/a

Valuation Data

There are █ defined benefit members with defined benefit vested benefits of \$█m (last valuation █), total defined benefit vested benefits of \$█m and total salaries of \$█m.

Valuation Results

The results are summarised in the table below:

		\$'000	\$'000
Value of Defined Benefit Past Service Liability	Resignation and Retirement	█	█
	Death and TPD	█	
Surcharge Accounts			0
Total Past Service Liability			█
Value of DB Assets			█
Excess of Assets over past service liabilities			█

At the valuation date, the value of the assets of the Fund is adequate to meet the liabilities in respect of the accrued benefits of the members of the Fund. The Fund is not in an Unsatisfactory Financial Position.

The value of Future Service liabilities amounts to \$ [REDACTED], which is currently well covered by the excess assets and the value of member contributions.

The key indices of financial performance are set out in the table below.

\$'000	Vested Benefits	Value of	
		Accrued Benefits	Total Benefits *
Liability	[REDACTED]	[REDACTED]	[REDACTED]
Assets	[REDACTED]	[REDACTED]	[REDACTED]
Index	215%	223%	199%

* net of the value of Member Contributions

The VBI has increased from 185% at the last valuation to 215%. The ABI has reduced slightly from 231% at the last valuation to 223%.

The Fund is in a very strong financial position. The assets cover not only the value of accrued benefits but also the value of all future benefits, after allowing for the value of future member contributions, with a margin of 99%.

A Fund projection has been made. This indicates that the Fund will remain in a very strong financial position over the next 3 years.

The Fund has no Minimum Requisite Benefits.

The Employer does not currently contribute.

The members contribute at the rate of 5% of salary.

The Fund was in a very strong financial position at the last valuation. This has improved over the last 3 years.

The Employer contribution rate is recommended to continue at the rate of 0%.

There is a high likelihood that the Employer will not have to contribute again at any time over the life of the Fund particularly if the investment strategy is managed appropriately and salary increases remain low.

Contribution Requirements

Contribution Recommendation

Surplus Management

Because of the very large surplus position of the Fund, the Trustee should commence a process for managing the possibility that a surplus will remain when the last member exits.

Termination Benefits

Clause 40 of the Trust Deed indicates the requirements on members ceasing to be employees or the Employer becoming bankrupt or placed in liquidation or receivership. In these cases, the Fund shall be wound up and the benefit paid in accordance with the Rules after deducting administration and wind up costs.

Voluntary termination of the Fund by the Employer is not covered in the Trust Deed. Presumably, similar requirements would prevail.

MATERIAL RISKS

The material risks for the Fund are:

Investment Return

The Fund is currently able to absorb poor (relative to that expected in my assumptions) investment performance relative to salary increases. The Fund would be able to meet its liabilities on lower investment returns than assumed with the breakeven point being a return of approximately -7% p.a. for the remaining life of the Fund.

Regulatory and policy risks

These are numerous. Examples include the effect of increased fees for regulators and 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 and high salary increase rates without an adverse impact on the financial position of the Fund.

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
8 December 2021