Ausbil Balanced Fund

Quarterly Investment Report

June 2026

Ausbil Investment
Management Limited
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ausbil

Economic Review

Economic Review

The month of June saw US President Trump and Iran's supreme leader Khamenei sign a 14-point memorandum of understanding outlining an interim peace deal. A 60-day window to finalise their agreement has started on the 18th of June, with talks underway in Switzerland. Markets welcomed the easing headwinds with falling oil prices, receding second-round inflationary impacts and the normalisation of supply flows out of the region. The International Energy Agency is forecasting a global oil market glut, swinging from deficit into surplus by 6 million barrels per day for calendar year 2027.

The EU Parliament approved a trade agreement with the US. The G7 meeting ruled that by 2030, no single country should supply more than 60% of critical mineral imports. The measure is designed to reduce the reliance on China. The US announced a new suite of non-time linked tariffs under Section 301 of the Trade Act of 1974, replacing the 150-day Section 122 set expiring July 24th. These tariffs based on unfair trading practices will see Canada, the EU, Mexico, and the UK facing a 10% rate and the remaining countries, facing a 12.5% rate for failing to have a prohibition on forced labour imports on the books.

Global MSCI equity index capital returns saw the developed markets decline by 0.7%, and emerging markets decline by 1.4%. The US S&P 500 closed lower by 1.1%, Europe's STOXX finished up 4.3%, Japan's Nikkei up 5.6%, Australia's S&P/ASX 200 up 0.7%, and China up by 0.6%. Brent crude oil collapsed 18.1% from US$91 to US$73 per barrel, and spot gold down plummeted 11.3%. The US 10-year bond yield rose 3 basis points to 4.47%, the 2/10-year curve flattened by 14 bps, and corporate credit for both investment grade and high yield spreads ticked higher. US 10-year inflation-protected real yields rose from 2.03% to 2.23%, with the US dollar index appreciating 2.3%. The Japanese 10-year bond was flat at 2.67%, and German yields lower by 8bps to 2.86%. In Australia, the 10-year bond yield fell 11bps to 4.72%, the 2/10-year curve was steady at 29 bps, and the 10-year bond spread to the US narrowed to 26 bps. The $A depreciated from 0.72 to 0.69 cents against the US, and the trade-weighted index depreciated by 3.0%.

The OECD Economic Outlook June report revised lower growth projections on the uncertainty surrounding the evolution of the oil crisis under the following scenarios:

1) A time-limited disruption scenario, progressively returning to pre-conflict levels starting mid-2026. Under this scenario, global growth slows modestly from 3.4% in 2025 to 2.8% in 2026 and to 3.1% in 2027.

2) A prolonged disruption scenario, persisting well into 2027, with higher energy prices, intensifying risks of supply shortages and a tightening of global financial conditions. Under this assumption, global growth slows sharply to 2.1% in 2026 and to 1.8% in 2027.

3) The Australian scenario sees growth slow to 1.9% in 2026 and to 1.8% in 2027. Although headline inflation is projected in this scenario to push above 4%, lower oil prices would see inflation fall back to 2.5% in 2027. Monetary policy tightening to date would be unwound as inflation subsides.

On monetary policy - the Central banks of the US, Canada, Sweden, Switzerland, Norway, England and Australia left policy settings unchanged with statement commentary focused on keeping long dated inflation expectations anchored.

US Federal Reserve Chair Warsh's inaugural policy meeting resulted in a unanimous vote by the committee to leave the federal funds rate unchanged at 3.50% to 3.75%. The shortened statement reaffirmed price stability and dropped forward guidance. Warsh outlined structural changes to take place through five key areas and stated that he sees as mutually compatible, the goals of "strong growth, low prices and strong employment," whereas past Chairs always stated there was a tradeoff.

The European Central Bank raised interest rates by 25 basis points (bps) to 2.25%. President Lagarde was non-committal on forward bias, reiterating a meeting-by-meeting, data dependent approach to future policy actions.

Economic Review

Japan increased rates by 25 bps to 1.00%, the fifth increase in this multi-year tightening cycle. Forward guidance signalled ongoing increases toward the estimated neutral level of 1.75%. They announced an end to tapering asset purchases in March 2027 and thereafter maintain purchases at JPY2 trillion per month. The balance sheet is estimated to be reduced in size from a 98% share of GDP to 38% by 2034.

Australia pivoted to a pause, following three successive meetings of hikes leaving policy at 4.25%. The RBA stated that “financial conditions are now tighter than they were, and there are signs that the economy is slowing as expected” and that the “resolution of the conflict in the Middle East is at an early stage.” In the Q&A, Governor Bullock stated that the Board does not need inflation to be back within the target band on a year-on-year basis before cutting rates. Waiting for that outcome, she suggested, would often be too late.

On the data front, confidence surveys of European investor expectations rebounded on optimism that the end to the Iran conflict will ease energy prices and inflation pressures. In the US, non-farm employment rose by 172,000 in May with the unemployment rate holding at 4.3% year to date. Employment is averaging 188,000 persons on a rolling three month basis, exceeding the estimated breakeven level of 30,000 per month.

In Australia, the Federal government is partially extending the fuel excise cut for one month from 1 July. A cut of 16 cents would apply, down from the 32 cents in place for the June quarter. The Fair Work Commission awarded a 6% increase to the National minimum wage and a 4.75% increase to award wages. The March quarter real GDP grew at 0.3%, driven entirely by private investment, whilst public demand was flat. Artificial intelligence data centre related machinery and equipment investment surged but had little net impact on GDP as these capital imports accounted for the large negative contribution from net exports. Household consumption was modest, concentrated on essential spending with discretionary spending subdued.

Economic Outlook

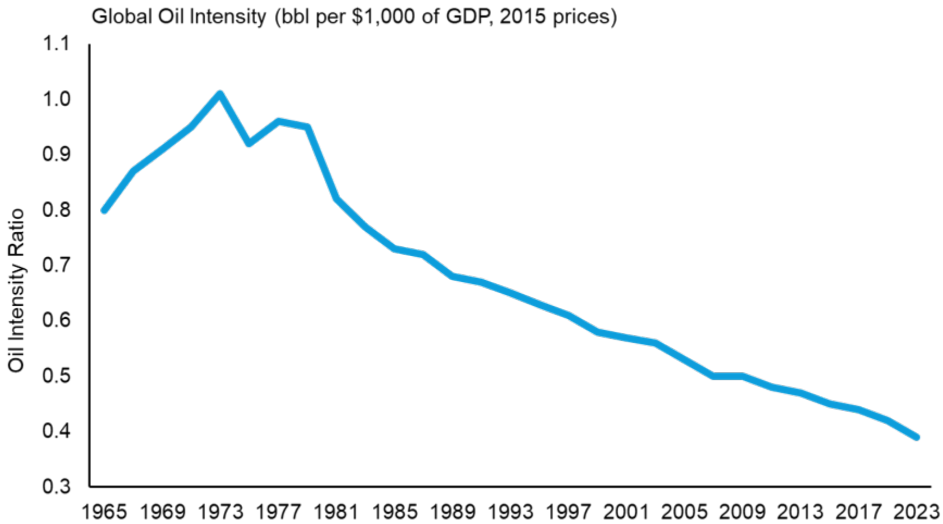
Economic Outlook – Oil supply shock

Given recent positive developments, Ausbil's base case forecast is being realised. This is where the conflict is short-lived and the economic impact temporary. The geopolitics of self-interest for the US and surrounding Gulf States is driving the urgency in stabilising the global flow of oil. However, the shock is not yet completely resolved, the following analysis underscoring the risks under different scenarios should there be a break in the agreement and final resolution not reached – again, Ausbil's view is that the crisis in being resolved.

Historically, in previous war-related oil shocks, prices were elevated for 115 trading days before retreating toward pre-shock levels. The current crisis-related supply disruption is normalising faster than past episodes, confirming our forecast June resolution date. Brent oil futures prices for the next two years are in backwardation, price discounting any remnants of a lasting structural supply shock.

Comparisons to the stagflation of the 1970s are understandable — but they should be treated with caution. Research from Harvard University analysed oil intensity in producing a unit of GDP output through time, defined as barrels of oil (bbl) per US$1,000 GDP in constant prices. In Chart 1, the blue line has fallen 60% since the 1970s. A lower oil intensity ratio means that the global economy is less oil-dependent today. Services dominate GDP, energy efficiency has improved dramatically, and electricity, gas and renewables play a much larger role.

Chart 1: Trend decline in global oil intensity



Source: Oil Intensity: "The curious relationship between oil and GDP" Christof Ruhl and Tit Erker, May 2021, Harvard Kennedy School, p. 3. 2023-24 are Ausbil projection as at April 2026. Forecast data is based on assumptions which are not guaranteed.

Economic Outlook

Base case scenario

Our base case is so far, playing out as forecast. That is, we expect to see incrementally higher inflation, a drag on GDP, and central banks acting cautiously to minimise the second effects of inflation.

In the first days of March, Ausbil outlined three oil scenarios in Table 1. We assigned a 65% probability to our "base case" which assumes that the conflict is relatively short-lived and the economic impact temporary. This is very different from 2022. Following Russia's invasion of Ukraine, economies were reopening, consumers held excess savings, supply chains were broken, and companies could easily pass rising costs through to prices. The resulting inflation was multiples larger than the potential impact we currently see from this focused military action. Today, that excess demand backdrop is simply not present.

Table 1: Different scenarios

Case	Conflict Term	Oil Price
Bull (10% probabiity)	Resolved in quick time	Returns to the pre-conflict level of around US$67 per barrel (bbl).
Base (our in house view – 65% probability)	A quick resolution by June 2026	Oil price settles back to trading between US $60 and $90/bbl.
Bear (25% probability)	No resolution and flow of oil is hampered by interruptions	Oil trading between US$100 and $130/bbl on a sustained basis.

Source: Ausbil as at March 2026.

The potential economic impact of the oil shock

Table 2 shows our 'base case' which assumes a sustained 12-month price level shift in Brent oil to $90, and subsequent 'oil scenario' GDP forecasts by region.

Global growth in 2026 is expected to be around 3.3%, broadly unchanged from 2025. While our earlier expectation of synchronised acceleration has been delayed to 2027, global growth remains steady rather than derailed.

Growth expectations have eased modestly but remain positive. The US and China will continue to drive global demand, with Japan increasingly adding support from their shift to a pro-growth policy stance. China is transitioning towards high quality growth, maintaining their structural global lead in new fields of technology, advanced manufacturing and clean energy.

In Australia, we see economic growth slowing as rate hikes were front-loaded and oil prices add further drag — but this again remains a moderation, not a contraction. Relative to our global peers such as the US, the Australian economy is facing the key challenges of higher nominal unit labour costs, and lower productivity which are inconsistent with meeting the RBA's inflation target goal of 2.5% unless there is adjustment through lower wages, improving productivity, or both.

Economic Outlook

Table 2: Global growth – 2026 adjusted for Ausbil's base case scenario

Real GDP year average % (data as at 7 April 2026)	**Long run average** 2010 to 2019 (pa)	**2026** Ausbil (f) *Pre-Shock Acceleration* Brent Oil ~$60	**2026** Scenario higher oil *Brent at ~$90* Base Case
United States	2.3	2.4	2.1
Japan	1.2	1.0	0.4
Euro Area	1.4	1.4	0.9
China	7.7	4.5	4.2
India	7.0	6.5	5.7
Australia	2.6	2.3*	1.8
Global GDP	3.7	3.6	3.3

Source: Ausbil forecasts, as at 7 April 2026. (f) denotes forecast. Numbers are rounded to one decimal place. *Revised lower on front-loading of rate hikes, was 2.8% for 2026.

In an environment of elevated oil prices, the US dollar tends to benefit (rise) as a safe haven currency, and as the US is also a net energy exporter, including oil and natural gas. Energy-exporting countries tend to benefit, but net energy importers tend to underperform.

Australia is a net energy exporter (gas and coal), mitigating some of the impact of higher prices on our economic growth. The higher energy prices will boost our terms of trade from additional revenue for the Commonwealth through company profits and increased royalty payments to State governments. If LNG prices remain at elevated levels (North Asian LNG prices are up more than 70%), there will be an additional boost to our national income.

In the short term, consumers will immediately see higher energy prices through petrol prices at the bowser, lifting inflation and weighing on activity. What economists call "first-round effects". Over time, there can be second-round effects, as transport and production costs feed through to goods and services. Table 2 shows our forecasts of global policy responses under 'Pre shock' and 'Post shock' scenarios. Central banks are responding cautiously, ensuring that long-dated inflation expectations remain anchored.

New directions in monetary policy with a new chair

For the United States domestic natural gas prices are insulated from global markets, and the US is a net exporter of oil, but remains subject to the global price of oil. For monetary policy it depends on the impact on long-dated inflation expectations. Should expectations increase, the Federal Reserve will tighten policy. Alternatively, given the heightened uncertainty, they may elect to be on extended pause as a risk management option. Former Chair Powell had looked through the shock, aware of the risk that "by the time the effects of a tightening in monetary policy take effect, the oil price shock is probably long gone, and you're weighing on the economy at a time when it's not appropriate".

Following Federal Reserve Chair Kevin Warsh's inaugural policy meeting, he outlined his philosophical beliefs in the conduct of monetary policy. He sees as "mutually compatible", the goals of "strong growth, low prices and strong employment" whereas past Chairs always stated there was a tradeoff. Three and six-month "trends matter more than points." He believes that "strong productivity-led growth is not something that we fear but something we embrace." Finally, he has announced the dropping of forward guidance as a policy tool.

Chair Warsh also outlined major structural changes in five taskforce areas to the functioning of the Federal Reserve, including: communications; balance sheet; data; productivity and jobs; and the inflation framework. The external and internal experts to be appointed to these areas will "start with first principles; ask hard questions; examine current practice; consider alternatives; and, ultimately, propose next steps for policy maker consideration." The taskforce changes to be implemented by year end are "central to the broad conduct of monetary policy" aimed at making a Federal Reserve "that is clear-eyed about its mission, fit for purpose, and focused on the future."

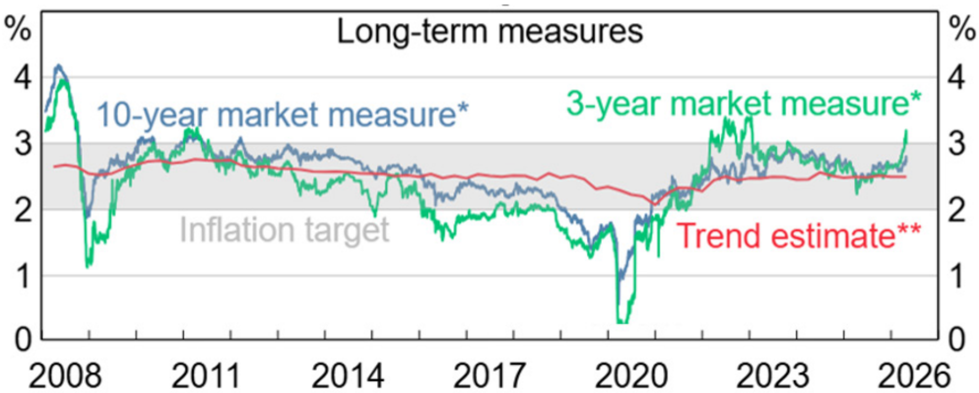
Economic Outlook

The European Central Bank raised rates by 25 basis points to 2.25%. President Lagarde was non-committal on forward bias reiterating a meeting-by-meeting, data dependent approach to future policy actions. Chief Economist Lane qualified the degrees of required policy tightening, stating that “a sufficiently material and persistent deviation from the target requires a monetary policy response: a mid-size but not-too-persistent overshoot could warrant some measured adjustment of the policy stance, while if the inflation shock is expected to be larger and more persistent, the response must be appropriately forceful or persistent.”

Outlook for monetary policy in Australia

In Australia, inflation pass-through from higher oil prices has been immediate, reflected in consumer price inflation directly via petrol and transport costs, and indirectly via energy-intensive products. However, the Reserve Bank of Australia (RBA) is concerned with supply shocks to the inflation rate as persistent higher fuel and shipping costs represent second round upside risks to the outlook. Governor Bullock said this would have “potential implications for inflation expectations.” According to board member Professor Ian Harper, the risk scenario where “long-term inflation expectations are becoming unanchored as we say, then that requires strong action.” Harper highlighted that this “is one [as shown in Chart 2] that the Monetary Policy Board looks very closely at every meeting.” Referencing the green and blue lines, market measures of expectations have started to move higher. Importantly, that “long-term inflation for the first time in a long while looks like it is now expected to be higher than it has been, in particular, the three-year market measure looks like it’s saying, well, over that period we expect to be outside the Bank’s target range.”

Chart 2: Inflation Expectation



* Inflation expectations implied by swaps pricing.

** The long-term trend estimate is used to inflate real neutral rate estimates to nominal neutral rate estimates.

Source: RBA Speech by Professor Ian Harper, May 2026.

The May Statement on Monetary Policy (SoMP) updated economic base case forecasts assuming brent oil returns to US$82 a barrel in Q4 2026. The base case sees growth downgraded and inflation upgraded, with core inflation above the top of the 2-3% target band until mid-2027. The SoMP also included 2 adverse scenarios. These incorporate significantly higher energy prices driving higher near-term inflation pressure. Adverse scenario 1 sees more persistent inflation pressure, while adverse scenario 2 sees a larger demand response limit inflation persistence. Even in the adverse scenario with a larger pullback in demand, underlying inflation is only marginally below 2.5% in mid-2028.

Australia’s nominal unit labour costs have averaged 4.8% over the last two years, well above our international peers. Nominal wages growth in the range of 3.5% to 4% combined with weak productivity growth largely explains why price pressures remain persistent. They are broadening across goods and services, with housing related costs for new dwellings continuing to accelerate. The current oil shock makes it worse, increasing the risk of entrenched inflation given our higher starting point before the shock.

Economic Outlook

Ausbil's outlook for rates in 2026 has been realised. We were calling for the RBA to undertake three rate rises in the new tightening cycle, totalling 75 basis points, which was completed at the May meeting. Going forward the RBA has pivoted to a pause leaving policy at 4.25%, with a strong bias opening for a modest easing sometime in the second half of 2027.

Structural long-term trends favouring commodities and the currency

On the currency, given the underlying structural demand for resources, and higher Australian cash rate, we expect reduced volatility in the AUD/USD, and the exchange rate trading in the range of 70-72 cents with a strong upward bias through 2027.

Since 2022 the global economies entered a 'materially different' investment environment where industrial policy is paramount with national sovereignty and self-sufficiency the driving forces. This is where governments are making sure their economy has sufficient redundancy and independence built into it, to withstand external shocks.

In 2022 Ausbil created five guiding structural trends which collectively continue to be supportive of commodities are hence positive for Australia. Resulting in higher national income, sustained investment, continuing long term growth above global peers and an appreciating AUD. These structural drivers include an increased commitment to military spending globally as the US withdrawal of support for Ukraine and others, and war in the Middle East, has sparked an upward shift in defence spending in Europe, Scandinavia and other countries; increased investment in infrastructure to accommodate the growth in artificial intelligence; ongoing investment to secure independent energy security; and the increase in demand for electricity over carbon-based energy. Carbon free energy sources, primarily from renewables, are expected to become the dominant force in global energy systems, reducing reliance on fossil fuels.

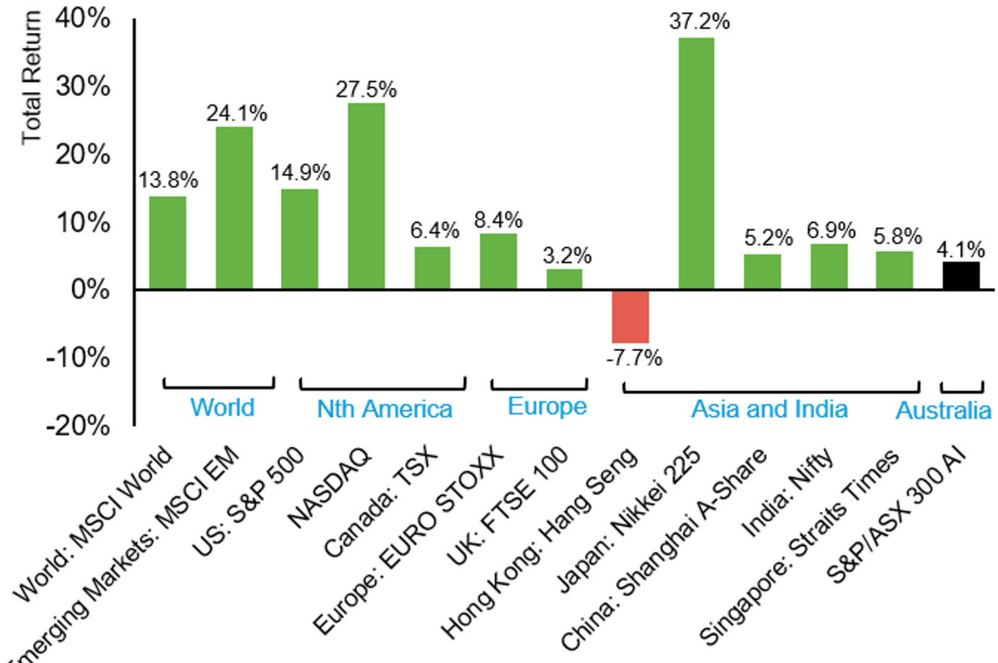
Equity Market Review

Equity Market Review

The June quarter was positive for markets as hostilities in the Middle East appeared to be easing towards a resolution following a temporary ceasefire. The market returned +4.14% for the quarter (for the S&P/ASX 300 Accumulation Index), bringing the 1-year return to +6.16%.

In global equity markets, Emerging Markets (MSCI EM) outperformed Developed Markets (MSCI World), as shown in Chart 3, though both delivered positive returns. Global markets ended the quarter strongly, with Japan up on its reflationary outlook, and Nasdaq up on strength in technology and the IPO of SpaceX. The only exception that experienced a fall this quarter was Hong Kong.

Chart 3: World equity market returns – June Quarter 2026

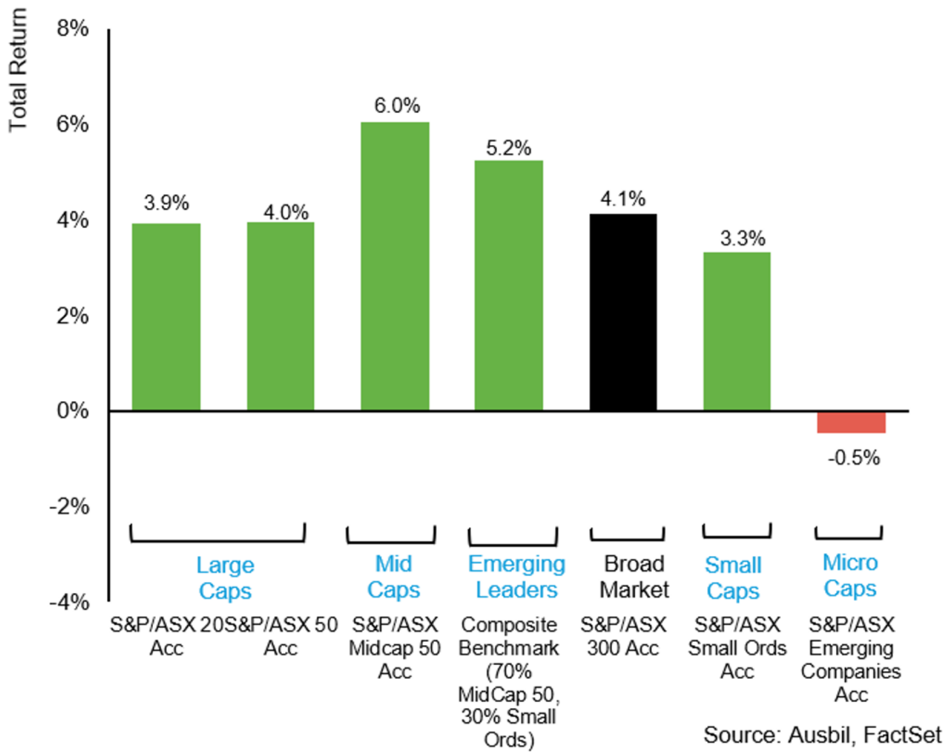


Source: Ausbil, Bloomberg

Equity Market Review

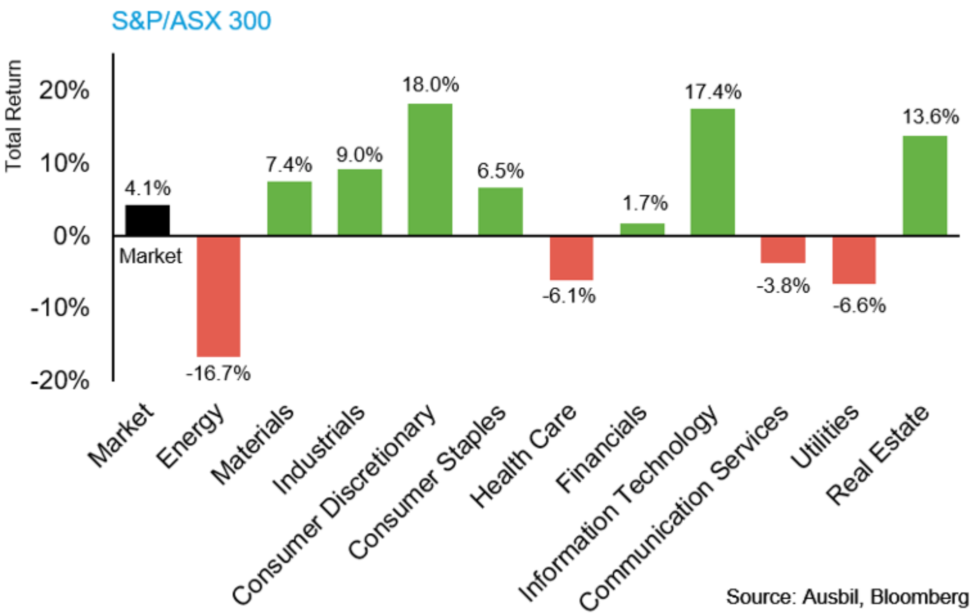
In terms of market segments in Australia, the overall market delivered positive returns across the market-cap spectrum, as illustrated in Chart 4, with all but the S&P/ASX Emerging Companies Accumulation Index benefiting from the positive developments in the Middle East. The Mid Cap and Emerging Leaders were the outstanding performers.

Chart 4: Domestic returns by segment – June Quarter 2026



In terms of sectors, Energy, Utilities and Health Care were the main negative performers on the market, with Consumer Discretionary, Information Technology and Real Estate leading those that added significantly to the returns for the quarter, as shown in Chart 5.

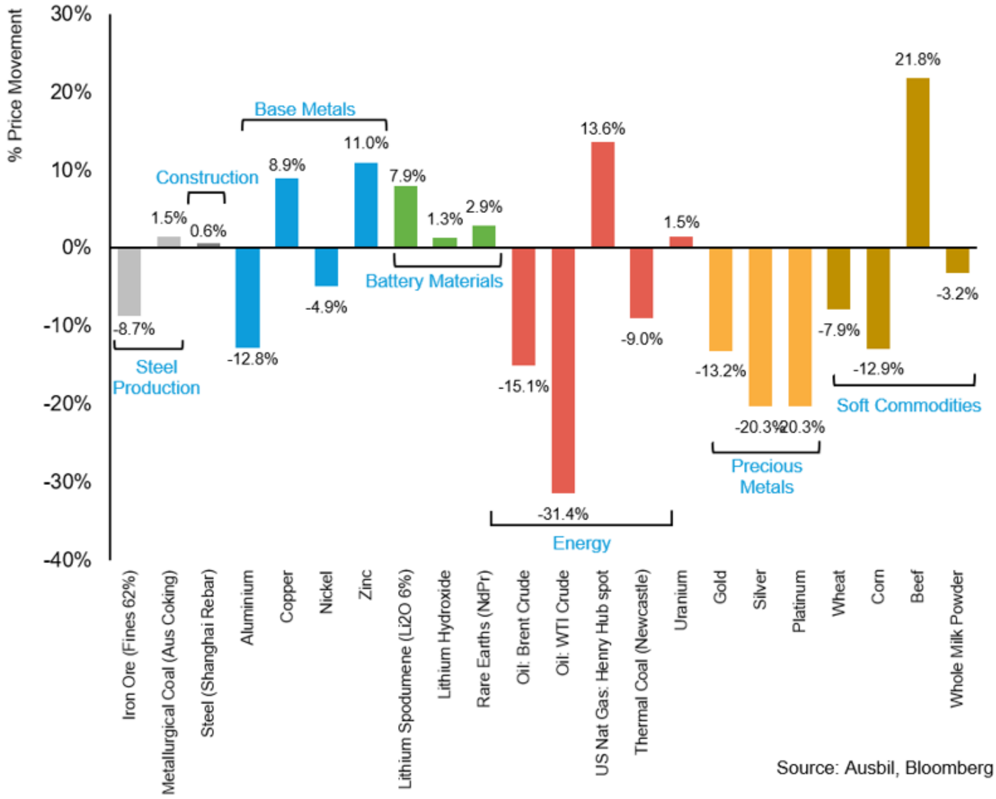
Chart 5: Sector returns – June Quarter 2026



Equity Market Review

Commodity markets have been volatile, especially companies significantly leveraged to the oil price pressures we have seen this quarter. However, as expected, energy prices dropped as the oil supply shock approached a potential resolution, as illustrated in Chart 6. This has seen base metals, bulks and battery materials benefit from improved market conditions, and operationally through improved fuel costs. The strong outlook for world and US growth, free from the dampener of an elevated oil price, is projected to translate into strong upside demand for Australian resources.

Chart 6: Commodity markets – June Quarter 2026

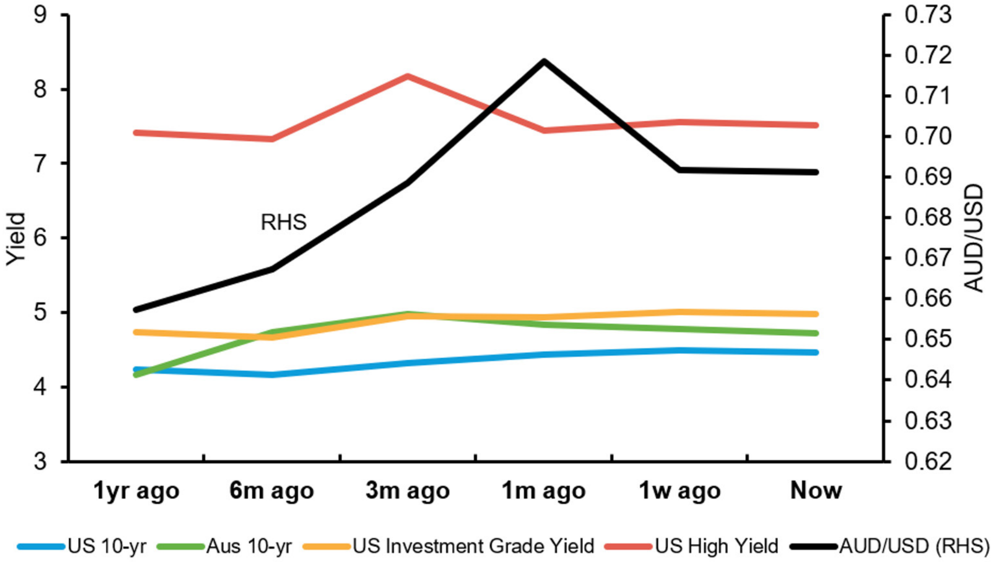


Source: Ausbil, Bloomberg

Underpinning our outlook for earnings are major secular growth themes, including the ongoing strength of base metals (copper and aluminium) and critical minerals (lithium and rare earths), Australia's leading technology companies monetising AI, and domestic productivity and inflation challenges favouring global earnings streams over local.

Equity Market Review

Chart 7: Key fixed income, credit and FX levels since last year



Source: Bloomberg as at 30 June 2026. The chart shows yield expectations (real rates plus inflation) looking forward (LHS) and the AUD/USD currency pair (RHS).

At the end of the June quarter, the AUD/USD was up +0.4%, closing at US$0.691. In fixed income markets, US 10-year Treasury yields closed at +3.4% and Australian 10-year Government Bond yields closed the quarter at -5.1%. In credit markets, investment grade credit spreads closed at 51 bps and high yield spreads at 305 bps.

Fixed Interest and Cash Rates

Fixed Interest and Cash Rates

The June quarter was dominated by a ceasefire holding between the US and Iran and the collapse in oil prices. A 60-day window to finalise their peace agreement started on the 18th of June, with talks underway in Switzerland. Investor sentiment rebounded on optimism with asset markets setting new highs.

The United Arab Emirates withdrew from the OPEC cartel on May 1st, after being a member for sixty years. The Gulf state in removing their quota limits would allow greater flexibility in boosting oil production from their existing large spare capacity. The International Energy Agency is forecasting a global oil market glut, swinging from deficit into surplus production of 6 million barrels per day in calendar year 2027.

At June quarter end, the Japanese 10-year bond rose by 33bps climbing to close at 2.67%. The US 10-year rose 15bps to 4.47%, the 2/10-year curve flattened by 23bps to close at 29bps, corporate investment and high yield credit spreads narrowed at respective margins over treasuries of 51bps and 306bps, 10-year inflation-protected real yields rose 21bps to 2.23% and the US dollar index appreciated 1.2%. In Australia, the 10-year bond yield fell 25bps to 4.72%, the 2/10-year yield curve remained flat on rate hikes to 29 bps, and the 10-year bond spread to the US narrowed by 40bps to close above at 26bps. The Australian/US dollar ticked lower from 0.70 to 069 cents and the trade-weighted index appreciated by 0.5%.

The central banks of the United States, Canada, England and New Zealand left policy settings unchanged with their statements collectively adopting a wait and see strategy and focused on keeping long dated inflation expectations anchored.

The European Central Bank raised rates by 25 basis points to 2.25%. President Lagarde was non-committal on forward bias reiterating a meeting-by-meeting, data dependent approach to future policy actions. Australia hiked rates by 25bps to 4.35%, voting 8-1. RBA Governor Bullock [after three hikes totalling 75bps] said that “the board now judges the level of the cash rate to be a bit restrictive,” and that policy is now in a good position to respond to developments emanating from the Middle East conflict in coming quarters.

Fund Review

Fund Review

The Balanced Fund outperformed its benchmark index for the June quarter 2026, returning 8.80% (gross of fees) versus the benchmark of 6.27%. Over the past 12-months, the Balanced Fund outperformed returning 10.54% (gross of fees) versus the benchmark of 8.93%.

The month of **April** saw the temporary ceasefires between different parties holding in the Middle East war, though the Strait of Hormuz remained closed. Despite the ongoing geopolitical stalemate, investor sentiment rebounded on de-escalation optimism with asset markets recovering from material losses experienced in the previous month. President Trump announced a US navy blockade against vessels of all nations entering or departing Iranian ports but by month end hopes of a peace deal between Iran the US were left wanting.

May saw investor confidence surge as oil prices fell on firming expectations that the Strait of Hormuz would soon be fully reopened on a potential US-Iran ceasefire. This positive development quickly corrected the initial spike in long dated global government bonds yields on concerns around the inflationary impact of the crisis. Further, President Trump said he had thwarted a planned attack on Iran at the request of the leaders of Qatar, Saudi Arabia and the United Arab Emirates.

The month of **June** saw US President Trump and Iran's supreme leader Khamenei sign a14-point memorandum of understanding outlining an interim peace deal. Markets welcomed the easing headwinds with falling oil prices, receding second-round inflationary impacts and the normalisation of supply flows out of the region.

Investment Market Review

Table 3: Key benchmark returns by asset class - total return

Asset Classes	3 months %	12 months %
Australian Equities (Benchmark)	3.80	7.80
Australian Bonds (UBSA Composite Bond Index)	2.70	1.58
Australian Property - Direct Property	2.49	9.43
Australian Property - REITS	13.74	-2.24
Global Equities (Benchmark)	13.76	18.28
Cash	1.07	3.86

Strategy and Outlook

Strategy and Outlook

The Balanced Fund strategy will maintain its current asset class positioning favouring growth.

Given recent positive developments, Ausbil's base case forecast is being realised. This is where the conflict is short-lived and the economic impact temporary. That is, we expect to see incrementally higher inflation, a drag on GDP, and central banks acting cautiously to minimise the second effects of inflation. The current crisis-related supply disruption is normalising faster than past episodes, confirming our forecast June resolution date. The impact of the lower oil price has a positive impact.

Global growth in 2026 is expected to be around 3.3%, broadly unchanged from 2025. While our earlier expectation of synchronised acceleration has been delayed to 2027, global growth remains steady rather than derailed. The US and China will continue to drive global demand, with Japan increasingly adding support from their shift to a pro-growth policy stance. China is transitioning towards high quality growth, maintaining their structural global lead in new fields of technology, advanced manufacturing and clean energy.

In Australia, we see economic growth slowing as rate hikes were front-loaded and oil prices add further drag — but this again remains a moderation, not a contraction. Relative to our global peers such as the US, the Australian economy is facing the key challenges of higher nominal unit labour costs, and lower productivity, which are inconsistent with meeting the RBA's inflation target goal of 2.5%, unless there is adjustment through lower wages, improving productivity, or both.

We see the US Federal Reserve being on an extended pause as a risk management option, assessing the potential impact on inflation expectations. Ausbil's outlook for Australia's domestic rates was completed at the May meeting of the Reserve Bank. The RBA has since pivoted to a pause, leaving policy at 4.25% with a strong bias opening for a modest easing sometime in the second half of 2027.

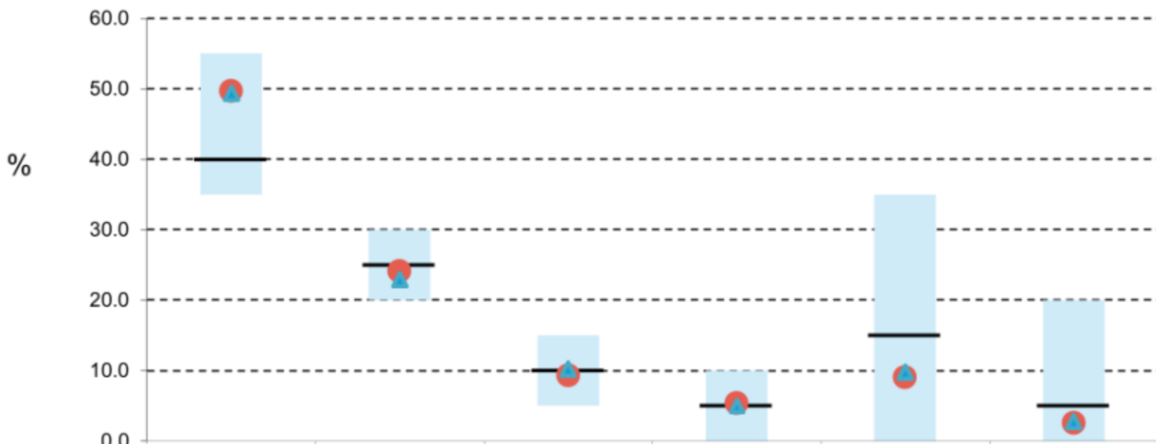
Fund Overview

Fund Return

Period	Fund Return % Gross	Fund Return % Net	Bench-mark* %	Out/Under performance % Gross	Out/Under performance % Net
1 month	0.92	0.85	1.25	-0.33	-0.41
3 months	8.80	8.56	6.27	2.53	2.29
6 months	4.38	3.92	3.07	1.32	0.86
1 year	10.54	9.57	8.93	1.62	0.64
2 years pa	11.48	10.49	10.88	0.60	-0.38
3 years pa	11.82	10.84	11.24	0.58	-0.40
5 years pa	8.45	7.49	7.77	0.68	-0.27
7 years pa	9.61	8.64	8.27	1.34	0.37
10 years pa	10.16	9.19	8.82	1.34	0.37
15 years pa	10.44	9.46	8.79	1.65	0.67
20 years pa	8.60	7.73	7.09	1.52	0.65
25 years pa	8.80	7.90	7.20	1.60	0.70
Since inception pa Date: July 1997	9.21	8.30	7.50	1.71	0.80

* The benchmark returns represent the neutral strategic asset allocation return.

Asset Allocation



	Australian equities	International equities	Direct and listed property	Alternatives	Australian fixed interest	Cash
Maximum range (%)	55.0	30.0	15.0	10.0	35.0	20.0
– Benchmark (%)	40.0	25.0	10.0	5.0	15.0	5.0
Minimum range (%)	35.0	20.0	5.0	0.0	0.0	0.0
● Current (%)	49.68	24.10	9.28	5.36	9.05	2.54
▲ Year ago (%)	49.34	22.93	10.21	4.96	9.76	2.80

Notes:

•1) As at 30 June 2026, hedged currency exposure amounts to 19.9%. This is made up of International shares 14.5% and Global Infrastructure 5.4%.

•2) As at 30 June 2026, the Australian Fixed Interest portfolio modified duration is 4.44 years compared to the benchmark index of 4.80 years.

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