

Investment Report

Equip Super Retirement Income
30 September 2024



During the September quarter, equity markets experienced significant volatility, but ultimately delivered positive returns. Inflation, whilst still a little too high, continues to moderate. The Fund continues to provide strong long-term returns for members.

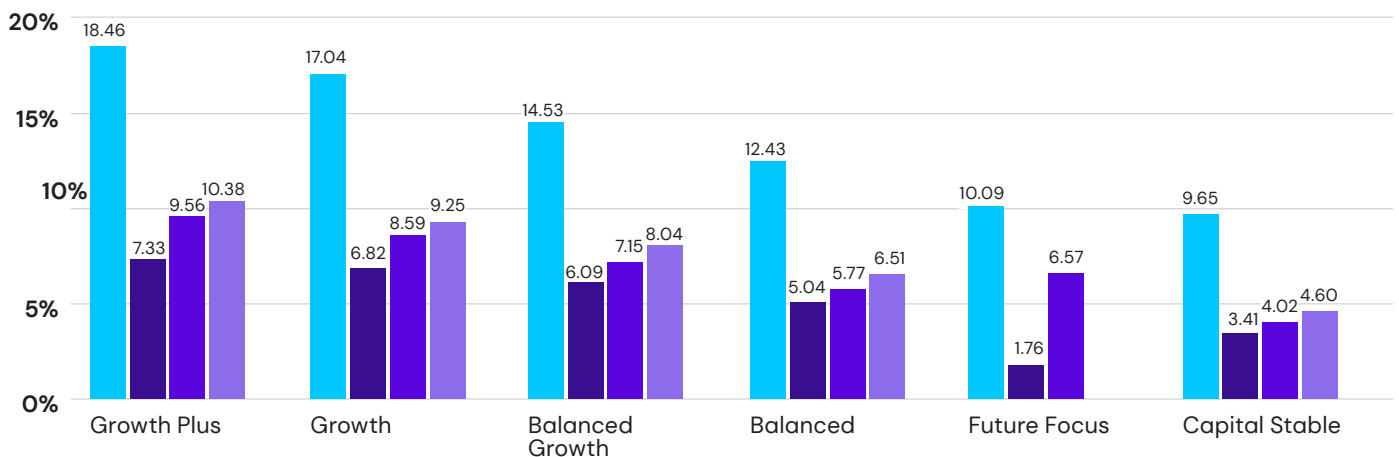
Fund performance

The Equip Super Balanced Growth (retirement income) investment option returned 3.70% for the three months to 30 September 2024.

Equip Super continues to deliver strong returns for members over the long term. The Balanced Growth (retirement income) investment option returned an average of 8.04% a year for members for the 10 years to 30 September 2024.

Diversified retirement income options 1,3,5 and 10-year returns (% p.a.) as at 30 September 2024

1-year 3-year 5-year 10-year



Market review

During the September quarter, equity markets experienced significant volatility, but ultimately delivered positive returns. The MSCI World ex-Australia Index (hedged into Australian dollars) rose by 4.5%. The US Federal Reserve began easing interest rates (with a large 0.50% cut in September), following ongoing slowing in US inflation. The Chinese government announced significant stimulus measures in September, which supported equity market returns there. Inflation continued to trend down, with US inflation moderating, but still above, the US Federal Reserve's 2% target and Euro area inflation falling to well within the European Central Bank's target range.

In the US, the S&P 500 Index rose by 5.9% over the quarter. The US Federal Reserve's interest rate cut and resilient economic data were likely key drivers of market performance. Corporate earnings reports earlier in the quarter supported the view that US economic activity remained resilient, and the labour market remains robust also.

The Australian equity market outperformed developed markets returning 7.8% for the quarter. The Reserve Bank of Australia left the cash rate unchanged at 4.35%, citing persistence in inflationary pressures.

In Asia, Japanese equities experienced significant volatility, due primarily to a rapid unwind of the popular Japanese Yen "carry trade". Chinese equities were up strongly in September, driven by government stimulus measures intended to boost confidence in capital markets and the struggling property sector. The MSCI Europe Index returned 2% for the quarter. The European Central Bank eased interest rates by 25bps in September, in light of falling inflation and weakening economic data.

Both Australian and global bonds delivered positive returns for the quarter, returning 3% and 4% respectively. Yields on major developed market bonds were generally lower, reflecting expectations that major central banks were likely to lower interest rates. Along with moderating inflation, this is supporting the narrative of additional rate cuts over the next year.

Looking ahead

The positive backdrop for global share markets continues. Fears of recession, viewed as a near certainty earlier this year, have abated. Replaced by an acknowledgement that the macroeconomic environment, having withstood high interest rates for some time now, has proven resilient. In a historical context soft landings are rare, but it seems increasingly apparent that central banks have threaded the needle. At least for now.

The US economy continues to power ahead. Inflation, whilst still a little too high, continues to moderate, which has given the US Federal Reserve the confidence it needs to deliver its first interest rate cut of this cycle. Markets expect the interest rate cuts to continue, with another five forecasted by the end of 2025. With the economy performing as strongly as it currently is, a rate-cutting cycle of that extent would be unusual. There is still the potential for a repricing in market expectations, which could create volatility within equity and bond markets.

News of stimulus measures in China have also been welcomed by markets. Having avoided calls for large scale measures for some time, authorities there have finally acknowledged that firm action was required. However, the measures announced so far, including interest rate cuts, support for the property sector, and other measures aimed at local governments and banks, may not be enough to ensure growth objectives are achieved this year. More fiscal support is required, and longer-term structural issues remain unresolved.

Finally, the US election comes closer into view and is garnering more attention in the share market's daily vibrations. At the time of writing, it seems that markets are expecting a Trump victory, however in reality its is too close to call. Whoever the victor, the policy platform shows little appetite for fiscal restraint. This has implications for deficits and inflation over the longer term and in turn interest rates and bond yields. With US shares continuing to achieve all-time highs, there seems little allowance for these risks, nor any acknowledgment of the uncertainty that could eventuate from a very close outcome or contested result.



Investment performance as at 30 September 2024

Accumulation and transition to retirement pension returns (%)[^]

Diversified options	QTR	FYTD	1 YR	3 YRS P.A.	5 YRS P.A.	10 YRS P.A.
Growth Plus	3.89	3.89	17.18	6.89	8.92	9.57
Growth	3.68	3.68	15.76	6.35	8.00	8.51
Balanced Growth	3.30	3.30	13.35	5.62	6.75	7.57
MySuper [#]	3.30	3.30	13.37	5.56	6.67	7.31
Balanced	2.99	2.99	11.42	4.74	5.40	5.98
Future Focus	4.17	4.17	9.61	2.18	6.18	–
Capital Stable	2.60	2.60	8.67	3.07	3.60	4.23
Index Diversified	4.16	4.16	17.06	–	–	–
Sector Specific options						
Australian Shares	7.06	7.06	19.00	8.50	8.45	8.75
Overseas Shares	2.32	2.32	21.24	6.01	10.67	10.88
Diversified Fixed Interest	2.98	2.98	6.58	0.28	0.88	2.15
Cash	1.04	1.04	3.93	2.57	1.68	1.73

Pension returns (%)[^]

Diversified options	QTR	FYTD	1 YR	3 YRS P.A.	5 YRS P.A.	10 YRS P.A.
Growth Plus	4.28	4.28	18.46	7.33	9.56	10.38
Growth	4.06	4.06	17.04	6.82	8.59	9.25
Balanced Growth	3.70	3.70	14.53	6.09	7.15	8.04
Balanced	3.34	3.34	12.43	5.04	5.77	6.51
Future Focus	4.68	4.68	10.09	1.76	6.57	–
Capital Stable	2.96	2.96	9.65	3.41	4.02	4.60
Index Diversified	4.73	4.73	19.75	–	–	–
Sector Specific options						
Australian Shares	7.82	7.82	21.00	9.34	9.33	9.50
Overseas Shares	2.47	2.47	22.37	6.35	11.39	11.88
Diversified Fixed Interest	3.47	3.47	8.11	0.44	1.15	2.41
Cash	1.21	1.21	4.62	3.02	1.97	2.02

Pension returns are generally higher than those for superannuation, as no tax is paid on earnings. For more information on the investment objectives and strategies for our investment options, please refer to the Equip website or an Equip PDS.

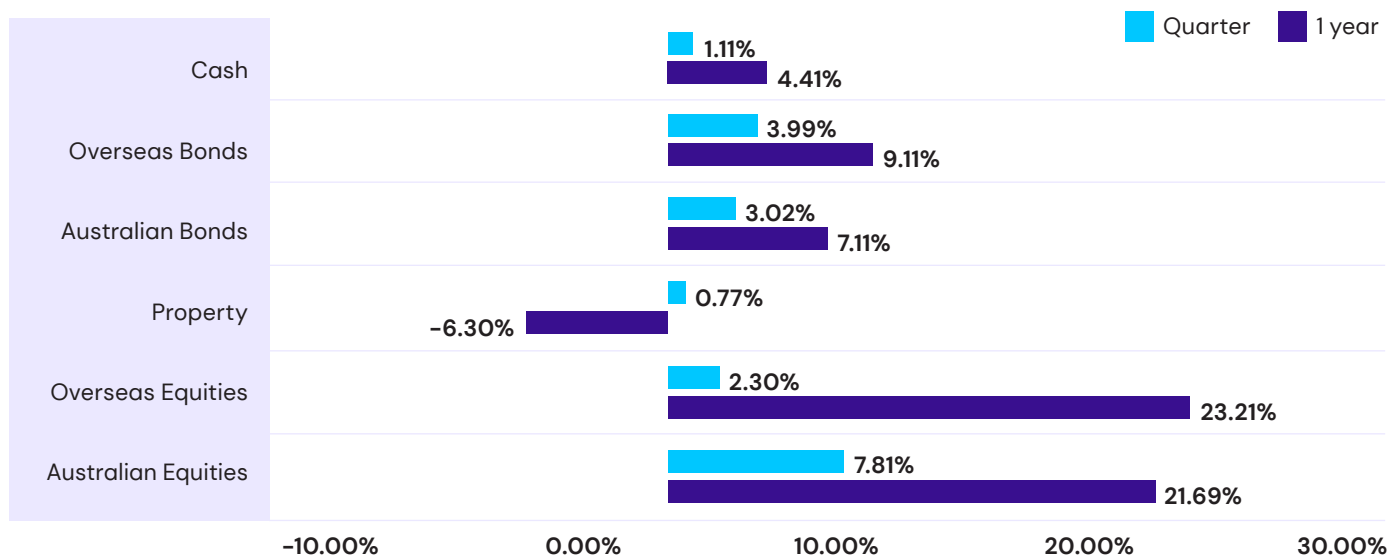
* For periods greater than 1 year, returns are compound annualised returns. Returns are net of tax and investment fees.

[#]MySuper was introduced on 1 August 2013.

[^]Past performance is not a reliable indicator of future performance.

Index returns at 30 September 2024

The numbers shown below are the index returns of some of the major asset classes we invest in. These are not the returns we provide to our members with our investment options; rather, an index is a measure of the value of a section of a market and can be used to benchmark the performance of investors.



The asset class returns are represented by the following benchmarks: Australian equity: S&P ASX 300; Overseas equities: MSCI World ex-Australia Index (net divs), unhedged; Property: 90% Mercer Australian Unlisted Property Index and 10% FTSE EPRA/NAREIT Global Listed Index, hedged into AUD; Australian bonds: Bloomberg AusBond Composite Bond 0+ Yr Index; Overseas bonds: Barclays Capital Global Aggregate (hedged, in AUD); Cash: Bloomberg AusBond Bank Bill Index.

Top 10 holdings at 30 September 2024

Australian Shares

BHP Group Limited
Commonwealth Bank of Australia
CSL Limited
National Australia Bank Limited
ANZ Group Holdings Limited
Macquarie Group Limited
Newmont Corporation
Westpac Banking Corporation
ResMed Inc.
QBE Insurance Group Limited

Overseas Shares

Microsoft Corporation
NVIDIA Corporation
Apple Inc.
Alphabet Inc.
Amazon.com, Inc.
Taiwan Semiconductor Manufacturing Company Limited
Meta Platforms, Inc.
UnitedHealth Group Incorporated
HDFC Bank Ltd.
Samsung Electronics Co., Ltd.



We're here to help

If you'd like further information about how your investments have performed, or if you've got any queries about your Equip Super account, you can **contact us online at any time**, or give our team a call on **1800 682 626**, Monday to Friday 8:00am to 8:00pm AET.

Issued by Togethr Trustees Pty Ltd ABN 64 006 964 049, AFSL 246383 ("Togethr"), the trustee of the Equipsuper ABN 33 813 823 017 ("Equip Super"). The information contained is general information only and does not take into account your personal financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, you should also seek professional financial advice. Before making a decision to invest in the Equip Super, you should read the relevant Product Disclosure Statement (PDS) and Target Market Determination (TMD) for the product which are available at equipsuper.com.au. Financial advice may be provided to members by Togethr Financial Planning Pty Ltd (ABN 84 124 491 078 AFSL 455010) – a related entity of Togethr.

Past performance is not an indication of future performance.