Ausbil Balanced Fund

Quarterly Investment Report

June 2025

Ausbil Investment
Management Limited
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ausbil

Economic Review

Economic Review

The month of June saw hostilities breakout between Iran, Israel and the United States, and then end with an agreed ceasefire of what they are calling 'The 12-day War'. On Friday, 13 June, Israel conducted air strikes against military targets under Operation Rising Lion to prevent Iran from developing a nuclear weapon. On Saturday 21st, President Trump joined the attack and launched Operation Midnight Hammer, using a B-2 stealth-bomber air raid against 3 Iranian nuclear sites in Fordow, Isfahan and Natanz. Subsequently, on Monday 24th, following limited Iranian retaliatory strikes against US air bases in Iraq and Qatar, Trump announced an agreed ceasefire between the warring parties. Oil prices surged and then fell, bracing for Iran's retaliation, potentially closing the critical Strait of Hormuz through which 20% of the world's oil supply flows daily. Meanwhile, Federal Reserve Vice Chair Waller flagged the likelihood of a Federal funds rate cut as early as the July 31st meeting as he does not expect tariffs to boost inflation significantly. Waller's view has since been joined by voting members Bowman and Goolsbee. Waller said that, "I'm all in favour of saying maybe we should start thinking about cutting the policy rate at the next meeting, because we don't want to wait till the job market tanks before we start cutting the policy rate."

US-China trade officials agreed on a framework for tariffs, subject to final approval and signing between the leaders. The deal restores the May truce agreed in Geneva where China would now provide rare earths and magnets "up front", while Chinese students would be able to attend US colleges and universities. Other terms of the deal include a 55% tariff rate on China exports to the US. This consists of 10% baseline rate plus, 20% tied to fentanyl trafficking, plus 25% from pre-existing levies from Trump 1.0. A 10% tariff has been agreed on US exports to China. China is putting a six-month limit on its rare-earth export licenses, which they provide to US companies, in order to retain some leverage if trade tension reignite. Treasury Secretary Bessent later clarified that there was "no quid pro quo" between rare earths and advanced chips.

At the close of June, Global MSCI equity capital returns strongly outperformed with the developed markets world index up 4.2%, and the emerging markets index up 5.7%, reflecting a 3.2% rebound in the China index. The US S&P 500 index was up 5.0%, Japan's Nikkei index was up 6.6%, Europe's STOXX index fell 1.3% and the Australian S&P/ASX 200 index was up 1.3%. Brent crude oil surged by 7.6% to $66.7 from $62.8 per barrel and spot gold was flat. The US 10-year yield fell by 17bps to close lower at 4.23%, the 2/10-year curve steepened to 50bps, corporate credit saw investment grade spreads narrow to 50bps and high yield spreads markedly narrow to 318bps. 10-year inflation-protected real yields fell by 13bps to 1.93%, with the US dollar index down 2.5%. The Japanese 10-year bond fell by 6bps to 1.43% and German yields rose by 11bps to 2.61%. In Australia, the 10-year bond yield fell by 10bps to close higher at 4.16%, the 2/10-year yield curve flattened to 95bps, and the 10-year bond spread to the US narrowed to negative 7bps. The Australian/US dollar appreciated by 2.2% to 0.657 cents and the trade-weighted index appreciated by 0.8%.

Central banks that lowered rates by 25 basis points included Norway to 4.25%, Switzerland to 0% and the European Central Bank (ECB) to 2%. The updated ECB staff forecasts included risk management based on three macro scenarios, the 'baseline' and two alternatives, 'mild' and 'severe'. Leaving rates unchanged were the US Federal Reserve (Fed) at 4.25% to 4.50%, England at 4.25%, Australia at 3.85% and Japan at 0.50%, with Japan slowing the pace of quarterly JGB purchase reductions.

The Fed June 18th policy meeting was dovish with the statement reiterating their wait-and-see stance, with settings "modestly restrictive". Although tariffs are expected to raise prices, their impact and duration remains "highly uncertain." Chair Powell stated that were it not for tariffs, policy should have been cut, "if you just looked back at the data," you would think a gradual return towards neutral, wherever neutral is, should remain the Fed's medium-term baseline given the data we have had recently. The updated Summary of Economic Projections included tariffs which saw Real GDP revised lower for 2025 and 2026, the unemployment rate revised higher through to 2027, and core PCE inflation revised higher through to 2027.

On geopolitics, the United Kingdom government announced they are moving to "war-fighting readiness", and would build up to 12 nuclear-powered attack submarines, invest in its nuclear-weapons programme and create at least six munitions' factories.

On the data front, US core consumer price inflation surprised to the downside with the three and six-month annualised momentum measures moving toward the 2% target. Solid non-farm employment saw the U3 unemployment rate remain unchanged at 4.2%. The US control group measure for

Economic Outlook

retail sales surprised to the upside, supporting private consumption for Q2 real GDP. European business surveys, including the ZEW and Sentix Investor indices, have pushed higher on increasing confidence, attributing the surge to the recently announced government fiscal measures and the ECB's rate cuts. Australian consumer confidence lifted while business conditions remained mixed. Labour market growth remained robust, with the unemployment rate steady at 4.1%, with a surge in hours worked after recent softness following holiday and weather-related disruptions.

Economic Outlook

Following the onslaught of tariffs, Ausbil went into the 'war room' on April 2nd to map out and navigate economic and investment strategy. As a result, we implemented a risk management framework based on scenario analysis. We did the same successfully during the Pandemic.

Within our base case scenario, our key assumption is that the Trump administration will negotiate on a bilateral basis with willing countries to adjust their respective tariff levels lower, toward the minimum 10% level, with the Fed cutting by up 50 to 75 basis points. For completeness, our bear case assumes that higher tariffs remain with little downward negotiation (this is not our view), and central banks are late to cut rates to offset the growth impact, leading to a shallow technical recession. Our bull case assumes new bilateral negotiations result in effective tariffs falling below the 10% average, with multiple rate cuts from the Fed totalling more than 75bps, with the US economy achieving 2.5% year-average growth in calendar 2025, and a faster decline in the rate of core inflation to target. Our 'bull case' scenario has been ascribed a 20% probability by Ausbil, the 'bear case' a 15% probability, and our 'base case' scenario a 65% probability.

Subsequent developments from our updated scenario analysis have validated our base case assumptions and conclusions, with follow-up tariff relief announcements from President Trump, and seventy-five countries currently in bilateral negotiations with the US, markedly subduing market volatility, and seeing a return in market confidence, reflected in the outperformance of global equity markets.

Global outlook

Ausbil's view of the US economy is that tariffs will have a downward drag on growth in the near term before growth begins to build again at the end of 2025, and into 2026. We think that the chance of a US recession is lower than the market is ascribing given the mitigating factors discussed below. With the hard monetary tightening undertaken by global central banks in 2022 and 2023, monetary authorities have significant room to stimulate should this be needed. Of course, we will keep a watchful eye on this and make any necessary adjustments as events unfold.

Our base case for which we currently ascribe a 65% probability sees the US economy avoid recession, though suffering a materially weak June quarter of stalling growth, before growth begins to strengthen as the tariff shock is absorbed, and countries negotiate better outcomes. Underpinning this view is a number of assumptions that we think the market has ignored, including faster tariff relief through bilateral negotiation, the US tax reduction act, Federal Reserve rate cuts to support the economy, and targeted assistance through tariff exemptions for key industries critical to the defence sector as part of the industrial military complex.

Under this scenario, the key question is what shape and duration the recovery will take. Ausbil sees within our base case three potential sub-scenarios, including a V-shaped recovery (where growth rebounds quickly after a weak quarter), a U-shaped recovery (where it takes at least two or three quarters for growth to turn around), and a 'tick swoosh' shaped recovery that takes longer. At this stage, it is too early to determine what type of recovery we will get, as it depends on the world's ability to reverse some of the new tariff imposts through negotiation.

Under our base case, Ausbil has revised the US growth outlook to a lower 1.7% for calendar 2025. This average run rate masks the dynamic profile in quarterly annualised growth rates, which will see a materially weak to stalling Q2'25, followed by a recovery starting in Q3'25 which accelerates into Q4'25, setting up a higher exit growth rate moving into 2026. As Chair Powell views the tariff impact on core PCE inflation as predominantly transitory, the Fed will be able to cut rates. This will function as a circuit breaker to the tariff shock, arresting collapsing consumer and business sentiment, and redress the pause in investment plans and the tightening

Economic Outlook

in financial conditions from its impact on aggregate demand for goods and services. In total, this reduces the risk of a negative feedback loop on domestic activity, triggered through stalling employment hiring, slowing investment and consumer hesitancy to spend.

Reading the Street's opinions on inflation, most commentators are calculating near-term upward tariff inflation pressure, but they are not making any notable adjustments to inflation for energy price falls, nor their expected slowing of growth. In other words, the market is adding tariff inflation contribution to the unadjusted base inflation level of 2.7-2.8%. In our view, this is unrealistic and too simplistic. Base inflation will be lower should growth slow and interest rates reduce.

As illustrated in Table 1, tariffs were the catalyst for Ausbil to lower 2025 growth forecasts for the US to 1.7% (from 2.2%) and global growth to a range of 3.0%-3.3% (from 3.5%). The higher tariff situation confronting China will see the authorities 'forcibly' deploy additional expansionary policy measures in meeting their resolute 5% growth target and to alleviate the expected drag to export facing industries. For context, Ausbil still sees Chinese growth at 4.6% for 2025 (unchanged from our forecast made in 2024).

Table 1: Global growth – slower in 2025, improving growth profile into 2026

Real GDP year average %	**Long run average** 2010 to 2019 (pa)	**2025** Ausbil (f)	**2026** Ausbil (f)
United States	2.3	1.7	2.1
Japan	1.2	1.1	0.8
Europe/Area	1.4	1.6	1.8
China	7.7	4.6	4.5
India	7.0	6.5	7.0
Australia	2.6	2.5	2.8
Global GDP	3.7	3.0 to 3.3	3.2 to 3.5

Source: FactSet, Ausbil, as at April 2025, (f) denotes forecast.

We should keep in mind that in the background there are several longer-term structural drivers that are offering growth opportunities that will help drive new value supply chains across sectors. These include an increased commitment to military spending globally (as the US withdrawal of support for Ukraine and others 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.

Australian Economic Outlook

Australian Economic outlook

Our outlook for Australian growth remains unchanged (at an average of 2.5% for calendar year 2025), given that Australia is in a strong position in having a trade surplus with the US (meaning that we buy more from them than we sell to them). The driver of activity sees growth being handed from the public to the private sector, where the trough in private demand was set in the September quarter of 2024.

The March quarter's core measure of trimmed mean inflation saw the 6-month annualised rate at the mid-point of the RBA's target range of 2 to 3%. Ausbil has been saying for some time that an ongoing improvement in the inflation dynamics should provide an opening for the RBA to consider adjusting rates to a lower cycle terminal level. Building on an improving inflation profile, Australia will benefit from China's deflationary wave of finished export goods seeking new alternative markets to the US tariff wall. The deflation from imported goods will give additional flexibility for rate cuts of up to 50 basis points and more if required on worsening global macro-economic conditions.

The unemployment rate is projected to remain in the low 4% range as labour supply and demand move into balance. This will be a remarkable achievement in holding on to a 50-year broad-based gain in employment conditions. Putting this in context, we have experienced close to a sustained 2% fall in the unemployment rate from the pre-pandemic 5-year average of 5.7%. Importantly, nominal wages are projected to stabilise at 3.5%, consistent with the core inflation target.

We export A$560 billion worth of goods and services and, based on past experience, Australia is expected to be insulated from tariffs. The material risk of A$214 billion in direct exports to China is in resource raw material commodities which will be required as an input in additional Chinese stimulus measures. Fortunately, we continue to benefit from our growing export exposure of A$258 billion to the Indo-Pacific region of fourteen countries (which excludes China). This region is experiencing robust real growth rates in the range of 5% to 6%.

Structural underlying demand for resources, a relatively stable interest rate differential and forecast limited impact from tariffs should collectively underpin the Australian dollar, anchoring it at around AUD/USD 65 cents in 2025, with an upward bias heading into 2026.

The tariff shock is baking in more global rate cuts, which will be stimulative and supportive of real activity. We believe that Trump's tariffs are about negotiation, and that countries that seek to cooperate with the US will be able to mitigate the negative impact on their economies and for global growth. Based on our scenario analysis we will be cross-checking the latest information against our checklist of macro and financial variables. and we will make any necessary adjustments as events unfold.

Jim Chronis

Chief Economist, Associate Director

As Ausbil's Chief Economist, Jim is responsible for macroeconomic research and strategy. As Associate Director – Debt and Diversifieds, Jim manages the Ausbil Balanced Fund cash and fixed interest mandates. Jim holds Bachelor of Laws and Bachelor of Economics (Honours) degrees from the University of Sydney.

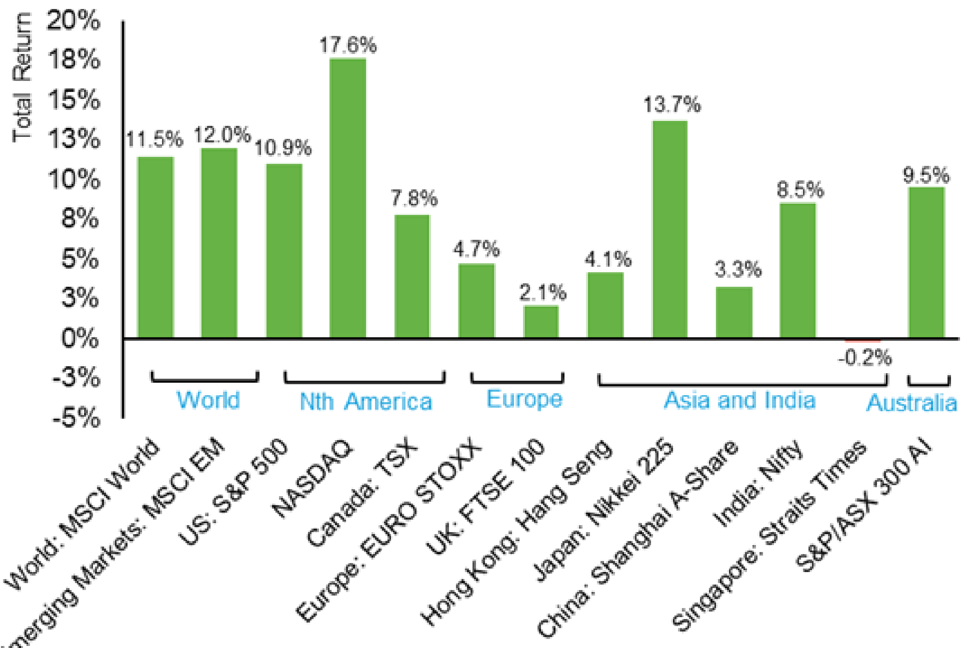
Equity Market Review

Equity Market Review

The month of June saw the S&P/ASX 300 Accumulation Index deliver +1.4%, adding to a positive return for the quarter of +9.5%, bringing the trailing market 1-year return to +13.7%.

All major world markets moved higher this quarter, with the exception of Singapore. Emerging Markets (MSCI EM) slightly outpaced Developed Markets (MSCI World), with Nasdaq leading the quarter, as shown in Chart 1. This was despite tariffs in April, and military exchanges involving Iran, Israel and the US bombing of key nuclear installations in Iran.

Chart 1: World equity market returns – June Quarter 2025

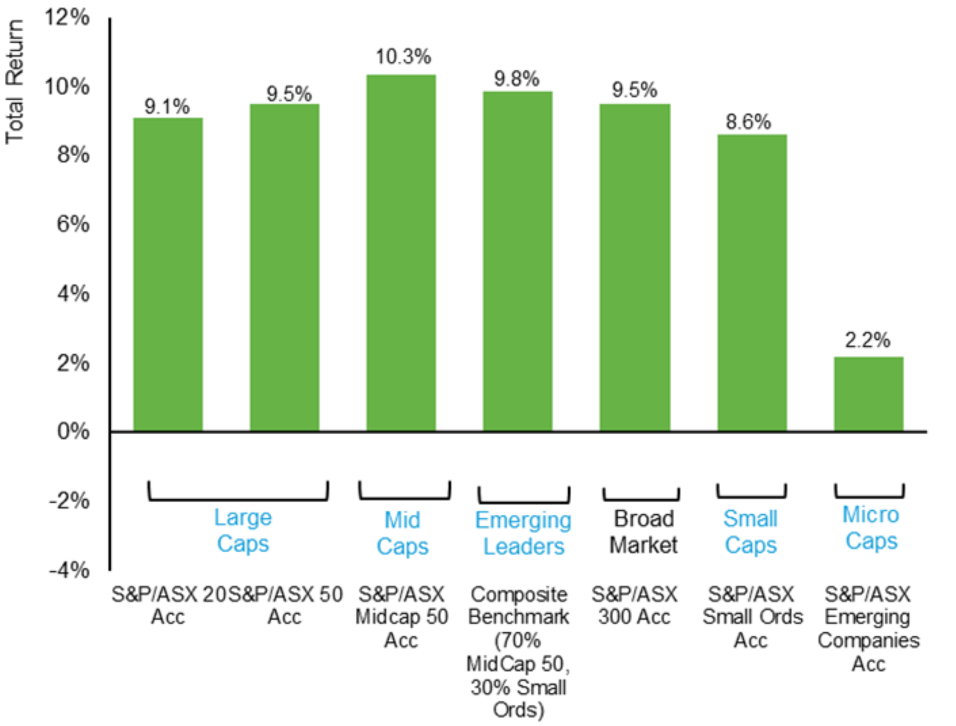


Source: Ausbil, Bloomberg

Equity Market Review

Australia's positive performance this quarter was shared across all segments of the market, with the exception of micro-cap equities which posted a modest gain, as illustrated in Chart 2.

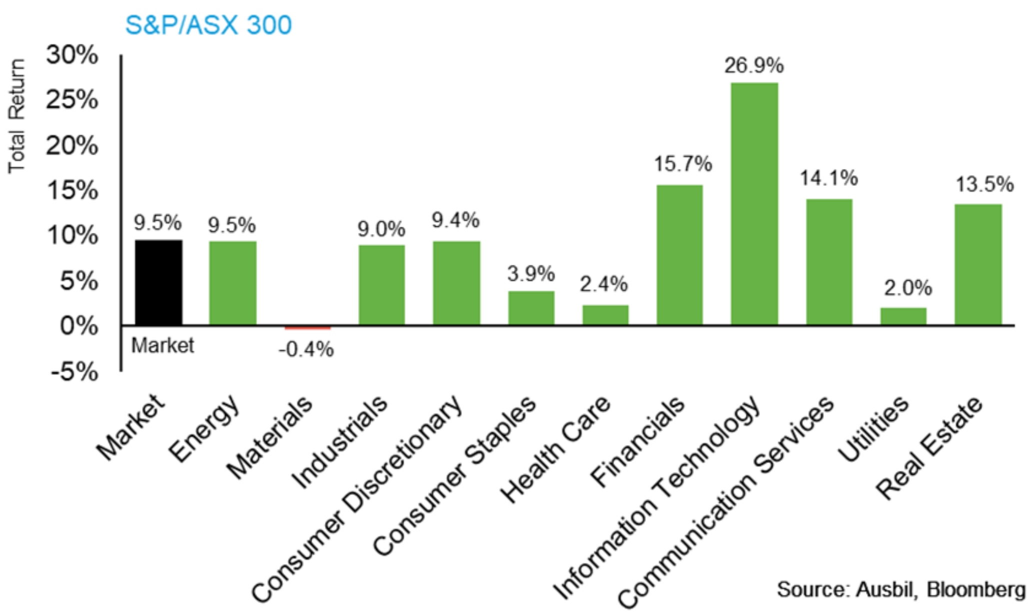
Chart 2: Domestic returns by segment – June Quarter 2025



Source: Ausbil, FactSet

All sectors enjoyed positive returns this quarter, other than Materials which were down slightly, as shown in Chart 3. Information Technology, Financials, Communication Services and Real Estate were the standouts.

Chart 3: Sector returns – June Quarter 2025

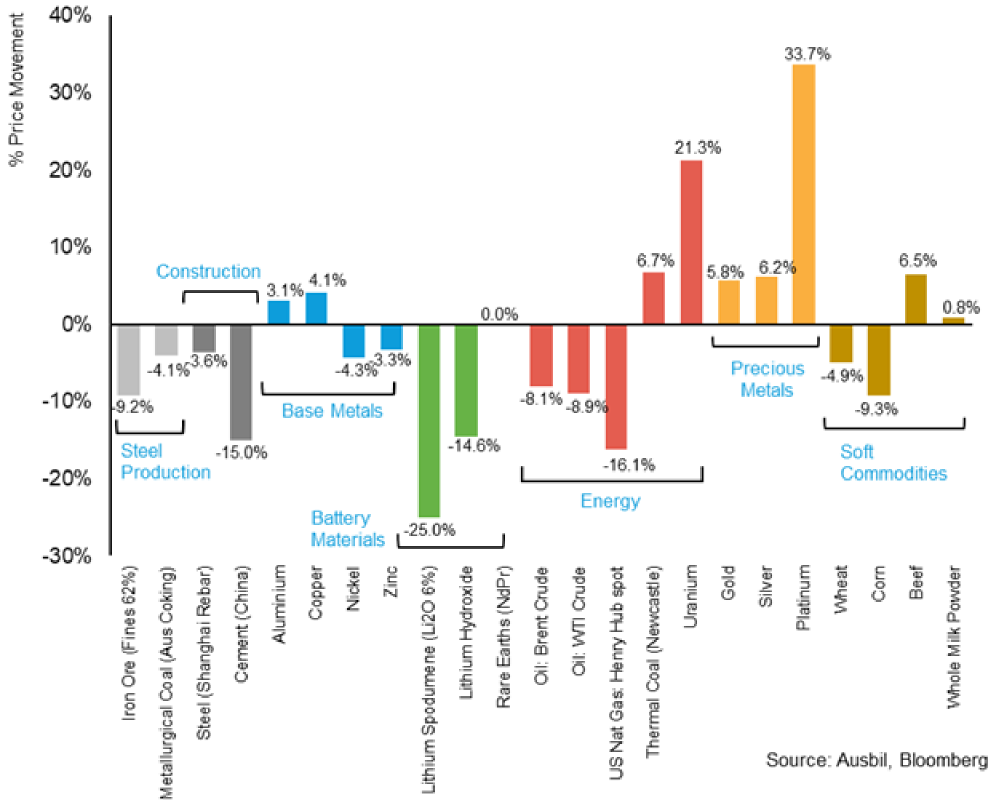


Source: Ausbil, Bloomberg

Equity Market Review

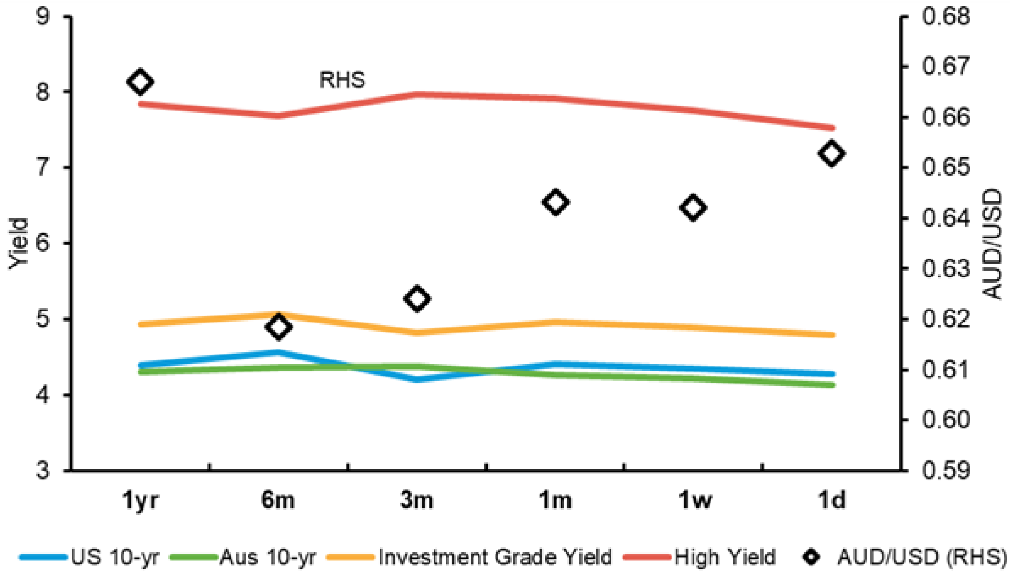
The resources sector remained relatively challenged this quarter, with the geopolitical and tariff risks seeing a flight to precious metals, and the price of uranium spiking, as shown in Chart 4. The progress on tariff negotiations has been positive with Trump placing tariff changes on hold for the time being. Geopolitical risks saw a spike in oil prices which reversed as a truce was reached in the Middle East in terms of the crisis between Israel and Iran.

Chart 4: Commodity markets – June Quarter 2025



Overall, we believe the outlook on economic growth for the US and globally will be weighted to the second half, and should ultimately be positive for commodities in 2025, however clearly the path is likely to be volatile, and dependent on China maintaining growth. On a fundamental basis, we believe decarbonisation and the energy transition remain significant themes that will drive underlying value across resources, energy, utilities and the mining services sector with respect to critical commodities.

Chart 5: Key fixed income, credit and FX levels since last year



Source: Bloomberg as at 30 June 2025. The chart shows yield expectations (real rates plus inflation) looking forward (LHS) and the AUD/USD currency pair (RHS).

In fixed income, the RBA cut rates for the second time this cycle, taking the cash rate to 3.85%, as illustrated in Chart 5. Across the quarter, the AUD/USD appreciated by 5.3%, closing the quarter at US$0.6573. In fixed income markets, US 10-year Treasury yields closed at 4.2% and Australian 10-year Government Bond yields closed the month at 4.2%. In credit markets, investment grade credit spreads closed at 51 bps and high yield spreads at 318 bps.

Fixed Interest and Cash Rates

Fixed Interest and Cash Rates

The June quarter was extremely volatile, driven and bookended by announcements from US President Trump. It started with the shock reciprocal tariff announcement on April 2nd, culminated on June 13th with the outbreak of war between Iran, Israel and the United States and ended on June 24th with an agreed ceasefire of “the 12-day war” between the warring parties. On Saturday 21st June, President Trump joined the Israeli attack and executed “Operation Midnight Hammer” using the largest B-2 stealth-bomber air raid against 3 nuclear Iranian sites in Fordow, Isfahan and Natanz.

Overall, global equities outperformed on tariff policy de-escalation, Trump’s announced a 90-day truce and minimum 10% reciprocal tariff base rate with Europe and the rest of the world to July 9th (excluding China). US-China trade officials agreed on a framework to restore the ‘Geneva” trade truce and lift China’s rare earth export restrictions. China will be subject to an effective 55% tariff rate and the US subject to 10%. This saw market forecast revisions of lower recession probabilities, lower core inflation rates and higher GDP growth estimates for 2025 and 2026. Meanwhile, Federal Reserve Vice Chair Waller flagged the increasing likelihood of a Federal funds rate cut as early as the July 31st meeting as he doesn’t expect tariffs to boost inflation significantly. Waller’s view has since been joined by voting members Bowman and Goolsbee.

For June quarter end, the Japanese 10-year bond fell 6bps to 1.43%. The US 10-year yield rose 2bps to 4.23%, the 2/10-year curve steepened by 19 bps to close at 50bps, corporate high yield credit spreads narrowed by 58bps to a margin over treasuries of 318bps, 10-year inflation-protected real yields rose 10bps to 1.93% and the US dollar index depreciated 7.0%. In Australia, the 10-year bond yield fell 22bps to 4.16%, the 2/10-year yield curve steepened by 24bps to close at 95bps, and the 10-year bond spread to the US moved below to close at negative 7bps. The Australian/US dollar appreciated by 5.3% to 0.657 cents and the trade-weighted index appreciated by 0.8%.

Central banks lowering cash rates by 50 basis points included the European Central Bank (ECB) to 2.25% and, New Zealand to 3.25%. Those lowering by 25bps were England to 4.25%, Norway to 4.25%, Switzerland to 0%, Australia to 3.85% and China reducing by 10 bps the 1yr loan prime rate to 3%, the 5yr to 3.50% and the 7-day reverse repurchase rate to 1.40%. Leaving policy settings unchanged were the US Federal Reserve (Fed) at 4.25-4.50%, Canada at 2.75%, Japan at 0.50% and slowing the pace of quarterly JGB purchase reductions. The updated ECB staff forecasts included risk management based three macro scenarios, the ‘baseline’ and two alternatives – ‘mild’ and ‘severe’. The Fed June 18th policy meeting was dovish with the statement reiterating the wait-and-see stance with settings “modestly restrictive”.

The Reserve Bank of Australia debated the merits of a possible 50bps rate cut but opted for 25bps on domestic factors. The statement removed reference to navigating the narrow path as “inflation is in the target band and upside risks appear to have diminished.” The RBA adopted a risk outlook based on three scenarios, as it made ‘”… more sense to evaluate the outlook using so-called ‘scenario analysis.’ The baseline noted a slightly softer pace in domestic household consumption.

On tariffs and geopolitics, the US and Mexico are nearing a deal to reduce steel tariff and cap import volumes. The European Union Commission requested an extension to negotiations beyond the July 9th deadline The United Kingdom signed a trade deal framework with the US and the UK government also announced that they were moving to a “war-fighting readiness” building up to 12 nuclear-powered attack submarines, investing in its nuclear-weapons programme and creating at least six munitions’ factories.

Fund Review

Fund Review

The Balanced Fund outperformed its benchmark index for the June quarter 2025, returning 8.98% (gross of fees) versus the benchmark of 6.42%. Over the past 12-months, the Balanced Fund underperformed returning 12.42% (gross of fees) versus the benchmark of 12.87%.

The month of April was history setting as tumultuous events unfolded in the initial days. US President Trump's reciprocal tariffs announced on April 2nd saw the effective rate skyrocket from 2.5% to 23%, triggering sharply lower equity prices with index declines of up to 15% and further depreciation of the US dollar index. Following 5 consecutive days of excessive market volatility, Trump announced a 90 day pause at the 10% level for the full set of country reciprocal tariff increases (excluding China which was subsequently increased to 145%) to facilitate bilateral negotiations. Heading into month end, equity markets mapped out a steep V-shaped recovery to close much better than initially expected.

May saw global equities solidly outperform on tariff policy de-escalation and the announcement of a US/UK trade deal. President Trump announced a 90-day truce and a minimum 10% reciprocal tariff base rate with Europe and the rest of the world to July 9th, and to 30% for China to early August. This saw market forecast revisions of significantly lower recession probabilities, lower core inflation rates and higher GDP growth profiles. Meanwhile, long dated bond yields surged higher on deteriorating sentiment over the US fiscal outlook as ratings agency Moody's downgraded the US credit rating by one notch to Aa1 from Aaa. The US House of Representatives passed Trump's 'One Big Beautiful Bill Act', advancing the legislation to the Senate. The legislation extends the 2017 Tax Cuts and Jobs Act, reduces spending on the social safety net, and adds US$3.8 trillion to the federal debt over a 10-year period. In the final days, volatility returned with Trump suffering a legal limitation on tariffs on May 28th and then Trump surprising on May 30th with a doubling in metal tariffs on steel and aluminium from 25% to 50%.

June saw hostilities at first breakout between Iran, Israel, the United States and then end with an agreed ceasefire of "the 12-day war." On Friday 13th June, Israel conducted air strikes against military targets under "Operation Rising Lion" to prevent Iran from developing a nuclear weapon. On Saturday 21st, President Trump joined the attack and executed "Operation Midnight Hammer" using the largest B-2 stealth-bomber air raid against 3 nuclear Iranian sites in Fordow, Isfahan and Natanz. Subsequently on Monday 24th following limited Iranian retaliatory strikes against US air bases in Iraq and Qatar, Trump announced an agreed ceasefire between the warring parties. Oil prices surged and then fell bracing for Iran's retaliation, potentially closing the critical Strait of Hormuz where 20% of the world's oil supply flows daily. Meanwhile, Federal Reserve Vice Chair Waller flagged the likelihood of a Federal funds rate cut as early as the July 31st meeting as he doesn't expect tariffs to boost inflation significantly. Waller's view has since been joined by voting members Bowman and Goolsbee. Separately US-China trade officials agreed on a framework subject to final approval and signing between the leaders. The deal restores the May truce agreed in Geneva.

Investment Market Review

Table 1: Key benchmark returns by asset class - total return

Asset Classes	3 months %	12 months %
Australian Equities	8.96	13.38
Australian Bonds (UBSA Composite Bond Index)	2.63	6.81
Australian Property - Direct Property	2.07	9.00
Australian Property - REITS	13.72	13.97
Global Equities (benchmark)	6.02	18.28
Cash	1.02	4.39

Strategy and Outlook

Strategy and Outlook

The Balanced Fund strategy will maintain its current asset class positioning favouring growth and earnings growth. Australian companies are forecast to generate earnings growth of 9.2%, Ausbil is well in excess of the consensus expectation of 7.2% in FY26.

Ausbil went into the 'war room' on April 2nd to map out and navigate economic and investment strategy following the onslaught of tariffs. We implemented a risk management framework based on scenario analysis. Subsequent developments have validated our base case assumptions and conclusions with follow-up tariff relief announcements from President Trump, and seventy-five countries currently in bilateral negotiations, markedly subduing market volatility, and seeing a return in market confidence, reflected in the outperformance of global equity markets.

Our 'base case' scenario has a 65% probability. Within the base case, our key assumption is that the Trump administration will negotiate on a bilateral basis with willing countries to adjust their respective tariff levels lower, toward the minimum 10% level and the Fed cutting by up 50 to 75 basis points. In summary, tariffs have been a catalyst for us to lower our near-term growth forecasts for the US to 1.7% from 2.2% and global growth to 3.3% from 3.5%.

The US growth profile on a quarterly annualised basis, will see a materially weak to stalling Q2'25 followed by a recovery starting in Q3'25 which accelerates into Q4'25 setting up a higher exit growth rate going into 2026.The higher tariff situation confronting China will see the authorities 'forcibly' deploy additional expansionary policy measures in meeting their resolute 5% growth target and to alleviate the expected drag to export facing industries. For context, Ausbil still sees Chinese growth at 4.6% for 2025 (unchanged from our forecast made in 2024).

Our outlook for Australian growth remains unchanged (at 2.5%-year average for calendar year 2025), given that Australia is in a strong position in having a trade surplus with the US. Imported deflation from finished Chinese goods will provide flexibility for additional modest RBA rate cuts with the AUD/USD exchange rate anchored at 65 cents over the medium term to 2026.

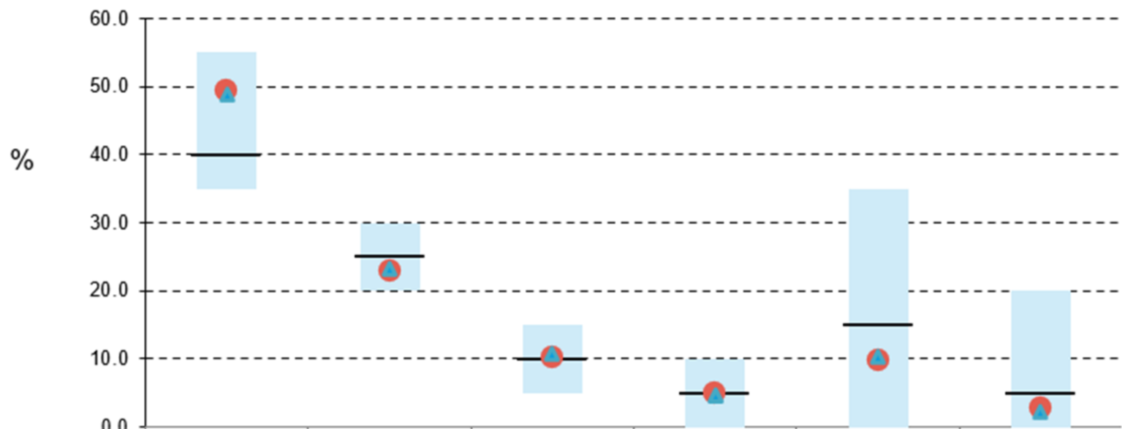
Fund Overview

Fund Return

Period	Fund Return % Gross	Fund Return % Net	Bench-mark* %	Out/Under performance % Gross	Out/ Under performance % Net
1 month	1.76	1.68	1.46	0.29	0.22
3 months	8.98	8.74	6.42	2.56	2.32
6 months	4.96	4.50	4.78	0.17	-0.29
1 year	12.42	11.43	12.87	-0.45	-1.44
2 years pa	12.46	11.48	12.41	0.05	-0.93
3 years pa	12.50	11.52	12.49	0.02	-0.97
5 years pa	11.96	10.97	10.13	1.83	0.85
7 years pa	9.34	8.37	8.40	0.94	-0.03
10 years pa	9.52	8.55	8.28	1.23	0.27
15 years pa	10.44	9.46	8.71	1.73	0.76
20 years pa	9.04	8.17	7.48	1.57	0.70
25 years pa	8.70	7.80	7.05	1.64	0.74
Since inception pa Date: July 1997	9.16	8.25	7.44	1.72	0.81

* 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 (%)	49.34	22.93	10.21	4.96	9.76	2.80
Year ago (%)	48.82	23.32	10.77	4.67	10.33	2.10

Notes:
•1) As at 30 June 2025, hedged currency exposure amounts to 18.4%. This is made up of International shares 13.4% and Global Infrastructure 5.0%.
•2) As at 30 June 2025, the Australian Fixed Interest portfolio modified duration is 4.60 years compared to the benchmark index of 4.94 years.

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