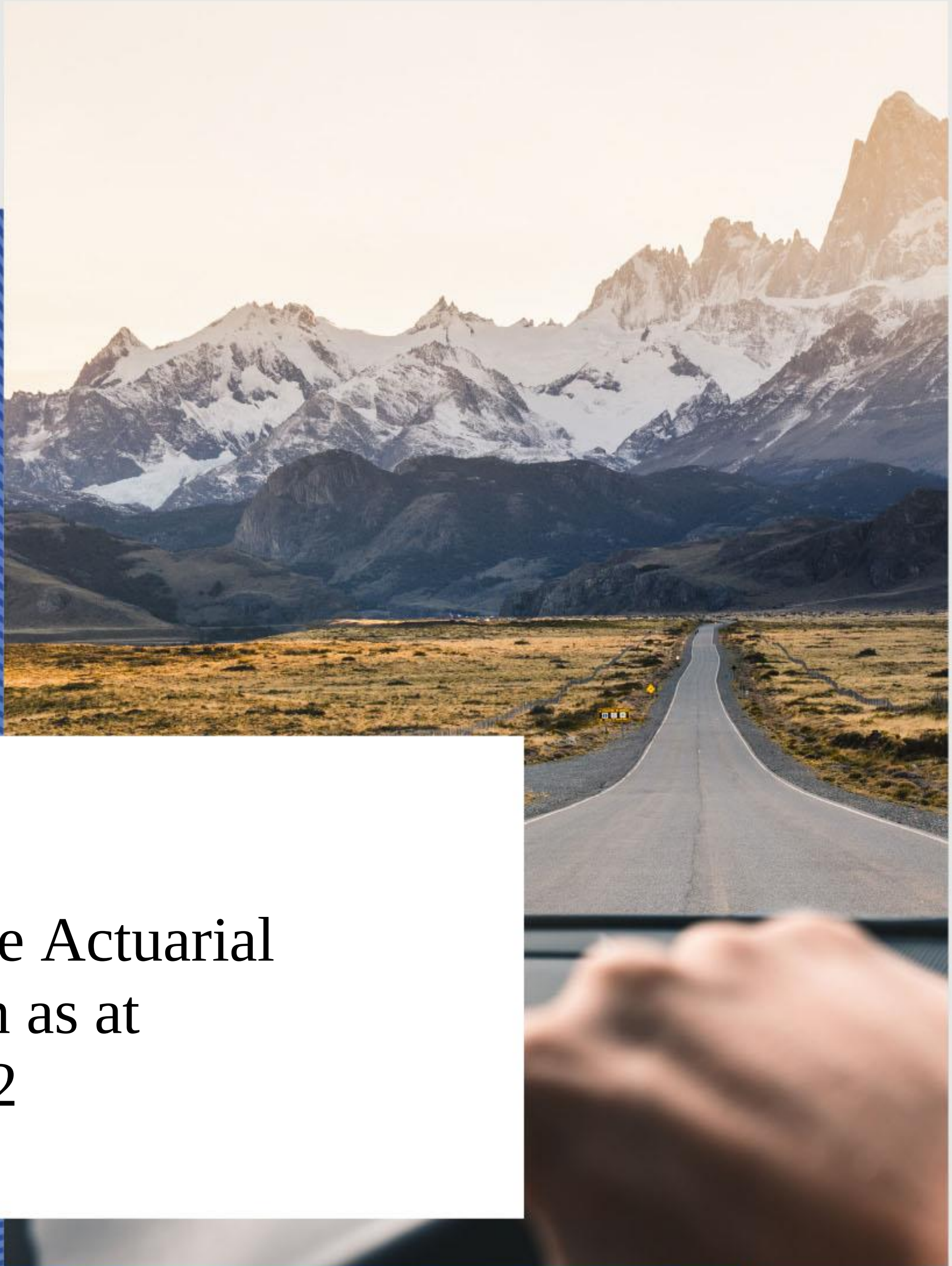

Toyota Super

Report on the Actuarial Investigation as at 30 June 2022

wtwco.com

19 December 2022

Summary

I am pleased to present my report to Togethr Trustees Pty Ltd (AFSL Number 246383), the Trustee of Toyota Super, a Sub-Division of the Equipsuper Superannuation Fund, on the actuarial investigation into Toyota Super as at 30 June 2022.

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

Solvency

The financial position of the Fund has deteriorated over the intervaluation period, as shown in the reduced Vested Benefits Index from 108.1% as at 30 June 2021 to 105.3% as at 30 June 2022.

The solvency measures (in respect of Defined Benefits only) as at 30 June 2021 and 30 June 2022 are also shown below:

Measure	30 June 2021	30 June 2022
VBI	108.1%	105.3%
PVABI	106.1%	103.1%
MRBI	119.6%	115.3%

Funding

The adjusted long-term Defined Benefit Company contribution rate determined under the Attained Age funding method is calculated as 16.6% of salaries as at 30 June 2022.

Taking into account the projected financial position of the Fund over the next three years, I recommend the Company contribute at the following rates:

Contents

Throughout this report the following terms are used:

Fund
Toyota Super, a Sub-Division of the Equipsuper Superannuation Fund

Trustee
Togethr Trustees Pty Ltd (AFSL Number 246383)

Company
Toyota Motor Corporation Australia

Trust Deed or Rules
The Fund's Participation Agreement dated 30 April 2021

The Investigation Date or Valuation Date
30 June 2022

Defined Benefit Division (Participation Schedule, Part 2)

From 1 July 2022 to 31 March 2023:

Category	Contribution Rates
TS_1A2	27.2% of Fund Salaries plus 4.5% of OTE into the Accumulation section
TS_1D	24.4% of Fund Salaries plus 4.5% of OTE into the Accumulation section
TS_2C and TS_2D	27.9% of Fund Salaries plus 5% deemed contributions

From 1 April 2023 onwards:

Contribution Rates	TS_1A2	TS_1D	TS_2C and TS_2D
Long-term contribution rate	10.7% of Fund Salaries	9.0% of Fund Salaries	11.7% of Fund Salaries
Plus additional contributions	4.5% of OTE into the Accumulation section	4.5% of OTE into the Accumulation section	5.9% deemed contributions

The contribution rates assume that additional contributions for TS_1A2 and TS_1D members remain at 4.5% of OTE. If these contributions increase in line with future increases in the Superannuation Guarantee percentage, my contribution recommendations for TS_1A2 and TS_1D members can be adjusted.

I note that the Trustee reviews the financial position and funding effective 30 June and 31 December each year. Changes to the above contribution program may be required as a result of these reviews.

Accumulation Division (Participation Schedule, Part 1)

- Additional contributions of 3.1% of total Defined Benefit Fund Salaries to meet the cost of TMCA paid administration fees and insurance premiums for Accumulation members (i.e. Categories TS_1A, TS_2A and TS_BM). This additional contribution rate only applies to TMCA.
- Contributions in respect of Accumulation members to meet any Superannuation Guarantee, contractual or any other obligations in respect of such liabilities.

The recommended Accumulation levy may need to be revised if there is a material change in the Defined Benefit or Accumulation membership.

The above contributions apply to TMCA or affiliated companies.

Other Matters involving Actuarial Oversight

I further recommend that:

- The Trustee retain the shortfall limit at 99% based on the current investment structure of the Fund and the Trustee's Contribution and Funding Policy;
- The Trustee monitor the financial position of the Fund at least annually throughout the following investigation period;
- The Trustee, together with the Company, consider reviewing the investment strategy;
- Current external insurance arrangements for death and disablement benefits be retained, and the insurance formula for Defined Benefit members be updated such that the level of insurance is equal to death benefits less vested benefits; and
- The deductions from the Superannuation Guarantee Minimum Benefits for Defined Benefit and TS_BM Accumulation members be updated. I can provide further advice on the appropriate level of deductions following the implementation of the above recommendations.

In line with requirements under legislation and the Fund's Participation Agreement, the next actuarial investigation of the Fund should be conducted with an effective date no later than 30 June 2025. The recommended Company 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 financial position or as required by legislation.

I am not aware of any event since 30 June 2022 that warrants review of the recommendations in this report.

Tracy Polldore
Fellow of the Institute of Actuaries of Australia

19 December 2022

Towers Watson Australia Pty Ltd
ABN 45 002 415 349 AFSL 229921

Level 4, 555 Bourke Street, Melbourne VIC 3000

DO: PP, MSC | TR: AV | CR/ER: TP

Section 1: Introduction

Scope

This investigation has been prepared effective 30 June 2022 for Togethr Trustees Pty Ltd (AFSL Number 246383), the Trustee of the Fund, by the actuary to the Fund, Tracy Polldore, FIAA.

Current legislation and the Participation Agreement require an actuarial investigation and report to be due at least every three years for defined benefit funds not paying a defined benefit pension. The main aims of the investigation are to examine the current financial position of the Fund and the long-term funding of the Fund's benefits, and to provide advice to the Trustee on the contribution rate at which the Company should contribute and on any other matters the actuary considers relevant. The Company's contribution requirements are set out in Annexure 3 of the Participation Agreement (the Equipsuper Contribution and Funding Policy).

This investigation is primarily interested in the Defined Benefit liabilities of the Fund, and unless otherwise specified, this report relates only to such Defined Benefit liabilities. The Defined Contribution liabilities of the 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 Company contribute to meet any Superannuation Guarantee, contractual or any other obligations in respect of such liabilities. This report also contains recommendations in respect of the fees and insurance premium arrangements for Accumulation members.

The recommendations in this report in respect of contributions and levies relate to Toyota Motor Corporation Australia (TMCA) and its Affiliates only.

This report has been prepared in accordance with Practice Guideline 1, Professional Standards 400, 402 and 404, issued by the Institute of Actuaries of Australia.

Previous Actuarial Investigation

I carried out the previous actuarial investigation of the Fund as at 30 June 2021, with the results of that investigation set out in a report dated 22 December 2021.

The report concluded that the Fund was not in an unsatisfactory financial position (as defined by SIS legislation) at that date and recommended that the following contributions be paid by the Company:

Defined Benefit Division (Participation Schedule, Part 2)

From 1 July 2021 to 31 December 2021:

Category	Contribution Rates
TS_1A2	27.2% of Fund Salaries plus 3.5%* of OTE into the Accumulation section
TS_1D	24.4% of Fund Salaries plus 3.5%* of OTE into the Accumulation section
TS_2C and TS_2D	27.9% of Fund Salaries plus 5% deemed contributions

*or 3.0% for non-TMCA employers

From 1 January 2022 onwards:

Contribution Rates	TS_1A2	TS_1D	TS_2C and TS_2D
Long-term contribution rate	11.9% of Fund Salaries	9.2% of Fund Salaries	11.7% of Fund Salaries
Plus additional contributions	3.5%* of OTE into the Accumulation section	3.5%* of OTE into the Accumulation section	5.9% deemed contributions

*or 3.0% for non-TMCA employers

The report also recommended that the long-term contribution rate could be reduced by 4% for each Defined Benefit category. This short-term adjustment to the long-term contribution rate was calculated in accordance with Equipsuper's Contribution and Funding Policy.

I understand that the Company continued to contribute at the rates recommended from 1 July 2021 to 31 December 2021, which are higher than those recommended from 1 January 2022.

Accumulation Division (Participation Schedule, Part 1)

- Additional contributions of 3.1% of total Defined Benefit Fund Salaries from 1 January 2022 onwards to meet the cost of TMCA paid administration fees and insurance premiums for Accumulation members (i.e. Categories TS_1A, TS_2A and TS_BM). This additional contribution rate only applies to TMCA.
- Contributions in respect of Accumulation members to meet any Superannuation Guarantee, contractual or any other obligations in respect of such liabilities.

I understand that the Company has contributed amounts to cover the contributions in respect of Accumulation Division members summarised above.

Experience since 30 June 2022

The actual experience since 30 June 2022 has had a positive impact on the Fund. No allowance has been made for experience since 1 July 2022 when carrying out the projection of the financial position of the Fund from that date. I recommend that the Trustee continue to monitor the financial position of the Fund at least annually.

Limitations

This report is provided subject to the terms set out herein and in our engagement letter dated and signed on 10 May 2021 including subsequent amendments and the accompanying Terms and Conditions of Engagement. 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 Company 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 Company or any third party in this regard. The Trustee should draw the provisions of this paragraph to the attention of its auditors and the Company 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 provisions, membership data, tax 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 Fund would be required to pay if all members were to voluntarily leave service on the investigation date;[1]
- 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,[2] and
- The MRBI, the ratio of assets to the portion of the Minimum Requisite Benefits as defined in the Fund's Benefit Certificate that relates to defined benefits.[3]

The following table shows the above indices for Defined Benefits only as at the valuation date, as well as the prior valuation date.

	As at 30 June 2022			As at 30 June 2021		
Measure	**Value of Liability**	**Value of Assets**	**Index**	**Value of Liability**	**Value of Assets**	**Index**
VBI	$51,699,000	$54,435,000	105.3%	$50,973,000	$55,091,000	108.1%
PVABI	$52,794,000	$54,435,000	103.1%	$51,903,000	$55,091,000	106.1%
MRBI	$47,222,000	$54,435,000	115.3%	$46,063,000	$55,091,000	119.6%

Overall, the indices have reduced from those at the previous investigation date. The reduction in the indices is primarily a combined result of lower than expected investment performance and higher than expected salary inflation. This has been partially offset by the higher level of Company contributions made compared to the cost of benefit accrual.

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

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[1] Based on the valuation assumptions chosen, the Fund's Defined Benefit vested benefits has been calculated as the lump sum defined benefit entitlement excluding additional accumulation accounts for Defined Benefit members.

[2] Benefits have been apportioned to past service by calculating the projected benefit payable using only service that is completed to the valuation date in the benefits formula.

[3] The minimum benefits are as advised by the Fund's administrator.

Retrenchment Benefits, Other Discretionary or Contingent Benefits

The benefit payable on retrenchment is materially the same as the resignation benefit, and therefore the Fund does not have any material additional funding strain that would be caused by any retrenchments.

The Fund has not historically paid any material discretionary benefits so I have not analysed the impact of such discretionary benefits. There are no other material contingent benefits offered by the Fund.

Termination Benefits

On termination of the Fund, the Participation Agreement states that the liability is limited to the extent of available assets held in the Fund. As such, the termination benefits are automatically covered by the Fund's assets.

Further, upon termination, it could become necessary to liquidate existing assets.

If the 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 Fund.

Section 3: Funding

This section considers the long-term funding of the 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 Attained Age funding method as described in the “Additional Information” section of this report.

Long-Term Funding results

The long-term Company contribution rate is calculated in the table below.

Calculation of Company Contribution Rate	$'000
Future Service Liability	10,161
Less Present Value of Member Contributions	(456)
Liability to be funded by Company Contributions	9,705
Present Value of 1% of Salaries	836
Liability to be funded as a % of salaries	11.6%
Allowance for cost of insurance (death, disablement and income protection)	1.4%
Allowance for cost of administration expenses	1.6%
Allowance for tax	2.0%
Long-term Company contribution rate, after allowing for tax and other costs	16.6%

The change in the adjusted Company contribution rate calculated as at 30 June 2022 from the rate calculated as at 30 June 2021 of 16.4% is mainly attributable to an increase in the long-term salary increase assumption and changes in the Fund’s membership profile, partially offset by an increase in discount rate.

The long-term rate calculated above is in respect of all Defined Benefit members. I have recommended that the Company contribute at the separate long-term rates for the categories listed below, which are equivalent to the long-term rate of 16.6% for all Defined Benefit members.

- 10.7% of Fund Salaries for Category TS_1A2;
- 9.0% of Fund Salaries for Category TS_1D; and
- 11.7%% of Fund Salaries for Categories TS_2C and TS_2D (plus 5.9% deemed member contributions).

In making these recommendations I have assumed the following:

- In relation to TS_1A2 and TS_1D members, the additional contributions paid into the Accumulation section remain at 4.5% of OTE.
- TMCA continue to pay fees and insurance costs for TS_BM Accumulation members, this has been incorporated in recommended levies to be paid.
- In relation to TS_1A and TS_2A Accumulation members employed by TMCA, the Company will continue to subsidise the fee to the amount of $1 per member per week, this has been incorporated in the recommended levies to be paid.
- In relation to TS_2A Accumulation members employed by TMCA, the Company will continue to subsidise default insurance, this has been incorporated in the recommended levies to be paid.
- In relation to Accumulation members employed by Affiliate companies, I have assumed that the cost of fees and default insurance premiums are either paid for by the Affiliate companies via an invoice reimbursement arrangement with the Trustee, or are member paid.

I note that the Trustee reviews the financial position and funding effective 30 June and 31 December each year. Changes to the above contribution program may be required as a result of these reviews.

Adjustment for Funding Policy

The Fund's Participation Agreement includes, as Annexure 3, Equipsuper's Contribution and Funding Policy. The Funding Policy specifies the method to be used to calculate a short-term adjustment to the long-term contribution rate, dependent upon the Fund's financial position.

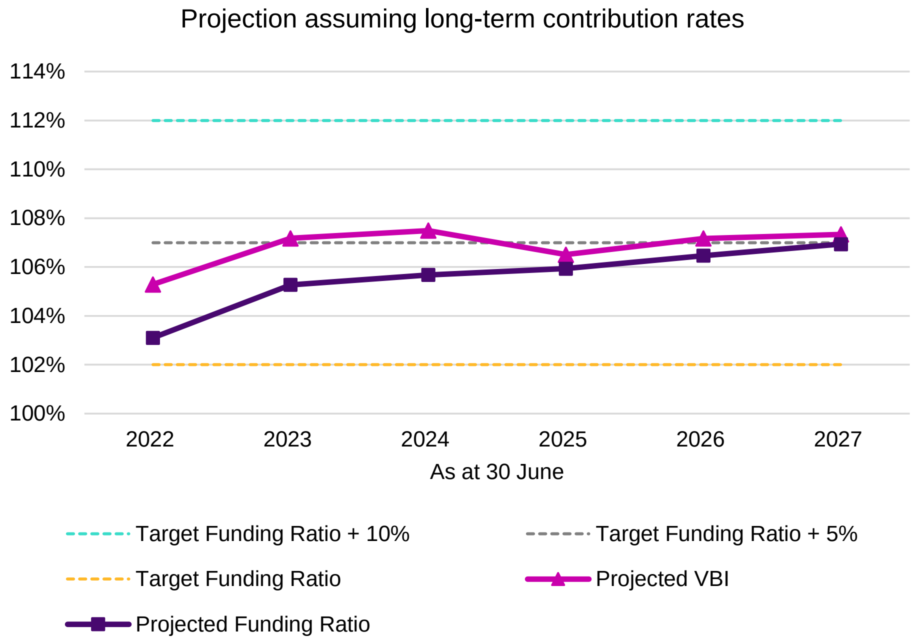
The liability measure the Funding Policy uses to assess the Fund's financial position is the greater of the Fund's Vested Benefits and Present Value of Accrued Benefits. At 30 June 2022, the ratio of the Fund's Defined Benefit net assets to this liability measure (termed the Funding Ratio in the Funding Policy) was 103.1%.

The Target Funding Ratio (TFR) is 102%, calculated in accordance with the Funding Policy. With a Funding Ratio at the current level, between 102% (TFR) and 107% (TFR + 5%), the Funding Policy states that an adjustment to the long-term contribution rate is calculated with the objective to allow the Funding Ratio to reduce to the TFR (102%) over time. Using the formula specified in the Funding Policy, the adjustment rate is calculated to be -1% of Defined Benefit Fund Salaries as at 30 June 2022.

Therefore the total Company contribution rate to fund Defined Benefits can be reduced by 1% for each Defined Benefit category. The Funding Policy further states that where the resulting contribution rate is less than 4%, the Company contribution rate shall be 0%. Given the relatively small adjustment of 1% and that investment markets remain volatile, I have recommended contributions be paid from 1 April 2023 at the long-term rate and excluding the reduction of 1%.

I have projected the Fund's Funding Ratio and Vested Benefits Index over the next five years based on the long-term contributions and the assumptions outlined above. The chart shows the projected ratios at the long-term contribution rates, calculated in accordance with Equipsuper's Contribution and Funding Policy.

As can be seen from the graph, on the basis of the selected actuarial assumptions, the calculated long-term Company contribution rates are sufficient to maintain the Fund in a satisfactory financial position. If the Company chooses to contribute at the long-term rates without reducing contributions by the short-term adjustment, the financial position of the Fund is expected to increase.

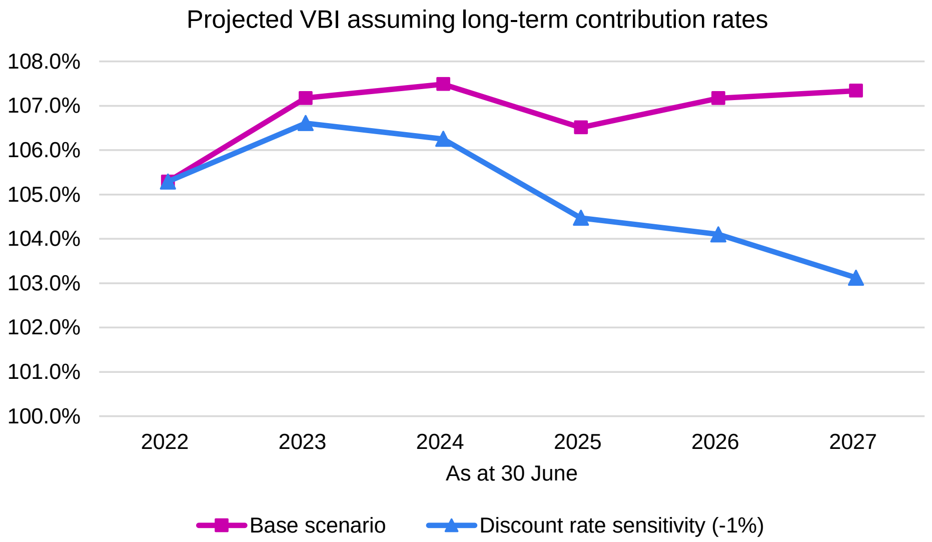


Sensitivity Analysis

Before making a recommendation on the level of contributions that the Company should make to the Fund, it is useful to consider the sensitivity of the analysis above to reasonable variations in the valuation assumptions. The following table shows the long-term contribution rate calculated, if key assumptions had been varied as described below:

	This Valuation Basis		Scenario 1		Scenario 2	
Description	Base Case		Investment Return Sensitivity		Price & Salary Inflation Sensitivity	
Discount Rate (p.a.)	4.0%		3.0%		4.0%	
Price Inflation	N/A		N/A		N/A	
Expected Salary Growth (p.a.)	TS_1A2 and TS_1D	TS_2C and TS_2D	TS_1A2 and TS_1D	TS_2C and TS_2D	TS_1A2 and TS_1D	TS_2C and TS_2D
Year 1	2.0%	4.0%	2.0%	4.0%	3.0%	5.0%
Year 2	3.5%	3.5%	3.5%	3.5%	4.5%	4.5%
Year 3	3.5%	3.0%	3.5%	3.0%	4.5%	4.0%
Year 4 onwards	3.1%	3.4%	3.1%	3.4%	4.1%	4.4%
Present Value of Accrued Benefits Index	103.1%		99.2%		100.1%	
Long-Term Contribution Rate (before any adjustment for surplus or deficit)	16.6%		17.2%		17.1%	

Similarly, the Fund's projected VBI over the next five years under an investment return sensitivity (discount rate of 4.0%) is shown in the graph below:



These results show that the required Company contribution rate, as well as the Fund's projected financial position, is 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, and having regard to the Company's preferences as well as the long-term target objective of the Trustee to achieve a Target Funding Ratio of 102%, I believe that Company contributions at the long-term rates are sufficient to meet the funding requirements of the Fund.

Accordingly, I recommend that the Company contribute at the following rates in respect of all members.

Defined Benefit Division (Participation Schedule, Part 2)

From 1 July 2022 to 31 March 2023:

Category	Contribution Rates
TS_1A2	27.2% of Fund Salaries plus 4.5% of OTE into Accumulation section
TS_1D	24.4% of Fund Salaries plus 4.5% of OTE into Accumulation section
TS_2C and TS_2D	27.9% of Fund Salaries plus 5% deemed contributions

From 1 April 2023 onwards:

Contribution Rates	TS_1A2	TS_1D	TS_2C and TS_2D
Long-term contribution rate	10.7% of Fund Salaries	9.0% of Fund Salaries	11.7% of Fund Salaries
Plus additional contributions	4.5% of OTE into Accumulation section	4.5% of OTE into Accumulation section	5.9% deemed contributions

The contribution rates assume that additional contributions for TS_1A2 and TS_1D members remain at 4.5% of OTE. If these contributions increase in line with future increases in the Superannuation Guarantee percentage, my contribution recommendations for TS_1A2 and TS_1D members can be adjusted.

I note that the Trustee reviews the financial position and funding effective 30 June and 31 December each year. Changes to the above contribution program may be required as a result of these reviews.

Accumulation Division (Participation Schedule, Part 1)

- Additional contributions of 3.1% of total Defined Benefit Fund Salaries to meet the cost of TMCA paid administration fees and insurance premiums for Accumulation members (i.e. Categories TS_1A, TS_2A and TS_BM). This additional contribution only applies to TMCA.
- Contributions in respect of Accumulation members to meet any Superannuation Guarantee, contractual or any other obligations in respect of such liabilities.

The recommended Accumulation levies may need to be revised if there is a material change in the Defined Benefit or Accumulation membership.

The above contributions apply to TMCA or affiliated companies.

Section 4: Other Matters involving actuarial insight

Investments

Investment Strategy

The Toyota Super DB assets are invested in the Equipsuper Balanced Growth option (applies to assets backing benefits of members under age 50) and the Equipsuper Conservative option (applies to assets backing benefits of members over age 50).

I have been provided with the Fund's Product Disclosure Statement which contains the investment objectives of the Balanced Growth and Conservative options.

The long-term return objective of the Fund's Investment Strategy for the Balanced Growth assets supporting Defined Benefits for members under age 50 is to achieve returns after tax and fees that exceed CPI increases by at least 3.0% p.a. over rolling ten-year periods. To meet this objective, the assets supporting Defined Benefits are invested in Equities (Australian, International), Property, Infrastructure, Alternatives (Growth, Defensive), Fixed Interest (Alternative, Traditional), and Cash.

The long-term return objective of the Fund's Investment Strategy for the Conservative assets supporting Defined Benefits for members over age 50 is to achieve returns after tax and fees that exceed CPI increases by at least 1.5% p.a. over rolling five-year periods. To meet this objective, the assets supporting Defined Benefits are invested in Equities (Australian, International), Property, Infrastructure, Alternatives (Growth, Defensive), Fixed Interest (Alternative, Traditional), and Cash.

The target asset allocation as at 30 June 2022 of such assets is shown in the below table for the Balanced Growth and Conservative options. I note that the Balanced Growth option's target growth and defensive asset allocations were updated to 70% and 30% respectively effective 1 July 2022. Given the small proportion of assets invested in the Balanced Growth option, this change is not expected to impact the investment return assumption or the recommendations in this report.

Asset Class	Balanced Growth (applies to members under age 50)	Conservative (applies to members over age 50)
Australian Equities	24%	9%
International Equities	27%	12%
Property	7%	4%
Infrastructure	7%	4%
Growth Alternatives	0%	1%
Total Growth Assets	**65%**	**30%**
Defensive Alternatives	7%	4%
Alternative Fixed Interest	9%	18%
Traditional Fixed Interest	14%	32%
Cash	5%	16%
Total Defensive Assets	**35%**	**70%**

In my opinion the overall investment strategy as described above is suitable for a 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.

The approach of having a different strategy for assets backing the liabilities of members 50 or over to that of assets backing the liabilities of members under age 50 was carried over from the previous superannuation fund and has been in place for several years. Given the period of time since the strategy was implemented, I suggest the Trustee, together with the Company, could consider reviewing the strategy.

Any changes to the investment strategy may affect the contributions required from the Company.

Crediting Rate and Investment Reserving Policy

The Fund's policy credits Defined Benefit member accumulation accounts with actual investment returns (net of fees and taxes) from the underlying assets. In my view, this remains appropriate.

Liquidity

Taking into account the ready sale of the Fund's assets from time to time, 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%, calculated in accordance with Equipsuper's Contribution and Funding Policy.

Based on the Fund's benefit design and its target asset allocation described above, in my opinion the 99% shortfall limit remains reasonable for the Fund.

Insurance

Death and Disablement Benefits

At the investigation date, the Fund has death, total and permanent disablement and temporary incapacity/income protection insurance with Hannover Life Re of Australasia Ltd in respect of the future service portion of their death and disablement benefits.

The formula used to calculate the level of insurance is:

- Categories TS_1A2 and TS_1D: Sum Insured = Death Benefits – 102% x Vested Benefit
- Categories TS_2C and TS_2D: Sum Insured = Death Benefits – 105% x Vested Benefit

With both the Death Benefits and Vested Benefits calculated excluding the members' additional account balances for this purpose.

As at the valuation date, the amounts over/under insured in the Fund are shown in the table below. The amounts in the table are only in respect of Defined Benefit members, excluding any amounts these members hold in voluntary insurance cover which is fully insured.

	$'000
Total Death and TPD Benefits (A)	74,404
Less Sum Insured (B)	20,132
Fund's Exposure (A – B)	54,272
Less Fund's Net Assets	54,435
Shortfall / (Excess) in Insurance	(163)

The table above shows that the future service component of the death and disablement benefits are fully covered by the Fund's net assets and insurance policies.

The amount over insured in the Fund has decreased since the previous investigation due to the deterioration of the Vested Benefits Index. I therefore recommend that the insurance formula be updated such that the level of insurance is equal to death benefits less vested benefits for all defined benefit members. Under this arrangement, the difference between the death or total and permanent disablement benefit and the vested benefit would be fully insured.

The death and disability benefits for Accumulation members are fully insured and these arrangements remain appropriate.

I understand salary continuance benefits also remain fully insured.

Section 5: Additional Information

Risks

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

Risk	Approach taken to risk
Expenses and insurance premiums that are not paid by members or the Company are funded from Defined Benefit assets and will reduce the funding position	The Trustee monitors the expenses and insurance premiums of the Fund. The contribution recommendation includes levies for the cost of Company paid expenses and insurance premiums. The Trustee also has invoicing arrangements with affiliated companies to reimburse the Fund with the cost of expenses and insurance premiums in respect of members employed by affiliated companies.
Investment returns on the existing assets could be insufficient to meet the Trustee's funding objectives	The Trustee takes advice from the Fund Actuary on possible assumptions for future investment returns. In setting the future contributions, the Fund 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 Company at subsequent valuations if future returns prove insufficient.
Price inflation or salary increases could be different from that assumed which could result in higher liabilities for some TS_2C and TS_2D members	The Trustee invests in assets that are expected to be correlated to future inflation in the longer term (sometimes referred to as "real" assets). This means that, over the longer term, such assets are expected to keep pace with inflation. Such assets include equities, property and index-linked bonds.
Falls in asset values might not be matched by similar falls in the value of the Fund's liabilities particularly for some TS_2C and TS_2D members	The Trustee considers this risk when determining the Fund's investment strategy. It consults with the Company in order to understand the Company's appetite for bearing this risk and takes advice on the Company'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 Company would be required to agree a recovery plan with the Trustee to restore full funding over a period of time.
Company does not pay contributions as recommended.	If contributions are paid at a rate less than recommended then the financial position of the Fund will be affected. The Trustee can seek regular confirmation that Company contributions have been paid in line with the recommended rates to reduce this risk (for example, at each quarterly Trustee meeting). This enables prompt action to rectify any effect on the financial position.
Legislative changes could lead to increases in the Fund's liabilities	The Trustee takes legal and actuarial advice on changes in legislation and consults with the Company, where relevant.

Economic risk   Legal risk

Benefits summary

The Fund was established to provide superannuation benefits to employees of TMCA. Effective 1 May 2021, the former Toyota Super fund was transferred into the Equipsuper Superannuation Fund by Successor Fund Transfer and operated as a Sub-Division of the Equipsuper Superannuation Fund. Its operations are governed by a Participation Agreement which was affected on 30 April 2021.

The defined benefit categories of the Fund are closed to new entrants.

The Fund is a regulated complying superannuation fund under the Superannuation Industry (Supervision) Act and qualifies for concessional tax treatment.

I have summarised the main provisions in the defined benefit categories of membership in the Fund. Details of other categories can be found in the Participation Agreement.

Category and Participation Schedule	Schedule 1, Part 2 – Category TS_1A2 Schedule 2, Part 2 – Category TS_1D	Schedule 3, Part 2 – Categories TS_2C and TS_2D
General Characteristics		
Eligibility	Closed.	Closed.
Normal Retirement Age	65 (1st day of month after 65th birthday).	65 (age 60 for some pre-1/5/85 females).
Contributions		
Members' Contributions (can be pre or post-tax)	TS_1D – Compulsory 5% to age 65. TS_1A2 – Compulsory 4% to age 65.	5% (deemed).
Toyota's Contribution	Actuarial assessment.	Actuarial assessment.
Benefits		
Salary Basis	TS_1D – Salary. TS_1A2 – Notional salary. All members – OTE for SG minimum benefit.	Base salary.
Final Average Salary Basis	TS_1D – Average of 4 previous years. TS_1A2 – Average of 4 previous 1 July's.	TS_2C – Average of annual Salaries in previous 3 years. TS_2D – average of annual Salaries in previous 4 years.
Normal Retirement Benefit	Multiple of Final Average Salary: TS_1D – 12.5% for each year of service TS_1A2 – 10% for each year of service SG minimum applies to top-up the benefit if necessary.	Multiple of FAS, based on years of service: TS_2D – 12.5% for each year of service TS_2C – 15% for each year of service if less than age 45 at entry date and 20% if at least age 45 at entry date
Early Retirement Benefit	From age 55 (age 50 for pre-1/5/85 females) or with Toyota consent, due to ill-health, benefit is as for Normal Retirement.	Within 5 years of Normal Retirement or with Trustee consent, within 10 years or at any time on "ill health". Benefit is same as Normal Retirement Benefit based on membership accrued to date.
Late Retirement	Normal Retirement Benefit plus post-retirement contributions less tax plus interest.	Normal Retirement Benefit plus post-retirement contributions less tax plus Defined Benefit Section interest.

Category and Participation Schedule	Schedule 1, Part 2 – Category TS_1A2 Schedule 2, Part 2 – Category TS_1D	Schedule 3, Part 2 – Categories TS_2C and TS_2D
Resignation	Accumulated member contributions, plus % increase based on membership (5% for each year of service, maximum of 100% increase after 20 years).	Return of own or deemed contributions plus Defined Benefit Section interest increased by: 5% for each year of service, to a maximum of 100% increase after 20 years.
Retrenchment	Either Early Retirement Benefit if eligible, or 2 times Accumulated member contributions.	Early Retirement Benefit if eligible, otherwise 2 times Accumulated member/deemed contributions.
Death (Insurance proceeds subject to Insurance Policy terms)	As for Normal Retirement, based on current salary continuing.	The amount payable at Normal Retirement, assuming unaltered Salary.
Total and Permanent Disablement	As for death.	As for death.
SG Minimum Benefit	DC style increasing with member contributions and SG rate.	TS_2C – DB style TS_2D – DC style
Surcharge	Offset Account.	Offset Account.

Summary of Data Used in this Investigation

Membership Data

The Fund's administrator (Mercer Outsourcing (Australia) Pty Ltd) has responsibility for maintaining member records, payment of benefits and other administrative tasks of the Fund.

The Fund's administrator provided data in respect of members of the Fund as at 30 June 2022.

I have checked a sample of the membership data for internal consistency. In the process of checking a sample of the membership data, I identified that adjustments are required to the minimum requisite benefits (MRBs) for some members. At the time of issuing the report the adjustments are being investigated by the Trustee and the Fund's administrator. The data used in the valuation as at 30 June 2022 is based on my best estimate of the corrected MRBs at the valuation date using information provided to me by the Trustee and the Fund's administrator. Any material changes to these benefits which differ from my best estimate may have an impact on the outcome of the investigation and any resulting recommendations.

The following table shows a summary of the Defined Benefit membership as at 30 June 2021 and 30 June 2022:

	30 June 2021	30 June 2022
Number of Members	112	107
Average Age	54.5	55.4
Average Completed Membership	27.7	28.8
Average Superannuation Salary	$128,000	$137,000

Assets Data

For the purpose of this valuation, a breakdown of the Fund's defined benefit assets as at 30 June 2022 is set out below:

	30 June 2022
Value of defined benefit assets	$55,139,000
Benefits payable	($704,000)
Net assets	$54,435,000

The asset and benefits payable amounts above are based on 30 June 2022 asset information provided by the administrator.

This investigation is focused on the defined benefits, I have therefore used the defined benefit assets of $54,435,000 in this valuation to determine contribution recommendations and Funding Status Measures.

I understand the net value of assets represents the value of assets including any Transaction Costs that would be incurred on sale. I note that Professional Standard 404 requires that the "Fair Value" of assets is used which is defined as the value of assets before the deduction of Transaction Costs. Based on the type of assets held by the Fund I confirm that the Transaction Costs are not expected to be material. I have therefore used the Net Asset value outlined above for the purposes of this investigation.

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 used the Attained Age method. Under this method, the company contribution is calculated as the cost of benefits accruing to members in respect of all future membership plus other relevant costs (such as administration expenses). No adjustment has been made to allow for the amortisation of surplus or deficit existing in the Fund in respect of benefits accrued at the valuation date. These contributions are expressed as a percentage of salaries, by comparing the amount against the expected present value of 1% of members' salaries.

This funding method is suitable for a closed defined benefit section.

In producing my recommendations, I have 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% and to maintain a buffer above 100% that allows the Fund to withstand adverse experience. I have also taken into account Equipsuper's Contribution and Funding Policy which specifies the method to be used to calculate the recommended contribution rate, dependent upon the Fund's financial position.

In the previous actuarial investigation, the Attained Age method was used to determine the level of contributions. In my view this method remains appropriate.

Assumptions

In order to determine the value of expected future benefits and 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 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 Fund.

In the short-term, as the actual experience emerges differently to the experience implied by the assumptions, the financial position of the Fund will also vary from that expected. However, adjustments to Company 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 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 rate of return on the Fund's Assets (net of tax and investment expenses that are deducted from the investment return) from 1 July 2021 to 30 June 2022 are set out in the table below:

Period	Net Investment Return Balanced Growth	Net Investment Return Conservative
1 July 2021 – 30 June 2022	-3.7%	-2.9%

Over the one-year period to 30 June 2022 the assets held in the Fund returned -3.7% p.a. and -2.9% p.a. for the Balanced Growth and Conservative options respectively which is lower than the rate assumed in the previous investigation of 3.25% p.a. (net of tax). In isolation, this has had a negative impact on the financial position of the Fund.

While short-term differences between actual investment return experience and the actuarial assumption can affect the long-term financial position of the 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 WTW's investment model, the current long-term expectations of investment returns net of taxation and investment management expenses and current strategic asset allocation of the Fund is 4.0% p.a. (based on 5.1% p.a. and 3.7% p.a. for the Balanced Growth and Conservative options respectively, and the split of vested benefits for Defined Benefit members over and under 50). On this basis, I have adopted a long-term investment earning rate of 4.0% p.a. for this investigation, which is higher than the assumed long-term earning rate used for the previous investigation.

Salary Increases

The average salary increases during the investigation period for the members remaining in the Fund as at 30 June 2022 was 6.2% p.a. for Categories TS_1A2 and TS_1D and 4.3% for Categories TS_2C and TS_2D. The salary increase assumption adopted for the previous actuarial investigation was 2.5% p.a. and 2.75% p.a. for the two respective groups of categories. The average salary increases for Categories TS_1A2 and TS_1D and Categories TS_2C and TS_2D were higher than the assumption adopted for the previous actuarial investigation and has had a negative impact on the financial position of the Fund.

The Company has confirmed that it expects long-term salary increases for the Fund's remaining members as follows:

Period	Categories TS_1A2 and TS_1D	Categories TS_2C and TS_2D
For the year to 30 June 2023	2.0% p.a.	4.0% p.a.
For the year to 30 June 2024	3.5% p.a.	3.5% p.a.
For the year to 30 June 2025	3.5% p.a.	3.0% p.a.
Thereafter	3.1% p.a.	3.4% p.a.

The above salary increase rates are broadly consistent with the current long-term expectation for price inflation of approximately 2.7% p.a. based on modelling by WTW, plus an allowance for real salary growth. I have therefore adopted these rates for the purpose of this investigation.

Administration and Operational Expenses

For this valuation I have adopted the expense assumptions as summarised in the table below. These assumptions align with the administration fee basis set out in the Participation Agreement.

Fee Type	Defined Benefit Members	Accumulation Members
Plan fee ($ p.a.)	$100,000	n/a
Member fee ($ p.a.)	$520	$52
Administration fee (% p.a.)	0.15% of DB Assets (Employer Benefit Account)	0.25% (up to a maximum of $1,250 p.a.)

For this investigation, I have assumed:

- TMCA pays the fees for Defined Benefit members. In determining the appropriate fees to be paid, I have made allowance for the $520 per member per annum plus 0.15% of total Defined Benefit assets plus an additional amount of $100,000 per annum representing the fees incurred by the Defined Benefit section only. These fees result in a long-term rate of expenses for the Defined Benefit section of 1.6% of Defined Benefit members' superannuation salaries. This is slightly lower than the rate of 1.7% allowed for in the previous investigation.
- In relation to TS_1A and TS_2A Accumulation members employed by TMCA, the Company will continue to subsidise the fee to the amount of $1 per member per week. I have assumed that this fee will be paid through a levy expressed as a percentage of Defined Benefit salaries. The required levy is 0.3% of Defined Benefit members' salaries.
- In relation to TS_BM members employed by TMCA, the Company will continue to pay the cost of fees. I have assumed that this fee will be paid through a levy expressed as a percentage of Defined Benefit salaries. The required levy is 0.1% of Defined Benefit members' salaries.
- In relation to Accumulation members employed by Toyota Affiliate companies, I have assumed that the cost of fees is either paid for by the Affiliate companies via an invoice reimbursement arrangement with the Trustee, or are member paid.

Insurance Costs

The allowances and assumptions for this review are as follows:

- For Defined Benefit members, I have included in the long-term contribution rate an allowance for insurance premiums of 1.4% of Defined Benefit members' superannuation salaries, based on the expected costs of death, disablement and income protection premiums, having regard to the expected level of death and disablement benefits and premium rates charged by the insurer, Hannover Life Re of Australasia Ltd.
- In relation to TS_BM Accumulation members employed by TMCA, the Company continues to pay all insurance premiums, this has resulted in a levy of 0.1% of Defined Benefit members' salaries.
- In relation to TS_2A Accumulation members, TMCA pays the Death and TPD insurance premiums for coverage of 15% x Future Service x Salary, and the Income Protection insurance premiums for default cover. The required levy in respect of Accumulation members, expressed as requested as a percentage of Defined Benefit members' salaries is 2.6% of Defined Benefit members' salaries.
- In relation to Accumulation members employed by Toyota Affiliate companies, I have assumed that the cost of default insurance premiums is either paid for by the Affiliate companies via an invoice reimbursement arrangement with the Trustee, or are member paid.

Demographic Assumptions

Rates at which Employee Members Cease Service

Because of the small number of employee members remaining in the Fund, I have not conducted a full analysis of the assumed exit rates against actual experience. I have therefore retained the same assumed rates as the ones used in the previous investigation.

Sample exit rates (per year per 10,000 members) I have adopted are shown in the table below:

Categories TS_1A2 and TS_1D

Age	Retirement	Resignation	Deaths and Disablements
20	n/a	1,700	17
25	n/a	1,400	14
30	n/a	500	13
35	n/a	400	17
40	n/a	400	27
45	n/a	200	45
50	n/a	100	78
55	300	n/a	126
60	300	n/a	205
65	10,000	n/a	n/a

Categories TS_2C and TS_2D

Age	Retirement	Resignation	Deaths and Disablements
20	n/a	1,000	6
25	n/a	900	4
30	n/a	800	4
35	n/a	600	6
40	n/a	600	9
45	n/a	500	15
50	n/a	500	25
55	1,000	n/a	40
60	1,000	n/a	65
65	10,000	n/a	n/a

Statutory Statements Under SPS 160

Toyota Super

Actuarial Investigation as at 30 June 2022

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

Fund Assets

At 30 June 2022 the net market value of assets of the Fund held in respect of Defined Benefits was $54,435,000.

Projection of Defined Benefit Vested Benefit Index

Based on the actuarial assumptions I project that the likely future financial position of the Fund over the three years following the investigation date will be as follows. The projection assumes the Company chooses to contribute at the long-term contribution rates calculated as per Equipsuper's Contribution and Policy.

Date	Defined Benefit Vested Benefits Index
30 June 2022	105.3%
30 June 2023	107.2%
30 June 2024	107.5%
30 June 2025	106.5%

Accrued Benefits

The value of the accrued liabilities of all Defined Benefit members as at 30 June 2022 was $52,794,000.

In my opinion, the value of the assets of the Fund at 30 June 2022 was adequate to meet the liabilities in respect of accrued benefits in the 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.

Vested Benefits

The value of the vested benefits of all Defined Benefit members as at 30 June 2022 was $51,699,000.

In my opinion, the financial position of the Fund is not unsatisfactory and the shortfall limit does not need to be reviewed at this time.

Minimum benefits

The value of the liabilities in respect of the minimum benefits of Defined Benefit members as at 30 June 2022 was $47,222,000 which is less than the value of assets held at that date.

Funding and Solvency Certificates

Funding and Solvency Certificates for the Fund covering the period from 30 June 2021 to 30 June 2022 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 Fund covering the period from 1 July 2022 to 30 June 2025.

Company Contributions

The report on the actuarial investigation of the Fund at 30 June 2022 recommends the Company to contribute at the following rates:

Defined Benefit Division (Participation Schedule, Part 2)

From 1 July 2022 to 31 March 2023:

Category	Contribution Rates
TS_1A2	27.2% of Fund Salaries plus 4.5% of OTE into Accumulation section
TS_1D	24.4% of Fund Salaries plus 4.5% of OTE into Accumulation section
TS_2C and TS_2D	27.9% of Fund Salaries plus 5% deemed contributions

From 1 April 2023 onwards:

Contribution Rates	TS_1A2	TS_1D	TS_2C and TS_2D
Long-term contribution rate	10.7% of Fund Salaries	9.0% of Fund Salaries	11.7% of Fund Salaries
Plus additional contributions	4.5%* of OTE into Accumulation section	4.5%* of OTE into Accumulation section	5.9% deemed contributions

The contribution rates assume that additional contributions for TS_1A2 and TS_1D members remain at 4.5% of OTE. If these contributions increase in line with future increases in the Superannuation Guarantee percentage, my contribution recommendations for TS_1A2 and TS_1D members can be adjusted.

I note that the Trustee reviews the financial position and funding effective 30 June and 31 December each year. Changes to the above contribution program may be required as a result of these reviews.

Accumulation Division (Participation Schedule, Part 1)

- Additional contributions of 3.1% of total Defined Benefit Salaries to meet the cost of TMCA paid administration fees and insurance premiums for Accumulation members (i.e. Categories TS_1A, TS_2A and TS_BM). This additional contribution only applies to TMCA.
- Contributions in respect of Accumulation members to meet any Superannuation Guarantee, contractual or any other obligations in respect of such liabilities.

Payment of Pensions

The Fund does not have any lifetime pension members.

Tracy Polldore
Fellow of the Institute of Actuaries of Australia

19 December 2022

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