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30 November 2023

Toll Group Superannuation Plan: Actuarial Investigation as at 30 June 2023

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1 Executive summary and recommendations

1.1 Introduction

I have carried out an actuarial investigation of the Toll Group Superannuation Plan (the Plan) a defined benefit plan within the Retirement Portfolio Service (RPS) as at 30 June 2023 (valuation date).

This report has been prepared for the Plan's Trustee, OnePath Custodians Pty Limited, and will also be provided to the employer participating in the defined benefit section of the Plan, Strait Link Shipping Pty Ltd (Strait Link).

The main purposes of the investigation are to:

- Examine the financial condition of the Plan at the valuation date.
- Recommend the employer contributions required by Strait Link to meet its continuing benefit obligations, and to maintain the Plan in a sound financial condition.
- Consider the appropriateness of the Plan's investment and insurance arrangements.
- Satisfy the actuarial investigation requirements of the Superannuation Industry (Supervision) Act 1993 (SIS).

I carried out the previous actuarial investigation of the Plan, as at 1 July 2020. My report was dated 22 December 2020.

This report complies with the Actuaries Institute's Professional Standard 400: Investigations of the financial condition of defined benefit superannuation funds.

1.2 Financial position at 30 June 2023

My actuarial investigation of the Plan focuses on the financial condition of the closed defined benefit section of the Plan.

The Plan was in an unsatisfactory financial position (as defined under SIS) at the valuation date, with the Plan's defined benefit section assets providing only 97% coverage of members' vested benefits (with allowance for back-dated salary increases).

Asset coverage of vested benefits	
Assets	[redacted]
Vested benefits	
Asset coverage	**97%**

I have already notified both the Trustee (in a letter date 16 October 2023) and APRA (17 October 2023) that the financial position of the Plan may be, or may be about to become, unsatisfactory.

1.3 Valuation assumptions

I have valued the Plan's defined benefit liabilities at 30 June 2023 using the following financial assumptions:

Assumption	Rate (% p.a.)
Investment return (net of investment expenses and tax)	
2023-24	2.0%
Thereafter	3.5%
Salary growth	5.0%

1.4 Future service employer contribution rate

On the valuation assumptions adopted, employer contributions at the rate of 20.4% of defined benefit member salaries would be required to fund the Plan's future accruing defined benefit liabilities, excluding allowance for future expenses and insurance premiums. This contribution rate is inclusive of the member pre-tax contribution rate of 5.88% of salary.

Employer contribution rate	
Future service liability	
Projected benefits	[redacted]
Value of future contributions of 1% of salary	
Contribution rate	17.3%
plus: Allowance for contributions tax	3.1%
Contribution rate required	**20.4%**

1.5 Past service employer contributions

At the valuation date, the past service liability was [redacted] and Plan assets amounted to [redacted] Therefore, additional employer contributions are also required to fully fund the past service liability.

The additional amount required at the valuation date would have been [redacted] i.e. [redacted] - [redacted]) / (1 -15%) to allow for contributions tax.

1.6 Recommendations

On the valuation assumptions adopted, the employer contributions expected to be required to fully fund the Plan's defined benefits are:

- A future service contribution rate of 20.4% of defined benefit salaries, plus
- An additional contribution of [redacted] to fully fund the past service liability.

A further additional contribution is required to maintain an asset buffer over and above projected vested benefits, to improve the likelihood that the Plan remains in a satisfactory financial position.

My recommendations below are expected to restore the Plan's asset coverage to 105% of vested benefits within a year of the valuation date, and to maintain a 5% asset buffer over the following 1½ year period that the Plan will remain a defined benefit plan.

To achieve this 105% target, a further lump sum contribution of [redacted] s required, i.e. bringing the total lump sum contribution requirement to [redacted] I have split this amount into two instalments.

I recommend that:

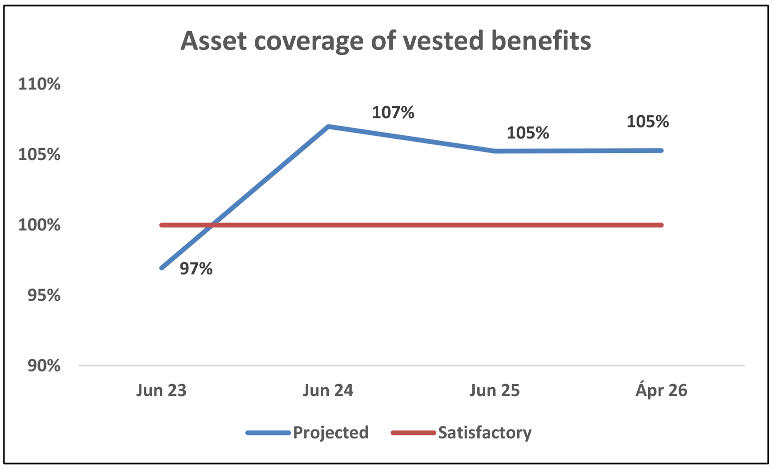
- Strait Link should increase its contribution rate from 5.88% to 20.4% of defined benefit member salaries from 1 February 2024, inclusive of the member pre-tax contribution rate of 5.88% of salaries.
- Strait Link should maintain its contribution rate of 3% of salaries towards members' Industrial Agreement Accounts in the accumulation section of the Plan.
- Strait Link should pay additional contributions sufficient to restore the Plan's asset coverage to a target funding level of 105% of defined benefit vested benefits. These contributions should be paid in two instalments: [redacted] no later than 31 March 2024, and a second instalment, estimated to be [redacted] but subject to more detailed calculation and confirmation, no later than 30 June 2024.

[redacted]

- Strait Link should reimburse the Plan for the administration expenses and insurance premiums attributable to the defined benefit section of the Plan as these are incurred.
- Strait Link should pay direct any other fees attributable to the defined benefit section of the Plan e.g. actuarial or other consulting fees.

1.7 Vested benefit projections

The graph below summarises the Plan's projected asset coverage of member vested benefits over the 2½ period following the valuation date (after which the Plan will cease to be a defined benefit plan). The projected assets and vested benefits are based on the recommended employer contributions, and the valuation assumptions adopted.



1.8 Future actuarial review

Under SIS, the next actuarial investigation of the Plan would be due as at 30 June 2026. However, the Plan will cease to be a defined benefit plan before this date.

I understand that the Trustee monitors the Plan's defined benefit asset coverage of vested benefits on a monthly basis, and will notify me if this measure falls below 100%.

.

John Newman
Fellow of the Institute of Actuaries of Australia
30 November 2023

2 The Plan

2.1 Overview

The Plan is a defined benefit sub-plan within the Retirement Portfolio Service (RPS). OnePath Custodians Pty Limited is the RPS Trustee. Insignia Financial Ltd (Insignia) provides administration services to the Plan.

The Plan is regulated by the Australian Prudential Regulation Authority (APRA) under the Superannuation Industry (Supervision) Act 1993 (SIS). As a regulated and complying plan, employer contributions are tax deductible to Strait Link, but subject to tax in the hands of the Trustee, and the Plan's investment income is subject to concessional rates of tax.

The Plan contains a closed defined benefit section, and an accumulation section open to new members. Although the Plan is administered as two separate sections, the Trustee has confirmed that the RPS's structure allows cross-subsidies between these sections so that employer costs, and shortfalls or surpluses, can be taken together across the Plan as a whole.

Strait Link uses the Plan to meet its Superannuation Guarantee (SG) obligations under the Superannuation Guarantee Administration Act 1992.

2.2 Trust Deed

The Plan is governed by the provisions of the RPS Trust Deed, and the Plan's Employer Application Form and Benefit Specification Schedule, and any subsequent deeds of amendment.

For ease of reference, the Plan's governing provisions are referred to collectively in this report as the Trust Deed.

The benefit provisions relating to the Plan's defined benefit members are summarised in Appendix 1 to this report.

3 Data

3.1 Reliance on data provided

My actuarial investigation of the Plan focuses on the financial condition of the closed defined benefit section, and is based on 30 June 2023 membership and investment data provided by the Plan's administrators, Insignia.

I have checked the data for reasonableness and consistency with the Trust Deed. However, I have not independently verified the data, hence my report necessarily relies on the accuracy and completeness of the data provided.

3.2 Membership

At the valuation date, the Plan contained only [redacted]

3.3 Asset value

I have taken the defined benefit section asset value as [redacted] at the valuation date, based on the Plan's Statement of Account for the 2022-23 financial year.

This was the value of the Plan's investment holdings in the Optimix Conservative investment option at the valuation date. Based on the information provided by the Plan's administrators, I am not aware of any amounts payable to or from the Plan that would require adjustment to this asset value.

3.4 Vested benefits

The vested benefi[redacted] is a retirement benefit based on Final Average Salary (FAS). We have been advised that under an industrial agreement which had not yet been finalised at the valuation date, [redacted] entitled to backdated salary increases of an estimated 6% at 30 June 2022 and a further 5% at 30 June 2023.

We have allowed for these developments since the valuation date, and calculated 30 June 2023 vested benefits as [redacted] based on FAS using these higher salaries.

4 Plan's experience since previous investigation

4.1 Benefit changes

Since the previous actuarial valuation of the Plan, there have been no changes to the Trust Deed relating to the calculation of members' benefit entitlements.

4.2 Membership changes

There have also been no changes to the Plan's membership since the previous 30 June 2020 valuation date.

4.3 Employer contributions

The previous valuation report recommended that:

- Toll Group (the former employer) should increase its defined benefit section contribution rate from 5.88% of salaries to 10.0% of salaries from 1 February 2021 (both inclusive of the member pre-tax contribution rate of 5.88% of salaries).
- Toll Group should maintain its contribution rate of 3% of salaries towards [redacted] Industrial Agreement Account in the accumulation section of the Plan.
- Administration and consulting expenses could be met from Plan surplus.

I am advised that the recommended contribution rate increase was not implemented, and hence that Toll Group, and more recently Strait Link, have continued to contribute to the Plan at the rate of 5.88% of salaries.

4.4 Investment returns

In the previous valuation, it was assumed that the Plan's investment return would be 3.5% p.a.

I estimate the Plan's actual investment return over the three year period, inclusive of investment fee rebates, as 3.3% p.a. This is broadly consistent with those of similar investment options in the market. The Chant West performance survey at 30 June 2023, for example, shows a median three-year investment return for conservative funds (with a 21% to 40% allocation to growth assets) of 3.2% p.a., net of investment fees and tax.

However, the investment return is slightly lower than expected, and this will have had an unfavourable financial impact on the Plan over the three-year period.

4.5 Member salary growth

The previous valuation assumed defined benefit salary growth of 3.0% p.a., based on advice from Toll Group (the former employer).

The membership data provided shows that defined benefit salaries have increased by only approximately 7% since 30 June 2020. However, Strait Link have advised that there are two back-dated pay increases still to be finalised, and that these are expected to increase defined benefit salaries at 1 July 2022 by an estimated 6%, and at 1 July 2023 by a further 5%. Salary growth over the three-year period therefore is expected to average approximately 6% p.a., materially in excess of the 3% p.a. assumed.

4.6 Real rate of investment return

The key measure impacting the Plan's financial position is the real rate of investment return, i.e. the investment return over and above the rate of member salary growth.

At the previous 30 June 2020 valuation, it was assumed that the Plan's real investment return would be +0.5% p.a., i.e. investment return of 3.5% p.a. less salary growth of 3.0% p.a.

In practice, and with allowance for the back-dated salary increases, the Plan's actual real rate of return has been approximately -2.7% p.a. (i.e. 3.3% p.a. investment return less 6.0% p.a. salary growth).

This will have had a materially unfavourable impact on the Plan's financial position over the three year period.

4.7 Financial position at 30 June 2023

On the assumptions adopted for the previous valuation, Plan assets were expected to provide 109% coverage of defined benefit members' vested benefits at 30 June 2023.

Based on the membership data provided, with allowance for the back-dated salary increases advised by Strait Link, I calculate the Plan's financial position at 30 June 2023 as:

Asset coverage of vested benefits	
Assets	[redacted]
Vested benefits	[redacted]
Asset coverage	**97%**

Therefore the Plan was in an unsatisfactory financial condition (as defined under SIS) at the valuation date, with defined benefit section assets providing only 97% coverage of defined benefit vested benefits.

The deterioration in the Plan's funding position is attributable mainly to:

- The plan's negative real rate of investment return, and
- Employer contributions not being increased in line with previous actuarial recommendations.

4.8 Unsatisfactory financial position

I have already notified both the Trustee (in a letter date 16 October 2023) and APRA (17 October 2023) that the financial position of the Plan may be, or may be about to become, unsatisfactory.

5 Investments

5.1 Optimix Conservative fund

At the review date, the Plan's defined benefit section assets were invested wholly in the Optimix Conservative fund. At 30 June 2020, the Plan also had a relatively small holding in the UBS Defensive fund. This was transferred to Optimix Conservative in July 2021.

The Optimix Conservative fund's investment objective is to provide stable returns over the medium term by investing in a diversified portfolio of mostly defensive assets with some growth asset exposure, and to achieve total returns after fees in excess of the benchmark index return over a rolling three-year period.

The fund has a 30% benchmark allocation to growth assets.

5.2 Appropriateness of investment objectives

At the date of this report, [redacted] within 2½ years of the Plan's normal retirement date, at which defined benefits will cease to accrue. Therefore, the Plan's investment horizon is relatively short.

In my view, the investment objectives of the Optimix Conservative option remain appropriate for the Plan.

Strait Link could, if it wished, request the Trustee to switch the Plan's investments to a less conservative option, to target higher investment returns and therefore lower employer contributions. However, this would introduce an increased downside risk that any poor investment performance would not be recouped over the short investment timeframe. This could result in a requirement for material additional employer contributions if there was poor short term investment performance.

5.3 Crediting rate policy

The Plan's crediting rates for defined benefit members are based on the Plan's investment returns, with investment management and expenses recovery fees added back, i.e. effectively these costs are met by Strait Link.

I consider that this crediting rate policy is appropriate for the Plan.

In practice, however, the remaining benefits payable from the Plan are expected to be wholly salary related, and hence not impacted by the Plan's crediting rates.

5.4 Shortfall limit

For the purpose of APRA's Superannuation Prudential Standard 160, the Trustee is required to set a shortfall limit. This is the extent to which the Trustee considers that the Plan can be in an unsatisfactory financial position, with the Trustee still being able to reasonably expect that, because of corrections to temporary negative market fluctuations in the value of fund assets, the Plan can be restored to a satisfactory financial position within one year.

I have been advised that the Trustee has set a shortfall limit of 100%, i.e. for the Plan not to be in breach of its shortfall limit, Plan assets need to provide at least 100% coverage of defined benefit members' vested benefits.

In my opinion, currently there is no need to review this shortfall limit.

6 Insurance

6.1 Death and TPD benefits

For members of the defined benefit section, death and total and permanent disablement (TPD) benefits are fully insured under a group life arrangement. The insured portion of each member's death and TPD benefit is the excess above the member's vested benefit.

In my view, this fully insured approach is appropriate, given the small size of the defined benefit section and the potential variability of claims experience.

6.2 Temporary disablement benefits

The Plan's temporary disablement benefits are also fully insured which in my view is appropriate.

7 Valuation of liabilities

7.1 Methodology

For the purpose of this valuation, I have split the liabilities for projected future benefit payments into two components:

- The past service liability, in respect of service prior to the valuation date, and
- The future service liability, in respect of service after the valuation date.

I have then calculated:

- The employer contribution rate (i.e. as a percentage of defined benefit salaries) required to fund the future service liability, and
- The additional employer contribution amounts required to:
    - Fund the past service liability, and
    - Improve the Plan's asset coverage of vested benefits to in excess of 100%, and to maintain the Plan in a satisfactory financial position.

7.2 Financial assumptions

The financial assumptions used in the valuation are:

Assumption	Rate (% p.a.)
Investment return (net of investment expenses and tax)	
2023-24	2.0%
Thereafter	3.5%
Salary growth	5.0%

The 30 June 2020 valuation used an investment rate assumption of 3.5% p.a. I have reduced this assumption to 2.0% p.a. in the 2023-24 year, based on the Plan's known negative investment return of -0.6% for the period 1 July to 30 September 2023.

I have increased the long term salary growth assumption from 3.0% p.a. to 5.0% p.a., based on Strait Link's advice.

7.3 Demographic assumptions

I have adopted a simple nil decrements basis for valuing members' benefits, and assumed that [redacted] will remain in the Plan until age 65, when defined benefits cease to accrue.

7.4 Administration expenses and insurance premiums

The Plan's administration expenses and insurance premiums amounted to approximately [redacted] during 2022-23. Similar amounts are expected to be incurred in future years, and I have recommended that the employer reimburse these amounts to the Plan as they are incurred.

7.5 Superannuation Guarantee

For the purpose of the valuation, it has been assumed that the SG rate will increase as legislated to 12% of Ordinary Time Earnings. However, as the Plan provides salary-related benefits well in excess of SG minimum requirements, the assumption does not impact the analysis in this report.

8 Funding Status

8.1 Introduction

This section examines the Plan's ability to meet defined benefit members' benefits at the valuation date. I have measured the Plan's asset coverage of the following benefits:

a) SG minimum benefits.

b) Vested benefits.

c) Actuarial value of accrued benefits.

d) Benefits on termination of the Plan.

The funding measures include allowance for back-dated salary increases, based on the estimates advised by Strait Link.

8.2 Asset coverage of member benefits

At the valuation date, defined benefit section assets amounted to $927,000, and provided the following coverage of member benefit entitlements:

Benefits	Amount	Asset coverage
SG minimum	[redacted]	117%
Vested benefits		97%
Actuarial value of accrued benefits *		92%

* Using the valuation assumptions in section 7

In the event that Strait Link terminates its participation in the Plan, the Trust Deed requires any arrears of contributions to be paid into the Plan, but does not impose any additional funding requirements.

9 Valuation Results

9.1 Valuation balance sheet

The results of the valuation as at 30 June 2023, excluding allowance for expenses and insurance premiums, can be summarised as follows:

Valuation balance sheet	
Employer liabilities:	
Past service liability	[redacted]
Future service liability	[redacted]
Total employer liabilities	[redacted]
less: Value of Plan assets	[redacted]
Liability to be funded	[redacted]
plus : Allowance for contributions tax	[redacted]
Total employer funding requirement	[redacted]

9.2 Impact of variation in assumptions

The key financial assumptions for the liability valuation are the Plan investment return of 2.0% p.a. in 2023-24, and 3.5% p.a. thereafter, net of tax and investment expenses, and the salary growth rate of 3.0% p.a.

The table below illustrates the sensitivity of the above result to variations in these two assumptions:

Investment return	**Funding requirement**	**Variation**
2% p.a. lower	[redacted]	+34.4%
1% pa lower	[redacted]	+17.2%
2%/3.5% p.a.	[redacted]	
1% p.a. higher	[redacted]	-16.3%
2% p.a. higher	[redacted]	-32.1%

Salary growth	**Funding requirement**	**Contribution rate**
3% p.a.	[redacted]	-19.6%
4% p.a.	[redacted]	-10.0%
5% p.a.	[redacted]	
6% p.a.	[redacted]	+10.5%
7% p.a.	[redacted]	+20.1%

The tables do not indicate the bounds of all possible outcomes. In practice, the Plan's experience may lie outside the ranges illustrated.

9.3 Future service employer contribution rate

On the valuation assumptions adopted, the employer contribution rate required to fund the future service liability, excluding allowance for expenses and insurance premiums, is 20.4% of salaries.

Employer contribution rate	
Future service liability	
Projected benefits	[redacted]
Value of future contributions of 1% of salary	
Contribution rate	17.3%
plus: Allowance for contributions tax	3.1%
Contribution rate required	**20.4%**

9.4 Past service employer contributions

At the valuation date, the past service liability was [redacted] and Plan assets amounted to [redacted] Therefore, additional employer contributions are also required to fully fund the past service liability.

The additional amount required at the valuation date would have been [redacted] i.e. [redacted] - [redacted]) / (1 -15%) allowing for contributions tax.

10 Employer contribution recommendations

10.1 Plan's financial position

The Plan was in an unsatisfactory financial position at 30 June 2023 (as defined in SIS) with Plan assets for defined benefit members providing 97% coverage of members' vested benefits.

On the valuation assumptions adopted, the employer contributions expected to be required to fully fund the Plan's defined benefits are:

- A future service contribution rate of 20.4% of defined benefit salaries, plus
- An additional contribution of [redacted] to fully fund the past service liability.

A further additional contribution is required to maintain an asset buffer over and above projected vested benefits, to improve the likelihood that the Plan remains in a satisfactory financial position.

My recommendations below are expected to restore the Plan's asset coverage to 105% of vested benefits within a year of the valuation date, and to maintain a 5% asset buffer over the following 1½ year period that the Plan will remain a defined benefit plan.

To achieve this 105% target, a further lump sum contribution of [redacted] is required, i.e. bringing the total lump sum contribution requirement to [redacted]. I have split this amount into two instalments.

10.2 Employer contribution recommendations

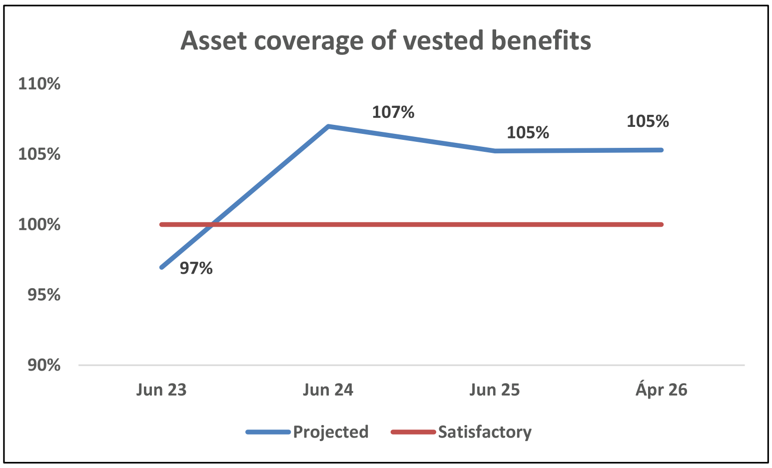
I recommend that:

- Strait Link should increase its contribution rate from 5.88% to 20.4% of defined benefit member salaries from 1 February 2024, inclusive of the member pre-tax contribution rate of 5.88% of salaries.
- Strait Link should maintain its contribution rate of 3% of salaries towards members' Industrial Agreement Accounts in the accumulation section of the Plan.
- Strait Link should pay additional contributions sufficient to restore the Plan's asset coverage to a target funding level of 105% of defined benefit vested benefits. These contributions should be paid in two instalments: [redacted] no later than 31 March 2024, and a second instalment, estimated to be [redacted] but subject to more detailed calculation and confirmation, no later than 30 June 2024.

- In the event that [redacted] exits the Plan before 30 June 2024, an additional employer contribution sufficient to fully fund the Plan's vested benefits should be paid into the Plan before the [redacted] paid from the Plan.
- Strait Link should reimburse the Plan for the administration expenses and insurance premiums attributable to the defined benefit section of the Plan as these are incurred.
- Strait Link should pay direct any other fees attributable to the defined benefit section of the Plan e.g. actuarial or other consulting fees.

10.3 Vested benefit projections

The graph below summarises the Plan's projected asset coverage of member vested benefits over the 2½ period following the valuation date (after which the Plan will cease to be a defined benefit plan). The projected assets and vested benefits are based on the recommended employer contributions, and the valuation assumptions adopted.



10.4 Material risks

Professional Standard PS 400 requires the actuary to consider and document any material risks to the Plan associated with the actuarial assumptions, or related to the ongoing actuarial management.

The key assumptions made in this report are the investment return assumptions of 2.0% p.a. in 2023-24 and 3.5% p.a. thereafter, and the salary growth assumption of 5.0% p.a.

The Plan's financial position may be impacted adversely by greater than expected salary increases and/or investment underperformance.

Given the short time horizon of the defined benefit section, adverse experience may require material additional employer contributions to rectify any funding shortfall.

10.5 Future actuarial review

Under SIS, the next actuarial investigation of the Plan would be due as at 30 June 2026. However, the Plan will cease to be a defined benefit plan before this date.

I understand that the Trustee monitors the Plan's defined benefit asset coverage of vested benefits on a monthly basis, and will notify me if this measure falls below 100%.

Appendix 1. Benefit Summary

Benefits and definitions	
Final Average Salary (FAS)	Average of highest three review date (1 July) salaries over the ten years prior to retirement.
Normal Retirement Date	Age 65.
Member Contribution Rate (MCR)	5.88% of salary, paid pre-tax.
Retirement Benefit (payable from age 55)	17.5% of FAS for each year, and complete month fraction of a year, of membership.
Death and Total and Permanent Disablement (TPD) Benefits	A lump sum equal to the prospective retirement benefit at age 65, assuming salary remains unchanged.
Temporary Disablement Benefit	An insured income benefit of 75% of salary, payable for up to two years.
Industrial Agreement Account	The Industrial Agreement Account, based on Toll contributions of 3% of salary, is payable on exit from the Plan for any reason. The accounts are maintained within the Accumulation section of the Plan.
Minimum Requisite Benefit (MRB)	All Plan benefits are subject to a minimum of the MRB, calculated in accordance with the Plan's Benefit Certificate to satisfy SG requirements.

Appendix 2. Short report

The following statement has been prepared for compliance with Regulation 9.31 of the Superannuation Industry (Supervision) Act 1993.

I have carried out an actuarial valuation of the Toll Group Superannuation Plan, a sub-plan of the Retirement Portfolio Service, at 30 June 2023 and certify the following:

a) The value of the Plan's defined benefit section assets at the valuation date was [redacted]

b) The value of the Plan assets was not sufficient to meet the value of the liabilities in respect of accrued benefits at the valuation date. Subject to Strait Link paying the contributions recommended below, I expect the Plan's assets to become sufficient to cover the liabilities in respect of accrued benefits within a year of the valuation date, and to remain sufficient over the following two year period.

c) For the three years following the valuation date, I recommend that:

  - Strait Link should increase its contribution rate from 5.88% to 20.4% of defined benefit member salaries from 1 February 2024, inclusive of the member pre-tax contribution rate of 5.88% of salaries.

  - Strait Link should maintain its contribution rate of 3% of salaries towards members' Industrial Agreement Accounts in the accumulation section of the Plan.

  - Strait Link should pay additional contributions sufficient to restore the Plan's asset coverage to a target funding level of 105% of defined benefit vested benefits. These contributions should be paid in two instalments: [redacted] no later than 31 March 2024, and a second instalment, estimated to be [redacted] but subject to more detailed calculation and confirmation, no later than 30 June 2024.

  - In the event that [redacted] exits the Plan before 30 June 2024, an additional employer contribution sufficient to fully fund the Plan's vested benefits should be paid into the Plan before the [redacted] paid from the Plan.

  - Strait Link should reimburse the Plan for the administration expenses and insurance premiums attributable to the defined benefit section of the Plan as these are incurred.

- Strait Link should pay direct any other fees attributable to the defined benefit section of the Plan e.g. actuarial or other consulting fees.

d) All required Funding and Solvency Certificates have been issued for the Plan. I believe it is likely that an actuary will be able to certify the solvency of the Plan in any Funding and Solvency Certificate that may be required during the three year period following the valuation date.

e) At the valuation date the Plan was in an unsatisfactory financial position (as defined in SIS Regulation 9.04). Subject to Strait Link paying the contributions recommended above, I expect the Plan to return to a satisfactory financial position within a year of the valuation date, and to remain in a satisfactory financial position over the following 1½ year period that the Plan will remain a defined benefit Plan.

John Newman, FIAA
30 November 2023

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