

Australian Retirement Trust Investment Report

Quarter ended
30 September 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 options 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'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 Economy & 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

Contents

Investments

Diversified options

Lifecycle Investment Strategy	2
High Growth	4
Balanced	6
Conservative - Balanced	8
Conservative	10
Balance Risk - Adjusted	12
Socially Conscious Balanced	14
High Growth Index	16
Balanced Index	17

Single Asset options

Australian Shares Index	18
International Shares Hedged Index	20
International Shares Unhedged Index	22
Listed Property Index	24
Unlisted Assets	26
Bonds Index	28
Cash	30

Diversified option Asset Classes

Private Equity	32
Infrastructure	34
Property	36
Private Credit	38
Private Fixed Income	39

Managers appendix

40

Investments

Diversified options

Super Savings Life Cycle

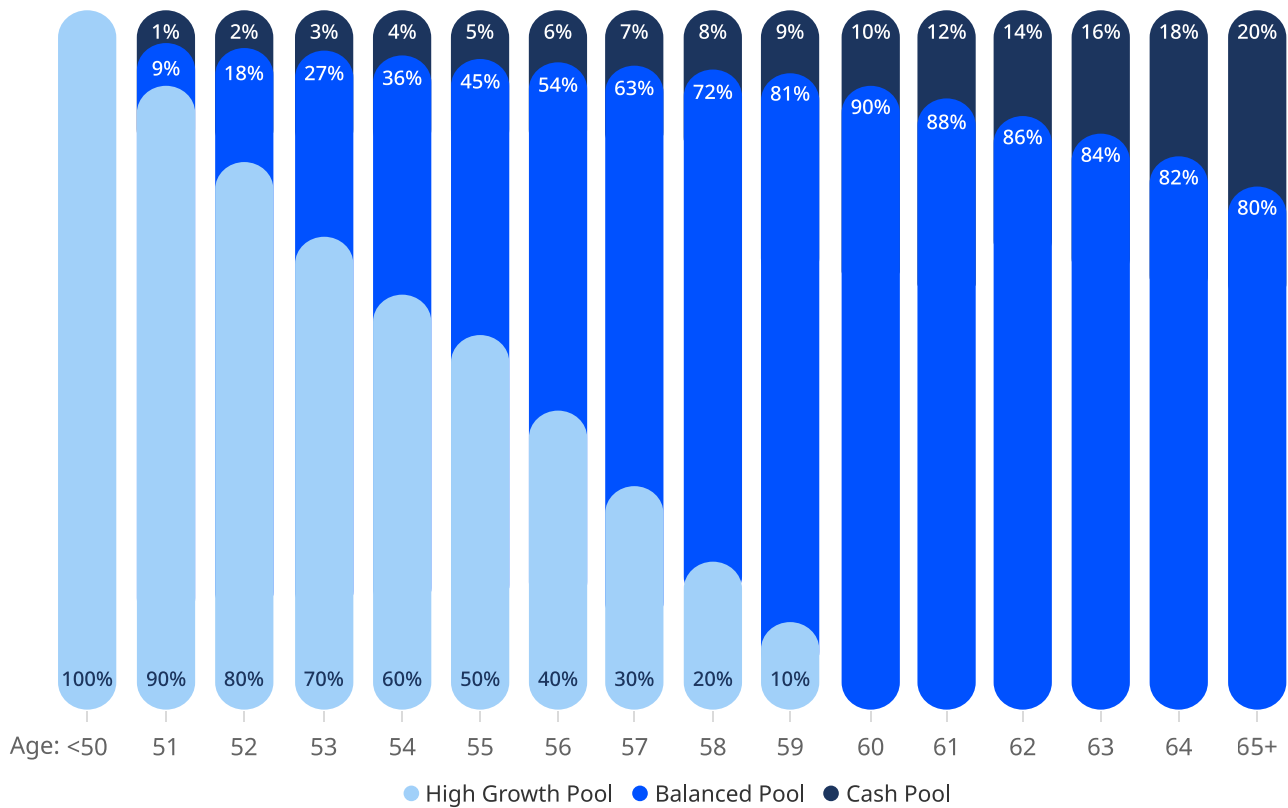
The Lifecycle Investment Strategy is designed for members who want to generate wealth over the long term, and gradually transition to lower-risk investments as they approach age 65. An example of how it works is shown below. The Lifecycle Investment Strategy is not available in Income accounts.

Option size¹

Super assets \$86.6 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
	\$60.3 billion	\$22.8 billion	\$3.5 billion
Investment returns¹	% p.a.	% p.a.	% p.a.
	3 months	3 months	3 months
	3.6	3.6	1.1
	1 Year	1 Year	1 Year
	14.9	13.4	4.4
	3 Years	3 Years	3 Years
	7.9	6.5	2.8
5 Years	5 Years	5 Years	
9.1	7.6	1.9	
7 Years	7 Years	7 Years	
9.5	8.1	1.8	
10 Years	10 Years	10 Years	
9.5	8.3	1.8	
Calendar year-by-year investment returns¹	% p.a.	% p.a.	% p.a.
	2023	2023	2023
	11.6	10.1	3.8
	2022	2022	2022
	-2.0	-2.5	1.4
	2021	2021	2021
	20.5	16.3	0.2
2020	2020	2020	
3.7	3.2	0.6	
2019	2019	2019	
17.7	15.4	1.2	
2018	2018	2018	
1.4	1.9	1.8	
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.

Investments

Diversified options

High Growth

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

Option size

Super assets \$22.4 billion

Pension assets \$1.8 billion

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	3.8	4.1
1 Year	15.0	16.7
3 Years	7.9	8.7
5 Years	9.1	10.0
7 Years	9.5	10.5
10 Years	9.5	10.4
Calendar Year-by-year investment returns (%)¹		
2023	11.6	12.8
2022	-2.0	-2.2
2021	20.5	22.3
2020	3.7	3.9
2019	17.7	19.6
2018	1.4	1.6

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.

Performance Commentary

Australian Retirement Trust's High Growth option for Accumulation accounts produced a 3.8% return for the September quarter and a 15.0% return over the year to September 2024. The ten-year return of 9.5% p.a. remains well above the option's return objective of CPI plus 4.0% p.a.

Global share markets in aggregate produced positive returns over the September quarter and very strong returns over the year to September 2024. After disappointing returns in recent years, both Australian and global bonds delivered solid returns over the quarter and the year to September.

ART's unlisted assets portfolios underperformed public markets over the September quarter and the year to September. However, superior asset selection is likely to have seen ART's private assets portfolios outperform those of other funds.

In the SuperRatings survey for September 2024, the performance of Australian Retirement Trust's High Growth option was behind the median fund over the year, and above the median fund over three, five, seven and ten years to the end of September 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.

ART continues to hold a substantial allocation to the key unlisted asset classes – real estate, 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.

At the end of September 2024, the Dynamic Asset Allocation (DAA) strategy favoured shares over bonds. Within DAA's shares allocation, Japanese, UK, and European shares were favoured over shares in the US and Australia. In fixed income, we remain overweight in Australia and the UK, and underweight in US, European and Japanese bonds.

Exposure

	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Geographic (%)				
Australia	52	50	48	52
Emerging markets	4	4	4	3
Europe	6	6	7	6
North America	31	34	35	32
UK	3	3	2	2
Other	4	3	4	5
Total	100	100	100	100
Currency (%)				
AUD	71	73	78	77
Foreign currency	29	27	22	23
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%)²			
	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Australian Shares	33.8	33.6	32.6	33.3
International Shares	31.6	31.6	32.1	31.9
Unlisted Assets and Alternatives	32.7	32.8	32.0	31.5
Private Equity	10.0	10.0	8.0	8.0
Infrastructure	10.0	10.0	12.5	13.0
Property	8.0	8.0	8.0	7.5
Private Credit	4.7	4.8	3.5	3.0
Fixed Income	1.9	2.0	2.3	2.8
Cash	0.0	0.0	1.0	0.6
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.

Investments

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.

Option size

Super assets \$16.9 billion

Pension assets \$4.6 billion

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	3.6	4.0
1 Year	13.5	15.1
3 Years	6.6	7.4
5 Years	7.6	8.4
7 Years	8.2	9.0
10 Years	8.3	9.1
Calendar Year-by-year investment returns (%)¹		
2023	10.2	11.4
2022	-2.6	-2.8
2021	16.5	17.9
2020	3.1	3.5
2019	15.5	17.2
2018	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.

Performance Commentary

ART's Balanced option for Accumulation produced an after fees and superannuation tax return of 3.6% for the September quarter and 13.5% over the year to September 2024. The ten-year return of 8.3% p.a. remains above the option's return objective of CPI plus 3.5% p.a.

Global share markets in aggregate produced positive returns over the September quarter and very strong returns over the year to September 2024. After disappointing returns in recent years, both Australian and global bonds delivered solid returns over the quarter and the year to September.

ART's unlisted assets portfolios underperformed public markets over the September quarter and the year to September. However, superior asset selection is likely to have seen ART's private assets portfolios outperform those of other funds.

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

ART continues to hold a substantial allocation to the key unlisted asset classes – real estate, 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.

At the end of September 2024, the Dynamic Asset Allocation (DAA) strategy favoured shares over bonds. Within DAA's shares allocation, Japanese, UK, and European shares were favoured over shares in the US and Australia. In fixed income, we remain overweight in Australia and the UK, and underweight in US, European and Japanese bonds.

Exposure

	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Geographic (%)				
Australia	52	49	48	47
Emerging markets	4	4	4	4
Europe	7	7	8	8
North America	30	34	34	34
UK	3	2	2	2
Other	4	4	4	5
Total	100	100	100	100
Currency (%)				
AUD	78	78	82	83
Foreign currency	22	22	18	17
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%)²			
	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Australian Shares	26.4	26.4	25.9	25.1
International Shares	26.3	26.4	26.3	26.3
Unlisted Assets and Alternatives	31.0	31.0	31.0	29.5
Private Equity	6.5	6.5	6.5	6.5
Infrastructure	10.5	10.5	12.0	12.5
Property	8.5	8.5	8.5	8.0
Private Credit	5.5	5.5	4.0	2.5
Fixed Income	14.0	14.0	14.6	16.1
Cash	2.3	2.2	2.2	3.0
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.

Investments

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.

Option size

Super assets \$5 billion

Pension assets \$5.7 billion

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	3.3	3.8
1 Year	10.9	12.5
3 Years	5.1	5.8
5 Years	5.7	6.4
7 Years	6.4	7.2
10 Years	6.5	7.3
Calendar Year-by-year investment returns (%)¹		
2023	8.1	9.2
2022	-2.2	-2.4
2021	12.1	13.3
2020	2.2	2.6
2019	12.1	13.7
2018	2.2	2.5

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.

Performance Commentary

Australian Retirement Trust's Conservative-Balanced option for Accumulation accounts produced a 3.3% return for the September quarter and a 10.9% return over the year to September 2024. The ten-year return of 6.5% p.a. remains above the option's return objective of CPI plus 2.5% p.a.

Global share markets in aggregate produced positive returns over the September quarter and very strong returns over the year to September 2024. After disappointing returns in recent years, both Australian and global bonds delivered solid returns over the quarter and the year to September.

ART's unlisted assets portfolios underperformed public markets over the September quarter and the year to September. However, superior asset selection is likely to have seen ART's private assets portfolios outperform those of other funds.

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

ART continues to hold a substantial allocation to the key unlisted asset classes – real estate, 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.

At the end of September 2024, the Dynamic Asset Allocation (DAA) strategy favoured shares over bonds. Within DAA's shares allocation, Japanese, UK, and European shares were favoured over shares in the US and Australia. In fixed income, we remain overweight in Australia and the UK, and underweight in US, European and Japanese bonds.

Exposure

	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Geographic (%)				
Australia	53	48	50	47
Emerging markets	5	3	3	4
Europe	7	9	10	10
North America	28	34	31	33
UK	3	2	2	2
Other	4	4	4	4
Total	100	100	100	100
Currency (%)				
AUD	84	84	88	88
Foreign currency	16	16	12	12
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%)²			
	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Australian Shares	18.9	17.8	17.6	17.7
International Shares	15.1	16.6	17.8	18.1
Unlisted Assets and Alternatives	31.0	31.0	28.0	25.0
Private Equity	5.5	5.5	5.0	5.0
Infrastructure	10.5	10.5	9.5	10.5
Property	8.0	8.0	8.0	7.0
Private Credit	7.0	7.0	5.5	2.5
Fixed Income	28.0	28.0	29.5	32.5
Cash	7.0	6.6	7.1	6.7
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.

Investments

Diversified options

Conservative

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

Option size

Super assets \$5.8 billion

Pension assets \$5.9 billion

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	2.8	3.2
1 Year	8.3	9.5
3 Years	3.6	4.2
5 Years	4.0	4.4
7 Years	4.6	5.2
10 Years	4.9	5.6
Calendar Year-by-year investment returns (%)¹		
2023	6.1	7.0
2022	-2.1	-2.3
2021	7.5	8.4
2020	1.9	2.0
2019	9.0	10.3
2018	2.3	2.6

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.

Performance Commentary

Australian Retirement Trust's Conservative option for Accumulation accounts produced a 2.8% return for the September quarter and an 8.3% return over the year to September 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 September 2024.

Global share markets in aggregate produced positive returns over the September quarter and very strong returns over the year to September 2024. After disappointing returns in recent years, both Australian and global bonds delivered solid returns over the quarter and the year to September.

ART's unlisted assets portfolios underperformed public markets over the September quarter and the year to September. However, superior asset selection is likely to have seen ART's private assets portfolios outperform those of other funds.

In the SuperRatings survey for September 2024, the performance of Australian Retirement Trust's Conservative option was behind the median fund over the year, and above the median fund over three, five, seven and ten years to the end of September 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.

ART continues to hold a substantial allocation to the key unlisted asset classes – real estate, 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.

At the end of September 2024, the Dynamic Asset Allocation (DAA) strategy favoured shares over bonds. Within DAA's shares allocation, Japanese, UK, and European shares were favoured over shares in the US and Australia. In fixed income, we remain overweight in Australia and the UK, and underweight in US, European and Japanese bonds.

Exposure

	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Geographic (%)				
Australia	56	52	54	53
Emerging markets	4	3	3	4
Europe	8	10	11	11
North America	26	30	27	28
UK	2	2	2	1
Other	4	3	3	3
Total	100	100	100	100
Currency (%)				
AUD	91	91	94	93
Foreign currency	9	9	6	7
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%)²			
	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Australian Shares	9.3	9.5	9.1	9.1
International Shares	7.7	7.3	8.4	8.3
Unlisted Assets and Alternatives	28.0	28.0	27.0	23.5
Private Equity	4.5	4.5	4.0	4.0
Infrastructure	8.0	8.0	9.5	10.0
Property	7.5	7.5	7.5	7.0
Private Credit	8.0	8.0	6.0	2.5
Fixed Income	34.0	34.0	34.5	38.0
Cash	21.0	21.2	21.0	21.1
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.

Investments

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.

Option size

Super assets \$14.6 billion

Pension assets \$18.6 billion

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	3.7	4.1
1 Year	10.5	11.7
3 Years	3.4	4.5
5 Years	4.3	5.1
7 Years	5.6	6.6
10 Years	6.6	7.4
Calendar Year-by-year investment returns (%)¹		
2023	6.6	6.8
2022	-4.6	-3.2
2021	10.2	11.2
2020	2.8	3.2
2019	12.8	14.4
2018	2.6	2.9

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 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.

Performance Commentary

Australian Retirement Trust's Balanced Risk-Adjusted (previously QSuper Balanced) option for Accumulation produced returns of 3.7% for the September quarter and 10.5% for the year to September 2024. The ten-year return of 6.6% p.a. is broadly in line with the option's return objective of CPI plus 3.5% p.a.

Global share markets in aggregate produced positive returns over the September quarter and very strong returns over the year to September 2024. After disappointing returns in recent years, both Australian and global bonds delivered solid returns over the quarter and the year to September.

ART's unlisted assets portfolios underperformed public markets over the September quarter and the year to September.

Exposure

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

Investment mix¹

	Effective Exposure (%) ²
	30 Sep 2024
Australian Shares	22.0
International Shares	23.3
Unlisted Assets and Alternatives	29.3
Private Equity	6.8
Infrastructure	12.3
Property	6.3
Private Credit	2.4
Alternatives	1.5
Fixed Income	14.7
Cash	10.7
Total	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

ART's Balanced Risk-Adjusted option is designed to achieve its long-term return objectives with considerably less volatility than similar investment options. It seeks to do this by holding a higher allocation to bonds than similar options and a significant allocation to the key unlisted assets – real estate, infrastructure, private equity and private debt.

ART continues to hold a substantial allocation to the key unlisted asset classes – real estate, 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.

At the end of September 2024, the Dynamic Asset Allocation (DAA) strategy favoured shares over bonds. Within DAA's shares allocation, Japanese, UK, and European shares were favoured over shares in the US and Australia. In fixed income, we remain overweight in Australia and the UK, and underweight in US, European and Japanese bonds.

Investments

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.

Option size

Super assets	\$755.8 million
Pension assets	\$238.3 million

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)²		
3 months	3.5	3.9
1 Year	14.1	15.8
3 Years	6.1	6.8
5 Years	7.2	8.0
7 Years	7.6	8.4
10 Years	7.1	7.9
Calendar Year-by-year investment returns (%)²		
2023	9.6	10.7
2022	-4.7	-5.2
2021	15.7	17.3
2020	4.8	5.4
2019	16.5	17.7
2018	-0.6	-0.2

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.

Performance Commentary

The Socially Conscious Balanced (SCB) option for Accumulation accounts produced a return of 3.5% for the September quarter and 14.1% over the year to September 2024. The ten-year return of 7.1% p.a. remains above the option's return objective of CPI plus 3.5% p.a.

Global share markets in aggregate produced positive returns over the September quarter and very strong returns over the year to September 2024. After disappointing returns in recent years, both Australian and global bonds delivered solid returns over the quarter and the year to September.

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

Outlook and Strategy

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

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

At the end of September 2024, the Dynamic Asset Allocation (DAA) strategy favoured shares over bonds. Within DAA's shares allocation, we preferred Japanese, UK, and European shares over shares in the US and Australia. In fixed income we remain overweight in Australia and the UK, and underweight in US, European and Japanese bonds.

Exposure

	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Geographic (%)				
Australia	41	42	41	40
North America	37	40	39	38
Europe	13	9	9	12
Emerging Markets	3	3	4	3
United Kingdom	2	2	2	2
Others	4	4	5	5
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%) ²			
	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Australian Shares	25.5	26.0	25.7	25.7
International Shares	26.2	28.4	28.9	26.1
Unlisted Assets and Alternatives	30.0	28.4	28.4	27.5
Private Equity	5.4	5.2	5.2	7.8
Infrastructure	5.2	5.0	5.0	4.9
Property	14.6	15.0	14.6	14.8
Private Credit	4.8	3.2	3.6	0.0
Fixed Income	15.9	15.0	14.6	17.7
Cash	2.4	2.2	2.4	3.0
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.

Investments

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 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	4.4	5.0

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	\$215.5 million
Pension assets	\$31.2 million

Performance Commentary

After its inception on 1 July 2024, Australian Retirement Trust's High Growth – Index option for Accumulation produced returns of 4.4% for the September quarter.

Lower inflation, moves by the world's central banks to reduce official interest rates and the expectations of a 'soft landing' for the global economy, all provided a positive environment for financial markets, despite ongoing geopolitical concerns.

Global share markets in aggregate produced positive returns over the September quarter and very strong returns over the year to September 2024. After disappointing returns in recent years, both Australian and global bonds delivered solid returns over the quarter and the year to September.

Investment mix¹

	Effective Exposure (%) ²
	30 Sep 2024
Australian Shares	41.2
International Shares	48.4
Fixed Income	9.8
Cash	0.6
Total	100

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

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 Index

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

Option size

Super assets	\$1.6 billion
Pension assets	\$755.8 million

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	4.9	5.2
1 Year	18.8	20.3
3 Years	5.8	6.2
5 Years	7.1	7.7
7 Years	7.8	8.5
10 Years	7.7	8.5
Calendar Year-by-year investment returns (%)¹		
2023	12.9	13.9
2022	-8.4	-9.0
2021	12.9	14.0
2020	6.2	6.7
2019	18.3	20.1
2018	-1.0	-0.7

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 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Australian Shares	33.2	33.8	33.4	34.1
International Shares	42.1	41.3	41.7	40.9
Fixed Income	24.7	24.9	24.9	24.7
Cash	0.0	0.0	0.0	0.3
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.

Performance Commentary

Australian Retirement Trust's Balanced – Index option for Accumulation accounts produced returns of 4.9% in the September quarter and 18.8% for the year to September 2024. The ten-year return of 7.7% p.a. is well above the option's return objective of CPI plus 3.0% p.a.

Lower inflation, moves by the world's central banks to reduce official interest rates and the expectations of a 'soft landing' for the global economy, all provided a positive environment for financial markets, despite ongoing geopolitical concerns.

Global share markets in aggregate produced positive returns over the September quarter and very strong returns over the year to September 2024. After disappointing returns in recent years, both Australian and global bonds delivered solid returns over the quarter and the year to September.

Investments

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.

Option size

Super assets \$7.5 billion

Pension assets \$1.4 billion

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	7.4	8.1
1 Year	20.8	23.0
3 Years	8.8	9.7
5 Years	8.7	9.6
7 Years	10.0	11.1
10 Years	9.2	10.2
Calendar Year-by-year investment returns (%)¹		
2023	12.3	13.5
2022	-0.1	0.2
2021	17.2	18.8
2020	2.1	2.6
2019	22.1	24.8
2018	-1.0	-1.1

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 Australian Shares Index option returns up to 28 February 2022, then Super Savings Australian Shares Index option returns after that date.

Performance Commentary

Australian Retirement Trust's Australian Shares – Index portfolio for Accumulation accounts produced returns of 7.4% over the quarter and 20.8% for the year ended 30 September 2024.

Over the quarter, the IT, Real Estate, Materials, Consumer Discretionary and Industrials sectors all posted strong positive returns while Energy and Utilities underperformed.

Exposure

	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Sector (%)				
Consumer Discretionary	7	7	7	7
Consumer Staples	4	4	4	4
Energy	5	5	5	4
Financials	28	30	31	32
Health Care	10	10	10	10
Industrials	7	7	7	7
Information Technology	3	3	3	3
Materials	25	22	21	21
Property Trusts	6	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.

Investments

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.

Option size

Super assets	\$5.2 billion
Pension assets	\$919.8 million

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	4.5	4.9
1 Year	26.3	28.5
3 Years	7.5	8.1
5 Years	10.7	11.6
7 Years	9.6	10.3
10 Years	9.6	10.5
Calendar Year-by-year investment returns (%)¹		
2023	19.1	20.7
2022	-16.4	-17.7
2021	21.5	23.9
2020	10.3	10.9
2019	24.7	26.6
2018	-7.2	-7.8

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.

Performance Commentary

Australian Retirement Trust's International Shares – Index (Hedged) portfolio, for Accumulation accounts generated returns of 4.5% for the quarter and 26.3% for the year to 30 September 2024.

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

Exposure

	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Geographic (%)				
Emerging markets	11	10	11	11
Europe	12	12	11	11
Japan	6	6	6	6
North America	65	66	67	67
UK	4	3	3	3
Other	2	3	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	11
Consumer Staples	7	6	6	6
Energy	4	5	4	4
Financials	19	19	18	19
Healthcare	11	11	11	11
Industrials	12	12	11	12
Materials	4	4	4	4
Technology	22	23	25	23
Communication Services	7	7	8	7
Utilities	3	2	2	3
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.

Investments

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.

Option size

Super assets \$3.3 billion

Pension assets \$476 million

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	2.5	2.8
1 Year	20.4	22.3
3 Years	9.1	9.9
5 Years	11.1	12.1
7 Years	11.8	12.8
10 Years	11.7	12.7
Calendar Year-by-year investment returns (%)¹		
2023	20.6	22.5
2022	-11.6	-12.5
2021	26.7	28.9
2020	4.9	5.4
2019	25.6	27.8
2018	1.2	1.3

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.

Performance Commentary

Australian Retirement Trust's International Shares – Index (Unhedged) portfolio, for Accumulation accounts generated returns of 2.5% for the quarter and 20.4% for the year to 30 September 2024.

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

Exposure

	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Geographic (%)				
Emerging markets	11	10	11	11
Europe	12	12	11	11
Japan	6	6	6	6
North America	65	66	67	67
UK	4	3	3	3
Other	2	3	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	11
Consumer Staples	7	6	6	6
Energy	4	5	4	4
Financials	19	19	18	19
Healthcare	11	11	11	11
Industrials	12	12	11	12
Materials	4	4	4	4
Technology	22	23	25	23
Communication Services	7	7	8	7
Utilities	3	2	2	3
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.

Investments

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.

Option size

Super assets \$527.6 million

Pension assets \$151.8 million

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	12.7	14.4
1 Year	39.5	46.2
3 Years	7.7	8.9
5 Years	6.4	7.3
7 Years	8.6	9.6
10 Years	9.4	10.5
Calendar Year-by-year investment returns (%)¹		
2023	14.6	16.9
2022	-18.2	-20.1
2021	24.0	26.9
2020	-3.3	-3.8
2019	17.7	19.4
2018	2.9	3.2

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.

Performance Commentary

The Listed Property Index option (previously Australian Property - Index) for Accumulation accounts recorded returns of 12.7% over the quarter and 39.6% over the year to September 2024.

REITs benefited from lower inflation, reductions in official interest rates from the world's major central banks and lower bond yields, which improves the relative attractiveness of REIT yields.

10 Largest holdings

	%
Prologis, Inc.	6.7
Equinix, Inc.	4.9
Welltower Inc.	4.5
Public Storage	3.3
Realty Income Corporation	3.2
Simon Property Group, Inc.	3.2
Digital Realty Trust, Inc.	3.0
Extra Space Storage Inc.	2.2
VICI Properties Inc	2.0
Iron Mountain, Inc.	2.0

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Investments

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.

Option size

Super assets \$551.8 million

Pension assets \$220.8 million

Performance to 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	1.7	1.8
1 Year	6.5	7.1
3 Years	7.2	7.9
5 Years	8.0	8.7
7 Years	nil	nil
10 Years	nil	nil
Calendar Year-by-year investment returns (%)¹		
2023	5.1	5.5
2022	4.5	5.1
2021	20.5	22.7
2020	2.5	2.4
2019	9.2	10.3
2018	9.3	10.3

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.

Performance Commentary

Australian Retirement Trust's Unlisted Assets option (previously Diversified Alternatives until 30 June 2024) for accumulation accounts produced a return of 1.7% for the quarter and 6.5% over the year to September 2024.

The portfolio invests in private debt and equity, infrastructure, cash and (from 1 July) in unlisted property. While private equity was the best performer over the September quarter, all five asset classes delivered positive returns. Over the year, infrastructure delivered the strongest returns. Private debt and equity returns were positive, while property returns were adversely impacted by challenges in commercial real estate.

Exposure

	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Currency (%)				
AUD	99	100	100	100
Foreign currency	1	0	0	0
Total	100	100	100	100

Investment mix¹

	Effective Exposure (%) ²			
	31 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Private Equity	34.6	35.0	35.0	30.0
Infrastructure	35.5	35.0	35.0	30.0
Property	0.0	0.0	0.0	25.0
Private Credit	24.9	25.0	25.0	15.0
Fixed Income	0.0	0.0	0.0	0.0
Cash	5.0	5.0	5.0	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

We are maintaining a cautious and disciplined approach to making new investments across all components of the portfolio.

During the quarter, our infrastructure team entered into agreements to sell ART's interests in two assets: Queensland Airports Limited, which owns and operates airports in Townsville, Longreach, Mount Isa and the Gold Coast; and AirTrunk, a leading Asia Pacific datacentre business, subject to some approval processes. When settled, this will realise substantial profits for ART members.

Our private equity team made commitments to a US based fund focusing on investments in smaller to medium sized healthcare, industrial and technology-enabled services companies as well as an Australia based buyout fund focusing on middle market investments in Australia and New Zealand. Investments were made in a range of global companies including Jinjer, a Japanese provider of cloud-based human resource management software.

The real estate team added to our UK aged care property exposure by committing additional capital to Elevation Healthcare Properties.

Investments

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 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	2.9	3.4
1 Year	6.7	8.1
3 Years	-1.2	-1.5
5 Years	-0.4	-0.5
7 Years	1.2	1.4
10 Years	2.0	2.4
Calendar Year-by-year investment returns (%)¹		
2023	4.1	4.9
2022	-9.3	-11.2
2021	-2.6	-2.5
2020	4.4	4.8
2019	6.2	7.3
2018	2.5	3.0

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	\$763.5 million

Performance Commentary

The Bonds Index option invests in a mix of global and Australian government bonds and non-government securities. Over the September quarter of 2024, the option returned 2.9% for Accumulation accounts, after tax and fees. Australian bonds underperformed Global bond markets over the quarter. Over three, five and seven years, the option has achieved net returns of -1.2%, -0.4% and 1.2% 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 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Geographic (%)				
Australia	44	44	43	42
United States	21	21	22	22
Japan	6	5	5	6
Germany	3	3	3	3
Supranational	3	4	4	4
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	13
Total	100	100	100	100

	Government Bonds	Corporates	Securitised	Cash	Grand Total
Currency Denomination					
Australia	42	4	-	-	46
US	12	7	6	-	25
Europe	9	2	1	-	12
Japan	5	-	-	-	5
UK	2	1	-	-	3
Canada	1	-	-	-	1
Other	7	-	-	1	8
Total	78	14	7	1	100

Quality

	Weight %
AAA	38
AA	34
A	12
A- and Below	16
Total	100

Interest Rate Risk

	Duration
AUD	2.5
USD	1.4
EUR	0.7
GBP	0.2
JPY	0.4
Other	0.6
Total	5.8

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 Growth, Balanced, Retirement 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 30 September 2024

	Accumulation accounts	Retirement Income accounts
Investment returns (% p.a.)¹		
3 months	1.1	1.3
1 Year	4.4	5.1
3 Years	2.8	3.3
5 Years	2.0	2.3
7 Years	2.0	2.3
10 Years	2.0	2.4
Calendar Year-by-year investment returns (%)¹		
2023	3.8	4.4
2022	1.4	1.6
2021	0.3	0.3
2020	0.8	0.9
2019	1.8	2.1
2018	2.0	2.3

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.

ART's Cash option for Accumulation accounts and ART corporate returned 1.08% after tax and fees over the September quarter of 2024. Over one, three and five years the option has returned 4.38%, 2.82% and 1.96% p.a. respectively. In the September 2024 SuperRatings survey of options with a similar asset allocation, the Cash option has exceeded the median return over all time periods.

Option size

Super assets \$5.4 billion

Pension assets \$1.9 billion

Performance Commentary

The Cash option's primary objective is to invest with a focus on maintaining liquidity and a good credit quality and is expected to continue to deliver very stable returns at a margin above the Bloomberg AusBond Bank Bill Index. The Cash option's returns are derived from bank deposits and short-term money market securities. We will continue to allocate a substantial portion of the Cash option to term deposits with approved deposit-taking institutions across a range of maturities up to one year, thus enhancing returns to members while ensuring reliable liquidity and flexibility to take advantage of opportunities in a judicious fashion. While other central banks have reduced official interest rates, the Reserve Bank of Australia (RBA) has kept interest rates unchanged. It is now believed that any reduction in cash rates is unlikely to take place until February or March 2025. We continue to take advantage of any significant rise in money market rates to lock-in higher returns for our members.

Managers¹

	%
Australian Retirement Trust	100
Total	100

¹ 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 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Geographic (%)				
Australia/NZ	11	10	10	6
Europe	21	21	20	30
North America	57	58	58	53
Other	11	11	12	11
Total	100	100	100	100
Sector (%)				
Buyout	75	77	78	84
Natural Resources	0	0	0	0
Special Situations / Distressed	7	6	6	3
Venture	18	17	16	13
Opportunistic Property	0	0	0	0
Other	0	0	0	0
Total	100	100	100	100

Outlook and Strategy

The third quarter of 2024 marked a quarter of solid recovery in deal activity while the fundraising market continues to search for momentum. 2024 is on track to record the lowest fundraising activity in four years and investors continue to favour large, established managers. The recent interest rate cut by the US Federal Reserve signals a shift towards more favourable conditions for PE deal making and as a result, we expect a pick-up in deal activity and investor sentiment over the coming months.

In contrast, on a year-to-date basis, private equity ("PE") saw a solid increase in aggregate deal value, despite a modest decrease in the number of deals closed. This trend was primarily driven by a shift towards larger, high-quality assets as PE managers look to the actively deploy capital given favourable market dynamics underlined by the recent interest cuts by central banks around the world. While still below the 2021 peak, the private equity market is on track to record its third-highest annual deal activity in dollar terms, ending a two-year deal-making slump that saw deal value decline almost 40% from peak to trough.

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 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Geographic (%)				
Australia	52	49	57	57
Emerging Markets	4	5	2	1
Europe	12	13	7	6
North America	25	24	16	16
UK	6	6	11	13
Other	1	3	7	7
Total	100	100	100	100
Sector (%)				
Transport	29	29	52	50
Utilities	26	26	14	16
Renewables/Energy	7	6	11	11
Digital	21	22	12	12
Other	17	17	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, underpinned by strong inflation linkages and the return of steady global growth which has supported demand across sectors.

Energy transition and digitisation continue to represent a significant proportion of global infrastructure transaction activity. Data centres have benefitted from the growth in demand for data and computational resources needed to support the emergence of new technologies such as generative AI. With this increased demand for data, the associated energy requirements have resulted in growing energy demand in many markets, providing investment opportunities.

The broader energy transition sector continues to see a steady flow of solar, wind and battery projects come to market. However, government policy in many markets continues to support the role of gas in decarbonising and underpinning the reliability of energy supply.

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 reached financial close on the divestment of Czech Gas Networks, a regulated mature gas distribution business in the Czech Republic as well as a small interest in Brisbane Airport. In addition, ART entered into contracts to acquire National Gas, the owner and operator of UK's sole gas transmission network and divest AirTrunk, an Asia Pacific data centre platform, and Queensland Airports which includes Gold Coast, Townsville, Mount Isa and Longreach airports.

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 Dec 2023	31 Mar 2024	30 Jun 2024	30 Sep 2024
Geographic (%)				
Australia	51.2	50.4	50.8	48.5
North America	35.1	33.8	33.0	36.4
Europe	8.6	10.9	11.3	12.0
Asia	5.1	4.9	4.9	3.1
Other	0.0	0.0	0.0	0.0
Total	100	100	100	100
Sector (%)				
Office	16	15	15	15
Retail	13	13	13	19
Industrial	21	20	20	24
Residential	28	29	28	26
Other	22	23	24	16
Total	100	100	100	100

Top 5 holdings

	%
Discovery Parks Holding, Australia	7.9
Elevation Healthcare Partners II, UK	5.8
Brookfield - Longpoint Industrial JV, US	3.2
Hulk Logistic Investments Holdings Ltd, China	2.8
Sunbridge Investments, LLC, US	2.6

Managers¹

	%
QIC	14
Berkshire	11
Steptone 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 continue to be negatively impacted by the high inflation environment over the past year. Transaction volumes were below historical averages across sectors as increased borrowing costs and economic uncertainty weighed on investor sentiment. The Property asset class performance over the quarter continued to be impacted by weakness in the performance of commercial office globally and US multifamily properties. Property valuations across sectors, however, have shown signs of stabilisations driven by interest rate cuts by some major central banks as inflation expectations moderate. Transaction volumes as a result, increased over the quarter in most sectors with increased market optimism and the narrowing of the bid ask spread.

Commercial office valuations reduced over the quarter, as the work from home trend continues to weigh on investor sentiment. 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 values were stable over the quarter as slight cap rate expansion were largely offset by rent growth.

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	20.1%
Bain Capital	14.8%
ADM Capital	10.7%
Neuberger Berman	8.1%
EIG	6.2%
Others	40.2%
Total	100.0%

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

Australian Retirement Trust's Private Credit portfolio is performing in line with long-term expectations and our managers are taking advantage of the current robust opportunity set to provide higher-cost-of-capital financing for private equity firms looking to provide liquidity to their investors, for companies looking for growth capital or to solve liquidity needs, and for dislocated sectors such as commercial real estate, among other uses.

During the quarter, junior debt, special situations and other opportunistic 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 focuses remain 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	24.4%
EIG Partners	17.3%
Neuberger Berman	16.9%
Hayfin	13.3%
HPS	13.3%
Others	14.8%
Total	100.0%

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 benefiting from higher base interest rates. During the quarter, we saw increased competition from previously dormant funding sources resulting in some margin compression, albeit from elevated levels.

Despite recent central bank rate cuts overseas 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

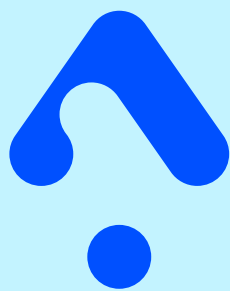
Name	Description
ADM	ADM Capital is a specialist private credit manager with a 25-year track record across developed and emerging Asia Pacific markets.
Allegro Funds	Allegro Funds is an independently owned Australian fund manager that manages Australian Retirement Trust's investment in Discovery Parks.
Australian Retirement Trust	Super Savings manages a portfolio of Australian term deposits placed with high quality banks regulated by APRA.
Bain	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

Notes



Australian Retirement Trust

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