Cbus - Indexed Diversified

Author: Alex Warren **Published:** 01 Apr 2026

Data is provided by the manager at 30 Jun 2025, and currency in AUD, unless otherwise stated

Recommended

Refer to glossary for definition of the rating

Product Review

About this Product

Benchmark	SR50 Balanced (60-76) Index#
Product structure	Super Option
Product size	$96.20m
Inception date	Feb 2022
Asset class	Multi-Asset
Sector	61-80% Growth Assets
Growth/defensive split	75/25
Peer group	Superannuation
Rated peers	26

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	High
Tenure of Decision Makers	Low
Complex (RG240)	No
Strategy Remaining Capacity	N/A
ESG Approach	Risk or Value
Peer Relative Fees and Costs	Below median

Annual Fees and Costs (% p.a.)

Administration fees and costs	0.36
Investment fees and costs	0.07
Net Transaction Costs	0.05
Buy/Sell Spread	0.00/0.00
Annual fees and costs	**0.48**

Source: FE fundinfo, PDS Date: 01/Sep/2025

Product Opinion

The Option has been initiated at a '**Recommended**' rating, reflecting confidence in the investment team, despite recent senior team departures, and the long-term robustness of the SAA. Performance has not been materially compromised by the operational challenges faced at the trustee level, though this is largely expected given the passive nature of the strategy.

The Option's return target is modest relative to peers with a comparable growth/defensive allocation. The Trustee has faced multiple adverse regulatory findings relating to governance and claims handling, with rectification programs ongoing. Board composition remains a concern, with the limited depth of investment management expertise across the IC considered a weakness relative to peers. The departure of CIO Brett Chatfield is the latest in a series of senior exits that have materially reduced co-tenure within the senior investment team.

Lonsec Rating Model

Rating key: ●●● Above ●●○ In-line ●○○ Below

Factor	Peer Rating	YoY Score Change
Business	●●○	—
Team	●●○	—
Process	●●●	—
ESG	●●●	—
Product	●●●	—
Fees	●●●	—
Performance	●●○	—

Allocation Profile

Core	■	
Satellite		
	Low Complexity	High Complexity

Return Profile

Income		
Capital		■
	Defensive	Growth

Strengths

- Well resourced and experienced senior members of the investment team.
- Multi-layered investment risk management process with good 'look-through' visibility into underlying exposures.

Weaknesses

- The Option's return target of CPI+2.25%, is modest relative to peers with a comparable growth/defensive allocation.
- The Trustee has faced adverse regulatory findings relating to governance and claims handling, with rectification efforts ongoing.
- A series of high-level departures has materially eroded co-tenure among key decision makers.
- Rapid team expansion and the development of internal capabilities may present a short-term distraction from the core investment function.

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Key Facts

Key Objectives

Investment objective	Deliver a return of inflation plus: 2.25% a year over rolling 10-year periods
Internal return objective	N/A
Internal risk objective	Limit number of negative return years to 5-6 years every 20 years

Rating History

This is the initial review of the Product.

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

Asset Allocation (%) (as at 30/06/2024)

	SAA Benchmark %	Min %	Max %	Current Allocation %
Australian Equities	32.00	15.00	55.00	31.97
International Equities	43.00	10.00	60.00	43.71
Australian Fixed Interest	10.00	0.00	40.00	9.94
Global Fixed Interest	10.00	0.00	40.00	10.01
Cash	5.00	1.00	40.00	4.37
Total	100.00			100.00

Performance Analysis - annualised after fees at 31/12/2025

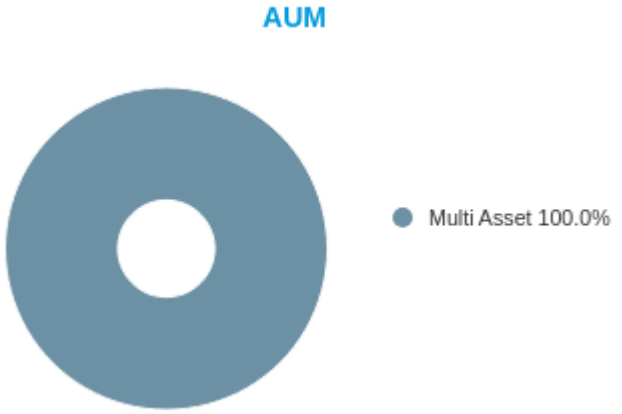
	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	9.98	9.51	11.64	10.51	11.98	10.59	-	7.73
Standard deviation	5.84	4.69	5.46	4.48	6.13	4.93	-	5.80
Excess return (% p.a)	1.17	0.93	1.65	1.23	1.99	0.59	-	0.53
Outperformance ratio (% p.a)	66.67	66.67	66.67	62.50	66.67	61.11	-	55.00
Worst drawdown (%)	-3.84	-2.94	-3.84	-2.97	-4.29	-3.86	-	-9.02
Time to recovery (mths)	2	-	2	2	2	2	-	-
Sharpe ratio	1.03	1.12	1.36	1.43	1.29	1.29	-	0.87
Information ratio	0.83	0.90	1.20	1.20	1.32	0.90	-	0.27
Tracking error (% p.a)	1.42	1.24	1.37	1.16	1.50	1.50	-	1.78

Lonsec Peer Group: Multi-Asset - 61-80% Growth Assets - Superannuation
Product Benchmark: SR50 Balanced (60-76) Index#
Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD
Time to recovery: NR - Not recovered, dash - No drawdown during period

Business

Facts

Fund Name	Construction and Building Unions Superannuation (Cbus)
Fund ABN	75 493 363 262
Inception Date	Jul 1984
RSE licensee profit status	Not For Profit
Membership	929,000



Governance

% Independent board members	14
% Female board members	29
Independent chair	Yes
CEO as Chair	No
Separate Audit Committee	Yes

Metrics

Total AUM	$105.0b
Investment Management Headcount	889
Investment Professionals	102
Sales & Service	175

Who is the Manager?

CBUS ('the Fund') is a large 'not for profit' industry superannuation fund, managing over $109bn in retirement savings for ~930,000 members as at 31 December 2025. The Fund operates a hybrid investment model and continues to grow its internal management capability, with approximately 37% of funds under management ('FUM') managed internally (52% including related parties). Reflecting its construction-industry roots, CBUS has developed particular expertise in real assets dating back to its inception in 1984. The Fund employs 978 individuals, 106 of whom form the investment team.

Lonsec Opinion

Profitability

The Fund is considered a leading Australian provider of superannuation services and is one of the largest funds in the superannuation industry. With the current levels of FUM (~109bn), the Fund is considered to have sufficient scale to benefit members in terms of lower costs and reinvestment in member services.

Business Track record

CBUS was initially established in 1984 for the building and construction industry. The Fund has since broadened its reach through M&A and now services members from other industries, such as the media and energy sectors. The Fund has grown its FUM sustainably since inception and has made key/successful acquisitions since the YFYS reforms. The Fund has a proven long-term track record of managing multi-asset portfolios with noted local expertise in real estate assets through its subsidiary, CBUS Property Pty Ltd.

Business Ownership

The Fund operates on a profit-for-members structure, with members and sponsors owning the Fund. This structure is well aligned with the long-term focus of providing retirement benefits to members and acting in their best interests.

Business Governance

CBUS's governance framework continues to face regulatory scrutiny, though remediation efforts continue. Following several adverse regulatory findings, CBUS has entered into a Court Enforceable Undertaking (CEU) with APRA addressing operational risk management and claims handling, with death benefit payment policies revised and independently reviewed. An APRA-approved rectification plan is underway following Deloitte's 2024 review of Additional License Conditions, which identified deficiencies in director skills and succession processes as well as partnership expenditure oversight. The Board comprises 14 members with two independent Directors and an independent Chair. While composition has improved, with sponsor organisations demonstrating greater awareness of appointee skill requirements, independence remains below peers. The IC consists of seven Board Directors, with six sponsor-appointed and one independent. The limited depth of direct investment management experience across the IC limits the committee's oversight capacity and is considered a relative weakness, particularly given the portfolios' complexity. Despite meaningful progress, material governance concerns persist and outcomes will continue to be closely monitored.

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Team

Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Leigh Gavin	CIO	No	2023	26/2	9
Justin Pascoe	Strategy lead	No	2024	36/2	26
Jordan Kraiten	Portfolio management	No	2024	21/2	21
Linda Cunningham	Portfolio management	No	2016	39/9	31
Myooran Mahalingam	Portfolio management	No	2022	25/3	15
Matt Kempton	Portfolio management	No	2025	22/0	13

KDM Change*

	Function	Change	Type	Tenure (yrs)	Date of change
Matt Kempton	Head of Equity Strategies	Joined	New	<1	01/08/2025
Leigh Gavin (Promotion)	CIO	Joined	Internal	2	30/04/2025
Brett Chatfield	CIO	Departed	Exit	12	30/04/2025
Justin Pascoe	Head of Portfolio Construction	Joined	New	<1	05/08/2024
Alexandra Campbell	Deputy CIO	Departed	Exit	3	01/05/2024
Mark Ferguson	Head of Total Portfolio Management	Departed	Exit	3	01/04/2024
Jordan Kraiten	Head of Private Markets	Joined	New	<1	01/02/2024
Leigh Gavin	Head of Portfolio Strategies	Joined	New	<1	01/10/2023
Kristian Fok/Brett Chatfield (Promotion)	CEO / CIO	Joined	Internal		01/06/2023

* Last 3 years

Profile

Size	102
Structure	Decentralised
Turnover	Medium

Alignment

Performance-Based bonus	Yes

Resources

	Number	Average Years Experience
Key decision makers	6	25
Portfolio Managers	27	23
Hybrid portfolio manager/ analysts		
Dedicated analysts	34	13
Dedicated dealers	3	13
Quantitative	12	7
ESG/Sustainability	9	14
Macro	8	11
Investment Specialists	3	24

Who is the Team?

The investment team is led by Leigh Gavin, who was promoted to the position following the departure of Brett Chatfield in April 2025. Gavin joined the Fund in 2023 as Head of Portfolio Strategies, before being appointed as Deputy CIO in February 2025. Before joining CBUS, Gavin held senior investment roles across the superannuation and consulting sectors, including five years as CIO of LUCRF Super ($7.4b fund acquired by AustralianSuper), almost two years as Head of Investment Model Design at AustralianSuper, and 14 years as a Consultant at Frontier Advisors ('Frontier'). While the Deputy CIO position will be dissolved, Gavin is assisted by Justin Pascoe (Head of Portfolio Construction and Execution), Jordan Kraiten (Head of Private Markets), Jess O'Brien (Head of Strategy & Portfolio Performance), Myooran Mahalingam (Head of Equity Manager Selection & Portfolio Construction), Matt Kempton (Head of Equity Strategies), Linda Cunningham (Head of Debt and Alts) and Rosalind McKay (Head of Responsible Investment). Despite increased high-level turnover in recent years, Gavin remains supported by well-credentialled sector 'Heads of', recently bolstered by the appointment of Justin Pascoe, a previous CIO at VFMC.

The Investment Committee ('IC'), chaired by Stephen Dunne, consists of seven voting members and two observers. Given that the majority of IC members are sponsor-appointed with limited direct investment management experience, the committee relies heavily on the investment team's advice on investment matters, with the majority of relevant investment expertise residing within the investment leadership team.

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Lonsec Opinion

Skill

The investment team holds a good blend of skills and experience across asset consulting, economics, funds management, actuarial, and quantitative research backgrounds. Although recent senior hires are well credentialed with industry experience, credible investment track records are still in development. Gavin is new to the role but has sufficient delegation of responsibilities across the senior team, providing oversight on investment decision-making and leading the internalisation strategy. The Board has delegated responsibility to the IC for implementing the Fund's Investment Governance Framework, with the presence of Stephen Dunne as IC Chair considered a positive, significantly bolstering the investment experience within the committee.

CBUS has appointed Frontier as its primary asset consultant for manager research and asset allocation advice. The relationship is strong, though the growth in internal capabilities has reduced the support required from Frontier. As a domestic consultant, Frontier lacks the global reach but CBUS supplements this by opportunistically engaging global consultants for specific asset classes.

Team Size

The investment team comprises 102 professionals and is structured across a mix of asset classes and strategies. The significant growth in staff numbers in recent years reflects the continued internalisation of roles previously outsourced, with hires targeted deliberately following Investment Strategy Reviews that assessed the resource requirements of the Fund.

The team operates a hybrid model, with approximately 37% of FUM internally managed as at 31 December 2025 and a target of approximately 50% by 2028, with no intention to fully internalise. Internalisation is not without risk, and beyond the operational and execution risks associated with building internal capabilities, internally managed assets introduce structural complexities that differ meaningfully from external management. These include the relative difficulty of unwinding internal teams compared to terminating an external manager mandate, and the ongoing challenges of maintaining culture, organisational cohesion, and rigorous risk and governance oversight as the team scales. CBUS has managed these challenges effectively to date.

Track Record/Co-Tenure

The key decision makers have a demonstrable track record developed over multiple market cycles, though co-tenure among the senior investment team remains limited relative to peers. There have been several high-level staff departures in recent years, the most recent being CIO Brett Chatfield. This follows Alexandra Campbell (Deputy CIO) and Mark Fergusson (Head of Total Portfolio Management) a year prior. While these losses represent a material erosion of co-tenure, the Fund has responded by adding strong senior resources and pleasingly, has not been subject to the same level of organisational disruption associated with the large-scale mergers of some peers. Staff turnover and the development of co-tenure will continue to be monitored.

Alignment

The alignment of interests between the Option and investment team is in line with peers and the Fund's 'not for profit' philosophy. The investment team largely has its own superannuation invested in the Fund, and a select number of roles now participate in a variable pay program, with total reward incentives ranging from 0-60%. The Fund has been proactive in developing its remuneration policies and strategies, which is an important consideration given the scale of internalisation underway and the subsequent need to attract and retain talent while maintaining a cohesive culture.

Key Person Risk

Key person risk has materially increased since the previous review and is primarily concentrated on CEO Fok, who was the CIO for many years, preceding the promotion of Brett Chatfield's to CIO and then recent departure. This risk is partially mitigated by the appointment of CIO Gavin and Justin Pascoe as Head of Portfolio Construction, who each bring significant superannuation expertise, as well as the considerable involvement of other senior investment team members in the decision-making process.

IC chair, Stephen Dunne, brings more than 25 years of investment experience and, given the committee's reliance on his expertise to compensate for the broader lack of investment management experience, represents a meaningful source of key person risk at the governance level.

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Process

What is the Investment Process?

The Option provides exposure to a broad range of global asset classes and seeks to provide investors with a superior return profile through long-term strategic asset allocation (SAA) and a lower fee arising from the passive management of the strategy.

The SAA framework model captures both 10-year assumptions as well as long-term equilibrium assumptions, risks and opportunities over both these timeframes. As a passive alternative option, this Option does not employ dynamic or tactical asset allocation. To minimise costs, the Option is restricted to the major public equity and bond asset classes, which results in a less diversified portfolio relative to active multi-asset peers.

The IC meets six times a year with the CBUS CEO, CIO, CFO, CRO, members of the investment team and Frontier representatives also in attendance. The IC reviews and approves the SAA on an annual basis, as well as setting asset class strategies and liquidity thresholds. Appointing and terminating Equity managers has been delegated to the Equity Portfolio Construction Committee (consisting of Gavin, Pascoe, Kempton, Matt Moore and Mahalingham), who meet annually.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Style	Passive
Asset Allocation Approach	SAA
Sector Exposure	Multi-asset
Available Universe	Listed equities, Fixed Income & Cash

The Option's portfolio is constructed appropriately and in line with the Fund's investment philosophy, with positions reflecting investment objectives, the relative attractiveness of asset classes, and applicable investment constraints. This Option was designed as a passive alternative to the Balanced (MySuper) option. Unlike the Fund's actively managed multi-asset options, the role of the team and Frontier in this Option is intentionally minimal and primarily focused on asset allocation. This level of involvement is appropriate given the Option's passive investment approach. The portfolio is diversified across several asset classes, including equities, fixed income and cash. This is narrower in breadth relative to active peers.

Research Process

Idea generation	Systematic framework with a qualitative overlay
SAA review frequency	Annual
DAA/TAA signals	Fundamental, Valuation, Policy and Momentum/Technicals
Managers actively tracked	N/A
External consultant	Frontier

The asset allocation process is considered robust, with the SAA formally reviewed and approved by the IC on an annual basis, supported by Frontier. The process benefits from the growing proprietary research capability within the internal investment team, which has reduced reliance on external consultants while strengthening the quality of investment ideation and asset allocation decision-making.

The manager review process employs a dual layer of research conducted by both Frontier and the internal investment team, with detailed due diligence and sound documentation for manager selection. The process is considered rigorous and well-articulated, though its relevance to this Option is somewhat limited given the comparatively smaller number of managers utilised relative to the Fund's actively managed options.

Process *(continued)*

Portfolio Construction

Portfolio decision making	Team based
Approach to benchmark	Aware
Typical number of managers	1
Use of mandates	No
Use of alternatives	No
Use of unlisted assets	No
Allocation to related/affiliated exposure	N/A

The portfolio consists entirely of underlying indexed strategies, emphasising cost efficiency and simplicity. Unlike the active Options, where several return drivers play a more significant role, cost considerations were the primary driver of allocation decisions.

The Option's investments are outsourced to external managers utilising pooled trusts. Mandate tailoring or blending individual asset class exposures is considered to enhance portfolio construction and improve control over product design to achieve targeted performance and tracking error objectives. However, it acknowledges that for index funds, economies of scale play a crucial role in keeping costs low, making such customisation less practical or necessary.

Capacity Management

Capacity is not a concern for this Option given the passive approach and investable universe.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Monthly
Primary risk management system	BarraOne
Rebalancing frequency	Daily
Rebalancing bands	+/- 0.5%
Country Limits (Min./Max.)	N/A

At the broad level, the Fund's scenario/risk analysis process ensures the Option is not overly exposed in any one macro scenario. Research and systems are used to examine the style, sector and country exposure characteristics of the sector portfolios and blend managers. CBUS has an extensive risk management framework that incorporates due diligence, liquidity, counterparty risk and valuation policies.

The Investment Team fulfils its operational risk management responsibilities with the support of the Forum for Operational Risk Management (FORM). CBUS also has a Forum for Investment Risk Management (FIRM) to provide a dedicated management group focused on the key investment material risks, and endorse recommended actions to the Risk Committee and/or Investment Committee.

The Fund maintains a 40% threshold for unlisted assets, reflecting the added complexity these investments introduce, particularly in periods of market stress when liquidity is highly sought after. Despite this concentration in illiquid assets, the Fund's stress testing framework appears sound and is complemented by detailed liquidity planning.

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ESG

Manager Positioning - Product

Responsible investment style	ESG Integration
ESG approach	Risk or Value
Sustainability thematic	General Sustainability or Impact
Non-financial objective	None

What is the Manager's ESG approach for this product?

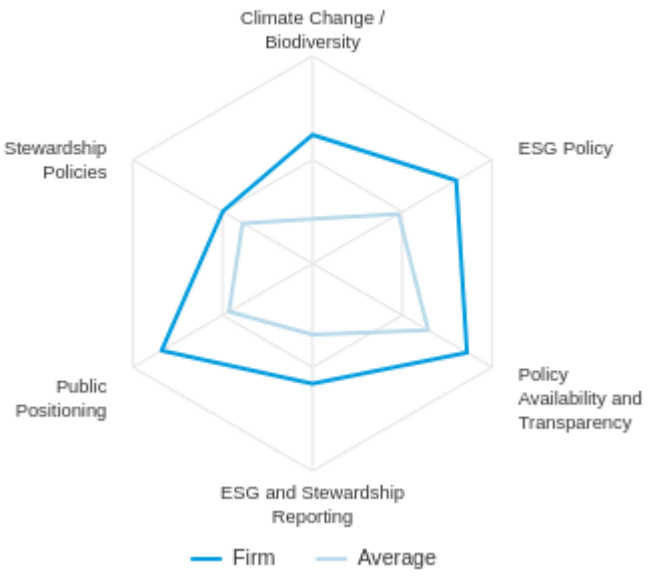
The Fund has indicated that their Responsible Investment style is "ESG Integration" and as such, they consider Environmental, Social and Governance factors when assessing investment opportunities. With a primary ESG style of "Risk or Value", Funds will determine inclusion based on the balance of overall risk (including ESG risk) and potential return. As a result, this approach may mean that lower-quality ESG companies are included if the return potential is sufficient, which may conflict with some clients' perception of what a strong ESG process would deliver.

Lonsec Opinion & Supporting Facts

Overview

ESG Process Score	High
Responsible Investment strategy risk: Clarity, measurability & reporting	N/A

ESG Snapshot



Manager Level Approach

The Fund's overall ESG policy framework and disclosure are ahead of its peers. The Fund is committed to integrating ESG in the investment process with clear evidence of public positioning and a robust policy framework. The responsible investing, proxy voting and engagement policies are available on the firm's website. The proxy voting framework and reporting are in line with peers, supported by a fair framework with publicly available reporting. While the engagement policy provides a robust framework, reporting on engagement outcomes primarily focuses on equity investments.

Product Level Approach

While there may be elements of ESG integration undertaken in underlying asset classes, there is no clear ESG structure at the overall portfolio level, minimum ESG requirements for underlying assets, or required styles of ESG integration. The Fund incorporates climate risk into their capital market assumptions for this product. The Fund applies screens at the overall portfolio level and performs some look-through monitoring. The Fund has a strong overall ESG element in their manager selection process. External managers are subject to minimum ESG investment standards, enforced through contractual obligations. Documentation requirements are appropriate. There is ongoing monitoring of the policies of sub-managers. Ongoing monitoring of the portfolios of the underlying managers is performed. Proxy voting is retained by the Fund, which ensures that voting is consistent with CBUS policies and values.

Strategy: Clarity, Measurability & Reporting

This product does not make any specific claim to being a sustainable, ethical or impact offering. As such, an alignment review for the product is not required thus the product's risk of misalignment has been assessed as N/A.

Product

Service Providers

Registrable Superannuation Entity	Construction and Building Unions Superannuation (Cbus)
Custodian	J.P. Morgan
Administrator	MUFG
Fund Auditor	Ernst & Young, PricewaterhouseCoopers
Change in Key Providers? (Over last 12 months)	No

Product Details

Product size	$96.20m
Fund 12-month net flows	Positive
Buy/sell spreads	0.00%/0.00%
Net transaction costs	0.05
Product type	Registrable Superannuation Entity
Unlisted asset valuation frequency	N/A
Valuation externally audited	Annual

What is the Product Structure?

The Fund is a registrable superannuation entity (RSE) for which United Super Pty Ltd is the issuer and the Trustee. APRA regulates the trustees of superannuation funds who are required to act in the best interest of their members. Assets are held within a pooled, unitised superannuation trust structure, with unit pricing calculated at the Option level. The structure supports investment in both liquid and illiquid assets, with liquidity and valuation managed through established governance processes.

The Fund internally manages over 37% of its assets, with the remainder managed by external managers.

The Fund is subject to the Federal Government's YFYS reforms, which came into effect on 1 July 2021. A key requirement for APRA under these reforms is to conduct an annual Performance Test, which aims to increase the transparency and accountability of superannuation funds, particularly concerning underperformance. Failure of the Performance Test can halt future contributions and lead to member outflows for the Option.

Lonsec Opinion

Service Providers

The Fund employs well-established and reputable service providers. The RSE is a related entity responsible for operating and managing the superannuation fund, holds an AFSL and is required to comply with its AFSL and RSE obligations as outlined under law and the APRA standards. APRA has not flagged any concerns with the RSE at the time of this review. Recent regulatory action taken against the Trustee in relation to claims handling has highlighted the operational risks inherent in outsourcing the administrator function, and the extent to which member outcomes remain the Trustee's responsibility regardless of the performance of third-party service providers. While there is no strong preference for internal versus outsourced administration, funds that manage this function internally retain greater direct control over member-facing processes and outcomes. The reliance on an external administrator is perceived to reduce operational risk but introduces greater governance risk that, while common among peers, requires robust reporting and oversight to mitigate.

Operational 'Red Flags'

The Option is solely invested in major equity and bond asset classes through passive strategies, unlike the Flagship Balanced Option, which allocates a reasonable amount to assets that are not marked to market. Consequently, the Option is less diversified and exhibits higher equity market beta and volatility than other investment options and actively managed peers. That said, there are no operational red flags with this strategy.

Wind-up Risks

The total assets for superannuation products were $109bn as of 31 December 2025, indicating strong market support. Further, at the time of this report, the product has a healthy buffer against the Performance Test. As such, the windup risk is considered low.

Fees

Annual Fees and Costs (% p.a.)

Administration fees and costs	0.36
Investment fees and costs	0.07
Net Transaction Costs	0.05
Buy/Sell Spread	0.00/0.00
Annual fees and costs	**0.48**

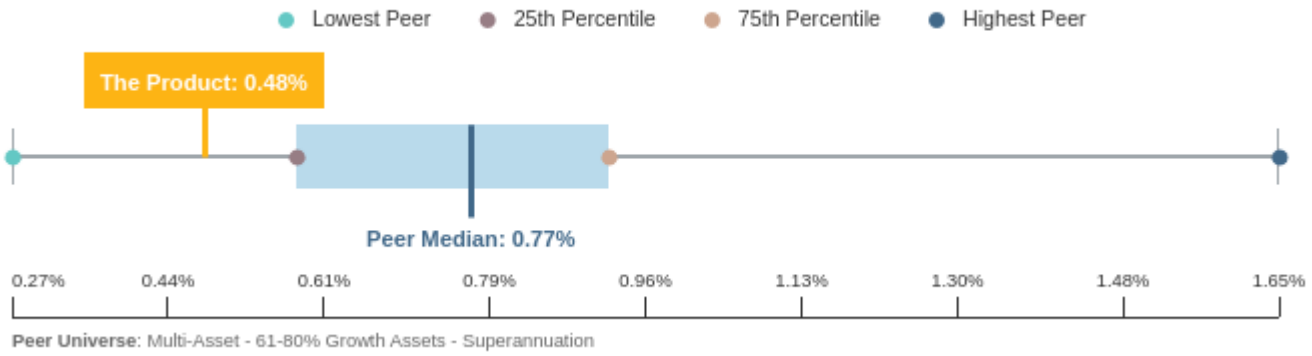
Source: FE fundinfo, PDS Date: 01/Sep/2025

Fees Explained

Fees for the Option are disclosed clearly and comprise investment fees, transaction costs and separate administration fees.

On a $50,000 account balance, total administration fees equate to approximately 0.364% p.a, which includes a flat fee of $52 p.a., 0.190% of account balances (up to $1,000 p.a.), and 0.070% deducted from Fund reserves. Where administration costs exceed member fees collected, CBUS meets these costs from reserves rather than deducting them directly from member balances.

Annual Fees and Costs Peer Comparison



Peer Universe: Multi-Asset - 61-80% Growth Assets - Superannuation

Lonsec Opinion

Annual Fees and Costs

The Option's absolute fee load (AFC of 0.484% p.a.) is considered high relative to passive peers.

Fairness

The AFC is considered relatively less competitive when compared to passive superannuation peers, given there are lower diversified index peer offerings.

Performance

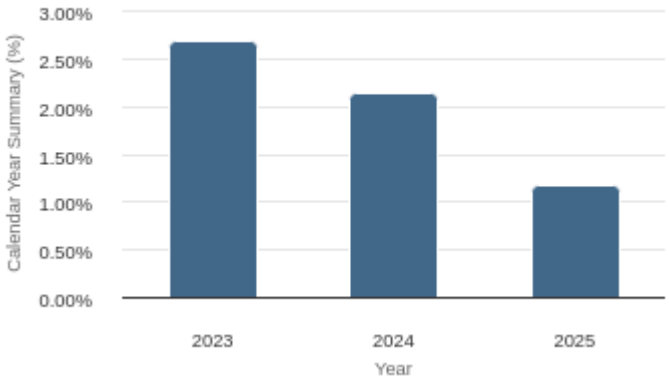
Performance Summary

PDS return objective	Deliver a return of inflation plus: 2.25% a year over rolling 10-year periods
Internal return objective	N/A
Internal risk objective	Limit number of negative return years to 5-6 years every 20 years
Product benchmark	SR50 Balanced (60-76) Index#
Lonsec peer group	Superannuation

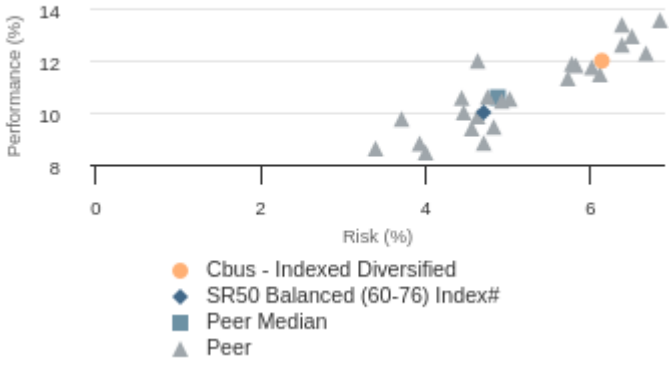
Alpha Generation

The Option was incepted in February 2022 and is still building a meaningful track record. To date, the Option has generated solid absolute returns, producing an excess return (against CPI+ 2.25%) of 6.23% p.a. over three years to 31 December 2025, comfortably achieving its internal return objective. Returns have consistently been in line with passive peers, reflecting a stable return outcome driven by the Fund's strategic asset allocation.

Calendar Year Excess Return



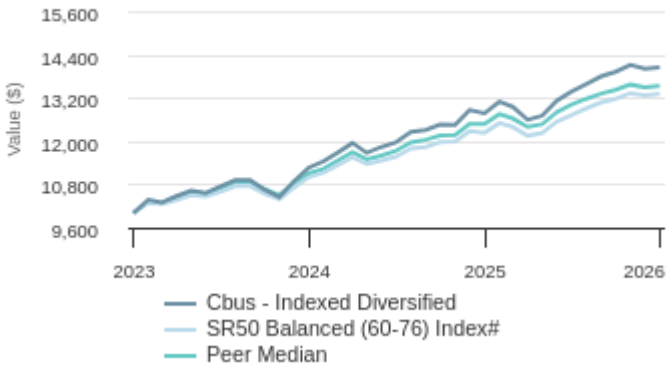
3 Year Risk and Return



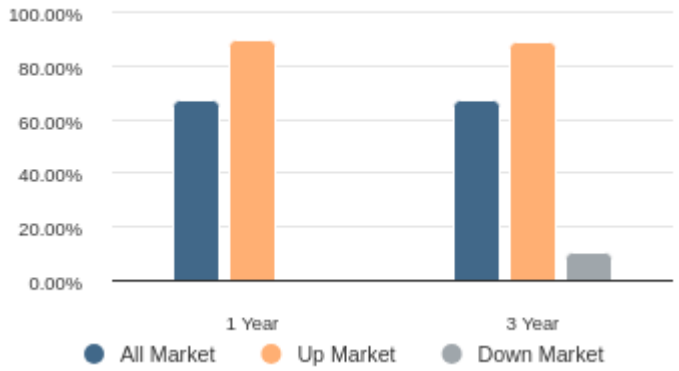
Alpha Consistency

Given the product's inception date, return outcomes over the medium and long term are yet to be demonstrated. Returns to date however, have consistently been in the top quartile within Lonsec's superannuation peer group. The Option demonstrates a strong ability to participate in positive markets while underperforming in weaker periods, as expected given its passive strategy.

Growth of $10,000 Over 3 Years



Returns Consistency

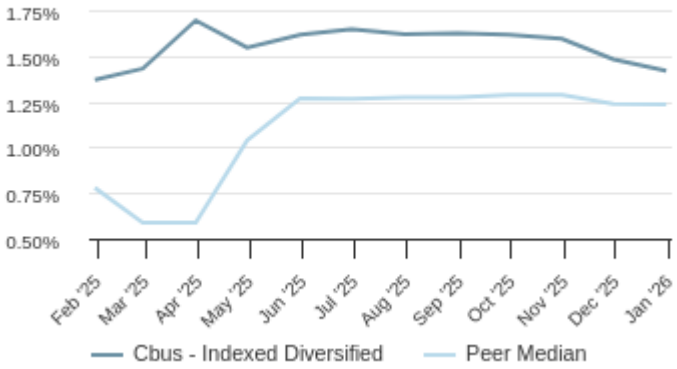


Performance *(continued)*

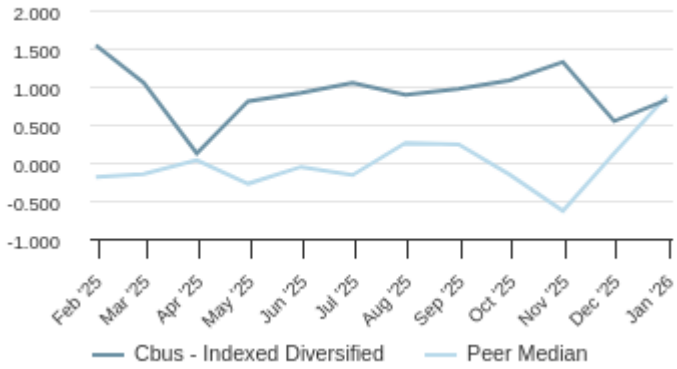
Benchmark Relativity

Benchmark relativity is a less useful measure for multi-asset portfolios. The Option exhibits a tracking error that closely resembles the benchmark index, given its passive strategy.

1 Year Rolling Tracking Error Over 1 Year



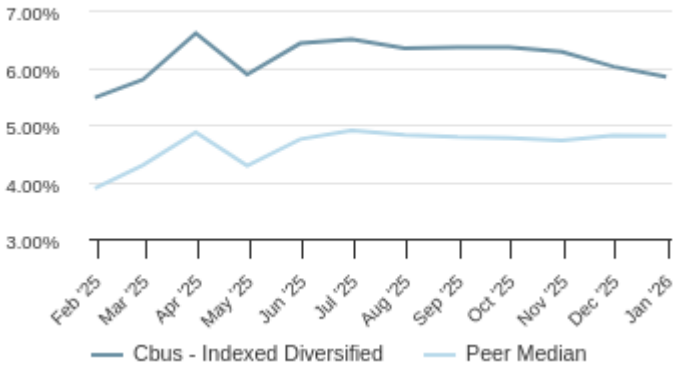
1 Year Rolling Information Ratio Over 1 Year



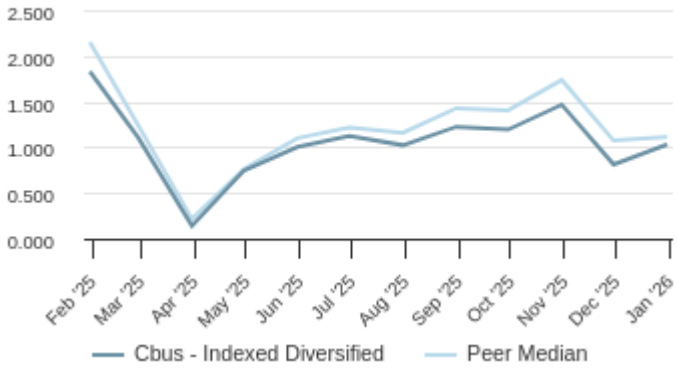
Return Volatility

The Option's volatility profile is above peers and consistent with its passive approach and exposure to public markets. Given the narrower breadth of asset classes relative to active products, the Option is expected to exhibit a higher volatility profile. The Option's Sharpe Ratio is additionally in line with peers.

1 Year Rolling Standard Deviation Over 1 Year



1 Year Rolling Sharpe Over 1 Year

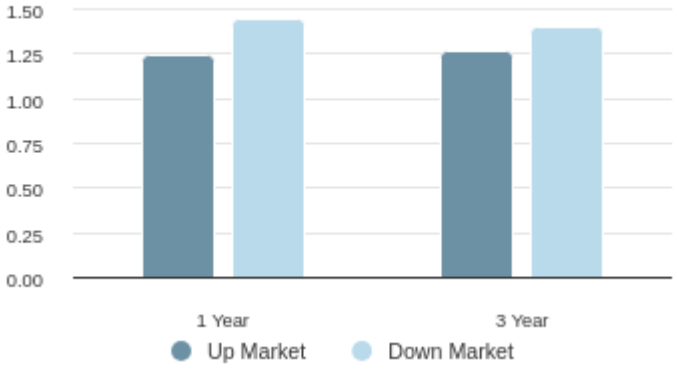


Product Defensiveness

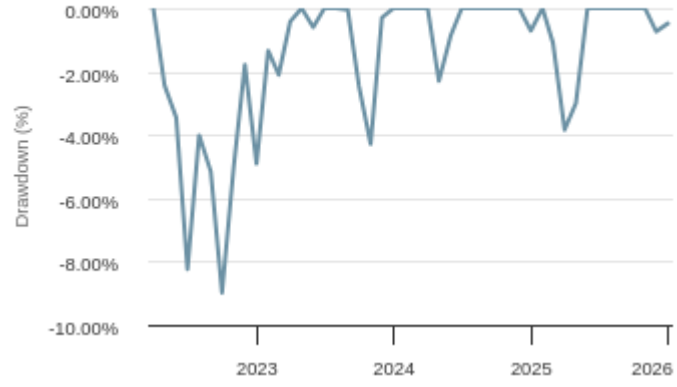
The Option exhibits a drawdown profile above the broader peer group. This is expected due to the passive nature of the strategy, with a narrower breadth of asset classes and higher allocation to listed equities.

As shown in the Market Capture Ratio chart, the Option typically captures more upside and downside relative to the market, over the long term. Again reflecting its high allocation to listed equities.

Market Capture Ratio



Drawdowns



Ratings

'**Highly Recommended'** rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.
'**Recommended**' rating indicates that Lonsec has strong conviction the product can meet its investment objectives.
'**Investment Grade'** rating indicates that Lonsec has conviction the product can meet its investment objectives.
'**Approved**' rating indicates that Lonsec believes the product can meet its investment objectives.
'**Not -Approved'** rating indicates that Lonsec does not believe the product can meet its investment objectives.
'**Closed / Wind Up'** status is applied when the product has been closed.
'**Fund Watch'** status is applied when a rating is under review due to the occurrence of a significant event relating to the product.
The '**Redeem**' rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.
The '**Screened Out'** rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.
'**Discontinued Review'** status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.
The '**Ceased Coverage'** status is applied when a rated product is withdrawn from the research process by the product issuer.

General

Climate Change / Biodiversity: the extent to which a manager has a leading climate and biodiversity policies.
ESG and Stewardship Reporting: the transparency, accessibility and usefulness of a manager's reporting.
ESG Policy: the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.
Excess return: Return in excess of the benchmark return.
Information ratio: Relative reward for relative risk taken (Excess Returns / Tracking Error).
Key decision maker (KDM): A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.
Market capture ratio: A product's performance during either 'up' or 'down' market trends relative to an index.
Policy Availability / Transparency: the ease of public access to, and transparency of, a manager's overall ESG policy suite.
Public Positioning: the resolve of a manager's commitment to ESG as ascertained by their public positioning.
Returns consistency: The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.
Sharpe ratio: Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.
Standard deviation: Volatility of monthly Absolute Returns.
Stewardship Policies: the strength of a manager's proxy voting and engagement policies with respect to ESG.
Time to recovery: The number of months taken to recover the Worst Drawdown.
Total return: 'Top line' actual return, after fees.
Tracking error: Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).
Worst drawdown: The worst cumulative loss ('peak to trough') experienced over the period assessed.

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Cumulative returns are calculated by compounding SuperRatings' monthly benchmark series, returns are annualised for periods greater than one year.

Lonsec Research FSG

Financial Services Guide

Lonsec Research FSG (continued)

This Financial Services Guide (FSG) has been prepared and issued by Lonsec Research Pty Ltd ABN 11 151 658 561 (Lonsec Research, we, us, our), holder of Australian Financial Services Licence (AFSL) No. 421445, to assist you in determining whether to use our financial services and products. This is an important document, and you should read it carefully. The contents of this FSG are general information only and does not take into account your personal needs or objectives. Lonsec Research provides no warranty as to the suitability of the services of this FSG for any particular person.

1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;
- how we deal with conflicts of interest; and
- how we deal with complaints

1.2 About Lonsec Research and its related parties

ASX listed Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings). Lonsec Research is a wholly owned subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings) and provides in-depth, investigative investment research across a broad range of listed and unlisted investments. Other subsidiaries of Lonsec Holdings include SuperRatings Pty Ltd (ABN 95 100 192 283), Implemented Portfolios Pty Limited (ABN 36 141 881 147) and Lonsec Investment Solutions Pty Ltd (ABN 95 608 837 583). All employees of the Lonsec group entities, including Lonsec Research, are employed by Lonsec Fiscal Pty Ltd (ABN 94 151 658 534).

Contact Details

Lonsec Research Pty Ltd
Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395
Email: info@lonsec.com.au
www.lonsec.com.au

1.3 What kind of financial services can Lonsec Research provide?

Lonsec Research is authorised under its Australian Financial Services Licence to provide general financial product advice to retail and wholesale clients on the following types of financial products:

- securities
- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
  - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
  - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

Lonsec Research is also authorised to deal in a financial product by arranging for another person to apply for, acquire, vary, or dispose the above types of products for or by retail and wholesale clients.

1.4 Provision of general advice

Any advice that Lonsec Research provides is of a general nature and does not take into account your personal financial situation, objectives or needs. You should, before acting on the information, consider its appropriateness having regard to your own financial objectives, situation and needs and if appropriate, obtain personal financial advice on the matter from a financial adviser. Before making a decision regarding any financial product, you should obtain and consider a copy of the relevant Product Disclosure Statement or offer document from the financial product issuer.

1.5 How Lonsec Research is paid

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1.6 How do we manage our compensation arrangements?

Lonsec Research has Professional Indemnity insurance arrangements in place to compensate clients for loss or damage because of breaches of any relevant legislative obligations by Lonsec Research or its representatives which satisfy section 912B of the Corporations Act 2001.

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Lonsec Research FSG (continued)

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Complaints Manager
Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395
Email: complaints@lonsec.com.au

An individual may request further information about Lonsec Research's internal complaints handling procedure at any time. If an individual is not satisfied with the outcome of their complaint or has not received a response within 30 days from Lonsec Research, the individual can complain to the Australian Financial Complaints Authority (AFCA). AFCA provides an independent dispute resolution service and can be contacted on:
Online: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678
Mail:
Australian Financial Complaints Authority
GPO Box 3
Melbourne, Victoria, 3001.

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This FSG was prepared on 1 August 2024.

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