

Australian Retirement Trust Investment Report

Quarter ended
31 December 2024

How to use this report

The Investment report provides a quarterly update on developments in the Australian and global economies and financial markets, as well as the performance of Australian Retirement Trust's (ART) Super Savings MySuper Lifecycle investment option and Australian Retirement Trust's (ART) choice investment options.

Investment performance will include historical returns for Sunsuper Superannuation Fund and QSuper for periods prior to 28 February 2022. Refer to each investment option's footnotes for more information on the historical returns. Commentary is provided for each option, along with details such as major holdings, manager descriptions and sector allocations.

All objective benchmarks quoted within this document are effective 1 July 2024.

For the diversified options you can refer to additional information on asset classes (with the exception of Balanced-Index). Where the asset class is available as an investment option, you'll be directed to the page for that option. Where the asset class isn't available as a single asset class option, a detailed description can be found in the Other diversified option asset classes section.

For Super Savings members you should also refer to the information provided in your Product Disclosure Statement (PDS), the Super Savings Guide, the Super Savings Investment Guide.

For QSuper members you should also refer to the information provided in your Product Disclosure Statement (PDS), the QSuper Guide, the QSuper Investment Guide.

Get the advice you need

It's great that you've chosen to look at your super in more detail, and we hope this report will help you make a more informed decision about where your super is invested. It can be difficult to know which investment is right for you, or how much insurance you need to protect you and your family. Speak to your adviser or contact Australian Retirement Trust.

Read more about your advice options at art.com.au/advice

If you need financial advice about more than just your super, we might refer you to a qualified external financial adviser. Just keep in mind that they might charge for this service. You can find out more about financial advice options at art.com.au/advice/options

Investment Strategy and Economic & Market update

Watch Australian Retirement Trust's Chief Economist Brian Parker explain what's happening around the world and at home, where markets are heading and what it all means for your super investment at art.com.au/newsroom/market-watch

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Diversified options

Super Savings Life Cycle

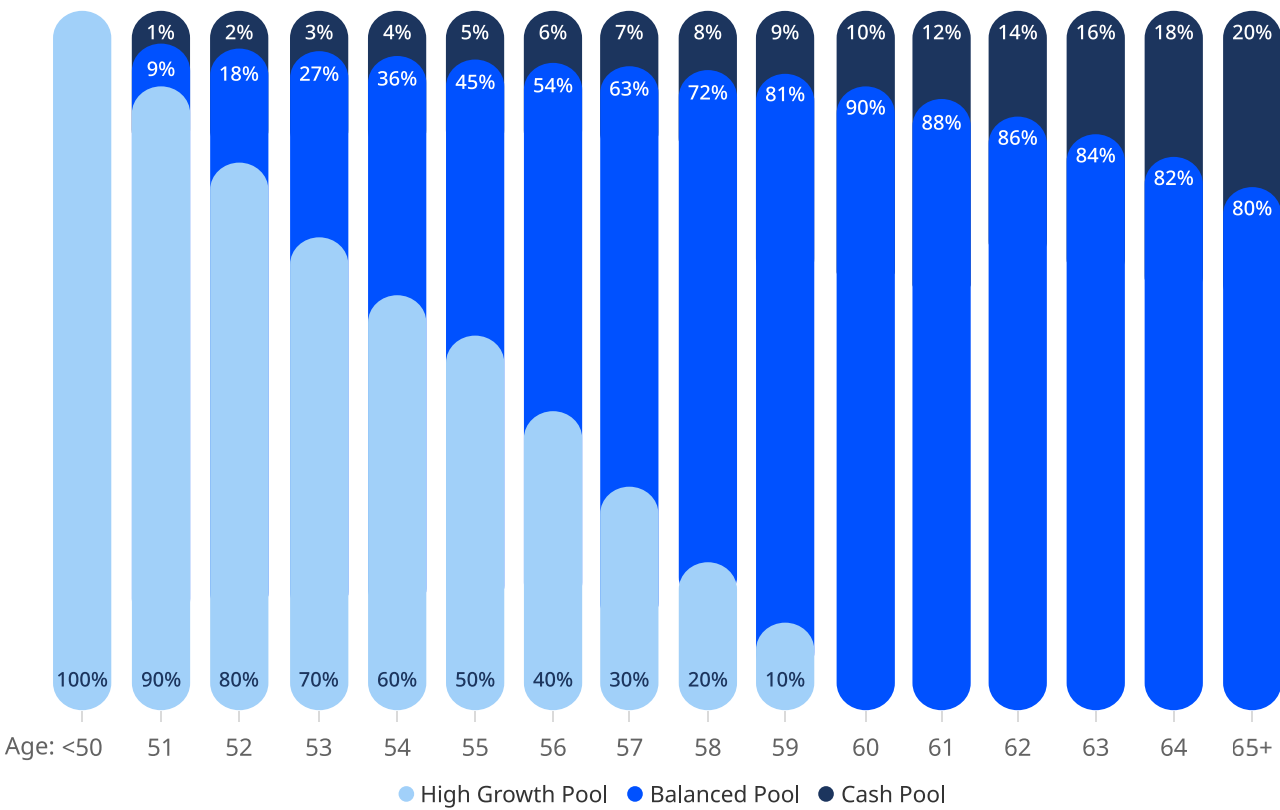
The Lifecycle Investment Strategy is designed for members who want to generate wealth over the long term, and gradually transition to lower-risk investments as they approach age 65. An example of how it works is shown below. The Lifecycle Investment Strategy is not available in Income accounts.

Option size¹

Super assets \$90.1 billion

¹ The Lifecycle Investment Strategy is not available in Income accounts

How the Lifecycle Investment Strategy works



	High Growth Pool	Balanced Pool	Cash Pool
Pool size	Super assets	Super assets	Super assets
	\$62.7 billion	\$23.7 billion	\$3.7 billion
Investment returns ¹	% p.a.	% p.a.	% p.a.
	3 months	3 months	3 months
	1 Year	1 Year	1 Year
	3 Years	3 Years	3 Years
	5 Years	5 Years	5 Years
	7 Years	7 Years	7 Years
	10 Years	10 Years	10 Years
Calendar year-by-year investment returns ¹	% p.a.	% p.a.	% p.a.
	2024	2024	2024
	2023	2023	2023
	2022	2022	2022
	2021	2021	2021
	2020	2020	2020
	2019	2019	2019
For more information	The High Growth Pool invests in the same assets as the High Growth option. For indicative commentary, plus asset allocation, geographic and currency allocation information, refer to the High Growth option on page 4.	The Balanced Pool invests in the same assets as the Balanced option. For indicative commentary, plus asset allocation, geographic and currency allocation information, refer to the Balanced option on page 6.	The Cash Pool invests in the same assets as the Cash option. For indicative commentary, and investment manager information refer to the Cash option on page 30.

¹ The Lifecycle Pools (with the exception of the High Growth Pool) commenced on 28 February 2022 and adopted the investment strategy of the pre-merger Sunsuper Lifecycle Pools. To show the investment performance for these Pools we have used the returns for the respective Sunsuper investment options up to 28 February 2022, then the respective Super Savings option returns after that date. The High Growth Pool commenced on 1 July 2024. To show the performance up to 30 June 2024 we have used Sunsuper for life Growth option returns up to 28 February 2022, then Super Savings High Growth option returns after that date.

Diversified options

High Growth

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	3.08	3.40
1 Year	13.73	15.24
3 Years	7.51	8.30
5 Years	9.19	10.05
7 Years	9.22	10.09
10 Years	9.58	10.51
Calendar Year-by-year investment returns (%)¹		
2024	13.73	15.24
2023	11.56	12.75
2022	-2.05	-2.22
2021	20.55	22.32
2020	3.67	3.90
2019	17.72	19.58

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ To show the performance of Accumulation and Retirement Income accounts, we have used Sunsuper for life Growth option returns up to 28 February 2022.

Option size

Super assets \$23.5 billion

Pension assets \$1.9 billion

Performance Commentary

Australian Retirement Trust's (ART) High Growth option for accumulation accounts produced a 3.08% return for the December quarter and a 13.73% return over the year to December 2024. The ten-year return of 9.58% p.a. remains well above the option's return objective of CPI plus 4.0% p.a.

The performance of global share markets was mixed over the December quarter, with strong gains in US and Japanese shares offsetting negative returns in Australia, Europe and the UK. A weaker Australian dollar against a range of developed market currencies boosted the returns from unhedged international shares. Both global and Australian fixed income returns were negative for the quarter. In the wake of the US election result, the prospect of US tax cuts, even wider budget deficits, and the likely inflationary impact of broad-based trade tariffs drove bond prices lower.

ART's unlisted assets portfolios outperformed public markets over the December quarter.

In the SuperRatings survey for December 2024, the performance of ART's High Growth option was ahead of the median fund over the quarter, and over one, three, five, and ten years to the end of December 2024.

Outlook and Strategy

ART does not design portfolios based on short-term economic, market or geopolitical forecasts. However, ART's investment team and external investment managers do seek to capitalise on opportunities that inevitably emerge during times of heightened market volatility.

At the end of December 2024, the Dynamic Asset Allocation (DAA) strategy favoured bonds over shares. Within DAA's shares allocation, Japanese, UK, and European shares are favoured over shares in the US and Australia. In fixed income, we are overweight in France, UK, US, Italy and Australia and maintain underweight positions in German, Japanese and Canadian bonds.

ART continues to hold a substantial allocation to the key unlisted asset classes – property, infrastructure, private equity and private debt. As a large superannuation fund, we have well-diversified portfolios of these assets that we expect will deliver strong, long-term returns, while reducing our members' exposures to share market volatility.

Exposure

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Geographic (%)				
Australia	50	48	52	49
Emerging markets	4	4	3	3
Europe	6	7	6	6
North America	34	35	32	35
UK	3	2	2	2
Other	3	4	5	5
Total	100	100	100	100
Currency (%)				
AUD	73	78	77	73
Foreign currency	27	22	23	27
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%)²			
	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Australian Shares	33.6	32.6	33.3	32.3
International Shares	31.6	32.1	31.9	33.1
Unlisted Assets and Alternatives	32.8	32.0	31.5	31.5
Private Equity	10.0	8.0	8.0	8.0
Infrastructure	10.0	12.5	13.0	13.0
Property	8.0	8.0	7.5	7.5
Private Credit	4.8	3.5	3.0	3.0
Fixed Income	2.0	2.3	2.8	1.5
Cash	0.0	1.0	0.6	1.6
Total	100	100	100	100

¹ For additional information on these asset classes, strategic asset allocations and allowable ranges refer to the Super Savings and QSuper Investment Guides.

² Note that the effective asset allocation in the above table takes into account both the physical exposures to assets along with the effective market exposure from derivative instruments such as futures. These instruments are used by the Fund to bring effective market exposures closer to those represented by each option's strategic asset allocation.

Diversified options

Balanced

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	2.55	2.84
1 Year	11.89	13.30
3 Years	6.32	7.06
5 Years	7.62	8.39
7 Years	7.86	8.67
10 Years	8.31	9.16
Calendar Year-by-year investment returns (%)¹		
2024	10.2	11.4
2023	-2.6	-2.8
2022	16.5	17.9
2021	3.1	3.5
2020	15.5	17.2
2019	1.9	2.1

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ To show the performance of the Accumulation and Retirement Income accounts, we've used Sunsuper for life Balanced option returns up to 28 February 2022, then Super Savings Balanced option returns after that date.

Option size

Super assets \$17.7 billion

Pension assets \$5.1 billion

Performance Commentary

ART's Balanced option for accumulation accounts produced an after fees and superannuation tax return of 2.55% for the December quarter and 11.89% over the year to December 2024. The ten-year return of 8.31% p.a. remains above the option's return objective of CPI plus 3.5% p.a.

The performance of global share markets was mixed over the December quarter, with strong gains in US and Japanese shares offsetting negative returns in Australia, Europe and the UK. A weaker Australian dollar against a range of developed market currencies boosted the returns from unhedged international shares.

Both global and Australian fixed income returns were negative for the quarter. In the wake of the US election result, the prospect of US tax cuts, even wider budget deficits, and the likely inflationary impact of broad-based trade tariffs drove bond prices lower.

ART's unlisted assets portfolios outperformed public markets over the December quarter.

In the SuperRatings survey for December 2024, the performance of Australian Retirement Trust's Balanced option was ahead of the median fund over the quarter, and over one, three, five, seven and ten years to the end of December 2024.

Outlook and Strategy

ART does not design portfolios based on short-term economic, market or geopolitical forecasts. However, ART's investment team and external investment managers do seek to capitalise on opportunities that inevitably emerge during times of heightened market volatility.

At the end of December 2024, the Dynamic Asset Allocation (DAA) strategy favoured bonds over shares. Within DAA's shares allocation, Japanese, UK, and European shares are favoured over shares in the US and Australia. In fixed income, we are overweight in France, UK, US, Italy and Australia and maintain underweight positions in German, Japanese and Canadian bonds.

ART continues to hold a substantial allocation to the key unlisted asset classes – property, infrastructure, private equity and private debt. As a large superannuation fund, we have well-diversified portfolios of these assets that we expect will deliver strong, long-term returns, while reducing our members' exposures to share market volatility.

Exposure

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Geographic (%)				
Australia	49	48	47	47
Emerging markets	4	4	4	3
Europe	7	8	8	8
North America	34	34	34	35
UK	2	2	2	2
Other	4	4	5	5
Total	100	100	100	100
Currency (%)				
AUD	78	82	83	77
Foreign currency	22	18	17	23
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%)²			
	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Australian Shares	26.4	25.9	25.1	26.0
International Shares	26.4	26.3	26.3	27.5
Unlisted Assets and Alternatives	31.0	31.0	29.5	29.5
Private Equity	6.5	6.5	6.5	6.5
Infrastructure	10.5	12.0	12.5	12.5
Property	8.5	8.5	8.0	8.0
Private Credit	5.5	4.0	2.5	2.5
Fixed Income	14.0	14.6	16.1	15.5
Cash	2.2	2.2	3.0	1.5
Total	100	100	100	100.0

¹ For additional information on these asset classes, strategic asset allocations and allowable ranges refer to the Super Savings and QSuper Investment Guides.

² Note that the effective asset allocation in the above table takes into account both the physical exposures to assets along with the effective market exposure from derivative instruments such as futures. These instruments are used by the Fund to bring effective market exposures closer to those represented by each option's strategic asset allocation.

Diversified options

Conservative – Balanced

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	1.67	1.89
1 Year	9.06	10.33
3 Years	4.87	5.54
5 Years	5.72	6.43
7 Years	6.10	6.87
10 Years	6.44	7.27
Calendar Year-by-year investment returns (%)¹		
2024	9.06	10.33
2023	8.11	9.20
2022	-2.16	-2.40
2021	12.07	13.27
2020	2.18	2.58
2019	12.11	13.68

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ To show the performance of the Accumulation and Retirement Income accounts, we've used Sunsuper for Life Retirement option returns up to 28 February 2022, then Super Savings Retirement option returns after that date.

Option size

Super assets	\$5.2 billion
Pension assets	\$6 billion

Performance Commentary

ART's Conservative-Balanced option for accumulation accounts produced a 1.67% return for the December quarter and a 9.06% return over the year to December 2024. The ten-year return of 6.44% p.a. remains above the option's return objective of CPI plus 2.5% p.a.

The performance of global share markets was mixed over the December quarter, with strong gains in US and Japanese shares offsetting negative returns in Australia, Europe and the UK. A weaker Australian dollar against a range of developed market currencies boosted the returns from unhedged international shares over the quarter and the year to December 2024.

Both global and Australian fixed income returns were negative for the quarter. In the wake of the US election result, the prospect of US tax cuts, even wider budget deficits, and the likely inflationary impact of broad-based trade tariffs drove bond prices lower.

ART's unlisted assets portfolios outperformed public markets over the December quarter.

In the SuperRatings survey for December 2024, the performance of Australian Retirement Trust's Conservative-Balanced option was slightly ahead of the median fund over the quarter, and comfortably above median one, three, five, seven and ten years to the end of December 2024.

Outlook and Strategy

ART does not design portfolios based on short-term economic, market or geopolitical forecasts. However, ART's investment team and external investment managers do seek to capitalise on opportunities that inevitably emerge during times of heightened market volatility.

At the end of December 2024, the Dynamic Asset Allocation (DAA) strategy favoured bonds over shares. Within DAA's shares allocation, Japanese, UK, and European shares are favoured over shares in the US and Australia. In fixed income, we are overweight in France, UK, US, Italy and Australia and maintain underweight positions in German, Japanese and Canadian bonds.

ART continues to hold a substantial allocation to the key unlisted asset classes – property, infrastructure, private equity and private debt. As a large superannuation fund, we have well-diversified portfolios of these assets that we expect will deliver strong, long-term returns, while reducing our members' exposures to share market volatility.

Note: Unless listed otherwise, all data is reported as at 31 December 2024

Exposure

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Geographic (%)				
Australia	48	50	47	47
Emerging markets	3	3	4	4
Europe	9	10	10	9
North America	34	31	33	34
UK	2	2	2	2
Other	4	4	4	4
Total	100	100	100	100
Currency (%)				
AUD	84	88	88	84
Foreign currency	16	12	12	16
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%)²			
	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Australian Shares	17.8	17.6	17.7	17.7
International Shares	16.6	17.8	18.1	19.7
Unlisted Assets and Alternatives	31.0	28.0	25.0	25.0
Private Equity	5.5	5.0	5.0	5.0
Infrastructure	10.5	9.5	10.5	10.5
Property	8.0	8.0	7.0	7.0
Private Credit	7.0	5.5	2.5	2.5
Fixed Income	28.0	29.5	32.5	34.5
Cash	6.6	7.1	6.7	3.1
Total	100	100	100	100

¹ For additional information on these asset classes, strategic asset allocations and allowable ranges refer to the Super Savings and QSuper Investment Guides.

² Note that the effective asset allocation in the above table takes into account both the physical exposures to assets along with the effective market exposure from derivative instruments such as futures. These instruments are used by the Fund to bring effective market exposures closer to those represented by each option's strategic asset allocation.

Diversified options

Conservative

The Super Savings and QSuper Investment Guide provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	1.09	1.24
1 Year	6.68	7.64
3 Years	3.50	4.00
5 Years	3.96	4.45
7 Years	4.43	5.01
10 Years	4.87	5.50
Calendar Year-by-year investment returns (%)¹		
2024	6.68	7.64
2023	6.13	7.03
2022	-2.08	-2.35
2021	7.51	8.35
2020	1.91	2.00
2019	9.01	10.34

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ To show the performance of the Accumulation and Retirement Income accounts, we have used Sunsuper for life Conservative option returns up to 28 February 2022, then Super Savings Conservative option returns after that date.

Option size

Super assets \$5.8 billion

Pension assets \$5.9 billion

Performance Commentary

ART's Conservative option for accumulation accounts produced a 1.09% return for the December quarter and a 6.68% return over the year to December 2024. Longer term returns are above the option's CPI plus 1.5% return objective, with the Conservative option posting returns of 4.9% p.a. over the ten years to the end of December 2024.

Both global and Australian fixed income returns were negative for the quarter. In the wake of the US election result, the prospect of US tax cuts, even wider budget deficits, and the likely inflationary impact of broad-based trade tariffs drove bond prices lower.

The performance of global share markets was mixed over the December quarter, with strong gains in US and Japanese shares offsetting negative returns in Australia, Europe and the UK.

In the SuperRatings survey for December 2024, the performance of ART's Conservative option was slightly ahead of the median fund over the quarter, and comfortably above median one, three, five, seven and ten years to the end of December 2024.

Outlook and Strategy

ART does not design portfolios based on short-term economic, market or geopolitical forecasts. However, ART's investment team and external investment managers do seek to capitalise on opportunities that inevitably emerge during times of heightened market volatility.

At the end of December 2024, the Dynamic Asset Allocation (DAA) strategy favoured bonds over shares. Within DAA's shares allocation, Japanese, UK, and European shares are favoured over shares in the US and Australia. In fixed income, we are overweight in France, UK, US, Italy and Australia and maintain underweight positions in German, Japanese and Canadian bonds.

ART continues to hold a substantial allocation to the key unlisted asset classes – property, infrastructure, private equity and private debt. As a large superannuation fund, we have well-diversified portfolios of these assets that we expect will deliver strong, long-term returns, while reducing our members' exposures to share market volatility.

Exposure

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Geographic (%)				
Australia	52	54	53	53
Emerging markets	3	3	4	3
Europe	10	11	11	10
North America	30	27	28	29
UK	2	2	1	1
Other	3	3	3	4
Total	100	100	100	100
Currency (%)				
AUD	91	94	93	91
Foreign currency	9	6	7	9
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%)²			
	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Australian Shares	9.5	9.1	9.1	9.0
International Shares	7.3	8.4	8.3	9.7
Unlisted Assets and Alternatives	28.0	27.0	23.5	23.5
Private Equity	4.5	4.0	4.0	4.0
Infrastructure	8.0	9.5	10.0	10.0
Property	7.5	7.5	7.0	7.0
Private Credit	8.0	6.0	2.5	2.5
Fixed Income	34.0	34.5	38.0	43.8
Cash	21.2	21.0	21.1	14.0
Total	100	100	100	100

¹ For additional information on these asset classes, strategic asset allocations and allowable ranges refer to the Super Savings and QSuper Investment Guides.

² Note that the effective asset allocation in the above table takes into account both the physical exposures to assets along with the effective market exposure from derivative instruments such as futures. These instruments are used by the Fund to bring effective market exposures closer to those represented by each option's strategic asset allocation.

Diversified options

Balanced Risk – Adjusted

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	1.95	2.21
1 Year	8.66	10.25
3 Years	3.36	4.45
5 Years	4.58	5.50
7 Years	5.43	6.36
10 Years	6.31	7.20
Calendar Year-by-year investment returns (%)¹		
2024	8.66	10.25
2023	6.55	6.83
2022	-4.62	-3.23
2021	10.20	11.17
2020	2.79	3.16
2019	12.80	14.45

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ To show the performance of the Accumulation and Retirement Income accounts, we've used QSuper Balanced option returns. For periods up to 30 June 2024, unit prices and investment returns for this option are after admin fees and costs, investment fees and costs, transaction costs and where applicable, investment taxes.

From 1 July 2024, unit prices and investment performance are after investment fees and costs, transaction costs and where applicable, investment taxes, but before admin fees and costs. You should consider this when comparing returns between options. Investment taxes generally don't apply to Retirement Income accounts.

Option size

Super assets	\$14 billion
Pension assets	\$18.8 billion

Performance Commentary

ART's Balanced Risk-Adjusted (previously QSuper Balanced) option for accumulation accounts produced returns of 1.95% for the December quarter and 8.66% for the year to December 2024. The ten-year return of 6.31% p.a. is marginally ahead of the option's return objective of CPI plus 3.5% p.a.

The performance of global share markets was mixed over the December quarter, with strong gains in US and Japanese shares offsetting negative returns in Australia, Europe and the UK. A weaker Australian dollar against a range of developed market currencies boosted the returns from unhedged international shares over the quarter and the year to December 2024.

Both global and Australian fixed income returns were negative for the quarter. In the wake of the US election result, the prospect of US tax cuts, even wider budget deficits, and the likely inflationary impact of broad-based trade tariffs drove bond prices lower.

ART's unlisted assets portfolios outperformed public markets over the December quarter.

Outlook and Strategy

ART's Balanced Risk-Adjusted option is designed to achieve its long-term return objectives with considerably less volatility than similar investment options. The option has a significant allocation to well-diversified portfolios of unlisted assets that we expect will deliver strong, long-term returns, while reducing our members' exposures to share market volatility.

At the end of December 2024, the Dynamic Asset Allocation (DAA) strategy favoured bonds over shares. Within DAA's shares allocation, Japanese, UK, and European shares are favoured over shares in the US and Australia. In fixed income, we are overweight in France, UK, US, Italy and Australia and maintain underweight positions in German, Japanese and Canadian bonds.

Exposure

	30 Sep 2024	31 Dec 2024
Geographic (%)		
Australia	59	56
Emerging markets	2	3
Europe	6	6
North America	27	30
UK	2	1
Other	4	4
Total	100	100
Currency (%)		
AUD	79	78
Foreign currency	21	22
Total	100	100

Investment mix¹

	Effective Exposure (%)²	
	30 Sep 2024	31 Dec 2024
Australian Shares	22.0	22.0
International Shares	23.3	23.4
Unlisted Assets and Alternatives	29.3	31.1
Private Equity	6.8	7.4
Infrastructure	12.3	12.5
Property	6.3	6.5
Private Credit	2.4	2.6
Alternatives	1.5	2.1
Fixed Income	14.7	16.6
Cash	10.7	6.9
Total	100	100

¹ For additional information on these asset classes, strategic asset allocations and allowable ranges refer to the Super Savings and QSuper Investment Guides.

² Note that the effective asset allocation in the above table takes into account both the physical exposures to assets along with the effective market exposure from derivative instruments such as futures. These instruments are used by the Fund to bring effective market exposures closer to those represented by each option's strategic asset allocation.

Diversified options

Socially Conscious Balanced

This investment option¹ is designed for members who are seeking to accumulate wealth over the long term and who want to invest according to an extended set of environmental, social and governance principles than those considered across our other available investment options.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)²		
3 months	2.11	2.36
1 Year	11.42	12.81
3 Years	5.16	5.78
5 Years	7.11	7.91
7 Years	7.25	8.04
10 Years	6.95	7.74
Calendar Year-by-year investment returns (%)²		
2024	11.42	12.81
2023	9.57	10.73
2022	-4.72	-5.24
2021	15.70	17.35
2020	4.77	5.38
2019	16.46	17.70

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts.

¹ This option employs multiple responsible investment approaches, including exclusions (also known as screens), ESG integration, sustainability-themed investing, and stewardship. Further details including a table summarising the exclusions applied to the option's Australian and International shares asset classes, and exceptions to these exclusions are set out on pages 40 and 41 of our Super Savings Investment Guide.

² To show the performance of this option, we've used Sunsuper for life Socially Conscious Balanced option returns up to 28 February 2022, then Super Savings Socially Conscious Balanced option returns after that date.

Option size

Super assets	\$775.7 million
Pension assets	\$252.1 million

Performance Commentary

The Socially Conscious Balanced (SCB) option for accumulation accounts produced a return of 2.11% for the December quarter and 11.42% over the year to December 2024. The ten-year return of 6.95% p.a. remains above the option's return objective of CPI plus 3.5% p.a.

The performance of global share markets was mixed over the December quarter, with strong gains in US and Japanese shares offsetting negative returns in Australia, Europe and the UK. Both global and Australian fixed income returns were negative for the quarter.

For the SCB option, Australian and international stocks that were excluded as a result of screens that apply to these asset classes in the option tended to underperform the broader market. Accordingly, these exclusions contributed to returns.

Outlook and Strategy

ART does not design portfolios based on short-term economic, market or geopolitical forecasts. However, ART's investment team and external investment managers do seek to capitalise on opportunities that inevitably emerge during times of heightened market volatility.

At the end of December 2024, the Dynamic Asset Allocation (DAA) strategy favoured bonds over shares. Within DAA's shares allocation, Japanese, UK, and European shares are favoured over shares in the US and Australia. In fixed income, we are overweight in France, UK, US, Italy and Australia and maintain underweight positions in German, Japanese and Canadian bonds.

The SCB option continues to hold a substantial allocation to the key unlisted asset classes, particularly property, infrastructure and private equity. We have well-diversified portfolios of these assets that we expect will deliver strong, long-term returns, while reducing our members' exposures to share market volatility.

Exposure

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Geographic (%)				
Australia	42	41	40	40
North America	40	39	38	41
Europe	9	9	12	11
Emerging Markets	3	4	3	3
United Kingdom	2	2	2	2
Others	4	5	5	3
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%)²			
	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Australian Shares	26.0	25.7	25.7	25.4
International Shares	28.4	28.9	26.1	28.5
Unlisted Assets and Alternatives	28.4	28.4	27.5	28.1
Private Equity	5.2	5.2	7.8	8.1
Infrastructure	5.0	5.0	4.9	5.0
Property	15.0	14.6	14.8	15.0
Private Credit	3.2	3.6	0.0	0.0
Fixed Income	15.0	14.6	17.7	17.5
Cash	2.2	2.4	3.0	0.5
Total	100	100	100	100

¹ For additional information on these asset classes, strategic asset allocations and allowable ranges refer to the Super Savings and QSuper Investment Guides.

² Note that the effective asset allocation in the above table takes into account both the physical exposures to assets along with the effective market exposure from derivative instruments such as futures. These instruments are used by the Fund to bring effective market exposures closer to those represented by each option's strategic asset allocation.

Diversified options

High Growth Index

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	2.19	2.51

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ The High Growth Index option commenced on 1 July 2024.

Option size

Super assets \$417.1 million

Pension assets \$60.4 million

Performance Commentary

After its inception on 1 July 2024, ART's High Growth – Index option for accumulation accounts produced returns of 2.19% for the December quarter.

The performance of global share markets was mixed over the December quarter, with strong gains in US and Japanese shares offsetting negative returns in Australia, Europe and the UK. A weaker Australian dollar against a range of developed market currencies boosted the returns from unhedged international shares.

Both global and Australian fixed income returns were negative for the quarter. In the wake of the US election result, the prospect of US tax cuts, even wider budget deficits, and the likely inflationary impact of broad-based trade tariffs drove bond prices lower.

ART's unlisted assets portfolios outperformed public markets over the December quarter and for this reason, the High Growth Index underperformed the High Growth Option given it only has exposure to listed markets.

Investment mix²

	Effective Exposure (%) ³	
	30 Sep 2024	31 Dec 2024
Australian Shares	41.2	40.2
International Shares	48.4	51.3
Fixed Income	9.8	8.5
Cash	0.6	0.0
Total	100	100

² For additional information on these asset classes, strategic asset allocations and allowable ranges refer to the Super Savings Investment Guide.

³ Note that the effective asset allocation in the above table takes into account both the physical exposures to assets along with the effective market exposure from derivative instruments such as futures. These instruments are used by the Fund to bring effective market exposures closer to those represented by each option's strategic asset allocation.

Diversified options

Balanced Index

The Super Savings and QSuper Investment Guide provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	1.84	1.97
1 Year	13.54	14.55
3 Years	5.49	5.87
5 Years	7.06	7.62
7 Years	7.39	8.08
10 Years	7.34	8.13
Calendar Year-by-year investment returns (%)¹		
2024	13.54	14.55
2023	12.93	13.92
2022	-8.43	-9.04
2021	12.89	14.00
2020	6.16	6.74
2019	18.27	20.10

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ The performance of the Accumulation and Retirement Income accounts, we've used Sunsuper for life Balanced Index option returns up to 28 February 2022, then Super Savings Balanced Index option returns after that date.

Investment mix¹

	Effective Exposure (%) ²			
	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Australian Shares	33.8	33.4	34.1	32.8
International Shares	41.3	41.7	40.9	43.5
Fixed Income	24.9	24.9	24.7	23.7
Cash	0.0	0.0	0.3	0.0
Total	100	100	100	100

¹ For additional information on these asset classes, strategic asset allocations and allowable ranges refer to the Super Savings and QSuper Investment Guides.

² Note that the effective asset allocation in the above table takes into account both the physical exposures to assets along with the effective market exposure from derivative instruments such as futures. These instruments are used by the Fund to bring effective market exposures closer to those represented by each option's strategic asset allocation.

Option size

Super assets	\$1.7 billion
Pension assets	\$912.1 million

Performance Commentary

Australian Retirement Trust's Balanced – Index option for accumulation accounts produced returns of 1.8% in the December quarter and 13.5% for the year to December 2024. The ten-year return of 7.3% p.a. is well above the option's return objective of CPI plus 3.0% p.a.

The performance of global share markets was mixed over the December quarter, with strong gains in US and Japanese shares offsetting negative returns in Australia, Europe and the UK. A weaker Australian dollar against a range of developed market currencies boosted the returns from unhedged international shares.

Both global and Australian fixed income returns were negative for the quarter. In the wake of the US election result, the prospect of US tax cuts, even wider budget deficits, and the likely inflationary impact of broad-based trade tariffs drove bond prices lower.

Single asset options

Australian Shares Index

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	-0.68	-0.73
1 Years	11.30	12.39
3 Years	7.67	8.51
5 Years	8.35	9.27
7 Years	8.81	9.79
10 Years	8.74	9.83
Calendar Year-by-year investment returns (%)¹		
2024	11.30	12.39
2023	12.33	13.47
2022	-0.14	0.21
2021	17.25	18.82
2020	2.06	2.65
2019	22.14	24.84

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ To show the performance of the Accumulation and Retirement Income accounts, we've used Sunsuper for life Australian Shares Index option returns up to 28 February 2022, then Super Savings Australian Shares Index option returns after that date.

Option size

Super assets \$7.5 billion

Pension assets \$1.4 billion

Performance Commentary

Australian Retirement Trust's Australian Shares – Index option for accumulation accounts produced returns of -0.68% over the quarter and 11.30% for the year ended 31 December 2024.

Over the quarter, gains in Banks, Insurance, Industrial and Telecommunications shares were more than offset by significant falls in the Materials sector, particularly in Mining shares, as well as losses in the Consumer staples sector.

Exposure

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Sector (%)				
Consumer Discretionary	7	7	7	8
Consumer Staples	4	4	4	4
Energy	5	5	4	4
Financials	30	31	32	33
Health Care	10	10	10	10
Industrials	7	7	7	7
Information Technology	3	3	3	3
Materials	22	21	21	19
Property Trusts	7	7	7	7
Communication Services	4	4	4	4
Utilities	1	1	1	1
Total	100	100	100	100

Managers¹

	%
State Street Global Advisors (SSGA)	100
Total	100

¹ Refer to page 40 for information about the Managers listed above.

Single asset options

International Shares Hedged Index

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	1.04	1.13
1 Year	17.87	19.39
3 Years	5.45	5.87
5 Years	9.46	10.26
7 Years	8.92	9.63
10 Years	9.32	10.19
Calendar Year-by-year investment returns (%)¹		
2024	17.87	19.39
2023	19.06	20.72
2022	-16.43	-17.66
2021	21.47	23.86
2020	10.35	10.94
2019	24.69	26.59

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ To show the performance of Accumulation and Retirement Income accounts, we have used Sunsuper for life International Shares Hedged Index option returns up to 28 February 2022, then Accumulation International Shares Hedged Index option returns after that date.

Option size

Super assets	\$5.2 billion
Pension assets	\$923 million

Performance Commentary

Australian Retirement Trust's International Shares – Index (Hedged) option for accumulation accounts generated returns of 1.04% for the quarter and 17.87% for the year to 31 December 2024.

The Australian dollar weakened against foreign currencies over the quarter, resulting in the underperformance of the International Shares – Index (Hedged) option compared to the International Shares – Index (Unhedged) option.

Exposure

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Geographic (%)				
Emerging markets	10	11	11	10
Europe	12	11	11	10
Japan	6	6	6	6
North America	66	67	67	69
UK	3	3	3	3
Other	3	2	2	2
Total	100	100	100	100
Currency (%)				
AUD	100	100	100	100
Foreign currency	0	0	0	0
Total	100	100	100	100
Sector (%)				
Consumer Discretionary	11	11	11	12
Consumer Staples	6	6	6	6
Energy	5	4	4	4
Financials	19	18	19	19
Healthcare	11	11	11	10
Industrials	12	11	12	11
Materials	4	4	4	3
Technology	23	25	23	25
Communication Services	7	8	7	8
Utilities	2	2	3	2
Total	100	100	100	100

Managers¹

	%
State Street Global Advisors (SSGA)	100
Total	100

¹ Refer to page 40 for information about the Managers listed above.

Single asset options

International Shares Unhedged Index

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	9.76	10.71
1 Year	26.07	28.65
3 Years	10.34	11.31
5 Years	12.28	13.39
7 Years	12.41	13.50
10 Years	11.92	12.91
Calendar Year-by-year investment returns (%)¹		
2024	26.07	28.65
2023	20.62	22.52
2022	-11.62	-12.48
2021	26.66	28.94
2020	4.92	5.43
2019	25.56	27.84

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ To show the performance of the Accumulation and Retirement Income accounts, we've used Sunsuper for life International Shares Unhedged Index option returns up to 28 February 2022, then Super Savings International Shares Unhedged Index option returns after that date.

Option size

Super assets	\$4 billion
Pension assets	\$599 million

Performance Commentary

Australian Retirement Trust's International Shares – Index (Unhedged) option for accumulation accounts generated returns of 9.76% for the quarter and 26.07% for the year to 31 December 2024. The Australian dollar weakened against foreign currencies over the quarter, resulting in the outperformance of the International Shares – Index (Unhedged) option compared to the International Shares – Index (Hedged) option.

Exposure

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Geographic (%)				
Emerging markets	10	11	11	10
Europe	12	11	11	10
Japan	6	6	6	6
North America	66	67	67	69
UK	3	3	3	3
Other	3	2	2	2
Total	100	100	100	100
Currency (%)				
AUD	0	0	0	0
Foreign currency	100	100	100	100
Total	100	100	100	100
Sector (%)				
Consumer Discretionary	11	11	11	12
Consumer Staples	6	6	6	6
Energy	5	4	4	4
Financials	19	18	19	19
Healthcare	11	11	11	10
Industrials	12	11	12	11
Materials	4	4	4	3
Technology	23	25	23	25
Communication Services	7	8	7	8
Utilities	2	2	3	2
Total	100	100	100	100

Managers¹

	%
State Street Global Advisors (SSGA)	100
Total	100

¹ Refer to page 40 for information about the Managers listed above.

Single asset options

Listed Property Index

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	-6.89	-7.71
1 Year	13.79	15.81
3 Years	2.19	2.64
5 Years	5.06	5.71
7 Years	6.47	7.20
10 Years	7.54	8.43
Calendar Year-by-year investment returns (%)¹		
2024	13.79	15.81
2023	14.58	16.91
2022	-18.16	-20.13
2021	24.04	26.94
2020	-3.26	-3.80
2019	17.69	19.41

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ To show the performance of the Accumulation and Retirement Income accounts, we've used Sunsuper for life Australian Property Index option returns up to 28 February 2022, then Super Savings Australian Property Index option returns after that date.

Option size

Super assets	\$526 million
Pension assets	\$142 million

Performance Commentary

The Listed Property Index option (previously Australian Property – Index) for accumulation accounts recorded returns of -6.89% over the quarter and 13.79% over the year to December 2024.

After strong performance in Q3, REITs faced headwinds in the December quarter due to tempered expectations of interest rate cuts in 2025, especially in the US, and higher global bond yields.

10 Largest holdings

	%
Prologis, Inc.	6.2
Equinix, Inc.	5.8
Welltower Inc.	4.9
Digital Realty Trust, Inc.	3.7
Simon Property Group, Inc.	3.5
Public Storage	3.0
Realty Income Corporation	3.0
Extra Space Storage Inc.	2.0
AvalonBay Communities, Inc.	2.0
Iron Mountain, Inc.	2.0

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Single asset options

Unlisted Assets

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	2.24	2.44
1 Year	8.40	9.16
3 Years	5.96	6.57
5 Years	8.00	8.73
7 Years	8.36	9.18
10 Years	nil	nil
Calendar Year-by-year investment returns (%)¹		
2024	8.40	9.16
2023	5.06	5.48
2022	4.47	5.14
2021	20.49	22.67
2020	2.54	2.37
2019	9.23	10.31

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ To show the performance of the Accumulation and Retirement Income accounts, we've used Sunsuper for life Diversified Alternatives option until 30 June 2024 returns up to 28 February 2022, then Super Savings Diversified Alternatives option returns after that date.

Option size

Super assets \$564.4 million

Pension assets \$142 million

Performance Commentary

Australian Retirement Trust's Unlisted Assets option (previously Diversified Alternatives) for accumulation accounts produced a return of 2.24% for the quarter and 8.40% over the year to December 2024.

The portfolio invests in private debt and equity, infrastructure, cash and (from 1 July 2024) in property. All five asset classes delivered positive returns over the quarter and the year to December, with infrastructure posting the strongest returns over both time periods.

Exposure

	31 Dec 2024	31 Mar 2024	30 Jun 2024	30 Sep 2024
Currency (%)				
AUD	100	100	100	100
Foreign currency	0	0	0	0
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%)²			
	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Private Equity	35.0	35.0	30.0	30.0
Infrastructure	35.0	35.0	30.0	30.0
Property	0.0	0.0	25.0	25.0
Private Credit	25.0	25.0	15.0	15.0
Fixed Income	0.0	0.0	0.0	0.0
Cash	5.0	5.0	0.0	0.0
Total	100	100	100	100

¹ For additional information on these asset classes, strategic asset allocations and allowable ranges refer to the Super Savings and QSuper Investment Guides.

² Note that the effective asset allocation in the above table takes into account both the physical exposures to assets along with the effective market exposure from derivative instruments such as futures. These instruments are used by the Fund to bring effective market exposures closer to those represented by each option's strategic asset allocation.

Outlook and Strategy

During the quarter, ART's infrastructure team committed to acquire an interest in Pattern Energy, the largest privately held clean energy infrastructure company in North America, with operations across the US and Canada.

Our private equity team made new commitments to external managers focused on opportunities in Australia/NZ, Asia and northern Europe. The team also made direct co-investments in a range of companies, including: a leading Australian logistics provider; a US waste management provider focused on servicing highly regulated and complex end-markets such as life sciences and advanced manufacturing; and a global operator of over 90 K-12 international schools, educating more than 100,000 students across more than 30 counties.

Our real estate team committed additional capital to our US multi-family debt and equity strategies, which have delivered attractive long-term returns for members. In addition, the team moved to capitalise on what is anticipated to be an attractive entry point in Australian office property, by increasing our exposure to a high-quality office fund managed by Mirvac.

Single asset options

Bonds Index

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.) ¹		
3 months	-0.58	-0.69
1 Year	2.26	2.67
3 Years	-1.15	-1.46
5 Years	-0.36	-0.45
7 Years	0.95	1.10
10 Years	1.67	1.95
Calendar Year-by-year investment returns (%) ¹		
2024	2.26	2.67
2023	4.11	4.94
2022	-9.28	-11.20
2021	-2.57	-2.51
2020	4.36	4.84
2019	6.16	7.25

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees. Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

¹ To show the performance of the Accumulation and Retirement Income accounts, we've used Sunsuper for life Diversified Bonds Index option returns up to 28 February 2022, then Super Savings Diversified Bonds Index option returns after that date.

Option size

Super assets	\$1.1 billion
Pension assets	\$805.2 million

Performance Commentary

The Bonds Index option invests in a mix of global and Australian government bonds and non-government securities. Over the December quarter of 2024, the option returned -0.58% for Accumulation accounts, after tax and fees. Australian bonds outperformed Global bond markets over the quarter. Over three, five and seven years, the option for accumulation accounts has achieved net returns of -1.15%, -0.36% and 0.95% p.a., respectively.

Managers¹

	%
State Street Global Advisors (SSGA)	100
Total	100

¹ Refer to page 40 for information about the Managers listed above.

Exposure

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Geographic (%)				
Australia	44	43	42	42
United States	21	22	22	22
Japan	5	5	6	6
Germany	3	3	3	3
Supranational	4	4	4	3
France	3	3	3	3
Canada	2	2	2	2
United Kingdom	2	2	2	2
Italy	2	2	2	2
Spain	1	1	1	1
Other	13	13	13	14
Total	100	100	100	100

	Government Bonds	Corporates	Securitised	Cash	Grand Total
Currency Denomination					
Australia	42	5	-	-	47
US	12	7	6	-	25
Europe	8	2	1	-	11
Japan	5	-	-	-	5
UK	2	1	-	-	3
Canada	1	-	-	-	1
Other	8	-	-	-	8
Total	78	15	7	0	100

Quality

	Weight %
AAA	37
AA	35
A	12
A- and Below	16
Total	100

Interest Rate Risk

	Duration
AUD	2.3
USD	1.4
EUR	0.7
GBP	0.2
JPY	0.4
Other	0.6
Total	5.7

Source: S&P Rating AA

Investments

Single asset options

Cash

The Super Savings and QSuper Investment Guides provide information on who this investment option suits and additional information on return objective and risk.

The characteristics of the cash asset class for the High Growth, Balanced, Conservative-Balanced and Conservative options differ from those of the Cash option. The information below relates to the option and should be used as a guide only in relation to the asset class.

Performance to 31 December 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	1.06	1.26
1 Year	4.43	5.18
3 Years	3.17	3.71
5 Years	2.10	2.46
7 Years	2.04	2.39
10 Years	2.08	2.43
Calendar Year-by-year investment returns (%)¹		
2024	4.43	5.18
2023	3.75	4.41
2022	1.36	1.59
2021	0.25	0.30
2020	0.77	0.91
2019	1.82	2.13

Returns shown are after Investment fees, indirect costs and investment taxes (where applicable) but before Administration fees.

¹ To show the performance of the Accumulation and Retirement Income accounts, we've used Sunsuper for life Cash option returns up to 28 February 2022, then Super Savings Cash option returns after that date.

Investment tax does not apply to Income accounts. Past performance is not a reliable indicator of future performance.

Option size

Super assets \$5.3 billion

Pension assets \$2 billion

Performance Commentary

ART's Cash option for accumulation accounts returned 1.06% after tax and fees over the December quarter of 2024. Over one, three and five years the option has returned 4.43%, 3.17% and 2.10% p.a. respectively. In the December 2024 SuperRatings survey of options with a similar asset allocation, the Cash option has exceeded the median return over all time periods.

Managers²

	%
Australian Retirement Trust	100
Total	100

² Refer to page 40 for information about the Managers listed above.

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The following asset classes are not available as a stand-alone option, instead forming part of our diversified options.

Private Equity

Australian Retirement Trust's Private Equity portfolio invests in a range of assets where we expect to extract a premium return relative to listed equity markets resulting from various forms of private ownership.

Investments are made into mostly illiquid assets on an opportunistic basis across the following broad categories, including domestic and offshore investments in:

- Buyout
- Venture Capital
- Special situations
- Distressed debt
- Natural resources
- Opportunistic property
- Other

How this Asset Class is Managed

Assets are diversified across both regions and industries, and include consumer discretionary, industrials, materials, financials, consumer staples, energy, health care, technology and telecommunications.

- The portfolio includes investments in buyouts, venture capital, special situations, distressed debt, natural resources, opportunistic property and listed assets.
- Various experts are engaged to assist with the implementation of the investment strategy, including consultants, asset managers and specialists.
- A formal portfolio and strategy review and on-site manager visits are undertaken annually.
- Given the illiquid nature of the asset class, valuations are undertaken periodically, typically every 3 months.

Exposure

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Geographic (%)				
Australia/NZ	10	10	6	6
Europe	21	20	30	31
North America	58	58	53	52
Other	11	12	11	11
Total	100	100	100	100
Sector (%)				
Buyout	77	78	84	84
Natural Resources	0	0	0	0
Special Situations / Distressed	6	6	3	3
Venture	17	16	13	13
Opportunistic Property	0	0	0	0
Other	0	0	0	0
Total	100	100	100	100

Outlook and Strategy

The fourth quarter of 2024 marked the close of a year of solid recovery in private equity ("PE") deal activity, increasing 19% from the prior year. Larger deals involving corporate buyers played a key role, supported by an uptick in IPO activity. Despite the overall momentum, there was a slight slowdown over the quarter as investors stalled deals in anticipation of the US presidential election. Forward conditions for dealmaking appear favourable, as PE managers appear increasingly willing to underwrite acquisitions and valuations become more agreeable between buyers and sellers. A significant driver of the improved dealmaking environment has been investors placing pressure on PE managers to return capital.

In contrast, fundraising continued to slow over the quarter, with 2024 recording the lowest fundraising activity in four years as investors continue to favour the large, established managers. Despite PE returns showing gradual improvement over the year, they continue to lag public stock indexes, many of which returned greater than 20% over 2024.

Lower interest rates and the possibility of eased regulatory scrutiny are boosting investor confidence and promoting positive expectations for dealmaking in 2025. However, attention will be focused on how US budget cuts and tariffs might influence the broader macroeconomic landscape.

Australian Retirement Trust seeks to maintain a diversified private equity portfolio on both a geographical and investment strategy basis. We remain active in the market, with commitments made to high-quality managers and select co-investments across different geographies and strategies that we believe will deliver strong risk adjusted returns on behalf of members.

Infrastructure

Infrastructure refers to the fundamental assets of a society that are required to provide essential services to its population and are accessible by most people.

Infrastructure investments are generally characterised by several key features including:

- Typically long duration;
- Large initial capital outlays;
- Monopolistic qualities;
- Stable income;
- Inflation linked earnings; and
- Returns dominated by income, once mature.

How this Asset Class is Managed

The infrastructure portfolio is constructed to provide a diverse portfolio of assets across a number of sectors and geographic regions. Assets include airports, ports, toll roads, water utilities, transmission assets, distribution assets and land registries.

- The infrastructure investments have been made through both direct investments in assets and pooled funds. Australian Retirement Trust currently does not invest in listed infrastructure in this asset class, though we may do so in the future.
- Various experts are engaged to assist with the implementation of the investment strategy including consultants, asset managers and specialists.
- A formal portfolio and strategy review and on-site manager visits are undertaken annually.
- Given the illiquid nature of the asset class, independent valuations are undertaken periodically, typically every 3 to 6 months.

Allocation

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Geographic (%)				
Australia	49	57	57	55
Emerging Markets	5	2	1	1
Europe	13	7	6	7
North America	24	16	16	17
UK	6	11	13	13
Other	3	7	7	8
Total	100	100	100	100
Sector (%)				
Transport	29	52	50	51
Utilities	26	14	16	17
Renewables/Energy	6	11	11	11
Digital	22	12	12	10
Other	17	11	11	11
Total	100	100	100	100

Largest holdings

	%
Brisbane Airport	7.3
Sydney Airport	7.2
Heathrow Airport	6.1
Victorian Motor Registries	5.3
Port of Brisbane	5.2
Other	68.9
Total	100

Outlook and Strategy

The infrastructure portfolio continues to perform in line with long-term expectations, with a positive return outlook underpinned by falling interest rates and the return of steady global growth which is expected to support demand across sectors.

The digital infrastructure sector continues to see significant deal flow, with activity partly driven by the need for data centres to support the rising demand for generative AI. There is also evidence of infrastructure companies across sectors increasingly adopting AI-driven solutions to optimise asset performance, enhance operational efficiencies, and improve customer experiences.

The transport sector continues to be well placed in an environment of rising GDP and growing demand. Toll road performance has improved, supported by increased traffic volumes and the ability to pass on inflationary costs through higher tolls. Airports have also rebounded, with global air traffic surpassing 2019 levels.

Australian Retirement Trust remains disciplined and selective in the search for assets that are supported by long term cash flows and stable regulatory environments. We also consider opportunities to divest assets for portfolio construction reasons or where attractive pricing is available. During the quarter, ART entered into contracts to acquire Pattern Energy, a leader in developing and operating wind, solar, transmission and energy storage projects across North America.

Property

Institutional quality property investments typically include office buildings, retail centres and industrial warehouses however can also include residential, hotels, retirement villages, health care, education, leisure, storage, data centres, development land and rural exposures.

The objective of the Property portfolio is to provide returns between that of listed equity and fixed income whilst being positively correlated to inflation. Its performance target is to exceed the benchmark index comprised of MSCI/Mercer Australia Core Wholesale Property Fund Index and the MSCI Global Property Fund Index over rolling ten year periods.

A diversified Property portfolio should provide exposure to a portfolio of risks that differ from the risks found elsewhere in the Fund thus also providing diversification benefits to the Fund.

How this Asset Class is Managed

The Property portfolio is constructed to provide a diverse portfolio of property assets and includes exposure to:

- Direct investments in property,
- Investment in unlisted pooled funds, and
- Investments are largely held in commercial, retail, and industrial assets and are diversified by geography, tenant mix, asset strategies and lease expiries.
- Our exposure to property includes investments in both equity and debt and generally targets lower levels of leverage to reduce correlation to equities and increase the income portion of returns.
- Various experts are engaged to assist with the implementation of the investment strategy including consultants, asset managers and specialists.
- A formal portfolio and strategy review and on-site manager visits are undertaken annually.

Allocation

	31 Mar 2024	30 Jun 2024	30 Sep 2024	31 Dec 2024
Geographic (%)				
Australia	50.4	50.8	48.5	47.1
North America	33.8	33.0	36.4	36.6
Europe	10.9	11.3	12.0	12.7
Asia	4.9	4.9	3.1	3.6
Other	0.0	0.0	0.0	0.0
Total	100	100	100	100
Sector (%)				
Office	15	15	15	14
Retail	13	13	19	18
Industrial	20	20	24	25
Residential	29	28	26	26
Other	23	24	16	16
Total	100	100	100	100

Top 5 holdings

	%
Discovery Parks Holding, Australia	7.6
Elevation Healthcare Partners II, UK	6.3
Brookfield – Longpoint Industrial JV, US	3.5
Hulk Logistic Investments Holdings Ltd, China	3.2
Sunbridge Investments, LLC, US	2.7

Managers¹

	%
QIC	14
Berkshire	11
StepStone RE	9
Allegro Funds	8
Heitman LLC	7
Other managers	51
Total	100

¹ Refer to page 40 for information about the Managers listed above.

Outlook and Strategy

Global property returns stabilised over the past year as inflation moderated. US and European central banks lowered interest rates which aided the recovery of property valuations. Transaction volumes were below historical averages across sectors as increased borrowing costs and economic uncertainty limited capital availability. Investor sentiment improved over the last quarter driven by lower inflation and easing of monetary policy. The Property asset class performance over the quarter was impacted by weakness in the performance of commercial office and US multifamily which were offset by investments in alternative sectors such as aged care, self-storage and holiday parks.

Commercial office valuations reduced over the quarter, as vacancy rates remain elevated as tenants right size their lease requirements in light of the work from home trend. There is an increasing bifurcation in the office market with a distinct flight to quality which is benefiting well located, newer assets.

Retail occupancy rates have recovered over the past year with retail rents trending positively following the reset in 2020. Retail property valuation improved moderately over the quarter driven by rent growth and improved occupancy rates.

US multifamily asset values fell over the quarter. Near-term rental growth expectations moderated with oversupply in various submarkets leading to rising vacancy rates. Other alternative property sectors such as self-storage, aged care and holiday parks continue to provide diversification benefits to the portfolio due to the resilience of their cashflows and therefore, valuations.

Given current market dynamics we remain selective of investment opportunities and seek opportunities that are accretive from a risk-adjusted return perspective and contribute positively to portfolio diversification.

Private Credit

Private credit reflects loans that are made to companies where the loans are not issued or traded in public markets. Returns come from interest payments and repayment of the loan amount with risk and return characteristics that vary depending on the investment opportunity and company's structure. For example, some private credit investments, such as mezzanine financing, can have some growth and higher risk properties.

ART invests in Private Credit instruments of varying credit risk across the multi-asset class portfolios and these instruments enjoy an illiquidity premium over publicly traded debt instruments of comparable risk.

Private Credit – top 5 Managers

	%
Partners Group	22.6
Bain Capital	15.9
ADM Capital	9.8
Neuberger Berman	9.4
EIG	5.0
Others	37.2
Total	100

How this Asset Class is Managed

Assets are reasonably diversified by geography, asset and investment strategy.

- The portfolio includes investments in corporate direct lending, asset backed credit, senior debt, mezzanine debt, special situations, distressed debt, and other credit assets.
- Various experts are engaged to assist with the implementation of the investment strategy, including consultants, asset managers and specialists.
- A formal portfolio and strategy review and on-site manager visits are undertaken annually.
- Given the illiquid nature of the asset class, valuations are undertaken periodically, typically every 3 months.

Outlook and Strategy

During the quarter, junior debt, special situations and structured credit investment strategies performed strongly. This trend was consistent across exposures, driven mostly by the yield profile and strong financial performance of the underlying companies.

Managers' investment focus remains to capitalise on stress and on being a liquidity provider in areas where markets become inefficient.

Private Fixed Income

Fixed Income within ART's diversified options includes Private Fixed Income investments. Private Fixed Income includes fixed income assets that represent private loans that are made to companies where the loans are not issued or traded in public markets. Returns come primarily from interest payments and repayment of the loan amount.

These private loans are valued less frequently but have similar defensive properties to fixed income assets and these instruments enjoy an illiquidity premium over publicly traded fixed income instruments of comparable risk.

Private Fixed Income – top 5 Managers

	%
PAG	22.8
Neuberger Berman	18.5
HPS	17.5
EIG	15.0
Hayfin	12.3
Others	13.9
Total	100

How this Asset Class is Managed

Assets are reasonably diversified by geography, asset and investment strategy.

- The portfolio includes investments in corporate direct lending, asset backed credit, senior debt and other high quality defensive private fixed income assets.
- Various experts are engaged to assist with the implementation of the investment strategy, including consultants, asset managers and specialists.
- A formal portfolio and strategy review and on-site manager visits are undertaken annually.
- Given the illiquid nature of the asset class, valuations are undertaken periodically, typically every 3 months.

Outlook and Strategy

The return outlook on an absolute basis for the portfolio is strong with the predominately floating rate nature of the portfolio benefitting from higher base interest rates. Through the second half of 2024, we have seen increased competition from previously dormant funding sources resulting in some margin compression, albeit from elevated levels.

Despite central bank rate cuts in many countries, the opportunity set remains attractive on a risk-adjusted return basis, and we continue to see strong performance from both corporate direct lending and asset backed credit strategies.

While the return outlook is supportive, it is possible that default rates may increase modestly from record low levels over the coming periods as borrowers come under pressure due to the combination of higher cost of debt and pressure on earnings from macroeconomic headwinds and persistently high inflation. However, we are not currently seeing this play out in our portfolios as borrowers have to date been able to maintain strong margins by passing through cost increases as well as experience incremental top line growth.

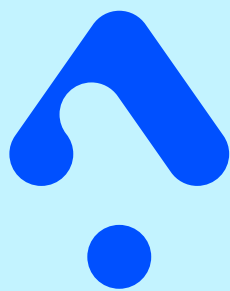
Managers appendix

Name	Description
ADM Capital	ADM Capital is a specialist private credit manager with a 25-year track record across developed and emerging Asia Pacific markets.
Allegro Funds	Allegro Funds is an independently owned Australian fund manager that manages Australian Retirement Trust's investment in Discovery Parks.
Australian Retirement Trust	ART manages a portfolio of Australian term deposits placed with high quality banks regulated by APRA.
Bain Capital	Bain Capital Special Situations is a global provider of bespoke private capital solutions that enable companies, entrepreneurs, and asset owners finance growth, value creation, and capital structure optimisation and provide liquidity for complex assets and situations.
Berkshire	Berkshire Residential Investments is a privately held US real estate investment management firm that focusses on debt and equity investments in the multifamily sector in the US.
EIG Partners	EIG Global Energy Partners is a leading provider of institutional capital to the global energy industry, providing financing for companies and projects in the oil & gas, midstream, infrastructure, power and renewables sectors globally. The firm's deep sector expertise and internal technical capabilities permit EIG to structure creative solutions for our industry partners in complex situations, ranging across the balance sheet, including originated senior debt, hybrid debt, structured equity, and private equity.
Hayfin	Hayfin is an alternative asset management firm focused primarily on credit-related strategies across western Europe.
Heitman LLC	Heitman is a global real estate investment management firm with investments across all property types and strategies in North America, Europe and Asia.
HPS	HPS is a leading global provider of privately negotiated senior secured debt capital to high quality middle market and large companies.
Neuberger Berman	Neuberger Berman is a private, independent, employee-owned global investment manager mandated to manage investments across multiple assets classes including private equity and private credit.
PAG	PAG is one of Asia's largest independently owned alternative asset firms with a 20+ year track-record in the region, managing investments on behalf of private debt and equity.
Partners Group	Partners Group is a globally integrated private markets investment firm, mandated to manage investments across multiple assets classes including private equity, private debt and infrastructure investments.
QIC	QIC is an Australian based investment management firm, specialising in liquid and alternative assets. QIC manages a diversified portfolio of Australian real estate assets, including mixed use town centres, convenient neighbourhood and large-format shopping centres, office buildings and industrial assets.

Managers appendix

Name	Description
State Street Global Advisors (SSGA)	State Street Global Advisors (SSGA) is one of the world's largest asset managers specialising in passive management. The Manager uses index replication to provide returns that very closely match the benchmark, and by doing so State Street Global Advisors (SSGA) provides market returns in an efficient, scalable and cost-effective way with minimal risk.
StepStone Real Estate	StepStone Real Estate is a global real estate investment firm with experience in investing across a range of real estate strategies within the US and Europe.

Notes



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