Cbus Super Investment Update

15 March 2022

Important Information

This information is about Cbus Super. It doesn't account for your specific needs. Please look at your financial position, objectives and requirements before making financial decisions. Read the Product Disclosure Statement (PDS) and Target Market Determination to decide what's right for you. Call 1300 361 784 or visit cbussuper.com.au for a copy. Past performance is not a reliable indicator of future performance.

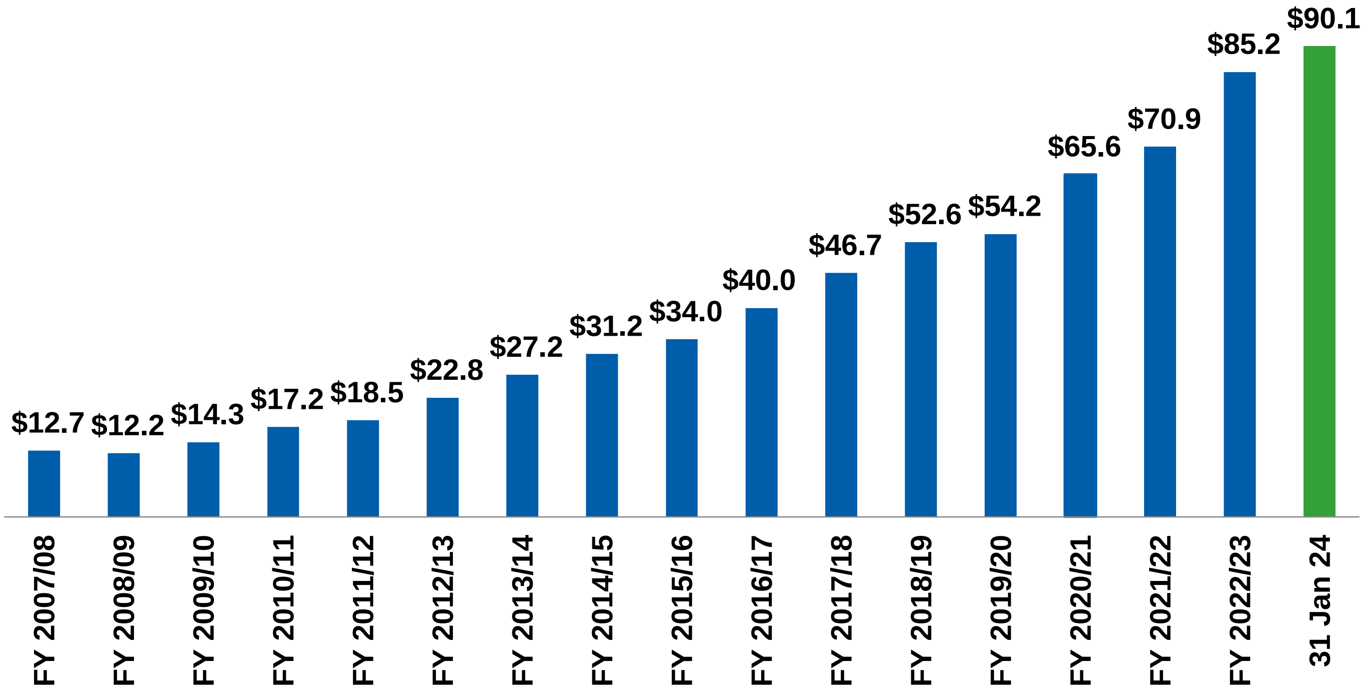
Cbus Property Pty Ltd is a wholly-owned entity of United Super Pty Ltd as Trustee for the Construction and Building Unions Superannuation Fund (Cbus Super) and is responsible for the development and management of a portfolio of Cbus Super's property investments. Cbus Property investments are part of the property asset class in the High Growth, Growth Plus, Growth, Conservative Growth, Conservative and Property investment options, and these returns form part of the crediting rates allocated to accounts invested in these options.

All information and figures are as at 31 December 2023, unless otherwise stated and data has been sourced from Cbus, unless otherwise stated.

United Super Pty Ltd ABN 46 006 261 623 AFSL 233792 as Trustee for the Construction and Building Unions Superannuation Fund ABN 75 493 363 262 (Cbus and/or Cbus Super).

Cbus Super total FUM

Funds under management ($ billions)



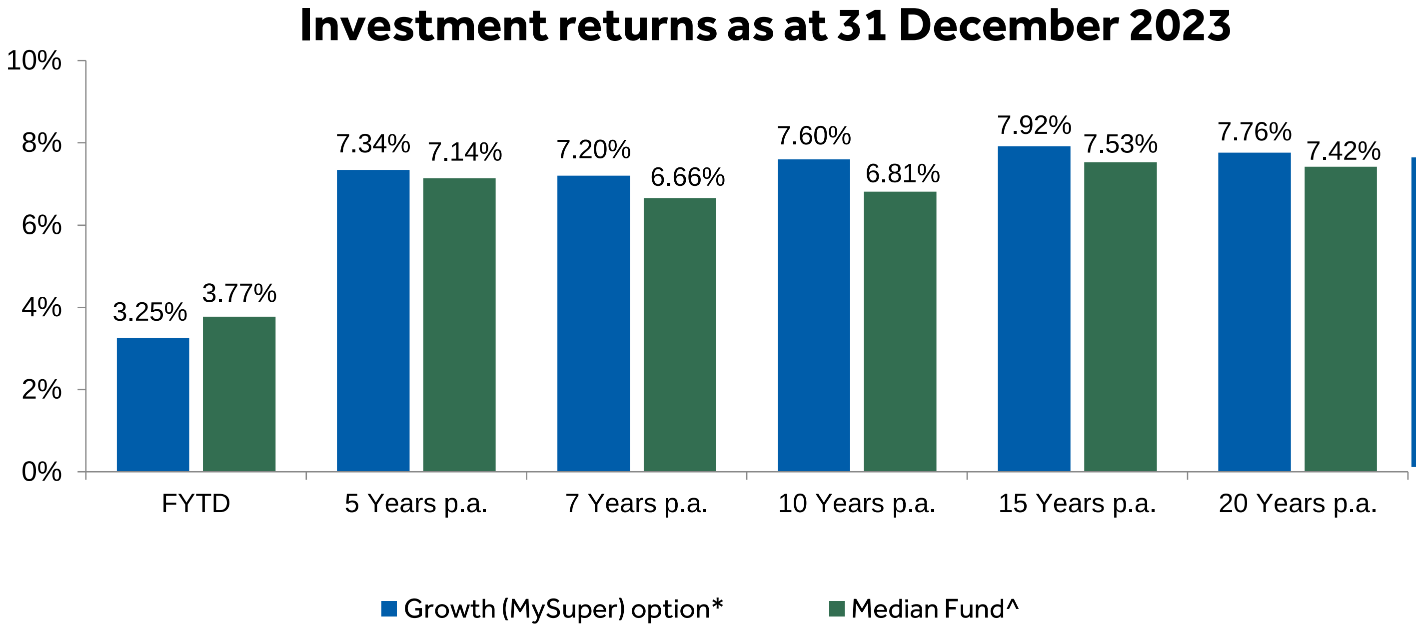
Investment option performance

Pre-mixed options	Return Objective	Years of negative returns expected over 20 years	APRA Risk Label	CY23 (%)
Growth (MySuper)	CPI + 3.25%#	3 to 4	Medium to High	**9.49**
High Growth	CPI + 3.75%#	5 to 6	High	**12.73**
Growth Plus	CPI + 3.50%#	4 to 5	High	**10.95**
Indexed Diversified	CPI + 2.25%#	5 to 6	High	**12.67**
Conservative Growth	CPI + 2.25%#	2 to 3	Medium	**7.79**
Conservative	CPI + 1.00%#	1 to 2	Low to Medium	**6.32**
DIY options	**Return Objective**	**Years of negative returns expected over 20 years**	**APRA Risk Label**	**CY23 (%)**
Overseas Shares	MSCI AWCI ex Australia#*	6 to 7	Very High	**20.00**
Australian Shares	S&P/ASX 300 Accumulation Index#*	6 to 7	Very High	**13.52**
Property	CPI + 2.50%#	4 to 5	High	**1.01**
Diversified Fixed Interest	CPI + 0.50%#	1 to 2	Low to Medium	**5.64**
Cash	RBA Cash Rate**	Negligible	Very low	**3.67**

Past performance is not a reliable indicator of future performance. Investment performance is from 1 January to 31 December 2023 and based on the crediting rate, which is the return minus investment fees, taxes, and until 31 January 2020, the percentage-based administration fee. Excludes fees and costs that are deducted directly from members' accounts.

#: Over rolling 10 year periods *: Net of fees and adjusted for Super Tax **: Deliver a return aligned with the RBA cash rate after fees and adjusted for implied super tax

Strong long-term investment performance



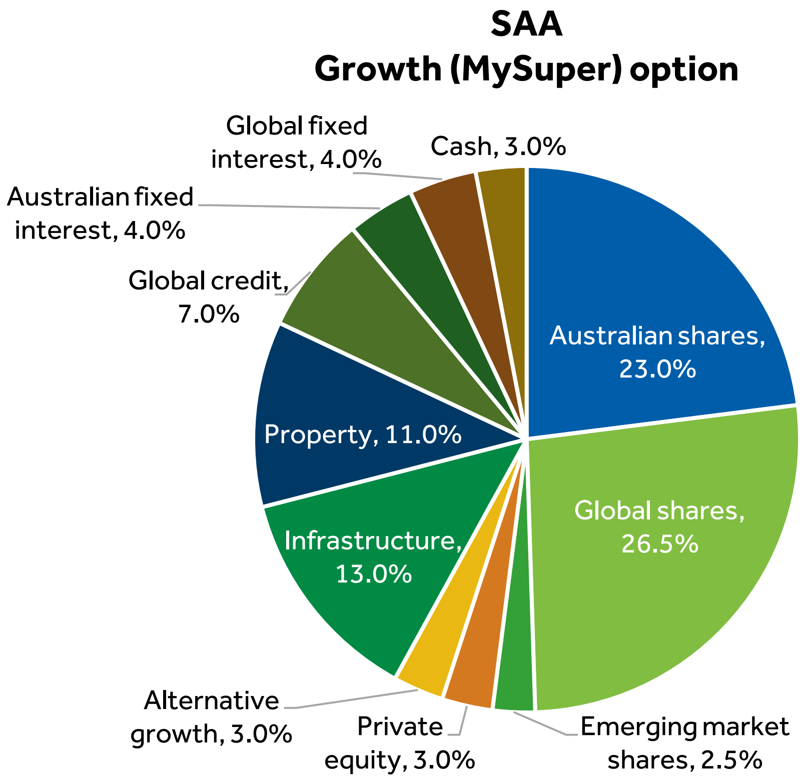
Cbus Super is ranked in the top quartile of comparative funds over 7, 10, and 20 years.

* The Growth (MySuper) investment option return is based on the crediting rate. The crediting rate is based on returns minus investment fees, taxes, and until 31 January 2020, the percentage-based administration fee. Excludes fees and costs that are deducted directly from members' accounts. Past performance is not a reliable indicator of future performance

^ The average balanced fund return (Median Fund) return is from the SuperRatings FCRS SR50 Balanced (60-76) Index Survey, period ending 31 December 2023. SuperRatings is a rating agency that collects information from super funds to enable performance comparisons - visit www.superratings.com.au

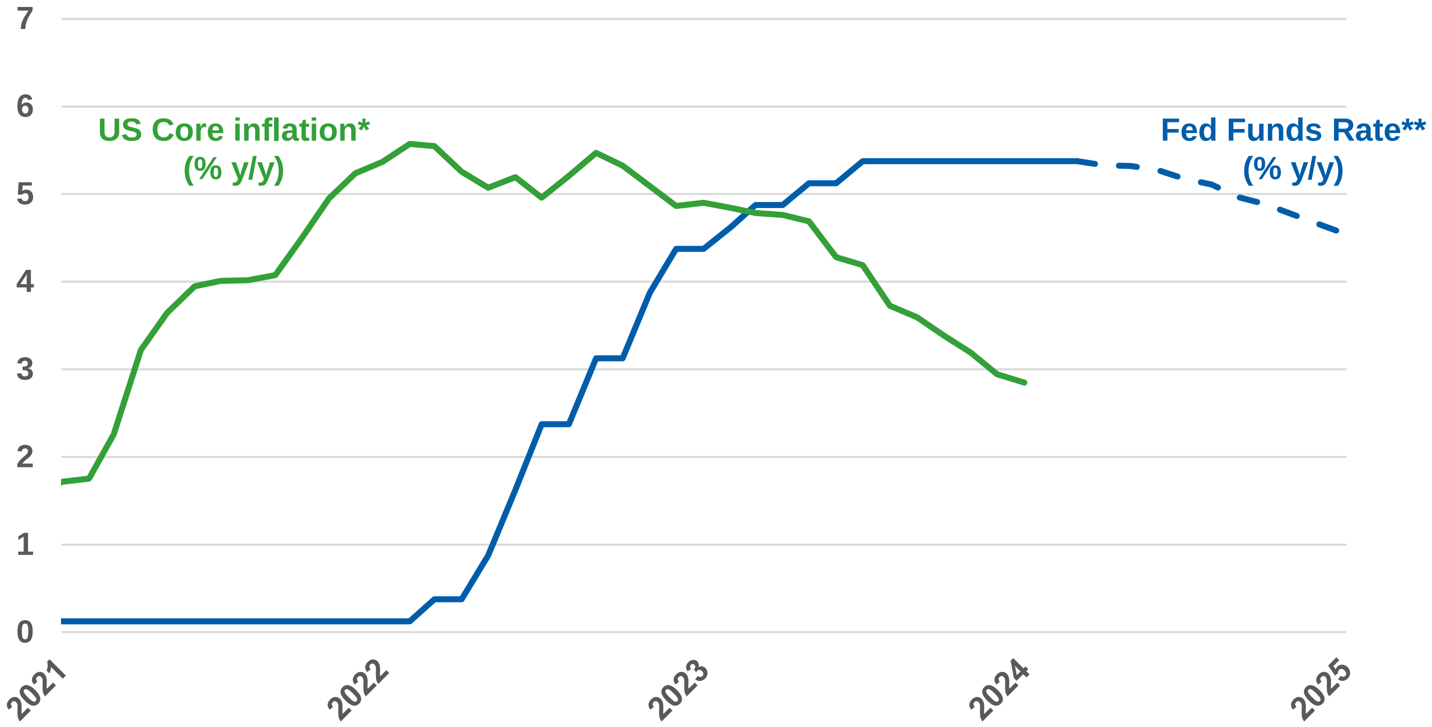
Strategic Asset Allocation (SAA)

SAA Growth (MySuper) as at 31 December 2023



Market/Macro Update to 31 December 2023 and 2024 Outlook

Progress on inflation suggests a rosier outlook for 2024



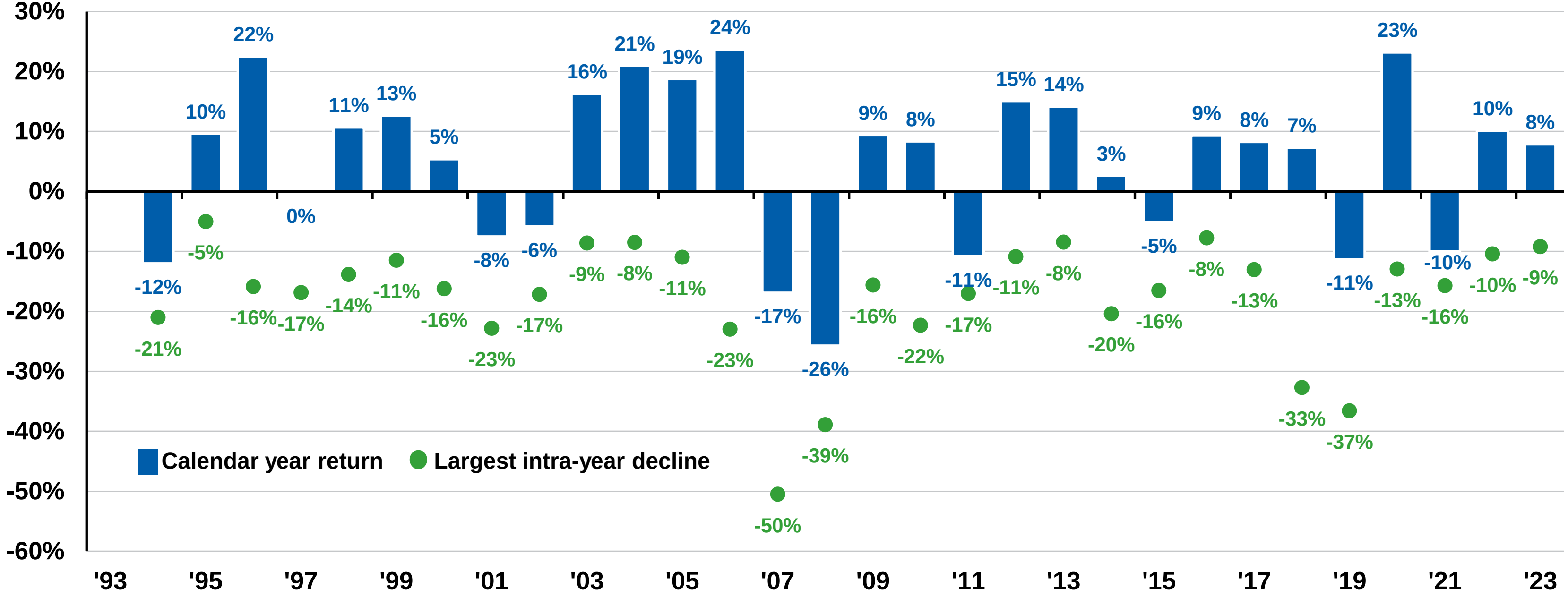
* Core inflation is the US Personal Consumption Expenditure (PCE) deflator (through to 31 January 2024), which is the US Federal Reserve's inflation target.

** Dotted line indicates fed funds rate futures pricing as 5 March 2024.

Source: Refinitiv

Intra-year volatility is a persistent feature of markets

Annual returns and intra year volatility – Australian shares (S&P/ASX 200 in AUD)



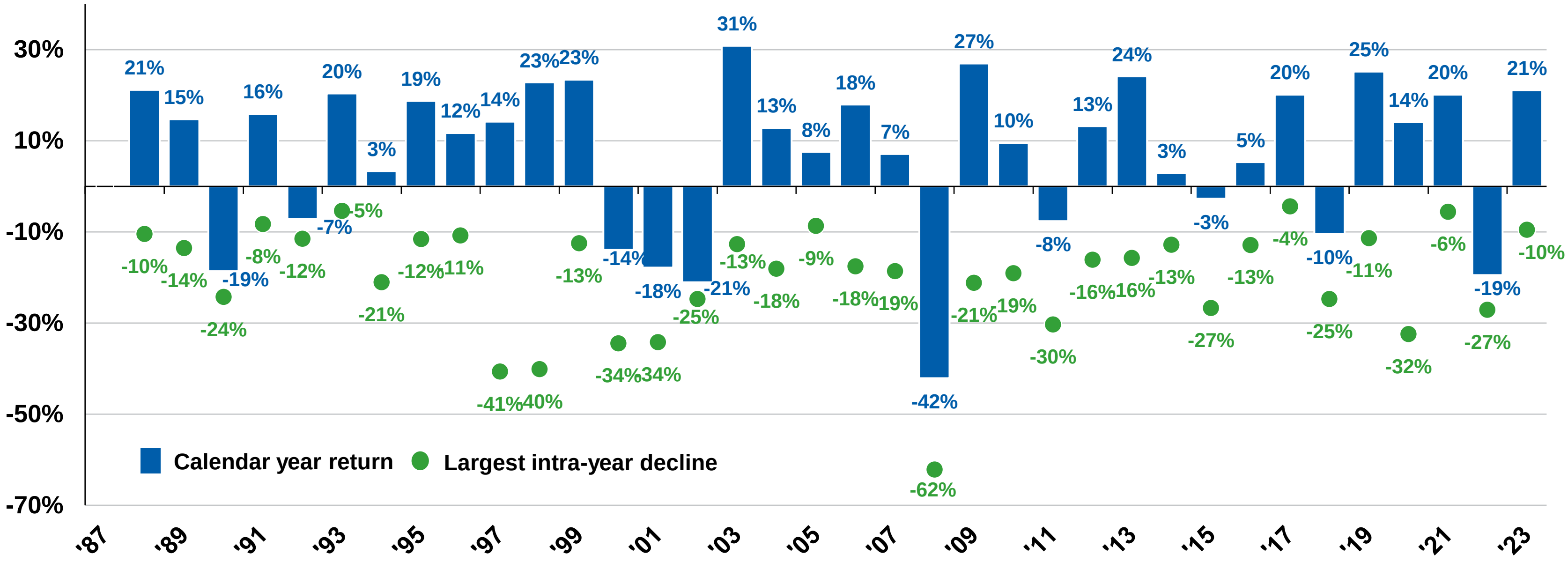
Through to 31 December 2023 |
Source: J.P. Morgan Asset Management; S&P/ASX

These charts compare the largest drawdown that occurs over the course of each year with the final return for the same year. Despite average intra-year drops of -17.6%, annual returns are positive in 20 out of 30 years. Investors can suffer large negative returns intra-year and still end up ahead by year-end.

<u>Past performance is not a reliable indicator of future performance.</u>

Intra-year volatility is a persistent feature of markets

Annual returns and intra year volatility – global shares (MSCI World Price Index in USD)



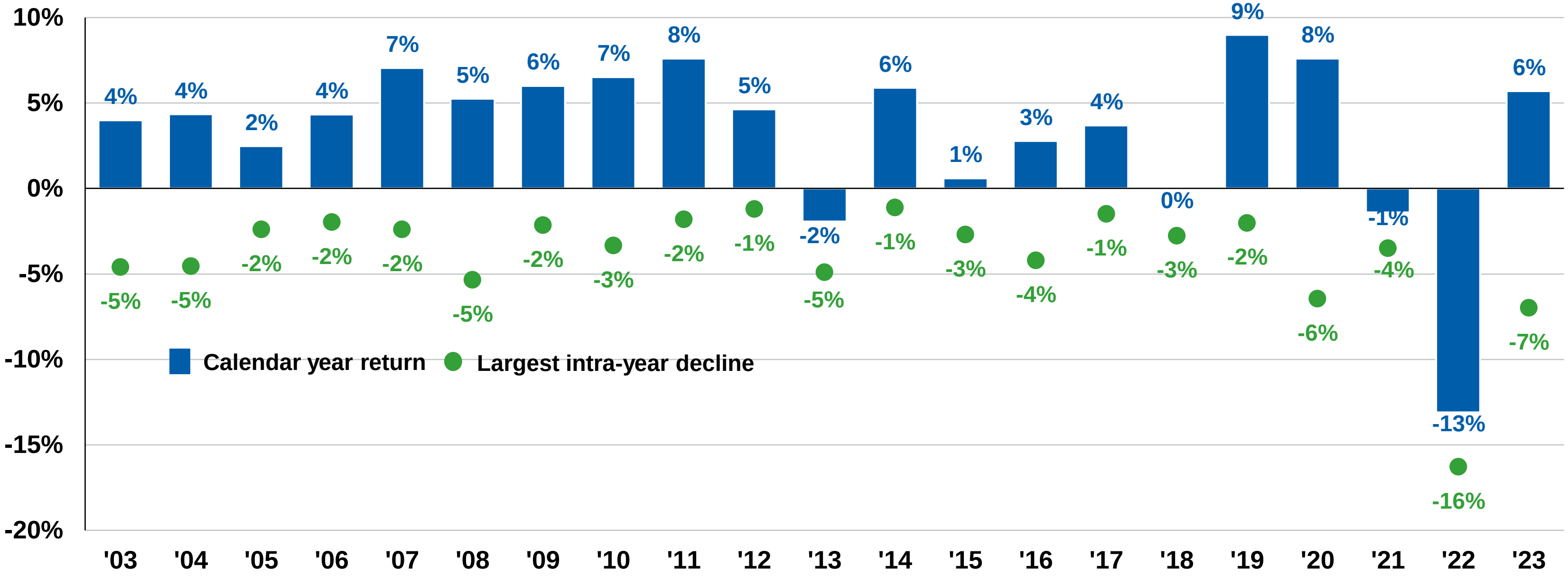
Through to 31 December 2023 |
Source: J.P. Morgan Asset Management, MSCI

These charts compare the largest drawdown that occurs over the course of each year with the final return for the same year. Despite average intra-year drops of -19.7%, annual returns are positive in 25 out of 35 years. Investors can suffer large negative returns intra-year and still end up ahead by year-end.

Past performance is not a reliable indicator of future performance.

Intra-year volatility is a persistent feature of markets

Annual returns and intra year volatility – global bonds (Bloomberg Global Aggregate in USD)

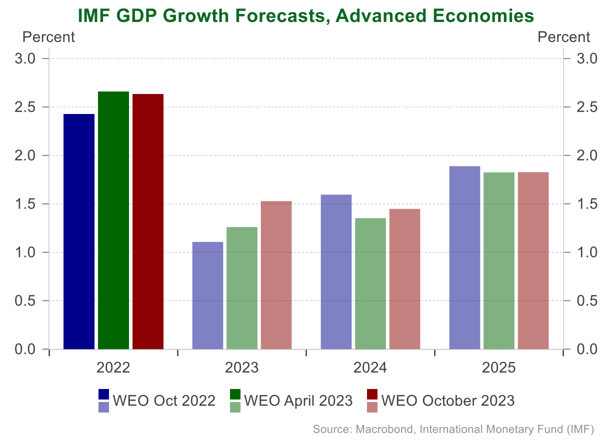
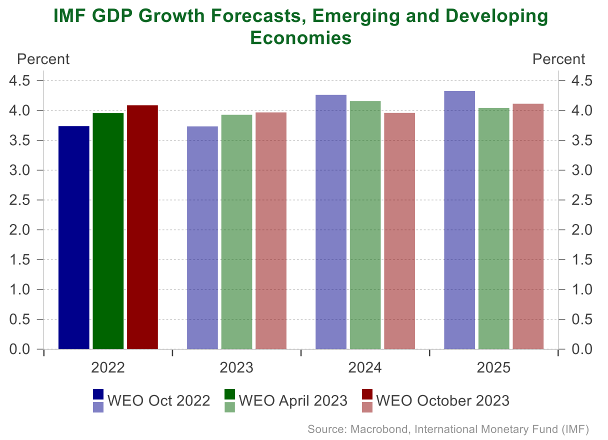
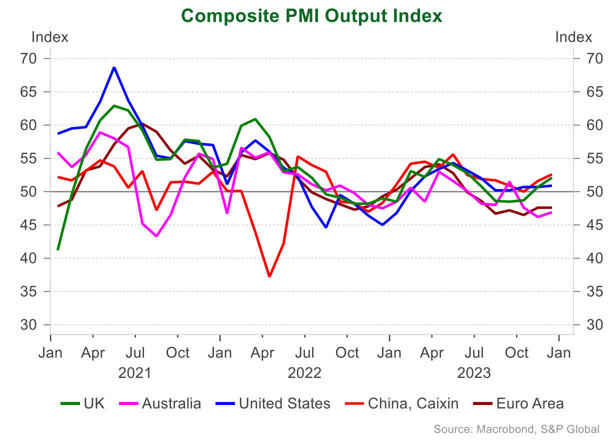


Through to 31 December 2023 |
Source: J.P. Morgan Asset Management, Bloomberg

These charts compare the largest drawdown that occurs over the course of each year with the final return for the same year. Despite average intra-year drops of -3.9% in global bonds, annual returns are positive in 17 out of 21 years. Investors can suffer large negative returns intra-year and still end up ahead by year-end.

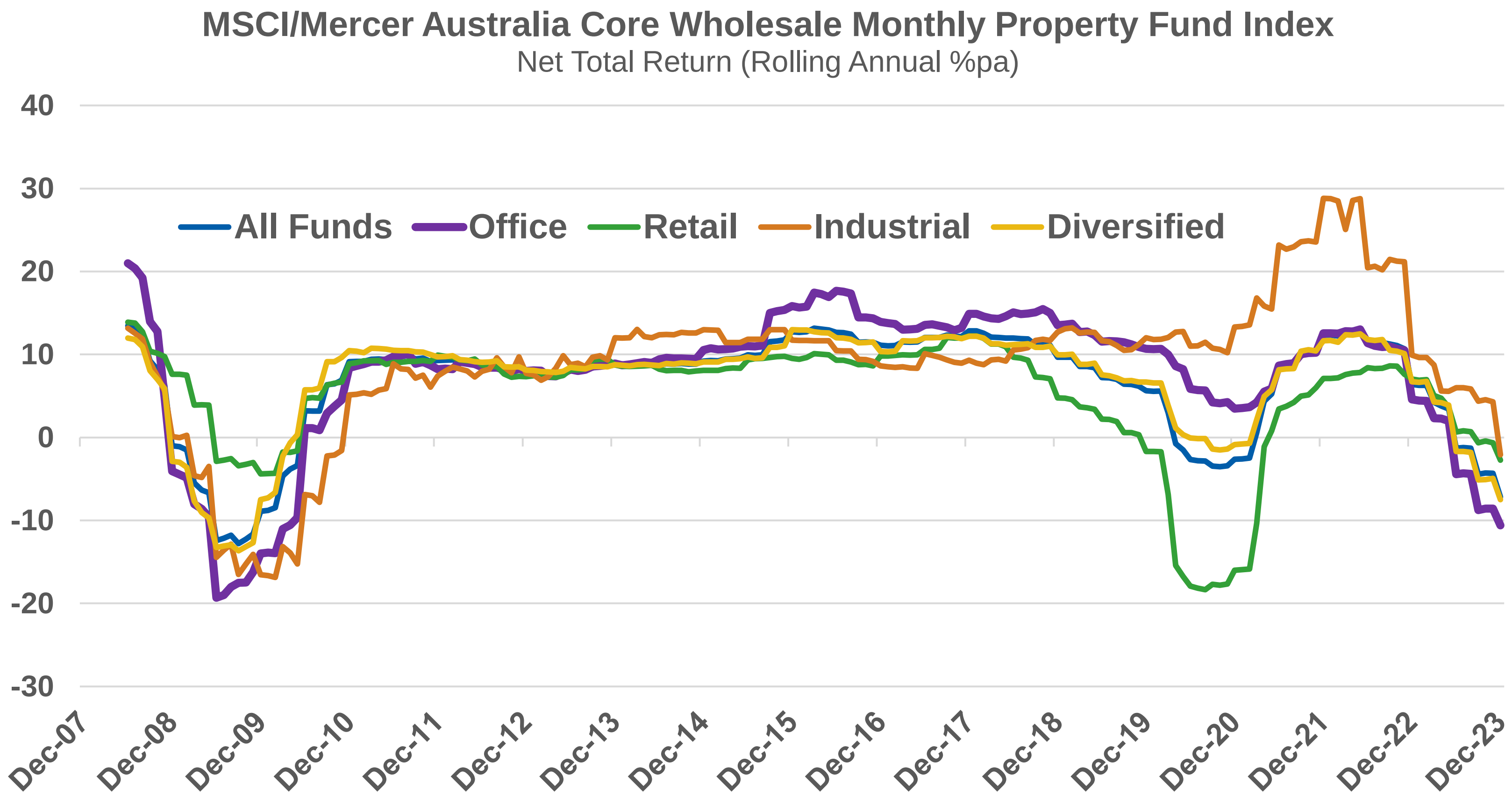
<u>Past performance is not a reliable indicator of future performance.</u>

Overview: Market outlook

Developed Markets:- growth was much stronger than expected in 2023	Emerging Markets:- growth has been consistent, and is expected to remain so	Activity may have accelerated a little through H2 2023, but remains fairly soft
		

Cbus Super view: We have increased the likelihood of the **'Soft-landing' scenario to now be the most probable outcome for the US** ahead of a 'Recession', which we previously had as an equal weight. We note that there is continuing divergence between the US economy and many other economies in the current cycle, with growth in the US remaining more resilient even as inflation pressures continue to ease.

Property Market Returns – a tough year – especially for Office

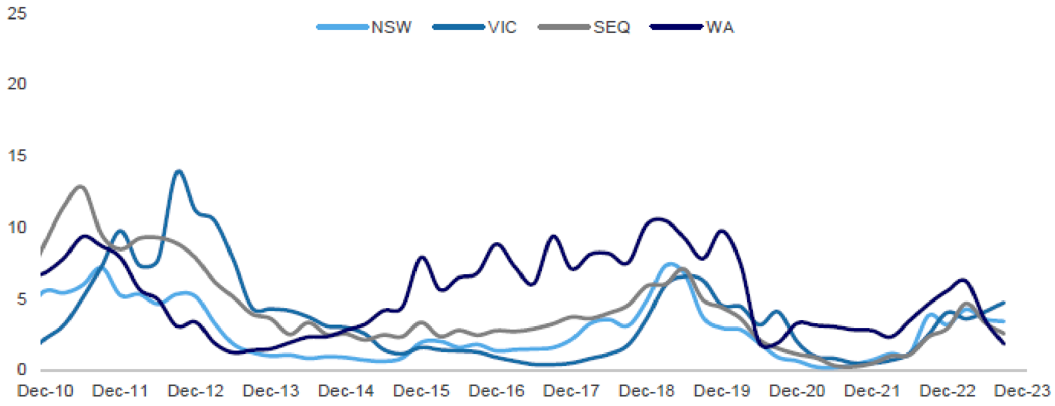


Supply constraints remain,
but construction cost rises slowing

Land supply in SE Queensland is recovering with quarterly vacant land sales doubling from decade lows in March 23, but are still around 30% below pre-Covid levels[1] and supply remains tight:- "We've seen very strong results in Perth, Adelaide and Brisbane in the past few months because they have more shortages in available housing, whether that's for sale or for rent."

ANZ senior economist Adelaide Timbrell, "ANZ lowers home price outlook in key capitals" by Nila Sweeney, Financial Review, 28 February 2024

Months of stock available for sale at current rates[1]



"This quarter's relatively flat result … has helped bring QLD growth rates [in residential construction costs[2]] back in line with the other states after recording a stronger increase over the past two years."

"The CCCI measure also shows Queensland has had the greatest cumulative increase of the states in residential construction costs since the onset of the pandemic, at 28.4%."

"How much, on average, does it cost to build a house in 2024" by Bryce Yardney, (https://propertyupdate.com.au/author/bryce-yardney/), 3 January 2024

Quarterly change in construction costs v CPI, Queensland[2]

1: Stockland 1H24 Results, National Land Survey December Quarter 2023. Research4 2: CoreLogic Cordell Construction Cost Index to Q423

Longer Term Investment Trends

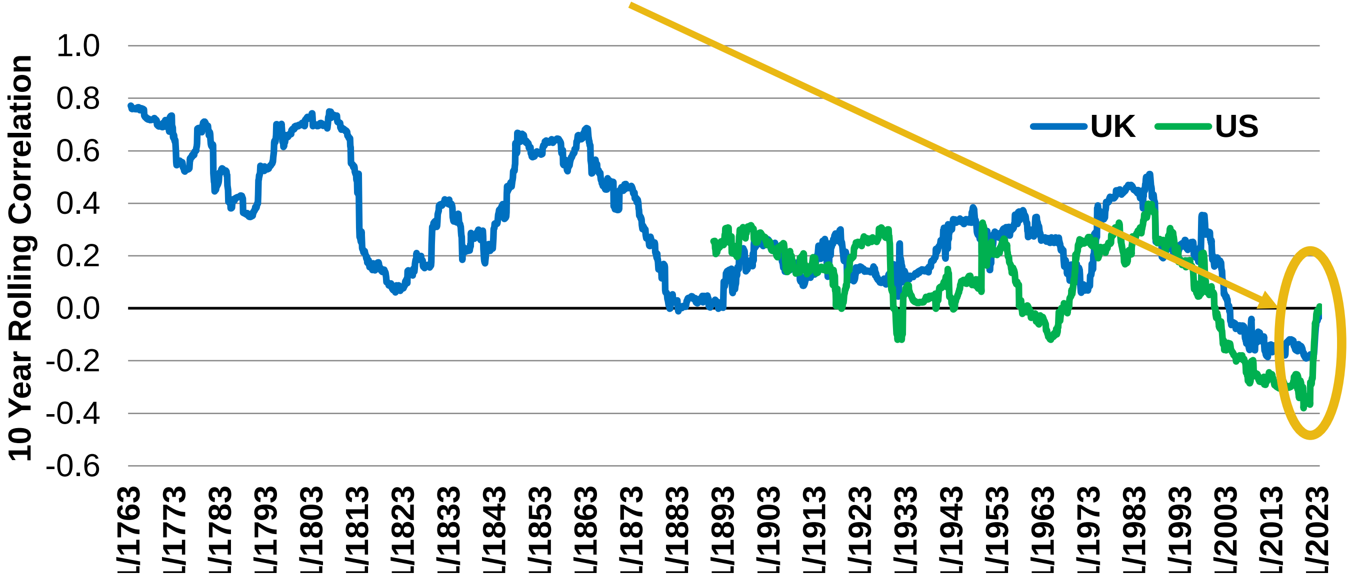
Key investment trends identified*

Trend	Key Themes/Drivers
1. Falling fees	• competition from passive management and internalisation • competition from larger managers leveraging scale economies (PwC)
2. Rising allocation to passive	• lower fees and a challenging market/macro environment for active management • but may change with less accommodating monetary policy, lower beta and greater market volatility • BCG acknowledges the above but do not expect significant flows back to active
3. Regime change – end of cheap money	• adapting to different macro trends is the biggest challenge facing the Industry (CFA) **Found that across 3,000+ member respondents in late 2022, highest proportion (26%) identified that adapting to changing macro environment/geopolitical risks was most strategically important issue.** • revenue growth from market appreciation unlikely to persist • margin pressures and pursuit of alpha and diversification to **drive further demand for alternatives**
4. Rising allocation to alternatives	• superior diversification/alpha • also supporting asset manager revenues through higher fees • but rates/valuations a headwind – particularly for private equity
5. Digital transformation	• technologies have potential to significantly improve efficiency and operational performance • tech plays crucial role in expanding access to financial markets (particularly tokenisation of real assets and fractional trades) • those firms that best integrate tech innovations will outperform • regulation and governance structures are struggling even more to keep pace with this innovation
6. Rise of retail	• By-product of Trend 5 above, as increased online access and reducing account minimums is opening up more investments to individual investors, who have overtaken institutional investors in total AUM (CFA&BCG) • Added attraction of retail investment is higher fees as retail investors lack scale (also relevant to Trend 3 above)
7. Increasing ESG investing	• most investors support incorporation of ESG factors (asset owners exercising more influence) • different cohorts both promote and reject sustainability and rightsizing sustainability is now in focus given need to balance regulatory compliance, net zero commitments and fiduciary integrity • a common obstacle faced, however, is lack of reliable and standardised data

As identified by 12 publications across seven organisations:- CFA Institute, Research & Policy Centre (Sep 2023); Boston Consulting Group (May 2023); The Thinking Ahead Institute and Pensions & Investments (Oct 2023); European Fund and Asset Management Association (2023); Bloomberg News (Oct 2023); NMG Consulting (Mar, Sep 2023); PwC (Jul 2023); AllianceBernstein (Mar, Nov 2023);

The diversifying power of bonds likely to reduce…

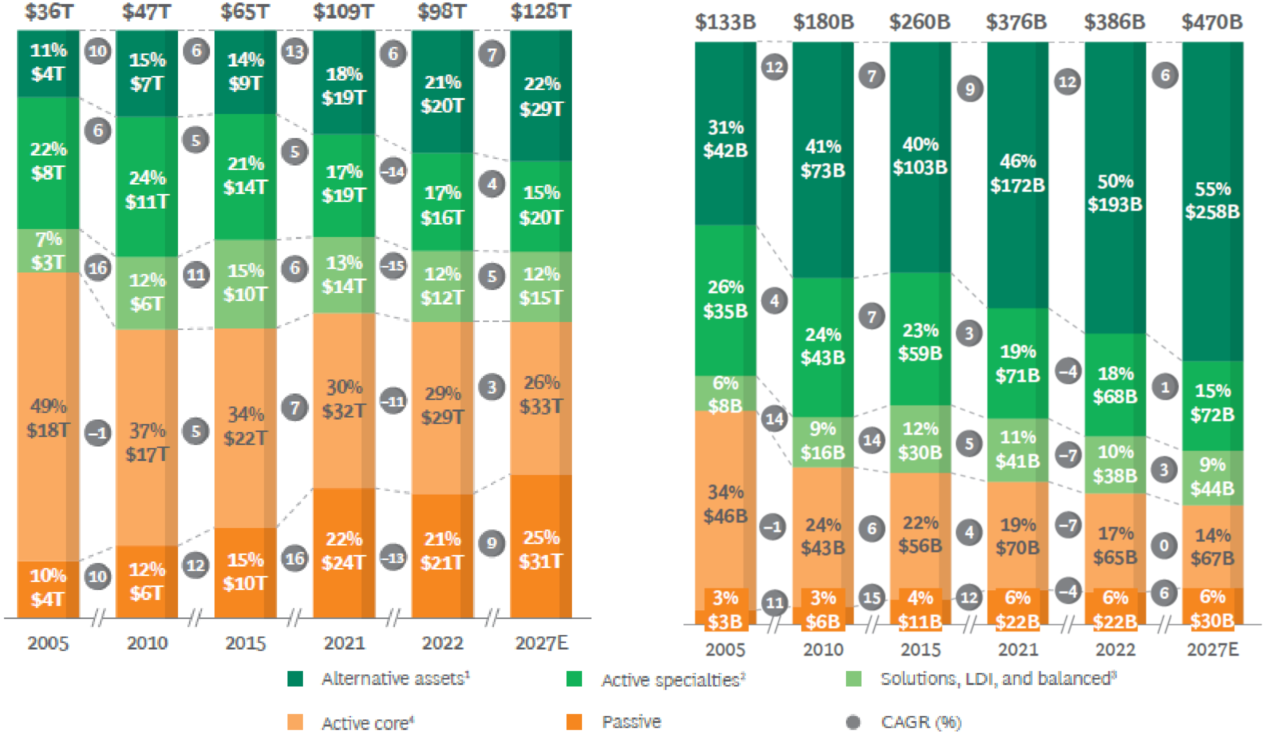
Stock-Bond correlation* remaining negative (in contrast to last 250 Years) … unlikely to persist … and has jumped recently



Past performance does not guarantee future results.
*Rolling 10-year correlation between stock and bond returns.
As of September 30, 2023
Source: Datastream, Global Financial data, Shiller's database and AB

Trend 4 – Increasing allocation to alternatives

In 2022, Alternative Assets Represented 21% of Global AuM (and 50% of Global Revenue)



Sources: BCG's Global Asset Management Market Sizing, 2023; BCG's Global Asset Management Benchmarking Database, 2023; Institutional Shareholder Services Market Intelligence's Simfund; Pensions & Investments; Investment Company Institute; Preqin; HFR; INREV; BCG analysis.

Note: T = trillion; B = billion. LDI = liability-driven investment. Bar chart values may not add up to 100% or to the specified sum because of rounding.

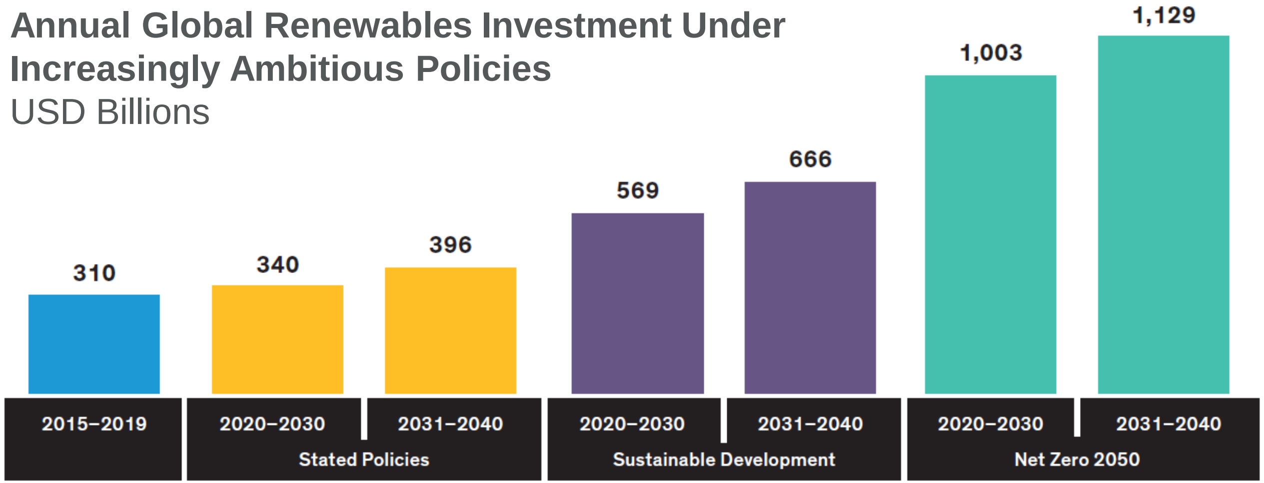
1 Includes hedge funds, private equity, real estate, infrastructure, commodities, private debt, and liquid alternative mutual funds (such as absolute return, long and short, market neutral, and trading oriented). Private equity and hedge fund revenues do not include performance fees.

2 Includes equity specialties (such as global and emerging-market active equity, developed-market small cap and midcap, and themes) and fixed income specialties (such as emerging markets, high-yield, flexible, and inflation linked).

3 Includes target date, target maturity, liability driven, outsourced chief investment officer, multi-asset balanced, and multi-asset allocation.

4 Includes actively managed developed-market large-cap equity, developed-market government and corporate debt, money market, and structured products.

Trend 4 – Increasing Allocation to Alternatives



Stated Policies Scenario: Reflects existing stated climate policies. Sustainable Development Scenario: Represents spending required as a path to implementing the Paris Agreement, with countries reaching net zero between 2050 and 2070. Net Zero Emissions by 2050: A more aggressive path to net zero. It is consistent with limiting the global temperature to 1.5°C without a temperature overshoot (with a 50% probability).
As of October 2020 | Source: Bernstein Research and IEA. Historical analysis and current forecasts do not guarantee future results

"Exposure to renewables could be attractive for several reasons:

1. *exposure to an asset class likely to see significant/sustained inflows;*
2. *return streams from power delivery could be an attractive inflation hedge;*
3. *helps meet many ESG goals; and*
4. *equilibrium between needs of investors and project developers."*

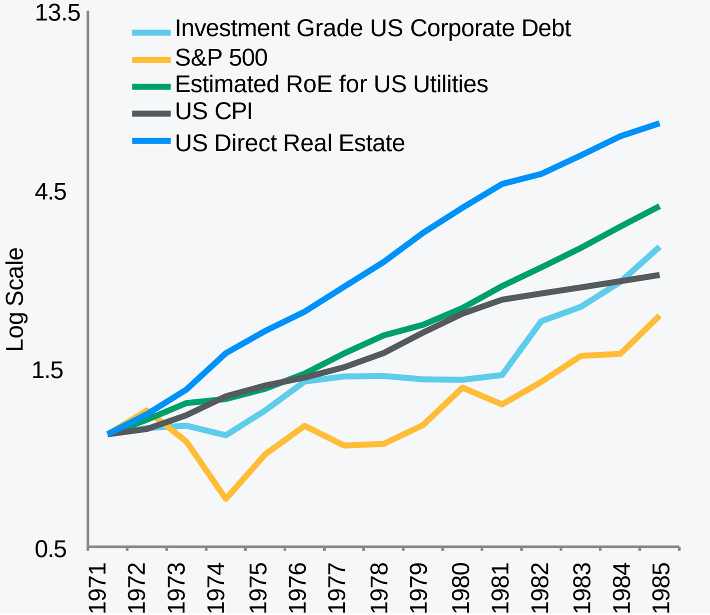
AllianceBernstein

'A Painful Epiphany – Investing in a Post-Pandemic, Post Global World' AllianceBernstein Black Book, March 2023

Real estate/infrastructure as inflation hedges – can benefit during prolonged inflationary environments

Category	Typical major sector exposures	Illustrative inflation sensitive attributes
Core/core+ real estate	Office, industrial, residential, retail, extended sectors	Staggered lease terms which reprice based on inflation expectations, easily levered assets, slow supply response, transparent rental spot market when markets are in equilibrium or tighter
Core/core+ infrastructure	Distribution/regulated, contracted/power, GDP-sensitive	Inflation-indexed returns, expense pass-through mechanisms incorporate input cost

Nominal return and inflation indices, 1971 to 1985

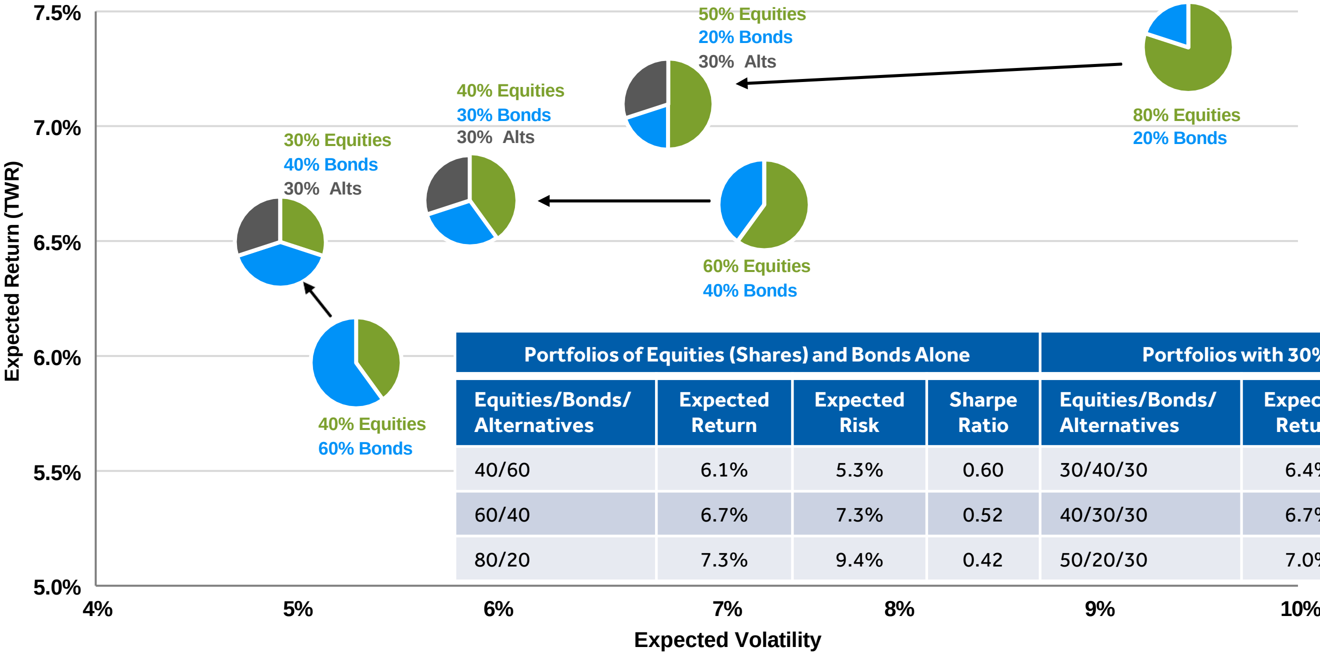


Source: NCREIF, Bloomberg and J.P. Morgan Asset Management. **Past performance is not an indicator of future performance**. For discussion purpose only.

Portfolio diversification: increasing alternatives improves risk/return outcomes

Alternatives and portfolio risk/return

2024 Long-Term Capital Market Assumptions (AUD)

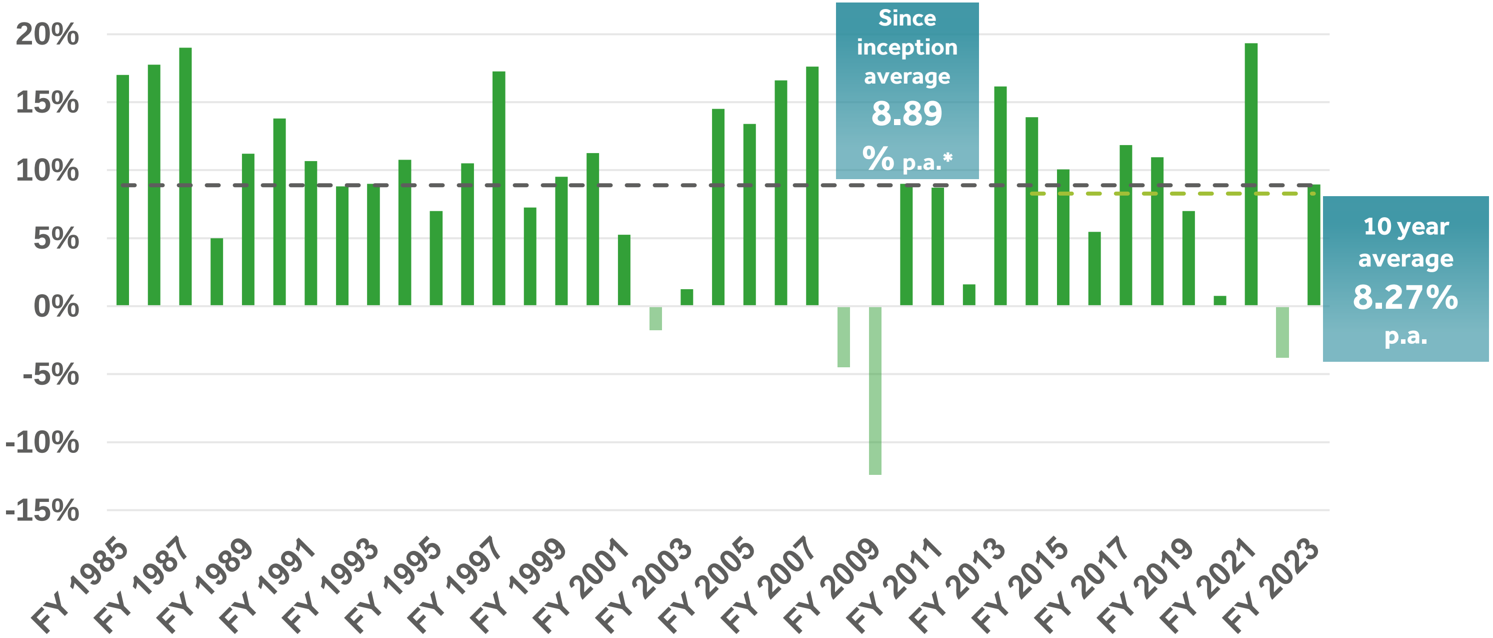


Portfolios of Equities (Shares) and Bonds Alone				Portfolios with 30% Alternatives Added			
Equities/Bonds/ Alternatives	Expected Return	Expected Risk	Sharpe Ratio	Equities/Bonds/ Alternatives	Expected Return	Expected Risk	Sharpe Ratio
40/60	6.1%	5.3%	0.60	30/40/30	6.4%	5.0%	0.70
60/40	6.7%	7.3%	0.52	40/30/30	6.7%	5.9%	0.64
80/20	7.3%	9.4%	0.42	50/20/30	7.0%	6.9%	0.59

Source: J.P. Morgan Asset Management. **Expected returns and expected volatilities are based on 2024 LTCMA asset class assumptions, net of management fees and are denominated in AUD.** Expected returns denotes 10- 15 years of median manager net of fees returns. Equities portfolio is equally weighted between Australian and Global equities; Bonds are equally weighted between Australia and Global bonds and alternatives is a blend of private equity, unlisted property, and unlisted infrastructure based on CBUS allocation. U.S. core real estate is used as a proxy for unlisted property. The expected returns and expected volatilities are for illustrative purposes only and are subject to significant limitations. An investor should not expect to achieve actual returns similar to the target returns and volatilities shown above. Please see the complete Target Return disclosure at the conclusion of the presentation for more information on the risks and limitation of target returns. Forecasts are not a reliable indicator of future performance. For illustrative purpose only.

Cbus Super's diversified approach
delivers more sustained outperformance over the longer term

Growth (MySuper)



Since inception in 1984 to 30 June 2023. Over the past 39 years, the Growth (MySuper) option has delivered an average annual return of 8.89% with 35 of the 39 years being positive. The crediting rate is based on returns minus investment fees, taxes, and until 31 January 2020, the percentage-based administration fee. Excludes fees and costs that are deducted directly from members' accounts.

Past performance is not a reliable indicator of future performance.

Investments in Queensland

Cbus $11.8bn+ Investments in Queensland

Cbus' $11.8bn+ QLD investments diversified across:

Unlisted property investments of $1,778M
(at 31 December 2023)

Unlisted infrastructure investments of $603M
(at 31 December 2023)

Equity investments of over $9,454M*
(at 31 December 2023)

1 William Street, Brisbane
Developed by Cbus Property

The office tower occupies a highly prominent location in Brisbane, comprising of a 43 level A-grade commercial building with Premium services providing approximately 75,000sqm (NLA), including 1,100sqm of retail and 318 car spaces. It is the home of the Queensland Government and public service and is a carbon neutral building.

5.5 NABERS ENERGY — Achieved a 5.5 Star NABERS Energy rating

greenstar 6 — Achieved a 6.0 Star Green Star rating

WELL — Targeting a IWBI WELL rating

*Includes companies that are not registered in QLD, but have significant operations /investments/workforces in the State

Property and infrastructure investments in Queensland

Cbus Asset	Type
Pacific Fair, Broadbeach Waters (ACRT)*	Property: Retail
1 William Street, Brisbane (ISPT)^	Property: Office
443 Queen Street, Brisbane	Property: Residential
205 North Quay (under construction), Brisbane	Property: Office
Central Plaza, 345 Queen Street, Brisbane (ISPT)^	Property: Office
Uptown, Brisbane (ISPT)^	Property: Retail
Green Square North Tower, Fortitude Valley (ISPT)^	Property: Office
Kawana Shoppingworld, Buddina (ISPT)^	Property: Retail
Brisbane Airport (IFM)#	Infrastructure: Airport
Port of Brisbane (IFM)#	Infrastructure: Seaport

Assets are managed by Cbus Property unless specified otherwise:
* Investment through AMP Capital Retail Trust (ACRT)
^ Investment through Industry Super Property Trust (ISPT) (ABN 28 064 041 283, AFSL 247280)
# Investment in the IFM Australian Infrastructure Fund managed by IFM Investors (ABN 67 107 247 727, AFSL 284404)

Pacific Fair
A Cbus investment in property managed by AMP Capital Retail Trust.

An iconic shopping and dining destination at the heart of Queensland's Gold Coast. It is one of Australia's leading centres in size and customer spend.

Port of Brisbane
A Cbus infrastructure investment managed by IFM.

Australia's fastest growing container port and Queensland's largest general cargo port.

Share investments in Queensland

Total investments in companies with registered office in QLD: $730M*

NextDC, Megaport, Novonix (Information Technology)

Suncorp, Bank of Queensland (Financials)

Aurizon, ALS, Reliance, Capral (Industrials)

Stanmore Resources, New Hope (Energy)

Domino's Pizza, Collins Foods, Star Entertainment, Flight Centre (Consumer Discretionary)

Total investments in companies with registered offices outside QLD, but significant operations / investments / workforces in QLD: >$8,724M*

BHP, RIO, Orica, **Glencore PLC**, Sims, CSR (Materials)

Santos, Ampol (Energy)

Seven Group, QUBE, Maas Group, ALS, Downer, Cleanaway, **Boeing** (Industrials)

Metcash, Coles, Woolworths, Harvey Norman (Consumer Staples/Discretionary)

The Big Four Banks, IAG, Charter Hall, PEET Limited (Finance/Real Estate)

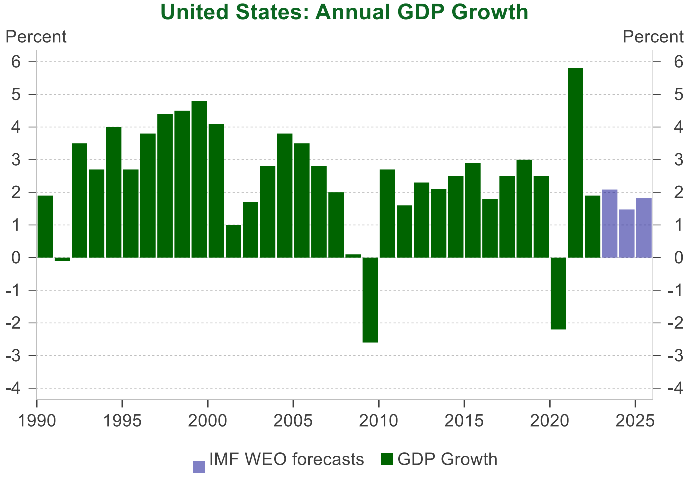
Ramsay (Healthcare)

*As at 31 December 2023

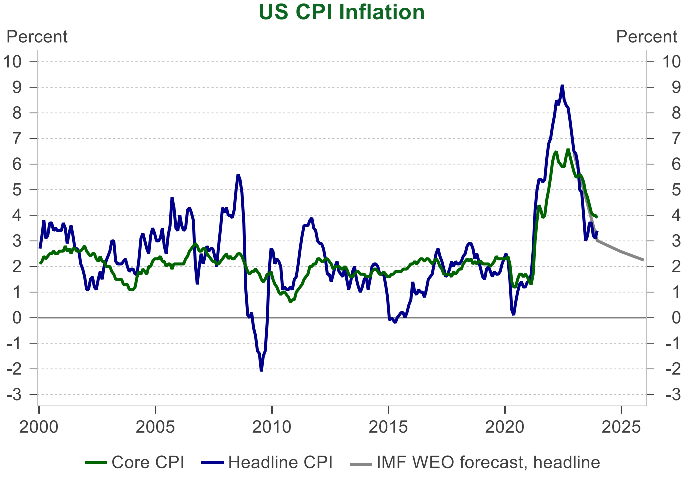
Additional Macroeconomic Charts

Economic outlook for United States

Growth is expected to hold up close to trend…	…while inflation continues falling back towards 2%



Source: Macrobond, U.S. Bureau of Economic Analysis (BEA), International Monetary Fund (IMF)

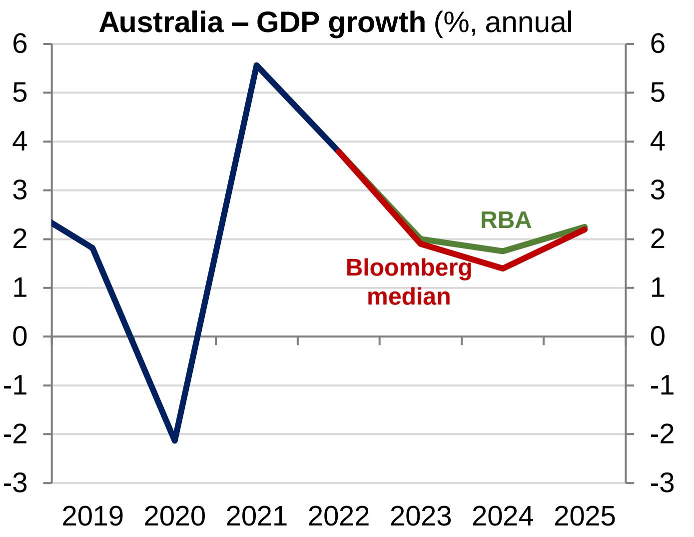


Source: Macrobond, International Monetary Fund (IMF), U.S. Bureau of Labor Statistics (BLS)

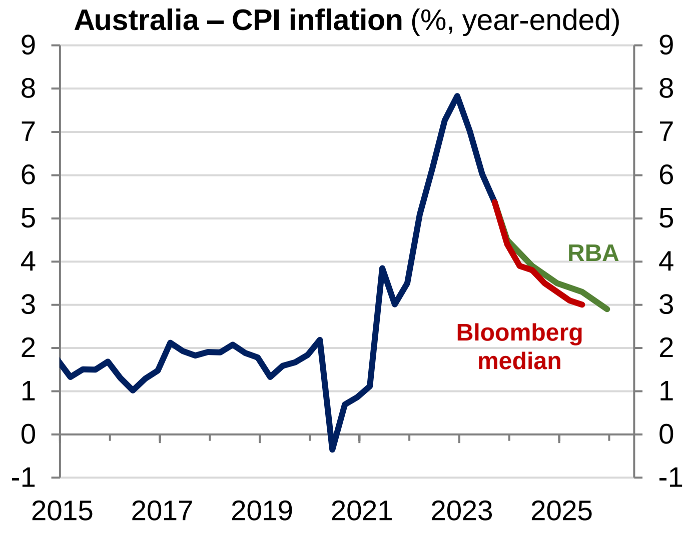
Cbus Super view: Data was consistent with a soft landing over 2023. But the labour market remains tight and wage growth strong. Given strong overall economic performance, **rate cut expectations may be too aggressive**.

Economic outlook for Australia

Growth slowed below trend in 2023, and will remain weak in 2024	This will continue to weigh on inflation, allowing it to continue falling slowly back to target…



Sources: ABS, Bloomberg, RBA, Refinitiv

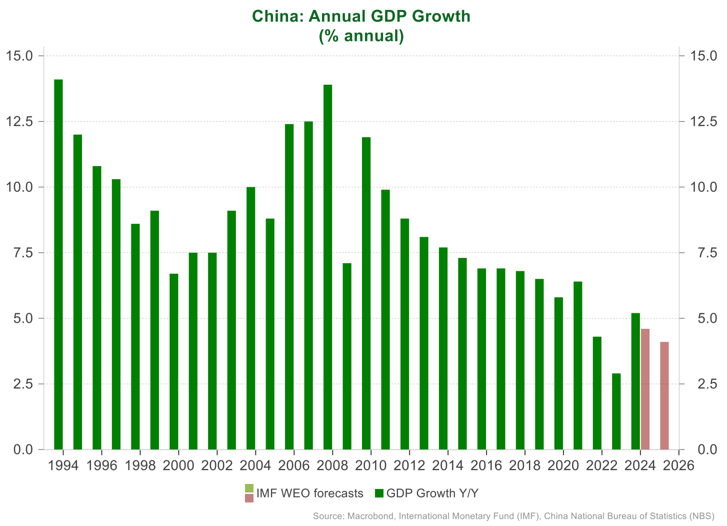


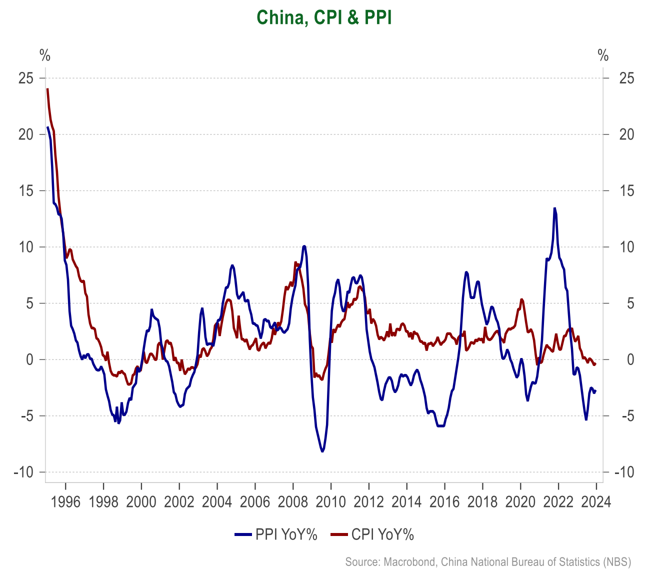
Sources: ABS, Bloomberg, RBA, Refinitiv

Cbus Super view: the consensus view is for growth to remain well below trend, but avoiding technical recession (soft landing). Inflation is likely to ease further, but progress will remain gradual, and monetary tightening to date is likely sufficient to achieve this. **Risks are to the downside for economic growth, more balanced for inflation.**

Economic outlook for China

Consensus view suggests China will only implement sufficient stimulus to maintain GDP growth around 4.5-5% target.	Persistent deflationary pressure due to insufficient aggregate demand





Cbus Super view: Moderate stimulus supporting infrastructure and manufacturing investment are likely to provide some support to the economy, but continued weakness in the property sector and soft consumer sentiment means **growth is likely to slow a little over 2024 and 2025.**

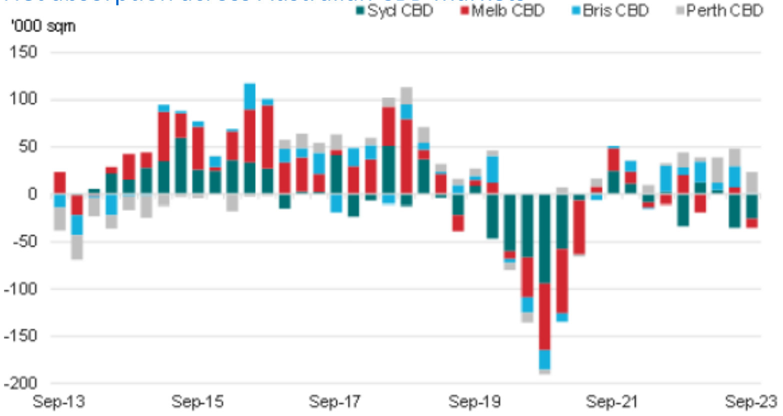
Australian office market fundamentals

"Net absorption has been consistently higher and positive in prime grade stock across key office markets nationally over the past two years."

"High-quality office space in core locations will likely benefit, with employees expressing the desire to work in highly amenitised spaces in central locations."[1]

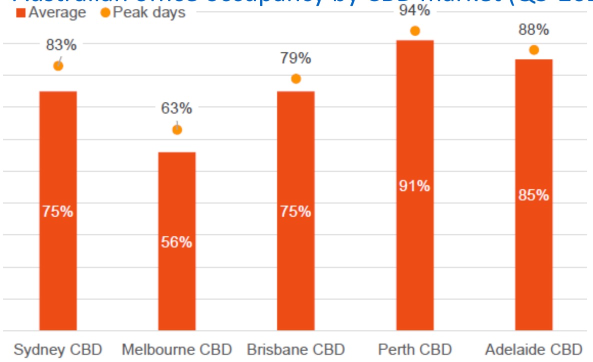
"According to CBRE Research, Perth and Adelaide are now near pre pandemic levels on peak days, while Sydney and Brisbane have robust levels of in office attendance."[2]

Net absorption across Australian CBD markets[1]



Source: JLL Research, Dexus Research

Australian office occupancy by CBD market (Q3-2023)[2]

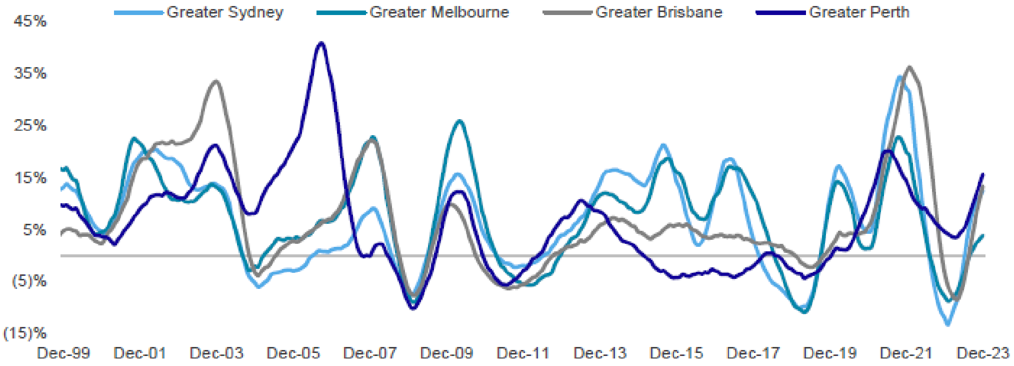


1: "The evolving office sector: Crossroads of amenity, tech and residual WFH effects" Frontier Advisors, November 2023 2: Frontier Adviisors[1] and CBRE Research

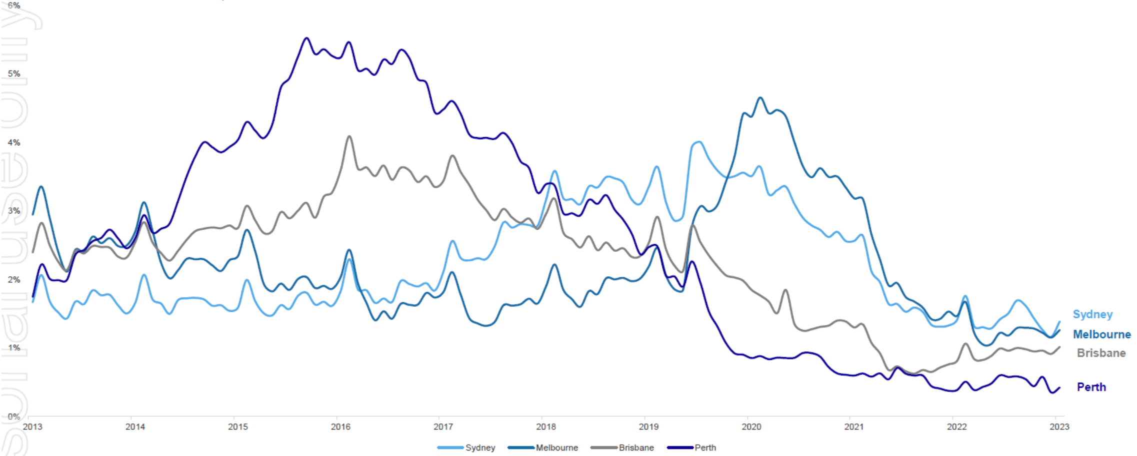
But a more optimistic outlook for residential …
Charts from Stockland's 1H24 Results

… with a sharp recovery in Brisbane's rolling 12 month change in house prices over the last six months.

Capital city house prices – Rolling annual change[1]



Residential vacancy rates[2]



Supported by residential vacancy rates that have persistently been at or around 1% since Covid.

"WA and Queensland are the only states with a positive rate of interstate migration that helps support housing demand, and they're relatively affordable markets."[3]

Tim Lawless,
CoreLogic research director.

1: CoreLogic December 2023
2: SQM Research, December 2023
3: "Regional housing outpaces capitals as rates rise" by Nila Sweeney, AFR 27 February 2024

Thank you

Questions?