

# Investment Report

Equip Super Retirement Income  
31 December 2024



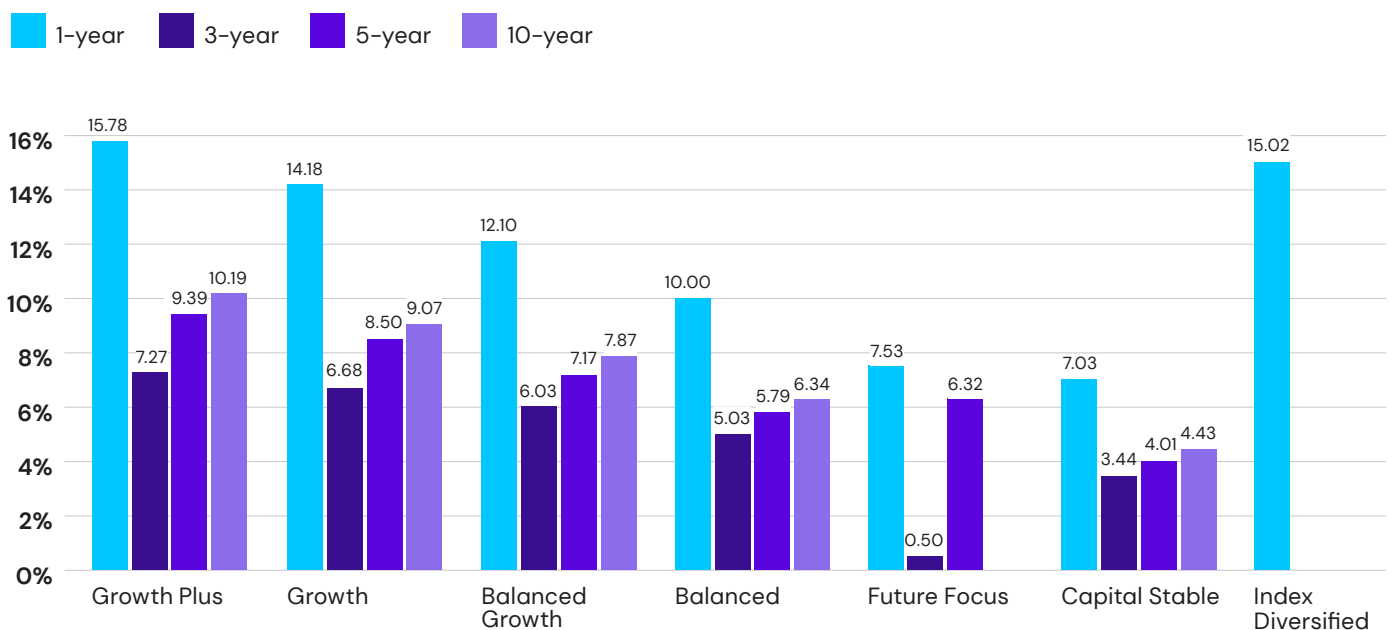
Global markets delivered mixed results, with US equities outperforming, while Australian and Chinese markets declined. Rising bond yields and a sharp fall in the Australian dollar reflected strong economic data and inflationary pressures. The Fund continues to provide strong, long-term returns for members.

## Fund performance

The Equip Super Balanced Growth Retirement Income investment option returned 2.37% for the three months to 31 December 2024.

Equip Super is delivering strong returns for members over the long term. The Balanced Growth Retirement Income investment option returned an average of 7.87% a year for members for the last 10 years.

## Diversified retirement income options 1,3,5 and 10-year returns (% p.a.) as at 31 December 2024



## Market review

Global equity markets delivered mixed results in the December quarter. Developed markets gained 2% (MSCI World ex-Australia Index, hedged into AUD), boosted by a post-election rally in the US that balanced out weaker performance in October. However, market sentiment dipped in December after the US Federal Reserve indicated fewer rate cuts than previously expected.

US equities performed well, with the S&P 500 up 2.4% for the quarter, supported by strong business activity and economic resilience. In contrast, Chinese equities dropped 7% (MSCI China Index, local currency), as concerns over the property market, slowing economic growth, and US trade policies hurt confidence, despite new stimulus measures.

Australian shares slipped slightly, down 0.8% for the quarter. Materials was the weakest sector (-11.8%), followed by listed property (-6.1%). At both meetings of The Reserve Bank of Australia (RBA), interest rates were unchanged, citing inflation that remains below its target, which will influence future rate decisions.

Bonds also struggled, with Australian and global bonds down 0.3% and 1.2%, respectively. US bond yields rose sharply, climbing 79 basis points to 4.57%, while Australian 10-year yields increased by 39 basis points to 4.37%, reflecting stronger-than-expected economic data. Meanwhile, the Australian dollar fell to its lowest level since the pandemic, dropping from 69 US cents to below 62, driven by shifting expectations around relative interest rates and growth, which has led to a stronger US dollar.

## Looking ahead

As 2025 begins, investors are reflecting on a surprising 2024, where a predicted recession never materialised, AI stocks surged, and the US election passed quietly, contributing to a strong year for share markets. The key takeaway is that when expectations are low, markets can outperform. Investors now face the task of adjusting strategies based on new forecasts.

For 2025, economic growth is expected to remain steady, with corporate earnings likely to stay robust and expand beyond last year's major winners. Inflation may stay slightly elevated but not enough to prevent one or two rate cuts by the US Federal Reserve, creating what some consider a "Goldilocks" scenario. However, optimism is already reflected in high share market valuations, which may prompt caution among contrarian investors.

Risks to this positive outlook include potential policy changes under Donald Trump, particularly regarding tariffs and trade, which could disrupt markets. Inflation remains a concern, and recent increases in bond yields reflect a strong growth and inflation environment. While not expected, a shift in the Fed's approach toward raising rates could lead to significant market volatility.

China's policy direction is also a critical factor. Although stimulus measures have been announced, details remain unclear, and geopolitical risks will continue to require close attention. Investors should remain mindful of these uncertainties while navigating the year ahead.



## Investment performance as at 31 December 2024

### Accumulation and transition to retirement pension returns (%)<sup>^</sup>

Diversified options	QTR	FYTD	1 YR	3 YRS P.A.	5 YRS P.A.	10 YRS P.A.
Growth Plus	2.78	6.79	14.77	6.82	8.75	9.40
Growth	2.40	6.16	13.24	6.24	7.91	8.35
Balanced Growth	2.15	5.53	11.19	5.58	6.74	7.41
MySuper	2.12	5.50	11.16	5.50	6.66	7.17
Balanced	1.56	4.59	9.24	4.72	5.38	5.81
Future Focus	1.65	5.88	6.66	0.97	5.97	-
Capital Stable	0.98	3.61	6.42	3.11	3.60	4.06
Index Diversified <sup>#</sup>	2.27	6.52	13.06	-	-	-
<b>Sector Specific options</b>						
Australian Shares	-0.20	6.84	12.22	7.54	8.03	8.49
Overseas Shares	6.23	8.70	21.98	7.08	10.60	10.86
Diversified Fixed Interest	-0.59	2.37	1.96	0.19	0.78	1.81
Cash	1.00	2.05	3.98	2.91	1.84	1.77

### Pension returns (%)<sup>^</sup>

Diversified options	QTR	FYTD	1 YR	3 YRS P.A.	5 YRS P.A.	10 YRS P.A.
Growth Plus	3.07	7.48	15.78	7.27	9.39	10.19
Growth	2.65	6.82	14.18	6.68	8.50	9.07
Balanced Growth	2.37	6.16	12.10	6.03	7.17	7.87
Balanced	1.79	5.20	10.00	5.03	5.79	6.34
Future Focus	1.82	6.58	7.53	0.50	6.32	-
Capital Stable	1.10	4.09	7.03	3.44	4.01	4.43
Index Diversified <sup>#</sup>	2.58	7.43	15.02	-	-	-
<b>Sector Specific options</b>						
Australian Shares	-0.34	7.46	12.75	8.16	8.85	9.20
Overseas Shares	6.75	9.39	23.30	7.50	11.33	11.86
Diversified Fixed Interest	-0.68	2.76	2.51	0.34	1.02	2.01
Cash	1.16	2.39	4.67	3.40	2.16	2.07

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.

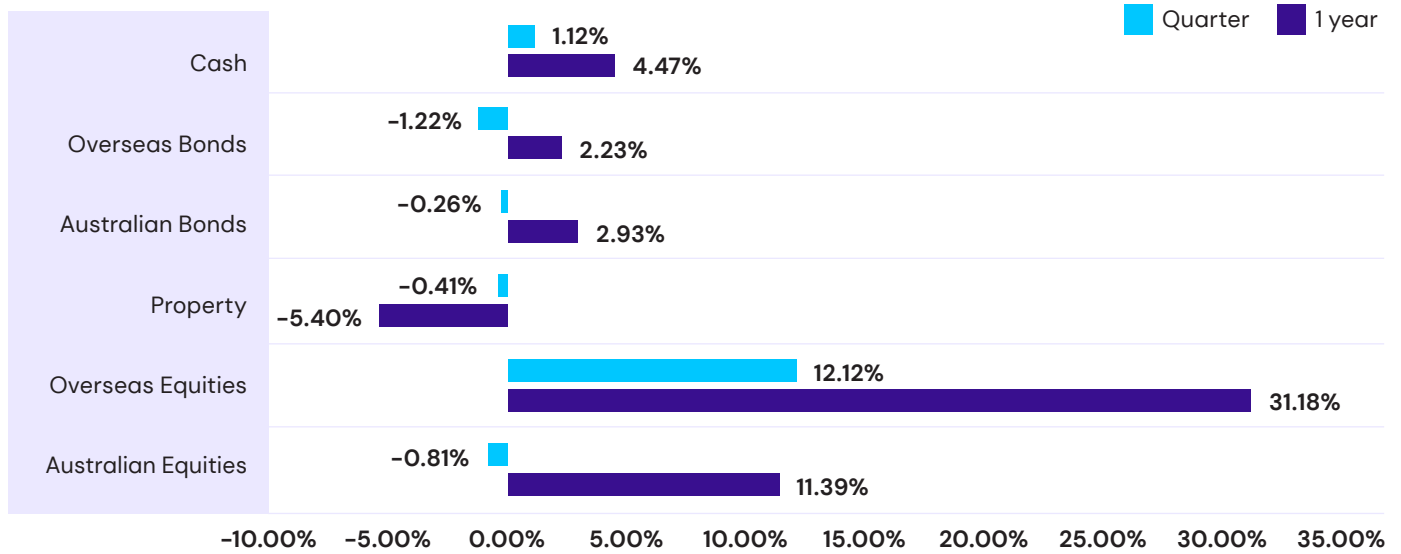
\* For periods greater than 1 year, returns are compound annualised returns. Returns are net of tax and investment fees.

#The Index Diversified investment option commenced on 1 July 2023.

<sup>^</sup>Past performance is not a reliable indicator of future performance.

## Index returns at 31 December 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 31 December 2024

### Australian Shares

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

### Overseas Shares

Microsoft Corporation  
NVIDIA Corporation  
Apple Inc.  
Amazon.com, Inc.  
Alphabet 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.

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