

30 September 2015

Our Ref: 53206/901/NC

The Directors
OnePath Custodians Pty Ltd
Level 13, 347 Kent Street
SYDNEY NSW 2000

Dear Directors

QBE SUPER PLAN – ONEPATH MASTERFUND FUNDING AND SOLVENCY CERTIFICATE

Please find enclosed a Funding and Solvency Certificate for the QBE Super Plan (“the Plan”) of the OnePath MasterFund. The Certificate takes effect on 1 July 2015 and expires on 30 June 2020.

This certificate replaces the certificate issued by Louise Campbell on 27 September 2013 in respect of the Plan. That certificate ceased to have effect because the Minimum Requisite Benefits (MRBs) were amended in the replacement Benefit Certificate issued by me on 1 July 2015.

Copy to Employers

A copy of the Certificate should be provided as soon as practicable to each of the employer sponsors of the Plan. We have therefore provided a copy to Luke Calderon at QBE.

Employer Contributions

This Certificate specifies a minimum level of contributions that must be paid by the employer to cover Superannuation Guarantee (SG) obligations.

The recommended contributions to the Plan for the defined benefit division will be the contributions expected to secure the Plan’s full benefit liabilities in accordance with the Employer Application Deed (as amended from time to time), and may be greater than those shown in the Certificate.

Notifiable Events

As required by the legislation, the Certificate includes a list of Notifiable Events. In general, these are events that may place significant financial strain on the Plan and therefore should prompt a re-evaluation of the Plan’s coverage of Minimum Requisite Benefits.

The occurrence of a Notifiable Event does not necessarily indicate that the Plan is in immediate danger of insolvency, but rather that the Plan’s financial position should be checked to ensure that appropriate action is taken in response to any potential threat to the Plan’s solvency.

Under the legislation, the Certificate expires if a Notifiable Event occurs and a new Certificate must be issued within three months. Thus, it is important for the Trustee to monitor the Plan for the occurrence of any Notifiable Events or other significant event and notify me as soon as possible should such an event occur.

The Notifiable Events are set out in paragraph 6 of the Certificate.

Please call me if you have any questions about the enclosed Certificate.

Yours sincerely



Sam Underhill FIAA

Enclosure: Funding and Solvency Certificate

cc: Luke Calderon, QBE

FUNDING AND SOLVENCY CERTIFICATE
SUPERANNUATION INDUSTRY (SUPERVISION) ACT 1993

QBE SUPER PLAN – ONEPATH MASTERFUND

1. Regulation 9.09(1) of the Superannuation Industry (Supervision) Regulations (the Regulations) requires the trustee of a defined benefit fund to obtain a funding and solvency certificate from an actuary, where the fund is being used by an employer to avoid a charge under the Superannuation Guarantee Charge Act.
2. This Certificate has been prepared at the request of OnePath Custodians Pty Ltd, the Trustee of the OnePath MasterFund, pursuant to Regulation 9.09(1), for distribution to employers. This Certificate replaces the certificate effective 1 July 2013 issued by Louise Campbell on 27 September 2013.

3. **Name of Regulated Fund to Which This Certificate Relates:**

QBE Defined Benefit Division – OnePath MasterFund (“the Plan”)

In this certificate, references to “the Rules” are references to the OnePath MasterFund Employer Application Deed between OnePath Custodians Pty Ltd and QBE Management Services Pty Limited, as amended by Employer Application Amending Deed(s), and the Trust Deed of the OnePath MasterFund (unless specified otherwise).

4. **Date of Effect of This Certificate:**

1 July 2015.

5. **Date this Certificate Ceases to Have Effect:**

30 June 2020. This certificate must be replaced by 30 June 2019.

6. **Notifiable Events**

The Certificate will also cease to have effect should any of the following events occur:

- (a) an event described in Regulation 9.12(2) or in a successor Regulation; or
- (b) replacement of this certificate is requested by the Regulator under SIS Regulation 9.09(1A)
- (c) a Notifiable Event occurs as listed below:
 - a change is made to the Minimum Requisite Benefits as described in paragraph 7 below; or
 - the Trustee becomes aware of any actual or possible misappropriation of assets of the Plan; or
 - the Trustee becomes aware of any enhanced benefits paid under a discretion from the Plan; or
 - the Trustee becomes aware that the net market value of the Plan's assets is less than 100% of the Plan's vested benefits at the end of any quarter since 1 July 2015; or
 - any changes are made to the level or method of calculation of the benefits payable from the Plan, whether by amendment of the Rules of the Plan or otherwise, to the extent that the change affects or may affect the level or method of calculation of the benefits payable from the Plan, unless otherwise advised by the Actuary; or
 - a significant change to the investment strategy of the Defined Benefit Division (DBD); or
 - the Actuary advises the Trustee in writing that the solvency position should be reviewed.

7. **Minimum Requisite Benefits (MRBs)**

The Certificate relates to the Minimum Requisite Benefits described in the Benefit Certificate effective 1 July 2015 and expiring 30 June 2020, issued by me on 1 July 2015.

It is assumed that the MRBs applicable after 30 June 2020 (the expiry date of the Benefit Certificate) are calculated on a basis consistent with that set out in the Benefit Certificate applicable prior to 30 June 2020.

8. The Certificate is based on the benefits, data and assumptions described in the Attachment.
9. I certify that the Plan was solvent (as defined in Regulation 9.06(2)) as at 1 July 2015, the effective date of the Certificate.
10. I certify that, on the basis set out in this Certificate, I expect that the Plan will be solvent on 30 June 2020, the expiry date of the Certificate, should QBE continue to pay contributions at no less than the following levels for the period to 30 June 2020:
- Nil in respect of the DBD membership of in-force DBD members;
 - Contributions of at least the Superannuation Guarantee rate of Ordinary Time Earnings (subject to the maximum contribution base) for all Accumulation members, other than:
 - members who have instructed the employer to pay Superannuation Guarantee contributions to another fund, from the effective date of that instruction;
 - Employer contributions (including salary sacrifice contributions) credited to the accounts of Accumulation members of the Plan; and
 - Any employer related expenses or insurance premiums required to meet the cost of employer provided insurance for Accumulation members.
11. I am not aware of any occurrence between the effective date and the date of signing that would affect the contents of this Certificate.
12. This Certificate has been prepared in accordance with Professional Standard 407 "Solvency Management of Defined Benefit Superannuation Funds" issued by the Institute of Actuaries of Australia.

Sam Underhill

Sam Underhill
Fellow of the Institute of Actuaries of Australia
30 September 2015

Russell Employee Benefits Pty Ltd
Level 13, 8 Exhibition Street
Melbourne VIC 3000

I confirm that this Funding and Solvency Certificate satisfies Russell's Quality Assurance standards and meets the requirements of Professional Standards 407 of the Institute of Actuaries of Australia.

Bill Butler

Bill Butler
Fellow of the Institute of Actuaries of Australia
30 September 2015

Russell Employee Benefits Pty Ltd
Level 13, 8 Exhibition Street
Melbourne VIC 3000

ATTACHMENT TO FUNDING AND SOLVENCY CERTIFICATE

QBE SUPER PLAN – ONEPATH MASTERFUND

Membership Data

The membership data used for this certificate has been provided by OnePath Australia Limited as at 1 July 2015.

A summary of the data as at 1 July 2015 is set out below:

Member Type		
	Number of Members	Total Plan Salaries
Active Members under age 55	13	\$1,466,000
		Total Annual Pensions
Current Pensioners	26	\$970,557
Contingent Pensioners	8	\$73,787

Assets

Financial information for the Defined Benefit Division of the Plan as at 1 July 2015 was based on unaudited information provided by the Plan's administrator, OnePath Australia Limited.

Based on this, I have used a net market value of Plan assets backing the defined benefit liabilities of \$22,363,000 at 1 July 2015. This value excludes the value of benefits payable to members who have exited the Plan but whose benefits had not been paid.

Benefits

A summary of the Plan benefits are described in Appendix A of the report for the Plan dated 29 September 2015 on the actuarial investigation of the DBD section of the Plan as at 1 January 2015. Amendments have been made to the Minimum Requisite Benefits in accordance with the Benefit Certificate issued in 1 July 2015.

Assumptions

The assumptions used to value Minimum Requisite Benefits and to carry out projections of benefits and assets of the Plan to 30 June 2020, the expiry date of the Certificate, are summarised as follows:

- Discount Rate for Active Members 3.6% pa net of tax
- Discount Rate for Pension Members 5.9% pa gross of tax
- Future Salary Increases 3.0% pa
- Future Pension Increases 2.5% pa

All demographic assumptions have remained the same as those described the report dated 29 September 2015 on the actuarial investigation of the DBD section of the Plan at 1 January 2015.