

31 October 2018

Ms Tiffany Lu
ANZ Wealth
Relationship Manager, Pensions & Investments
242 Pitt Street
Sydney NSW 2000

Dear Tiffany

**Subject: Smith & Nephew Superannuation Plan (the Plan)
Replacement Funding and Solvency Certificate**

Please find enclosed a replacement Funding and Solvency Certificate (FSC) for the Smith & Nephew Superannuation Plan (the Plan) to take effect from 1 July 2018 until 30 June 2023.

The enclosed FSC replaces the previous certificate dated 11 April 2017 which is hereby withdrawn.

The minimum contributions set out in the attached FSC are those expected to provide full Plan benefits (rather than just minimum benefits). Therefore, contributions may be higher than those expected to be required to provide coverage only of the Plan's Minimum Benefits (MBs).

Under the SIS legislation, the Trustee must obtain a replacement FSC by no later than 30 June 2022 or earlier if a "notifiable event" occurs (refer to the Appendix).

A copy of this certificate should be supplied to all Companies contributing to the Plan and a copy should be retained by the Trustee.

Please contact us if you wish to discuss this matter.

Yours sincerely



Tracy Polldore
Fellow of the Institute of Actuaries of Australia



Hadas Danziger
Fellow of the Institute of Actuaries of Australia

Attachments: Funding and Solvency Certificate

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http://aptct.internal.towerswatson.com/clients/655230/BENAUSSMITH19/Documents/04.03_Actl_Cert/FSC/FSC_2018.docx

DO: AV | TR: HD | ER: HD | CR: TP

FUNDING AND SOLVENCY CERTIFICATE
SMITH & NEPHEW SUPERANNUATION PLAN
a sub-plan of the OnePath MasterFund

- 1 This Funding and Solvency Certificate ("Certificate") is provided under Regulation 9.09 of the Regulations to the Superannuation Industry (Supervision) Act 1993 ("SIS Act"), and has been prepared in accordance with Professional Standard 407 issued by the Institute of Actuaries of Australia.
- 2 This Certificate takes effect from 1 July 2018 and will apply until 30 June 2023. However, in accordance with Government regulations, this Certificate must be replaced no later than 30 June 2022. This Certificate will expire prior to the expiry date if one of the following events occur:
 - an amount is paid from the Plan to an Employer;
 - it is replaced by another Certificate;
 - a "Notifiable Event" (as defined in the Appendix to this Certificate) occurs in relation to the Plan;
 - an Employer fails to pay the "certified minimum contributions" specified below; or
 - an Actuary withdraws the Certificate.

This Certificate replaces the previous Certificate dated 11 April 2017.

- 3 Pursuant to Regulation 9.06 of the SIS Regulations, the Plan is "*solvent*" if the net realisable value of the assets of the Plan exceeds the Minimum Benefits (MB) of all members of the Plan.
- 4 The MB for a member is that part of a benefit being used to meet part or all of an employer's Superannuation Guarantee obligation and is defined in the Benefit Certificate prepared by Farah Billimoria, FIAA, dated 9 July 2015 which covers the period from 1 June 2015 to 31 May 2020. We assume that the basis for minimum benefits set out in this Benefit Certificate continues for the purposes of certifying the contributions under this Certificate until the expiry date of this Certificate.
- 5 In my opinion:
 - a at 1 July 2018, the Plan was solvent as defined under Regulation 9.06(2) and 9.15 of the Superannuation Industry (Supervision) Regulations; and
 - b based on reasonable assumptions about the future of the Plan, the Plan is likely to remain solvent to the expiry of this Certificate at 30 June 2023 provided the Company pays at least the certified minimum contributions of \$2,750 per month.

The Company also needs to meet the cost of any contributions on annual bonuses at the prevailing SG rate subject to the Maximum Earnings Base (MEB), the cost of member contributions (including 15% contribution tax) for those members who have their member contributions paid by the Company (Member Deemed contributions); and also the cost of any "salary sacrifice" contributions made by members.

The Company contributions specified above are the same as the contributions recommended by the Plan's actuary. These contributions may be higher than those expected to provide coverage only of the Plan's MBs.

- 6 I am not aware of any events that have occurred between 1 July 2018 and the date of signing this Certificate that would affect the contents of the Certificate.

Dated: 31 October 2018



Tracy Polldore
Fellow of the Institute of Actuaries of Australia



Hadas Danziger
Fellow of the Institute of Actuaries of Australia

Towers Watson Australia Pty Ltd
Level 23, 55 Collins Street
Melbourne VIC 3000

APPENDIX TO FUNDING AND SOLVENCY CERTIFICATE**Notifiable Events**

Notifiable Events are events identified by the actuary as requiring the solvency of the Plan to be re-examined. If a notifiable event occurs, the Funding and Solvency Certificate ceases to have effect, and a new Certificate must be obtained by the Trustee within three months of the occurrence of the notifiable event.

In accordance with Regulation 9.10 to the SIS Act, the following events are identified:

- Any amendment to the Plan's Trust Deed which affects the level or method of calculation of the benefits provided by the Plan.
- The determination of the Plan's financial position as "unsatisfactory" as at an annual review date (currently 1 July each year). For this purpose, "unsatisfactory financial position" is defined in Regulation 9.04(a) to the SIS Act to mean that the Plan's assets are insufficient to cover the amount of vested benefits in the Plan (i.e. the minimum entitlement if all members resigned immediately).
- The receipt by the Trustee of the Plan of a written direction from APRA under sub regulation 9.09 (1A) of the Regulations.
- Any other event advised to the Trustee by an actuary as being a notifiable event.

The following events are also identified, unless advised in writing to the contrary by an actuary:

- The replacement of the Benefit Certificate which was current as at the date this Certificate was signed, with a Benefit Certificate which specifies the Plan's minimum benefits on a different basis to that assumed in this Certificate (for example, as a result of an increase in the level of minimum SG benefits).
- An investment return on the Plan's defined benefit assets of less than -5% over the Plan year ended 30 June each year.
- Average salary increases for all defined benefit members of the Plan since the most recent annual review date in excess of 10%.
- The exercise of discretion to provide enhanced benefits (for example in special circumstances as defined in the Plan's Trust Deed, or as a result of the cessation of participation of an Employer) since the previous annual review date which total more than 5% of the Plan's assets.
- A change in the taxation basis of the Plan.