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AUSTRALIAN AIR PILOTS  
MUTUAL BENEFIT FUND  
ANNUAL REPORT

# A WORD FROM THE CHAIRPERSON

It is my pleasure to present the Chairperson's Report for 2025, marking another busy and successful year for MBF.

The MBF continues to evolve and strengthen, with significant developments across the product offering, systems, staffing, and governance.

## Financial Performance

MBF delivered a pleasing financial result for the year 2024/25, achieving a net surplus of \$3.075 million, despite write-downs in property assets. Investment returns were strong, and full financial details can be found later in this report on pages 6, 12 and 13.

MBF also recorded:

- A record number of members at 30 April of 3,695.
- The highest ever net asset value of approximately \$87.76 million.

## Product and System Transformation

A major milestone this year was the revamp of MBF's product structure, transitioning to a single-scale Nominated Capital Benefit (NCB) ranging from \$100K to \$1.2M commencing 2026. This replaces the previous Standard and Premium Capital Benefits and simplifies Member coverage.

Two sets of Rules were approved by Members in April 2025:

- New improved benefits effective from 1 May 2025.
- NCB structure to be implemented in 2026.

This product transformation coincided with the need to replace the legacy Stratum membership system. After extensive evaluation, MBF selected Sugar CRM as the new platform, which will enhance Member engagement and operational efficiency. A new website will also launch in 2026.

## Property and Infrastructure

MBF purchased a replacement investment property in East Malvern to support CGT rollover relief following the compulsory acquisition of the Box Hill property. Final compensation from the Suburban Rail Loop Authority is still pending.

Planning is underway for refurbishment projects at the South Melbourne building, including the relocation of administration to Level 6.

## Staffing and Leadership

MBF extends its sincere thanks to Michelle Vong, our General Manager (GM), who commenced parental leave during the year. Michelle's leadership and dedication to MBF's strategic projects has been invaluable and MBF wishes her all the best.





MBF welcomes Chris Henderson as interim GM, and three new staff members:

- Josh Gulevski – CRM Project Coordinator
- Lea Beattie – Executive Assistant
- Amelia Martin – Marketing Coordinator

### Acknowledgements

I would like to thank Simon King, whose term as a Director concludes at the October 2025 AGM. Simon has made a significant contribution over the past three years.

MBF welcomes Troy Mussio, elected to commence as a Director in November 2025. Troy is a Helicopter Captain with PHI and MBF looks forward to him joining the Board.

I extend my sincere appreciation to my fellow Directors for their voluntary service and to the entire MBF team for their commitment and professionalism.

Together, MBF has navigated a year of significant change and laid the foundation for MBF's future success.

This is your Mutual Benefit Fund, and thank you for your continued support as MBF strives to provide the best protection against the consequences of losing your Class 1 Medical Certificate.



Capt. David Harget  
Chairperson

# THE GENERAL MANAGER'S REPORT

## Financial Performance

MBF had a strong year in 2024/25, achieving net assets of \$87.76m despite property asset write-downs. Investment performance was particularly pleasing. Full financial details can be found later in this report on page 6 and 12.

## Product & System Updates

A major product revamp introduced the Nominated Capital Benefit (NCB), offering cover from \$100K to \$1.2M. This new benefit replaces the Standard Capital Benefit (\$600K) and Premium Capital Benefit (\$200K). Members approved two sets of Rules in April 2025—one for improved benefits starting 1 May 2025, and another for the full NCB rollout in 2026. Alongside this, MBF began upgrading its membership system, selecting Sugar CRM and preparing for a new website launch in 2026.



## Leadership & Staff

General Manager, Michelle Vong, has commenced parental leave, and MBF extends warm wishes for her time away. Michelle has managed MBF's operations for this financial year and has put enormous dedication into the MBF and its projects. Her efforts are greatly appreciated. Chris Henderson, former Business Manager, has stepped in as acting GM.

Thanks to the entire staff team (see pages 14 and 15)

for their support and contributions for the year. It has been a very demanding time for them with the development of two sets of rules, the selection of a CRM vendor and now participating in CRM development. All members of staff have been required to contribute to the new CRM process over and above their normal operations.

Three new team members have joined to support increased productivity. They are mentioned in the Chairperson's Report.

## CRM Project

The CRM transition has required significant resources and collaboration across departments. Development, testing, and deployment of the Sugar CRM will continue into early 2026, culminating in the NCB renewals on 1 May 2026. The team has worked closely with CRM Strategy Pty Ltd, completing workshops and preparing for rollout.

## Property & Infrastructure

MBF acquired a new investment property in East Malvern, benefiting from CGT rollover relief. Compensation is still pending for the compulsory acquisition of the Box Hill property by the Suburban Rail Authority. Refurbishment plans are underway for the South Melbourne building, including relocating administration to Level 6.

## Governance

MBF expresses sincere appreciation to its Trustee Directors for their voluntary service.

Many thanks to Simon King who will complete his term as Director at the October 2025 AGM. MBF welcomes Troy Mussio, who will begin his directorship in November 2025.



Chris Henderson  
Acting General Manager



Membership				
Financial Year Ending April 30	2025	2024	2023	2022
Membership	3695	3552	3474	3425
Average Age of Members	41	41	41	42
Average Cover	\$695,393	\$688,160	\$698,288	\$675,412
Payments Made to Members	2025	2024	2023	2022
Temporary / Monthly Benefit	32 \$1,445,665	44 \$2,130,805	41 \$2,284,124	42 \$2,027,256
Permanent / Capital Benefit	8 \$4,731,519	10 \$4,743,800	7 \$3,097,445	15 \$8,384,319
Death Benefit / Capital Benefit <sup>1</sup>	0 \$0	2 \$1,399,642	2 \$1,612,240	2 \$1,064,000
<b>Total of Benefits Paid</b>	<b>\$6,177,184</b>	<b>\$8,274,247</b>	<b>\$6,993,809</b>	<b>\$11,475,575</b>
Refund of Contribution	36 \$1,856,787	27 \$1,311,538	31 \$1,424,313	35 \$1,667,318

1. \$800,000 maximum loss of licence cover plus \$300,000 maximum death benefit after 20 years of membership.

# PROPERTY COMMITTEE REPORT

Following advice of a compulsory acquisition of the MBF Box Hill investment property, the Fund formed a temporary Property Sub Committee in September 2024 to assist with workload management. Whilst the pressures were being felt across all parts of the Fund's activities, the forcible acquisition of our Box Hill property meant that the Fund found itself in the difficult position of having to mount a complex compensation claim and navigate capital gains and taxation issues. Whilst a simple sale was discussed as an easy option, this would have given rise to payment of a significant capital gains tax liability.

It was determined instead that the acquisition funds would be allocated to the purchase of a 'like' property for CGT roll-over relief and to maximise the mitigations available to the Fund around stamp duty and legal costs. Several candidate properties were examined and ultimately a property in Malvern East was acquired. The property has a compelling mix of anchor tenants, location and quality that ought to be an excellent contributor to the investment mix of the Fund.

Leasing at the MBF South Melbourne property has shown some signs of modest improvement with a new tenant soon to move into Level 5 and some interest in the other vacant spaces on Level 2 and the ground floor.

The Fund has determined to undertake works to ensure that the South Melbourne property remains in a well maintained and presentable state and exterior painting, foyer refurbishment and new

street level signage will all be underway in the coming months.

In other big news, the AAPMBF is finalising plans to move to a redeveloped level 6. The current half tenancy on level 1 has long since reached capacity and level 6 provides an opportunity to build an appropriate Board meeting space and a high level of amenity to attract and retain good quality staff. This significant investment will support the Fund through a period of transition with a modest growth in staffing and capacity.

The Sub-committee comprised Matthew Nielsen and Simon Brownscombe (Co-Chairs) with David Harget, Walter Gowans and Mattew O'Keeffe who are assisting with the property work. The Sub Committee has now transitioned to a working group as the acquisition activities wind down. The working group will now support building refresh and level 6 projects through to completion in 2026.



Capt. Simon Brownscombe  
Co-Chair of Property Committee



Capt. Matthew Nielsen  
Chairperson of Rules/Co-Chair of  
Property Committee

# RULES COMMITTEE REPORT

Rules, whilst necessarily dry and somewhat boring, have been elevated in importance in the wake of the unexpected shutdown of our current Customer Relationship Management (CRM) software. This really enlivened an ongoing project already underway, to address Member feedback about the structure and quantum of available benefits.

Whilst the Fund would have liked a longer runway in getting a new product and rule set airborne, the Committee has been able to bring together as much feedback as possible to build an incrementally better product that leverages the strengths of the pre 2025 Fund rules and creates a new structure that allows you, the Member, to select contributions that suit your circumstances. It also allows the Fund to build the value of benefits with an eye to real benefit growth and the perpetual nature of the AAPMBF and its ongoing financial health.

The vote to introduce these new rules was somewhat complicated by the need to stagger rule changes to live within the constraints of our current systems and to be ready for a new product and new CRM for 2026. Your participation in the vote was higher than ever and the Committee is very grateful for the support of Councils and Members in helping shape what will be the biggest evolution of the MBF in over a decade.

In summary, the short but not complete list of changes follow:

- Standard Capital and Premium Capital will be combined into a single scale - Nominated Capital Benefit (NCB). Joining Bands have been replaced by an annual risk loading when Members join later in their careers. The previous maximum SCB / PCB was \$800,000. The NCB will increase to a maximum of \$1,200,000
- Death Benefits on Joining now \$150,000
- Death Benefits maximum now \$400,000
- New Trauma Benefit which allows partial Capital access for a number of serious, defined medical conditions
- Single Pilot Benefit – monthly benefits may be payable to Members who lose their earning capacity where an illness or injury has meant their Class 1 is endorsed with 'as or with co-pilot'

There's obviously a lot more in the 'details' and the Committee encourages you to make yourselves familiar with the rules. The MBF will continue to send targeted educational communications to you, and hopes that these will generate discussion and understanding. Some things haven't changed. The Fund is run 'by pilots, for pilots'. The Committee understands you and the challenges of your work. The Directors are all Members as well and will continue to do what they can with your engagement and assistance to see that the MBF remains well in front of any competitive pressures.

Capt. Matthew Nielsen - Chairperson of Rules Comm.

# AUDIT & RISK COMMITTEE REPORT

As Chairperson of the Audit and Risk (A&R) Committee, I am pleased to present the Committee’s Annual Report for 2025.

The A&R Committee plays a critical role within the MBF’s governance framework. It is responsible for overseeing risk management and ensuring compliance with all legislative and regulatory requirements. The Committee is firmly committed to safeguarding the integrity of the Fund by proactively identifying, managing, and mitigating potential risks.

The 2025 Committee is chaired by me and includes Captain Simon King, Captain Cameron Tribe, and Captain David Harget. The A&R Committee supports the Trustees in discharging their governance responsibilities by reviewing and advising on the following key areas:

- The quality and integrity of financial reporting
- Compliance with statutory and regulatory requirements
- The effectiveness of internal controls over financial and physical assets
- The Fund’s risk identification and control processes, including internal audit
- The independence and effectiveness of the external audit
- IT security and compliance, including

regular testing and monitoring

- The quality, relevance, and timeliness of information provided to the Trustees
- The ethical culture and conduct within the organisation

The Committee meets regularly throughout the year to initiate, oversee, and assess the outcomes of the Statutory Audit, AFS Licence Audit, and Internal Audits. In addition, the Committee meets annually with both the external auditors and the Fund’s actuary to review and discuss the findings from their respective reviews. Fulfilling these responsibilities is a significant commitment, and I sincerely thank my fellow committee members for their ongoing dedication and for giving their time—often outside of their personal commitments—to support the Fund and its members.

The Board continues to review the performance of the A&R Committee throughout the year. In 2025, the Board confirmed that the Committee has met its responsibilities and expectations as outlined in the Audit Committee Charter.



Captain Timothy Glabbatz  
Chairperson of Audit & Risk  
Committee

# INVESTMENT COMMITTEE REPORT

Your Investment Committee, consisting of Captains David Harget, Matthew Nielsen, Matthew O’Keefe and myself, met regularly during the MBF Financial Year with MBF’s external Investment Advisors (the Advisors), Ben James, Amanda Fong and Gemma Dawkins from Escala Partners.

Presentations on economic updates, economic outlook and asset classes were provided by Tracey McNaughton, Chief Investment Officer, Simon Dawkins, Head of Capital Markets, and Stephen Dickinson and David Bruty, Investment Analysts. During the past MBF Financial Year, the Advisors, reported a return of 9.33% excluding direct property and 8.37% including direct property for the MBF Investment Portfolio. The MBF Financial Statements show a surplus of \$3.07m for the 2025 MBF financial year. This contributed to an increase in Total Assets to \$155.3m, of which around \$150m is invested, and an increase in the Net Asset position to \$87.7m. Investment income was higher due to an increase in dividends.

The Portfolio continued to benefit from a large holding in blue-chip Australian shares complemented by Australian small cap managers but also from a continuing increased exposure to International Equities and the Alternatives asset class. The past year was defined by US exceptionalism, with AI-driven momentum propelling the Magnificent 7 stocks to new highs. Consumers remained resilient, inflation proved sticky, and interest rate cuts slowed as economic

growth and labor shortages persisted. Equities and floating rate credit outperformed, while April’s tariff announcement under the re-elected Trump administration introduced fresh policy uncertainty and market volatility.

The Advisors believe the year ahead is likely to be shaped by US policy and continuing dispersion amongst sectors and regions. Tariffs will weigh on global growth, providing a one-off boost to US inflation and supporting disinflation elsewhere. This should enable more aggressive rate cuts in Australia, the UK, and Europe. Equity returns are likely to be disparate, favouring active managers focused on pricing power and earnings resilience. In fixed income, duration and high-quality credit are well positioned to benefit from falling yields and a shift toward safety. Alternate assets are likely to continue to outperform public markets (listed equities) due to market inefficiencies, an illiquidity premium, active management, access to unique growth opportunities, and low correlation with equities and fixed income.

The Fund remains in a sound position and as such, MBF’s Actuary advises that we are in a position to increase benefits to Members. From 2026, maximum Monthly Benefits and maximum Permanent Disability payouts will increase, as will the cap on the Refund of Contributions. Finally, I would like to thank my fellow Investment Committee Members for their support and guidance throughout the year.



Captain Steven Vidler  
Chairperson of Investment  
Committee



# FINANCIAL REPORT

Statement of financial performance (abbreviated) for the year ended 30 April 2025		
Revenue from ordinary activities	2025	2024
Member contributions	\$11,155,752	\$10,246,404
(Increase)/Decrease in Movement of Provision for Contribution Refunds	(\$3,269,000)	\$495,000
Contribution refunds	(\$1,856,787)	(\$1,311,538)
Sub-total	\$6,029,965	\$9,429,866
Dividend and distribution on listed securities	\$4,659,151	\$3,423,999
Interest on bank deposits and bank bills	\$1,705,278	\$1,146,318
Rental and sundry income	\$700,471	\$702,891
<b>Total revenue from continuing operations</b>	<b>\$13,094,865</b>	<b>\$14,703,073</b>
Less expenses from continuing operations	2025	2024
Disability benefits – lump sums	\$4,731,519	\$5,733,442
Death benefits	-	\$410,000
Disability benefits – monthly	\$1,445,665	\$2,130,805
Increase/(Decrease) in Movement of Provision for Claims	\$1,274,000	(\$7,000)
Sub-total	\$7,451,184	\$8,267,247
Administration expenses	\$3,268,198	\$2,961,451
Property expenses	\$202,029	\$98,775
<b>Total expenses from continuing operations</b>	<b>\$10,921,411</b>	<b>\$11,327,473</b>
<b>Net profit/(loss) before changes in investments</b>	<b>\$2,173,454</b>	<b>\$3,375,600</b>
Net fair value gain/(loss) on investment securities	\$4,479,616	\$5,650,846
Net fair value gain/(loss) on investment properties	(\$1,876,962)	(\$1,350,000)
<b>Profit before income tax expense from continuing operations</b>	<b>\$4,776,108</b>	<b>\$7,676,446</b>
Income tax expense	\$1,701,518	\$1,788,650
<b>Profit after income tax expense from continuing operations</b>	<b>\$3,074,590</b>	<b>\$5,887,796</b>
Profit after income tax expense from discontinued operations	-	\$1,236,496
<b>Profit for the period</b>	<b>\$3,074,590</b>	<b>\$7,124,292</b>

Statement of financial position (abbreviated) for the year ended 30 April 2025		
Assets	2025	2024
Cash at call and receivables	\$3,931,830	\$11,008,794
Term deposits (up to 90 days)	\$4,000,000	\$5,000,000
<b>Total current assets</b>	<b>\$7,931,830</b>	<b>\$16,008,794</b>
Fixed Interest	\$16,054,050	\$17,256,279
Other financial assets at cost	\$65,408,294	\$53,865,292
Change in fair value of other financial assets	\$37,742,181	\$44,770,597
<b>Total financial assets</b>	<b>\$119,204,525</b>	<b>\$115,892,168</b>
Investment properties, plant and equipment	\$27,758,020	\$14,143,305
Other non current assets	\$437,596	\$133,702
<b>Total assets</b>	<b>\$155,331,971</b>	<b>\$146,177,969</b>

Liabilities	2025	2024
Payables	\$2,132,603	\$1,514,165
Current tax liabilities	\$3,916,789	\$640,216
Provisions – current and non current	\$45,578,269	\$41,013,769
Deferred tax liabilities	\$15,944,697	\$18,324,796
<b>Total liabilities</b>	<b>\$67,572,358</b>	<b>\$61,492,946</b>

<b>Net assets</b>	<b>\$87,759,613</b>	<b>\$84,685,023</b>
<b>Total equity – retained earnings</b>	<b>\$87,759,613</b>	<b>\$84,685,023</b>

Note: These abbreviated accounts reflect the audited accounts for the financial years of 2024 and 2025.

# YOUR TEAM

We know that a loss of licence can have serious consequences to your livelihood and your family's financial security. That's why the MBF was established; by pilots, for pilots, over 60 years ago. Since 1961, we have been providing peace of mind and financial support for Australia's pilots through the most difficult times of their careers.

## Easy, Personal, No Nonsense Process

*No call centre queues, no claims department run-arounds, no cumbersome processes.*

*With your MBF it's just a few simple, straightforward steps. Wherever you are, you can access the MBF.*



Michelle Vong  
General Manager



Chris Henderson  
Acting General Manager



Pip Berquist  
Membership Manager



Aaron Tams  
IT & Security Manager



Lea Beattie  
Executive Assistant



Linda Cordasic  
Claims Manager



David Munro  
Membership Assistant



Shalini Puthanveetil  
Finance Manager



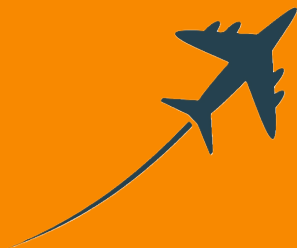
Katherine Wengier  
Bookkeeper



Amelia Martin  
Marketing Coordinator



Joshua Gulevski  
Project Coordinator



# THE BOARD MEMBERS THAT SERVE YOU

The MBF's Trustees are fellow pilots with your best interests at heart. They have a firm understanding of the life you live and the risks you take.

Run by Pilots for Pilots





Capt. David Harget  
Chairperson



Capt. Simon Brownscombe  
Co-Chair of Property Committee



Capt. Steven Vidler  
Chairperson of Investment  
Committee



Capt. Simon King



Capt. Walter Gowans



Capt. Matthew Nielsen  
Chairperson of Rules/  
Co-Chair of Property



Capt. Tim Glabatz  
Chairperson of Audit & Risk  
Committee



Capt. Matthew O'Keeffe



Capt. Cameron Tribe



"SOMETIMES, FLYING FEELS TOO GOD-LIKE TO BE ATTAINED BY MAN. SOMETIMES, THE WORLD FROM ABOVE SEEMS TOO BEAUTIFUL, TOO WONDERFUL, TOO DISTANT FOR HUMAN EYES TO SEE."

CHARLES A. LINDBERGH





## AUSTRALIAN AIR PILOTS MUTUAL BENEFIT FUND

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