

Investment strategy and outlook

31 March 2025

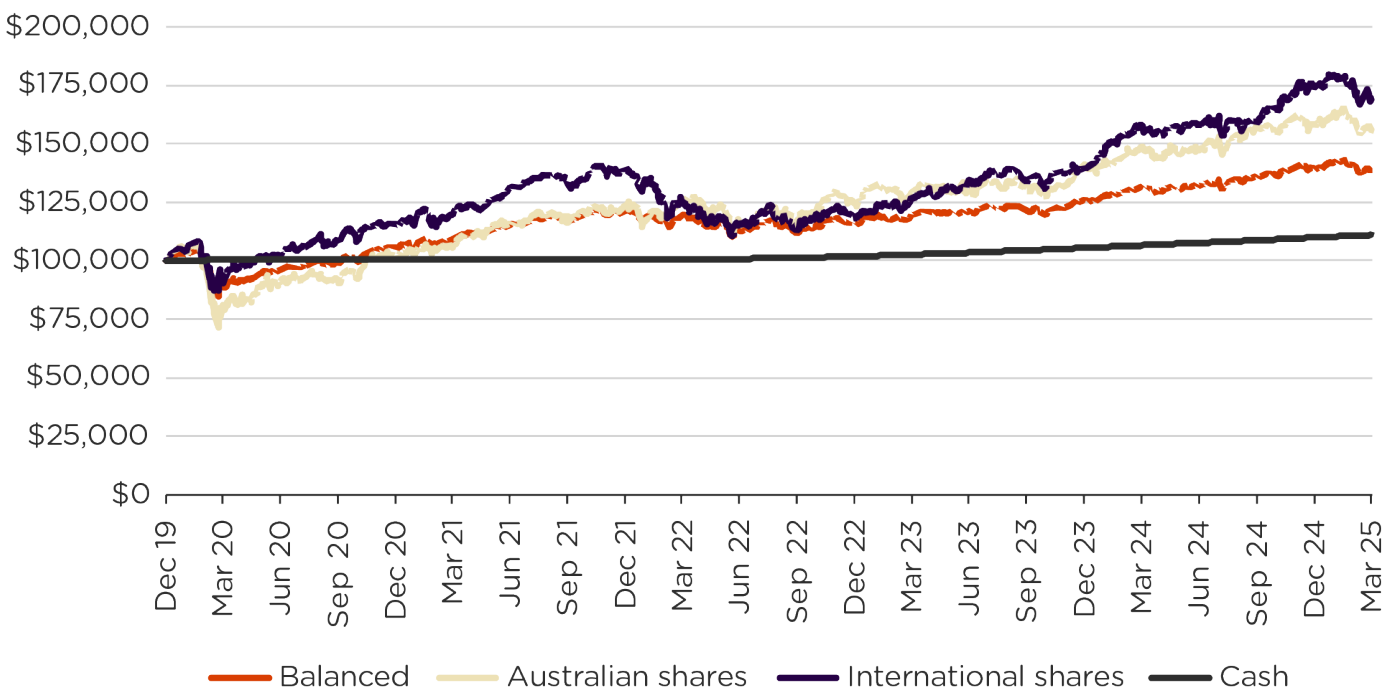
Performance update

AustralianSuper's Balanced option returned 4.92% financial year to date, 5.17% over 1 year, average annual returns of 7.44% over 10 years and average annual returns of 7.59% over 20 years to 31 March 2025¹. Performance for the quarter was impacted by geopolitical events and US trade tariff policy leading into the end of March. Uncertainty around the impacts of the US administration's policies has kept volatility high and driven listed share markets lower into early April. This has led to the sell-off of growth assets, while fixed interest returns were favourable during the quarter.

While share markets are currently volatile, it's worthwhile considering this through the lens of the past 5 years. In March 2020, COVID-19 created a sharp market downturn, followed by fiscal and monetary stimulus which sparked a turnaround in growth assets, leading to a significant period of recovery. During March 2020, market uncertainty caused many investment options

to experience negative returns, with the Australian Shares option losing over 30%, the International Shares option losing 20% and the Balanced option being reduced by 18.9% over a few weeks leading up to 23 March 2020. What followed over the next 5 years was a sharp rebound, continued economic uncertainty and a period of sustained consumer demand-driven growth. From the 23 March 2020 lows, markets rewarded investors with total returns of over 100% in Australian Shares, over 90% in International Shares and over 60% for members in the diversified Balanced option to 31 March 2025. It wasn't always a smooth journey, as 2022 saw a 20% sell-off in International Shares before rebounding in the years that followed. The period was also a humble reminder that investing in the Cash option provided members with a 10.7% return, which struggled to keep up with cumulative inflation of about 20% in Australia over the last 5 years.

Value of \$100,000 invested in Balanced, Australian Shares, International Shares and Cash options from 31 December 2019



1. AustralianSuper investment returns are based on crediting rates, which are returns less investment fees and costs, transaction costs, the percentage-based administration fee deducted from returns from 1 April 2020 to 2 September 2022 and taxes. Returns don't include all administration, insurance and other fees and costs that are deducted from account balances. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

Super and TTR Income investment option performance as at 31 March 2025¹

Investment option	3 months %	Financial year to date %	1 year %	3 years (p.a.) %	5 years (p.a.) %	10 years (p.a.) %	15 years (p.a.) %	20 years (p.a.) %
PreMixed options								
High Growth	-1.10	5.14	5.27	6.17	10.86	8.22	8.87	7.97
Balanced	-0.52	4.92	5.17	5.24	9.16	7.44	8.14	7.59
Socially Aware	-0.72	4.92	4.93	4.96	8.83	6.48	7.63	6.98
Indexed Diversified	-0.95	5.95	6.11	6.97	9.60	6.80	-	-
Conservative Balanced	-0.07	4.62	4.85	4.06	6.56	5.83	6.82	-
Stable	0.48	4.26	4.53	3.10	4.26	4.46	5.45	5.51
DIY Mix options								
Australian Shares	-1.22	5.40	4.39	7.16	14.51	8.53	8.60	8.65
International Shares	-2.62	7.68	7.12	10.77	12.54	10.41	11.02	8.46
Diversified Fixed Interest	1.40	2.98	3.20	1.24	0.85	1.96	4.00	4.26
Cash	1.00	3.19	4.22	3.30	2.05	1.97	2.47	3.16

1. AustralianSuper investment returns are based on crediting rates, which are returns less investment fees and costs, transaction costs, the percentage-based administration fee deducted from returns from 1 April 2020 to 2 September 2022 and taxes. Returns from equivalent options of the ARF and STA super funds are used in calculating return for periods that begin before 1 July 2006. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

For TTR Income accounts, the investment return is based on the crediting rate for super (accumulation) options. From 1 April 2020 to 2 September 2022 the crediting rate includes an administration fee that was deducted from investment returns for super (accumulation) accounts. TTR Income accounts will be adjusted to refund the administration fee deducted from investment returns.

Choice Income investment option performance as at 31 March 2025²

Investment option	3 months %	Financial year to date %	1 year %	3 years (p.a.) %	5 years (p.a.) %	10 years (p.a.) %	15 years (p.a.) %
PreMixed options							
High Growth	-1.33	5.57	5.68	6.83	12.00	9.06	9.80
Balanced	-0.73	5.29	5.48	5.73	10.01	8.11	8.99
Socially Aware	-0.85	5.33	5.30	5.40	9.76	7.21	8.47
Indexed Diversified	-1.10	6.59	6.69	7.73	10.72	7.65	-
Conservative Balanced	-0.17	5.06	5.26	4.51	7.33	6.54	7.61
Stable	0.45	4.69	4.94	3.47	4.77	5.00	6.14
DIY Mix options							
Australian Shares	-1.39	5.99	4.93	8.09	16.21	9.57	9.81
International Shares	-2.90	8.34	7.76	11.72	13.58	11.32	12.03
Diversified Fixed Interest	1.65	3.52	3.73	1.40	0.97	2.26	4.63
Cash	1.15	3.69	4.91	3.85	2.39	2.31	2.91

2. Choice Income investment returns are based on crediting rates, which are returns less investment fees and costs, transaction costs and taxes. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

Economic perspectives

Our global investment teams are monitoring the impacts of the US Administration's policies and other trade developments. From an economic perspective, there are still many factors that could have a bearing on the eventual impact. Countries can retaliate, negotiate or provide some policy relief in response to the recent US tariffs. It remains to be seen which countries affected by US policies will succeed in negotiating more favourable outcomes, and to what extent policy relief – in the form of lowering interest rates or increasing fiscal stimulus – will counteract the full effects.

We continue to see the potential for moderate economic growth in the near term, however there is a considerable amount of noise that is causing short-term investment market volatility.

AustralianSuper's investment strategy

As an active manager, we continue to assess economic and investment data to formulate and adjust our investment strategies in response to the changing outlook for economies and markets. Market volatility can create attractive buying opportunities that may deliver value for members over time. We see the current market environment as an opportunity to invest further in our listed equity positions, which have the potential to recover from the current economic uncertainty. Our global portfolio enables our team to access growth opportunities in Australia and abroad, while seeking to reduce the potential impacts of market volatility through diversification.

The growth of your super over time can be influenced by long-term drivers, such as the future earnings and income of specific assets. Although current events create uncertainty about earnings prospects, which leads to short-term volatility, it's the factors shaping performance over the long term that can help build wealth for the future. The investment team remains focused on managing to the primary goal, which is to meet the investment objectives of the options. Staying focused on these objectives enables the investment team to navigate current market volatility and maintain a disciplined investment approach.

Asset class highlights

- The Australian shares portfolio is positioned based on the potential for companies to add value over the next 3 to 5 years. Global uncertainty weighed on the Australian market over the quarter, however our Australian Shares option outperformed the S&P/ASX 200 Index.
- The international shares portfolio has a focus on high conviction managers with strategies that have the potential to outperform. Over the short-term, the International Shares option has underperformed the MSCI All Country World ex Australia Index, while outperforming over the longer term. The portfolio is being positioned to benefit from the growth outlook for securities.
- The outlook for private market asset classes (private equity, infrastructure, property and credit) is positive given the robust pipeline of investment opportunities with the potential to provide diversification and contribute to member returns. The longer-term focus

of private markets provided some stability for investment returns in the current market environment, especially with favourable returns from private credit and infrastructure assets. Given the uncertainty seen in listed markets, AustralianSuper monitors factors that affect the fair value of private market assets and updates valuations to reflect significant market events.

- Fixed interest markets were a positive contributor to returns over the quarter, with US interest rates and shorter-term Australian interest rates trending lower. Day-to-day interest rate variability has increased in fixed interest assets as markets absorb the changing dynamics of US policies that impact global growth and inflation expectations.

Recent investment

AustralianSuper has acquired a 50% stake in Oxford's c. A\$1.4 billion European industrial and logistics portfolio (the Portfolio) and in M7 Real Estate, the market leading European investment and asset management business that was acquired by Oxford in 2021.

The partnership will provide further capital to fund the growth of the Portfolio, known as the European Supply Chain Income Partnership (ESCIP), with a target of up to A\$7.5 billion GAV of high-quality 'last mile' and mid-box warehouses over the next 3 to 5 years.

The Portfolio currently comprises c.730.000 sqm high-quality urban logistics and distribution warehouses across 76 assets. The properties are well located in 19 of the most strategic urban 'last mile' and distribution hubs in the UK, Denmark, France, Germany, the Netherlands and Spain. With a diversified base of more than 200 tenants, the Portfolio is well-positioned to capitalise on increased occupier demand and rental growth throughout western Europe.

M7 Real Estate, as investment and asset manager, will be tasked to source and execute on new opportunities for the strategy targeting income-led exposure across the pan-European supply chain, with a continued focus on both smaller, multi-tenanted, core+ or value-add assets located near large cities and population centres, alongside a core+ mid-box strategy seeking investments into larger distribution and warehouse assets in key logistics corridors.



Spain UrBox Urban Logistics

Liquidity

Managing liquidity is a key element of our investment process. AustralianSuper has a comprehensive framework designed to measure, monitor, and manage liquidity and rebalancing risks, ensuring the fund operates within the Board's risk appetite and complies with regulatory standards. This framework is essential for maintaining the fund's financial stability and operational efficiency. To manage liquidity in the portfolio, the investment team performs daily liquidity monitoring, conducts stress tests and plans for stressed market conditions. These processes seek to ensure that there is sufficient liquidity to meet the fund's obligations, even during times of significant market stress.

The **Annual Financial Report** provides more detail on how liquidity risk is managed in the portfolio.



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