

Investment Report

Equip Super accumulation and Transition to Retirement Income
31 March 2025



The first quarter of 2025 was marred by rising uncertainty around the Trump administration's approach to global trade and geopolitical relations. And as Trump's tariff announcements loomed, unsettled markets produced diminished returns which were reflected in investment option returns for the quarter. Over the long term, however, the Fund continues to deliver strong returns for members.

Market review

Despite a strong start in January for both domestic and overseas equities, February and March brought rising uncertainty around the potential impacts of tariffs, deregulation, fiscal policy and immigration under President Trump's administration. The MSCI World ex-Australia Index (Hedged into AUD) returned -2.5% for the March quarter.

Uncertainty peaked in March, with equity markets generally weaker on continuing concerns around any potential tariffs and their consequences. Volatility increased materially after quarter end once the US announced the official tariffs on a range of trading partners.

In the US, the S&P 500 was weaker over the March quarter, returning -4.3%. European equities outperformed the US market throughout the quarter as expectations grew for a more expansionary fiscal outlook and higher defence-related spending. The US Federal Reserve held interest rates steady at 4.5%. At its March meeting, the Reserve's board highlighted the recent increase in uncertainty around the economic outlook and marginally lowered its expectation for economic growth for the year.

Australian equities were weaker over the March quarter, returning -2.9%. The information technology sector underperformed the broader index, returning -18.2%. Utilities and telecommunication services were two of the strongest performing sectors. Following CPI figures in January that suggested inflation was gradually returning to target, the Reserve Bank of Australia (RBA) cut interest rates at its February meeting. However, the RBA flagged

that it would maintain a cautious stance on the potential for further rate cuts. Gross Domestic Product (GDP) data to December 2024 released during March showed improving GDP growth and an end to the 'per capita recession'.

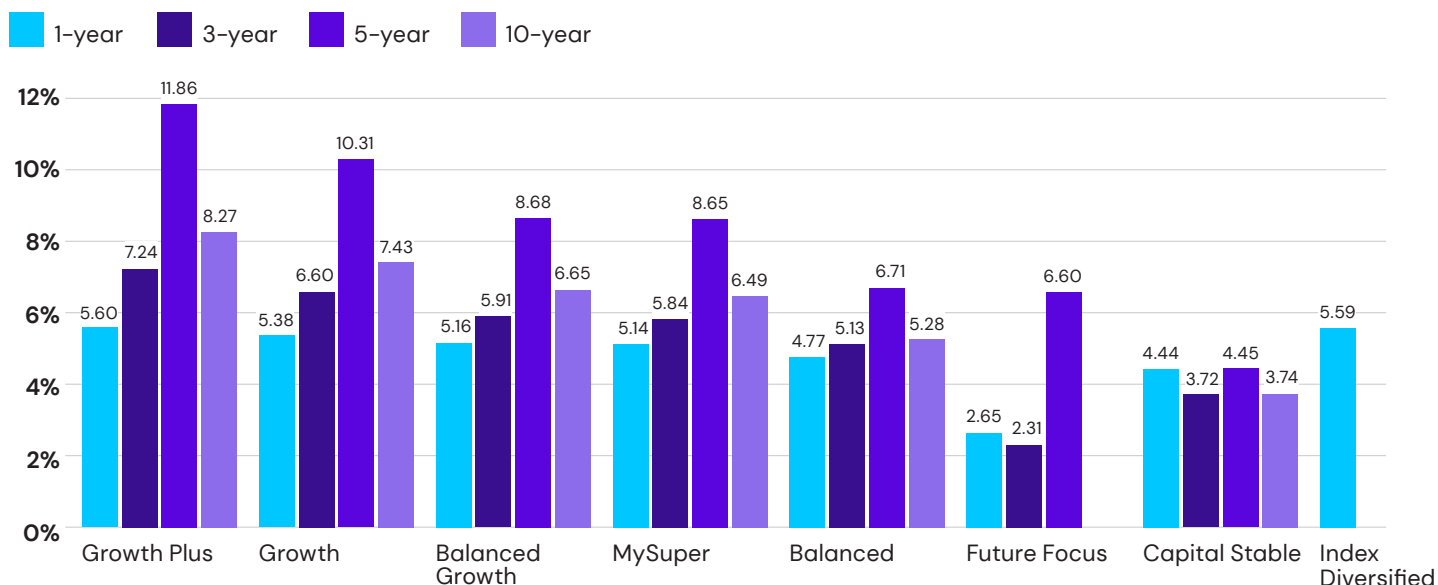
Both Australian and overseas bonds delivered positive returns for the quarter of 1.3% and 1.1% respectively. Falls in US bond yields over the quarter likely reflected a marginal rise in uncertainty for the US economic outlook and geopolitical environment.

Fund performance

This uncertainty and the ensuing volatility in markets resulted in significantly reduced investment option returns for the quarter to 31 March 2025. The MySuper investment option returned -0.71% for the period, and the Balanced Growth investment option returned -0.71%. Only the most conservative investment options, with little to no exposure to equities, remained in positive territory.

As is typically the case in equity markets themselves, however, a very different picture emerges when viewed over the long term. The MySuper investment option returned an average of 6.49% a year for members for the last 10 years, and the Balanced Growth investment option returning an average of 6.65% for the last 10 years.

Diversified options 1,3,5 and 10-year returns (% p.a.) as at 31 March 2025



Looking ahead

After an initial post-election surge, share markets have been jolted by the Trump administration's unconventional approach and determination to upend long-held global norms. The US economy, which remained resilient through most of last year, is also showing signs of turning. Consumer and business confidence has declined, no doubt impacted by Trump's approach, and may forewarn of a more general economic slowdown. The fear of a recession that never eventuated last year is now back on the agenda. Financial markets don't respond well to uncertainty, yet this is currently the environment we're in. Many of last year's winners, such as US domiciled growth companies like the "Magnificent 7", have fallen sharply back to earth. There are also concerns that Trump's approach may have heralded an end to "US exceptionalism", and in turn a generalised flight from US assets.

Despite that, there are pockets of optimism. European share markets have, so far, been a beneficiary. The prospect of a more isolationist approach from the US,

and an aggressive Russia, has led to a rethink of self-imposed fiscal restraints and an energised defense posture, which could boost growth and benefit local industry and companies. The economic outlook in China also seems to have stabilised; the property market remains weak but may have troughed, and industrial output has strengthened recently. However, the sustainability of any recovery in China is questionable without broader fiscal measures to assist households and consumption. Relations with the US have also taken a turn lower.

President Trump's brash and unconventional approach will continue to see volatility in markets for some time yet. His domination of the daily news cycle and willingness to, at times, abruptly change course, creates noise and leads to confusion, and the impact on the real economy is significant. Now more than ever it's vital to abide by long-held investment principles – namely diversification and investing for the long term.



Investment performance as at 31 March 2025

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	-1.42	5.27	5.60	7.24	11.86	8.27
Growth	-1.09	5.01	5.38	6.60	10.31	7.43
Balanced Growth	-0.71	4.78	5.16	5.91	8.68	6.65
MySuper	-0.71	4.75	5.14	5.84	8.65	6.49
Balanced	-0.30	4.28	4.77	5.13	6.71	5.28
Future Focus [#]	-2.09	3.67	2.65	2.31	6.60	–
Capital Stable	0.36	3.98	4.44	3.72	4.45	3.74
Index Diversified [#]	-1.15	5.30	5.59	–	–	–
Sector Specific options [#]						
Australian Shares	-1.89	4.83	4.24	5.81	12.61	7.27
Overseas Shares	-2.09	6.42	6.94	9.91	13.16	9.65
Diversified Fixed Interest	1.09	3.48	3.09	1.25	0.99	1.69
Cash	0.97	3.04	4.01	3.23	1.98	1.81

Pension returns (%)[^]

Diversified options	QTR	FYTD	1 YR	3 YRS P.A.	5 YRS P.A.	10 YRS P.A.
Growth Plus	-1.58	5.78	5.87	7.70	12.98	8.98
Growth	-1.23	5.50	5.69	7.05	11.35	8.06
Balanced Growth	-0.80	5.31	5.55	6.38	9.56	7.04
Balanced	-0.35	4.83	5.22	5.49	7.38	5.75
Future Focus [#]	-2.35	4.08	2.68	1.96	6.96	–
Capital Stable	0.40	4.51	4.93	4.13	5.06	4.08
Index Diversified [#]	-1.33	6.00	6.36	–	–	–
Sector Specific options						
Australian Shares	-2.22	5.07	4.02	6.15	14.45	7.86
Overseas Shares	-2.24	6.94	7.25	10.54	14.24	10.56
Diversified Fixed Interest	1.24	4.03	3.53	1.58	1.25	1.87
Cash	1.12	3.54	4.67	3.78	2.32	2.12

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.

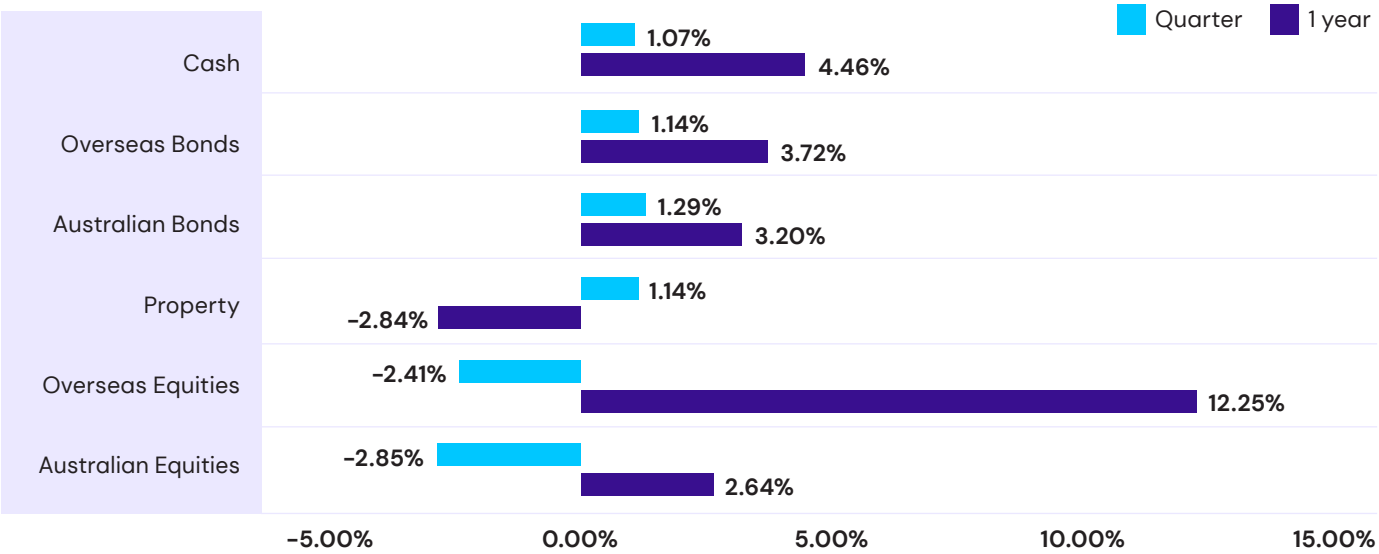
^{*}For periods greater than 1 year, returns are compound annualised returns. Returns are net of tax and investment fees.

[#]Index Diversified commenced and Future Focus was made available to Equip Super members on 1 July 2023.

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

Index returns at 31 March 2025

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 equities: 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 March 2025	
Australian Shares	Overseas Shares
BHP Group Limited	Apple Inc.
Commonwealth Bank of Australia	NVIDIA Corporation
CSL Limited	Amazon.com, Inc.
National Australia Bank Limited	Alphabet Inc.
ANZ Group Holdings Limited	Microsoft Corporation
QBE Insurance Group Limited	Taiwan Semiconductor Manufacturing Company Limited
ResMed Inc.	Meta Platforms, Inc
Macquarie Group Limited	Elevance Health
Telstra Group Ltd	QXO
Newmont Corporation	Corpay

We’re investing your money for the long term

We know it can be difficult for some investors to see the value of their investments going down in the short term. But investing in super and throughout your retirement is a long-term undertaking.

As a Fund, we take a long-term view when it comes to managing your investments. In fact we’ve been managing retirement savings for our members for nearly 100 years. We know that markets will go up and down over shorter time frames, and sometimes those shifts will be significant. But history and experience have shown us time and again that markets do eventually bounce back. We continue to believe that patient investors tend to be rewarded over time.

Central to our overall investment strategy is our steadfast emphasis on diversification. Not only does it allow us to combat the impacts of continuing volatility, it also better positions us to take advantage of investment opportunities as and when they arise – even in times of uncertainty.



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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Past performance is not an indication of future performance.