

Investment report

30 June 2021

Working for members for 90 years

Ten years of strong growth for Equip members

Equip's investment team have navigated a turbulent market over the past year to provide positive returns for our members across all diversified options.

Members invested in Equip's default MySuper option have received a return of 16.80% for the financial year ending 30 June 2021 – the highest return our MySuper option has seen since it was introduced in 2013.

Whilst Equip's Balanced Growth option delivered 16.60% to the end of June, continuing to deliver on its long-term performance following a decade of positive returns. That's an average of 8.93% p.a. over the last 10 years. It means that for someone with a starting balance of \$100,000 in 2011, it could have grown to a balance of around \$225,000, depending on the effect of administration fees and insurance premiums and without taking into consideration any contributions made over that time. This is a great outcome for our members, during what have been challenging times for many.

It's important to remember that super is a long-term investment and Equip's diversified options are designed to smooth out the rough edges and help protect your savings during volatile periods. This strategy has ensured we are one of Australia's best performing balanced funds over the 10 and 20 year periods.*

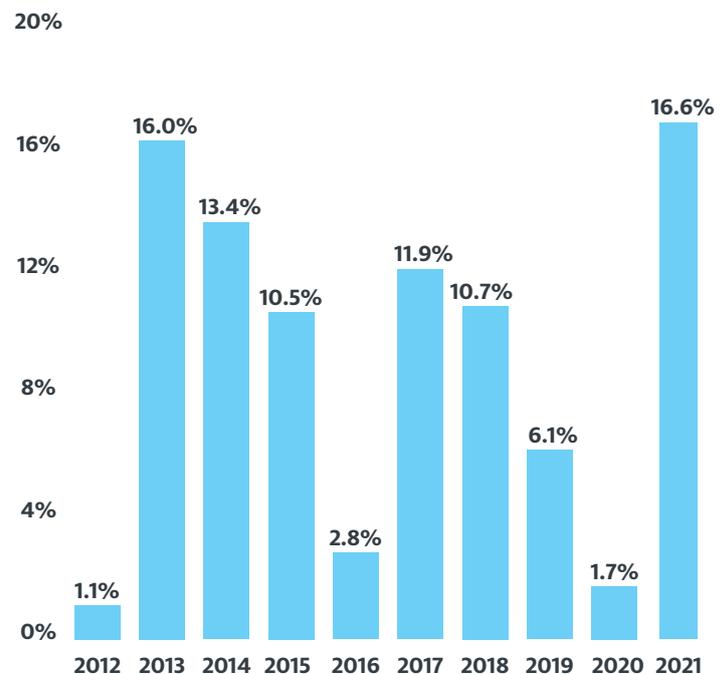
Market Review

The last twelve months have seen stellar returns across global financial markets. The Australian share market was up 25%, the technology dominated NASDAQ index was up 44% and many other global indices were up around 30% or so. Indeed, investors could be forgiven for thinking that the COVID-19 pandemic had very little impact other than the initial steep decline. However, the scale of the economic shock continues to reverberate around the world and there remains significant uncertainty around the longer-term impacts that the virus and associated lockdowns will have on certain sectors of the global economy.

The recovery in global markets throughout last year came on the back of massive levels of monetary and fiscal stimulus. This began in earnest through mid-2020 and accelerated with the election of Joe Biden as US President in November. Since then, markets have been buoyed by ongoing additional support measures. So far, these measures are working to support incomes and reduce unemployment and have led to a sharp rebound in activity. Late 2020 also saw the arrival of vaccines which was earlier than initially expected and they have proven very effective. However there remain challenges in distribution on a global scale, as we have witnessed here in Australia. Reflecting the bounce in activity commodity markets have rallied strongly with iron ore up 112% and brent crude up around 80% for the financial year.

Financial year returns

Balanced Growth 2011/12 – 2020/21



* Based on Equip's Balanced Growth option as ranked in the SuperRatings Fund Crediting Rate Survey SR50 Balanced (60-76) Index over 10 and 20 years to 30 June 2021.

Past performance is not a reliable indicator of future performance.

Outlook

The sharp recovery in activity has led to supply bottlenecks for a range of goods and inflation in some markets. Wage subsidy programs have also hindered the employment recovery and added to wage pressure as some prefer to stay at home rather than re-enter the workforce. How persistent these inflationary forces will be is difficult to know. However, for the time being financial markets seem willing to believe claims by central bankers that these forces will prove “transitory”. Since the lows of last year bond yields have risen somewhat however, they remain very low by historical standards. Should the inflation narrative shift it would have significant ramifications for financial markets which have become accustomed to ever growing debt levels and very low and stable interest rates.

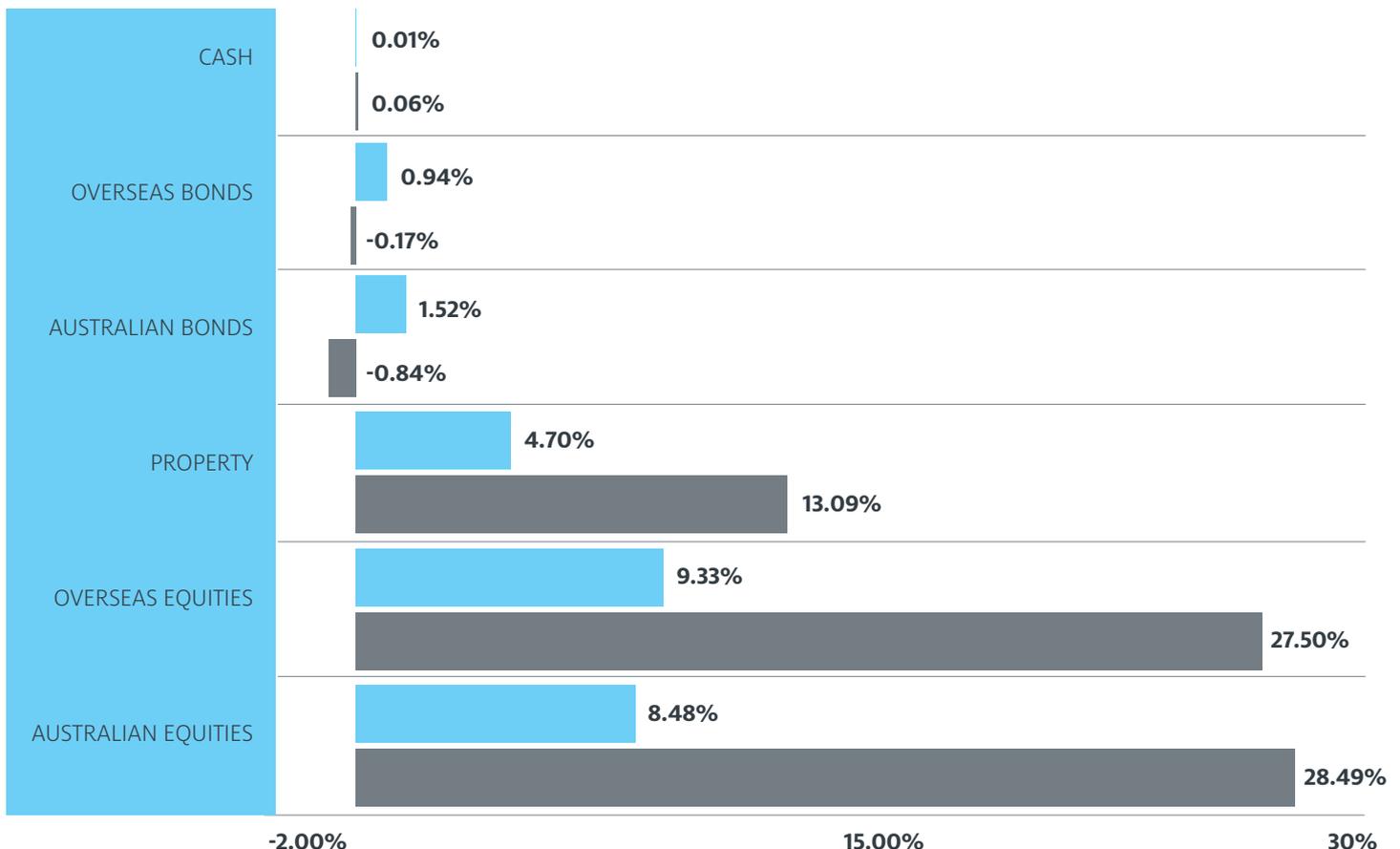
The recovery in global growth has been swift and in many parts of the world activity is now back to or exceeding pre-COVID levels. It seems unlikely momentum can be sustained at this level and indeed “peak growth” may already have passed. Lofty valuations and earnings expectations leave equity markets vulnerable to any unforeseen setback or disappointment. The strong rebound in growth and rising inflation pressures are also seeing expectations change regarding the path of interest rates and other crisis era support measures. A withdrawal of these measures (e.g. if interest rates start rising earlier than expected) would create a meaningful headwind for equities and other risky assets. It’s also important to watch developments in China. Whilst the recovery there has been strong, there are some concerns that credit growth may now be rolling over which would impact global growth and commodity markets.

Whilst the path forward remains uncertain, we can expect the roll out of vaccines to ramp up and assist in the gradual reopening of the global economy. This has positive implications for employment and corporate profits. Whether or not inflation pressures persist, we can expect interest rates to remain low by historical standards. But with much of this optimism already reflected in share market pricing, returns for the foreseeable future are likely to be low and vulnerable to disappointment.

Index returns at 30 June 2021

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.

■ 1 year ■ Quarter



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: Equisuper property benchmark (80% Mercer Australian Unlisted Property Index and 20% FTSE EPRA/NAREIT Global Listed Index, hedged into AUD); Australian bonds: Bloomberg AusBond Composite Bond Index; Overseas bonds: Barclays Capital Global Aggregate (hedged, in AUD); Cash: Bloomberg AusBond 3-month Bank Bill Index.

Top 10 holdings at 30 June 2021

Australian Shares

Commonwealth Bank of Australia	National Australia Bank Limited
BHP Group Limited	Woolworths Group Limited
CSL Limited	Macquarie Group Limited
Westpac Banking Corporation	Wesfarmers Limited
Australia and New Zealand Banking Group Limited	Rio Tinto Limited

Overseas Shares

Amazon.com, Inc.	XPO Logistics, Inc.
NetEase, Inc.	Tencent Holdings Limited
Alphabet Inc.	Facebook Inc.
Apple	Alibaba Group Holding Ltd.
Microsoft Corporation	Taiwan Semiconductor Manufacturing Co., Ltd.

Investment performance as at 30 June 2021

Accumulation and transition to retirement pension returns (%)*

Diversified options	QUARTERLY	1 YR	3 YRS P.A.	5 YRS P.A.	10 YRS P.A.
Growth Plus	6.63	25.21	10.55	12.73	11.23
SuperRatings benchmark	6.88	25.62	9.47	10.59	10.06
Growth	5.80	20.99	9.42	10.80	9.86
SuperRatings benchmark	6.27	22.29	9.19	9.77	9.21
Balanced Growth	4.67	16.60	7.93	9.26	8.93
SuperRatings benchmark	5.32	17.60	7.88	8.43	8.27
Balanced	3.21	11.84	6.24	6.94	7.18
SuperRatings benchmark	4.00	12.61	6.23	6.36	6.70
Conservative	2.01	7.51	4.62	4.78	5.57
SuperRatings benchmark	2.68	7.64	4.58	4.58	5.25
Equip MySuper #	4.82	16.80	7.84	8.81	
SuperRatings benchmark	5.32	17.60	7.88	8.43	
Sector Specific options					
Australian Shares	6.19	23.78	7.77	10.47	8.91
Overseas Shares	7.79	32.10	14.85	15.89	13.77
Property	4.62	10.61	5.29	6.80	8.00
Diversified fixed interest	0.27	1.82	2.93	2.39	4.21
Cash	0.02	0.11	0.96	1.21	1.93
Sustainable Responsible Investments	6.03	26.01	8.56	10.85	8.77

Pension returns (%)*

Diversified options	QUARTERLY	1 YR	3 YRS P.A.	5 YRS P.A.	10 YRS P.A.
Growth Plus	7.17	28.05	11.43	13.97	12.21
SuperRatings benchmark	7.47	28.44	10.52	11.79	11.16
Growth	6.43	23.48	10.33	11.92	10.77
SuperRatings benchmark	6.80	24.05	9.57	10.55	10.27
Balanced Growth	5.11	18.61	8.38	9.97	9.58
SuperRatings benchmark	5.74	19.18	8.46	9.24	9.11
Balanced	3.75	13.38	6.81	7.74	7.92
SuperRatings benchmark	4.38	13.59	6.80	7.18	7.54
Conservative	2.20	8.60	5.12	5.40	6.09
SuperRatings benchmark	2.90	8.42	5.10	5.15	5.91
Sector Specific options					
Australian Shares	7.35	27.49	8.49	11.56	9.60
Overseas Shares	8.43	34.95	16.12	17.38	15.17
Property	5.41	12.09	5.71	7.44	8.75
Diversified Fixed Interest	0.31	2.10	3.37	2.93	4.77
Cash	0.01	0.13	1.12	1.41	2.26
Sustainable Responsible Investments	6.83	30.24	9.14	12.00	9.95

SuperRatings benchmarks: SuperRatings Pty Ltd's survey for accumulation funds and pension fund published on 20/07/2021, superratings.com.au.

The benchmarks we use for our Diversified investment options are: Growth Plus - SuperRatings High Growth All Funds Index; Growth - SuperRatings Growth All Funds Index; Balanced Growth and Equip MySuper - SuperRatings Balanced All Funds Index; Balanced - SuperRatings Conservative Balanced All Funds Index; Conservative - SuperRatings Capital Stable All Funds Index.

Pension returns are generally higher than those for superannuation, as no tax is paid on earnings.

The Sustainable Responsible Investment (SRI) option is invested 100% in Australian equities.

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.

Equip MySuper was introduced on 1 August 2013.

Past performance is not an indicator of future performance.

Togethr Trustees Pty Ltd (ABN 64 006 964 049, AFSL 246383), the trustee of EquipSuper Superannuation Fund (ABN 33 813 823 017, MySuper authorisation 33813823017672). This is general information only. It has been prepared without taking into account your personal objectives, financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, seek professional financial advice. If you are considering investing in the Equip Superannuation Fund, you should read the appropriate Equip Product Disclosure Statement (PDS) before making an investment decision. You can obtain a PDS via our website or by contacting the Helpline.

The taxation information included in this brochure is a general guide only. As taxation laws are complex and individual circumstances vary, you should seek individual taxation advice from a qualified advisor.

Contact our Helpline **1800 682 626** | Visit our website equipsuper.com.au

EQ110 050821

