# Cbus Super Income Stream - Conservative

**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 | SRP50 Capital Stable (20-40) Index# |
| Product structure | Pension |
| Product size | $908.00m |
| Inception date | Jul 2009 |
| Asset class | Multi-Asset |
| Sector | 21-40% Growth Assets |
| Growth/defensive split | 28.5/71.5 |
| Peer group | Pension |
| Rated peers | 9 |

### 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 | Above median |

### Annual Fees and Costs (% p.a.)

| | |
|---|---|
| Administration fees and costs | 0.36 |
| Investment fees and costs | 0.28 |
| Net Transaction Costs | 0.05 |
| Buy/Sell Spread | 0.00/0.00 |
| **Annual fees and costs** | **0.69** |

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

## Product Opinion

The Option has maintained its '**Recommended**' rating at the latest review. This rating reflects confidence in the investment team, despite recent senior team departures, and a notable comparative advantage in real assets through CBUS Property. To date, performance has not been materially compromised by the operational challenges faced at the trustee level or the team departures.

The Trustee has faced multiple adverse regulatory findings over the past 18 months relating to governance and claims handling, prompting formal rectification programs that remain 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.
- The Fund maintains a competitive advantage in real assets through CBUS Property.
- Multi-layered investment risk management process with good 'look-through' visibility into underlying exposures.

### Weaknesses

- 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.
- Track record of internal capabilities is still developing.
- Rapid expansion of the team, restructuring and development of internal capabilities may present short-term distractions from investment function.

**We strongly recommend that potential investors read the product disclosure statement** Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer and disclosure and Lonsec Research FSG at the end of this document. This report supersedes all prior reports.

# Key Facts

## Key Objectives

| | |
|---|---|
| Investment objective | Deliver a return of inflation plus: 1.50% a year over rolling 10-year periods |
| Internal return objective | N/A |
| Internal risk objective | Limit number of negative return years to 1-2 years every 20 year period |

## Rating History

| | |
|---|---|
| 28-Apr-2025 | Recommended |

## Target Market Determination

| | |
|---|---|
| Produced by issuer | Yes |
| Provided to Lonsec | Yes |

## Asset Allocation (%) (as at 30/06/2025)

| | SAA Benchmark % | Min % | Max % | Current Allocation % |
|---|---|---|---|---|
| Australian Equities | 8.00 | 0.00 | 18.00 | 7.90 |
| International Equities | 8.00 | 0.00 | 18.50 | 7.89 |
| Unlisted Property | 5.50 | 0.00 | 17.00 | 5.65 |
| Unlisted Infrastructure | 7.00 | 0.00 | 17.00 | 7.29 |
| Australian Fixed Interest | 21.50 | 0.00 | 60.00 | 21.60 |
| Global Fixed Interest | 13.00 | 0.00 | 60.00 | 12.96 |
| Alternative Assets | 1.50 | 0.00 | 9.50 | 1.01 |
| Cash | 21.50 | 0.00 | 59.00 | 21.65 |
| Others | 14.00 | 0.00 | 29.00 | 14.00 |
| Total | 100.00 | | | 100.00 |

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

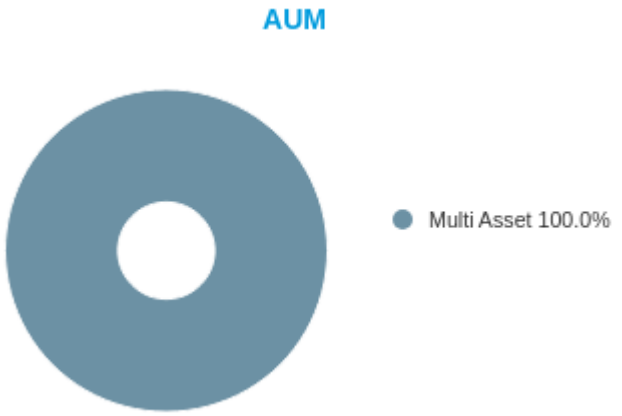
| | 1 Year | Median | 2 Year | Median | 3 Year | Median | 5 Year | Median |
|---|---|---|---|---|---|---|---|---|
| Performance (% p.a) | 6.15 | 6.90 | 6.34 | 7.03 | 6.52 | 6.83 | 3.74 | 4.61 |
| Standard deviation | 1.76 | 2.23 | 1.98 | 2.19 | 2.69 | 2.59 | 3.47 | 2.87 |
| Excess return (% p.a) | -0.67 | 0.08 | -0.50 | 0.19 | -0.33 | -0.02 | -0.75 | 0.12 |
| Outperformance ratio (% p.a) | 33.33 | 41.67 | 33.33 | 45.83 | 36.11 | 50.00 | 35.00 | 48.33 |
| Worst drawdown (%) | -0.54 | -0.68 | -0.86 | -0.90 | -1.52 | -1.53 | -7.10 | -4.12 |
| Time to recovery (mths) | 2 | 2 | 2 | 2 | 1 | - | 15 | - |
| Sharpe ratio | 1.24 | 1.24 | 1.07 | 1.19 | 0.90 | 1.09 | 0.30 | 0.61 |
| Information ratio | -1.49 | 0.11 | -1.00 | 0.23 | -0.50 | -0.01 | -0.99 | 0.06 |
| Tracking error (% p.a) | 0.45 | 0.72 | 0.50 | 0.88 | 0.67 | 1.08 | 0.76 | 1.25 |

**Lonsec Peer Group:** Multi-Asset - 21-40% Growth Assets - Pension
**Product Benchmark:** SRP50 Capital Stable (20-40) 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.

**We strongly recommend that potential investors read the product disclosure statement** Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer and disclosure and Lonsec Research FSG at the end of this document. This report supersedes all prior reports.

# 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.

**We strongly recommend that potential investors read the product disclosure statement** Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer and disclosure and Lonsec Research FSG at the end of this document. This report supersedes all prior reports.

## Team *(continued)*

## 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.

**We strongly recommend that potential investors read the product disclosure statement** Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer and disclosure and Lonsec Research FSG at the end of this document. This report supersedes all prior reports.

## Process

### What is the Investment Process?

The Option achieves its SAA and DAA by skilful selection and blending of underlying exposures across asset classes, countries, managers and investment styles.

The SAA framework model captures both 10-year assumptions as well as long-term equilibrium assumptions, risks and opportunities over both these timeframes.

Medium-term views out to one year are expressed through the DAA framework. The key pillars to the DAA process are Fundamental, Valuation, Policy and Momentum. These pillars are supplemented by the team's qualitative overlay, which guides the conviction and sizing of each position to reflect the relative outlook across all asset classes. As delegated by the IC, the Asset Allocation Group is responsible for formalising/approving DAA views and implementing DAA positioning within prescribed tolerance ranges across different investment options. DAA aims to achieve a modest and prudent return of 0.25% p.a. over a rolling five-year period. The Fund has recently introduced the Portfolio Completion Group (PCG), which assesses the asset class positioning of the end portfolio. The PCG operates under the CIO and is the final step in the investment process.

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 approves the SAA and liquidity thresholds.

The Asset Allocation Group sets the currency exposure. 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 | Active |
| Asset Allocation Approach | SAA + DAA |
| Sector Exposure | Multi-asset |
| Available Universe | Listed equities, Fixed Income, Cash, Unlisted Assets (including private equity, property, infrastructure and credit), Derivatives/Alternatives |

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. The portfolio is diversified across a broad range of asset classes, including equities, property, infrastructure, fixed income, cash, and alternatives. The Fund's investment philosophy is absolute return-focused and less constrained by peer allocations, with a deliberate tilt toward illiquid asset classes to capture the illiquidity premium (34.3% for the Growth Option as at 31 December 2025). This results in a relatively high allocation to direct property, infrastructure, and to a lesser extent, private equity, though no strategic allocation to private equity exists within the Conservative or Conservative Growth Options. The Fund continues to build out its alternatives exposure, including the 'Alternatives' and 'Global Credit' asset classes, and has formalised separate objectives for 'Alt Growth' and 'Alt Defensive' asset classes. While cognisant of the Your Future, Your Super ('YFYS') performance test (and associated definitions and benchmarks), the Fund is willing to tolerate wider tracking error where there is sufficient potential for attractive returns. Investment ranges are deliberately wide to accommodate material deviations from the strategic asset allocation ('SAA').

### 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 | 80 |
| External consultant | Frontier |

The manager review process and portfolio construction are led primarily by the internal investment team, with input from the asset consultant, Frontier. The Fund's manager research process is considered rigorous and well-articulated, with detailed due diligence and reasonable documentation for manager selection.

The build-out of internal resources has enabled the Fund to conduct greater proprietary research across investment ideation and asset allocation, reducing reliance on external asset consultants. Investment decisions are carefully considered and strategically deployed. CBUS maintains a competitive advantage in property and infrastructure, underpinned by the industry expertise and networks of the Board and IC, as well as the Fund's long history in real assets. This is further supported by a healthy pipeline of direct investment and co-investment opportunities, particularly in the real assets space, which are typically sourced through General Partner relationships.

**We strongly recommend that potential investors read the product disclosure statement** Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer and disclosure and Lonsec Research FSG at the end of this document. This report supersedes all prior reports.

## Process *(continued)*

### Portfolio Construction

| | |
|---|---|
| Portfolio decision making | Team based |
| Approach to benchmark | Unaware |
| Typical number of managers | >40 |
| Use of mandates | Yes |
| Use of alternatives | Yes |
| Use of unlisted assets | Yes |
| Allocation to related/affiliated exposure | 19.5% |

The Option's implementation is well structured and positioned to take advantage of high conviction opportunities. The portfolio construction process targets a diversified mix of return drivers through exposure to Growth, Defensive, and Real Assets, with the target portfolio subject to formal annual review, at which point asset class allocations may be adjusted.

It is worth noting that the Option includes an allocation to related party CBUS Property, a wholly-owned, stand-alone entity with its own board of seven directors, three of whom are non-associated, and a dedicated team of 65+ staff. As with internally managed strategies, objectively assessing allocations to related parties can present governance challenges, particularly during periods of prolonged underperformance. The Fund has mitigants in place to address this risk and, at present, CBUS Property is considered a source of competitive advantage.

### Capacity Management

It is considered good practice for Superannuation funds to have a strategic capacity management plan. A growing pool of assets can lead to capacity issues in more capacity-constrained asset classes such as Australian equities. As such, the Fund can lean on greater international investments, including equities and unlisted assets, as part of its capacity strategy.

CBUS is well aware of potential domestic capacity issues and continues to develop its strategy. While these challenges will continue to be monitored, the Fund is suitably positioned with several levers that can be used to alleviate capacity concerns.

### 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.

**We strongly recommend that potential investors read the product disclosure statement** Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer and disclosure and Lonsec Research FSG at the end of this document. This report supersedes all prior reports.

# 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?

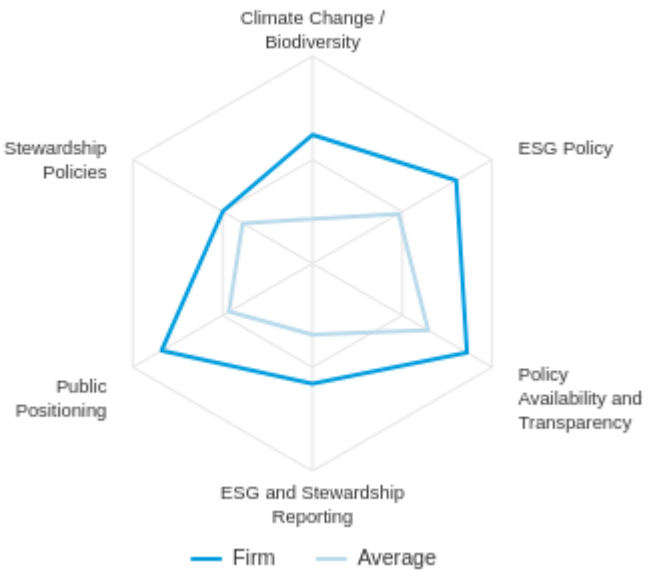
The Fund has indicated that their Responsible Investment style is "ESG Integration" and as such, they consider Environmental, Social and Governance factors when assessing investment opportunities. With a primary ESG style of "Risk or Value", Funds will determine inclusion based on the balance of overall 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 | $908.00m |
| Fund 12-month net flows | Negative |
| Buy/sell spreads | 0.00%/0.00% |
| Net transaction costs | 0.05 |
| Product type | Registrable Superannuation Entity |
| Unlisted asset valuation frequency | Quarterly |
| Valuation externally audited | Yes |

## 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 information provided in this report refers to the retirement option. Please refer to the PDS for details on the accumulation option.

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 Fund may hold a reasonable allocation towards assets that are not marked to market. The trustee has developed a transparent and well-documented valuation policy. A dedicated Valuation Committee provides independent oversight and segregation of duties, meeting quarterly (or as required) with support from Frontier. Where valuations are relied upon by the managers of interposed vehicles, the Fund has a process to ensure those valuations are conducted appropriately. The Fund's valuation policy has measures to deal with stale underlying valuations where market environments are rapidly changing. While the Valuation Policy establishes a minimum standard of annual independent valuations and auditing for unlisted assets, the majority are independently valued quarterly in practice. The policy minimum is less frequent than some large peers, though comfort is taken from the more frequent independent valuations conducted in practice.

## 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 | 0.28 |
| Net Transaction Costs | 0.05 |
| Buy/Sell Spread | 0.00/0.00 |
| **Annual fees and costs** | **0.69** |

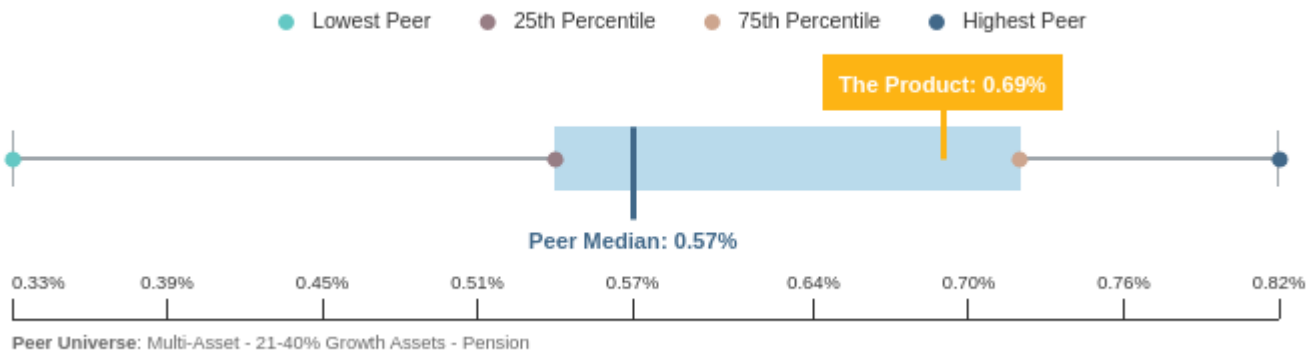
Source: FE fundinfo, PDS Date: 01/Dec/2025

### 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 - 21-40% Growth Assets - Pension

## Lonsec Opinion

### Annual Fees and Costs

The Option's absolute fee load (AFC of 0.694% p.a.) is considered moderately high relative to its pension peer group.

### Fairness

The AFC is competitive given the level of activeness and exposure to private markets.

# Performance

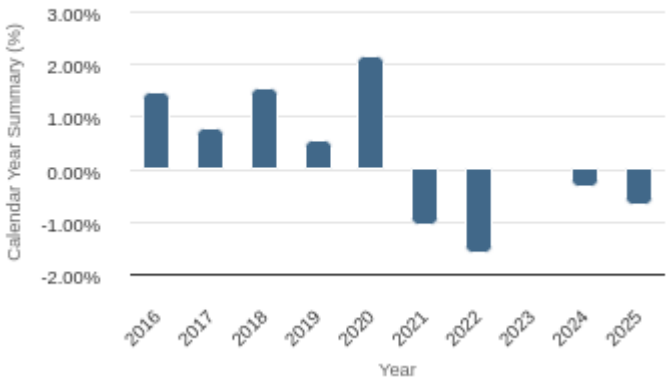
## Performance Summary

| | |
|---|---|
| PDS return objective | Deliver a return of inflation plus 1.50% p.a. (after fees) over rolling 10-year periods |
| Internal return objective | N/A |
| Internal risk objective | Limit number of negative return years to 1-2 years every 20 year period |
| Product benchmark | SRP50 Capital Stable (20-40) Index# |
| Lonsec peer group | Pension |

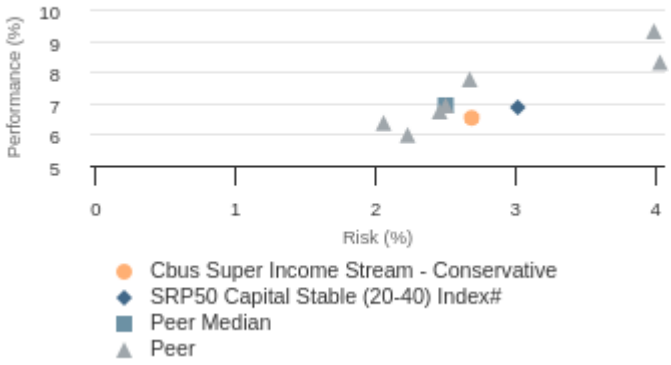
## Alpha Generation

The Option has generated solid absolute returns over time, with outcomes broadly aligned to peers and benchmarks across multiple periods. The Option has produced an excess return (against CPI+ 1.50%) of 0.5% p.a. over 10 years to 31 December 2025, comfortably achieving its return objective over the long term. While shorter and medium-term returns have not consistently stood out, the PDS return objective has consistently been met. Returns have consistently been in line with industry peers and reflect a stable and repeatable return outcome driven by the Fund's strategic asset allocation and disciplined investment approach.

### Calendar Year Excess Return



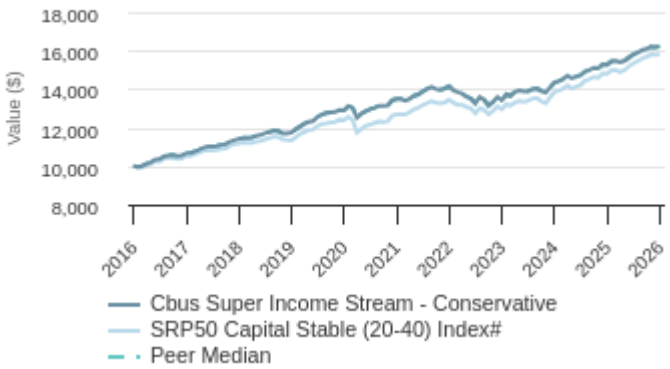

### 3 Year Risk and Return



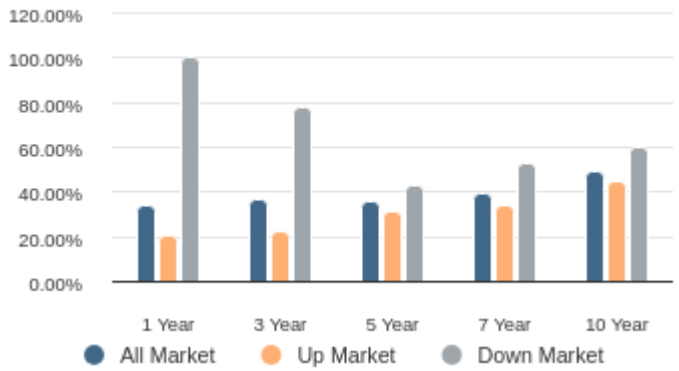

## Alpha Consistency

Return outcomes have been delivered with a high degree of consistency through time and are typically mid-range within Lonsec's superannuation peer group. The Option demonstrates an inconsistent ability to participate in 'up markets' and 'down markets', however, longer-term outcomes remain aligned to peers as reflected in the growth of $10k chart.

### Growth of $10,000 Over 10 Years




### Returns Consistency

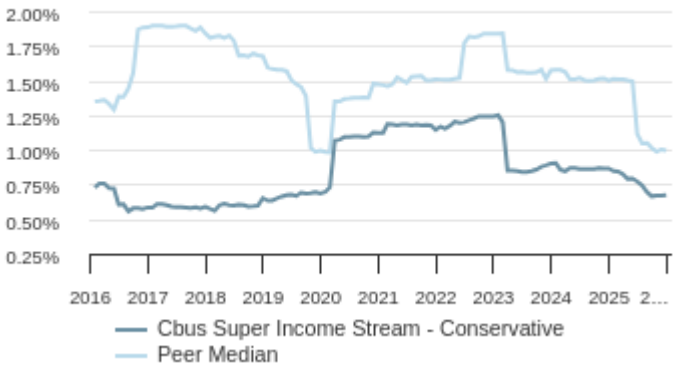


# Performance *(continued)*

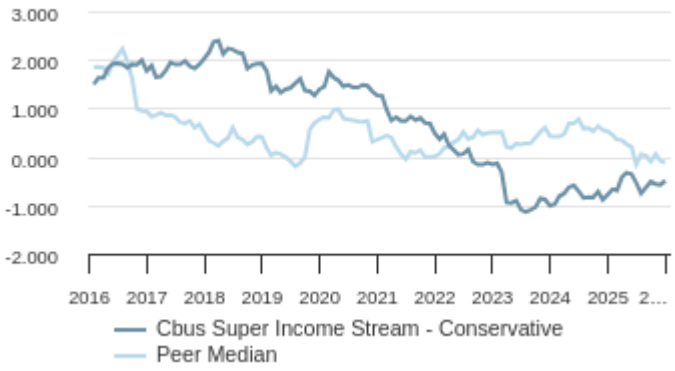
## Benchmark Relativity

Benchmark relativity is a less useful measure for multi-asset portfolios. However, the Option typically exhibits a lower level of activeness relative to peers. Active risk is present but controlled, reflecting the Manager's preference for measured asset allocation decisions rather than high conviction or concentrated active bets.

### 3 Year Rolling Tracking Error Over 10 Years



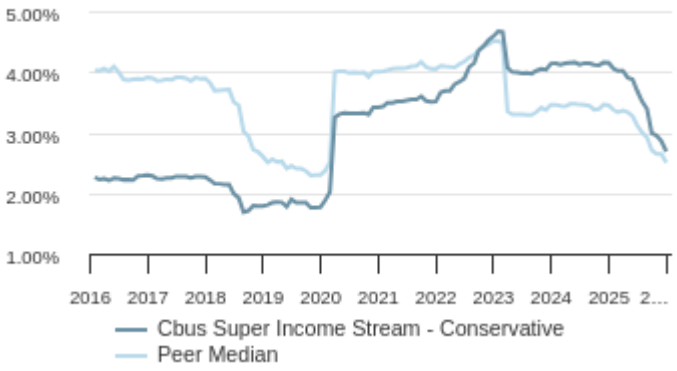

### 3 Year Rolling Information Ratio Over 10 Years



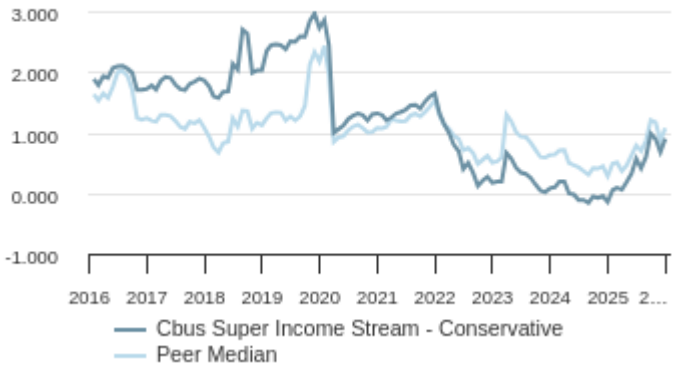

## Return Volatility

The Option's volatility profile is broadly in line with peers, which is consistent with its conservative risk positioning and unlisted asset holdings. While volatility has increased during periods of market stress, outcomes remain appropriate for the stated risk profile. The Option's Sharpe Ratio is slightly below peers.

### 3 Year Rolling Standard Deviation Over 10 Years



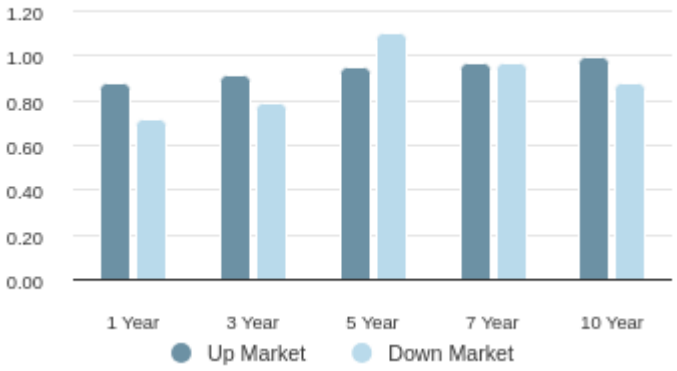

### 3 Year Rolling Sharpe Over 10 Years



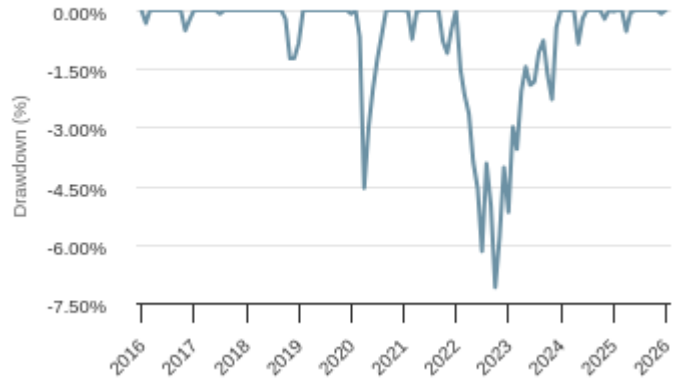

## Product Defensiveness

The Option has demonstrated sound defensive characteristics through market downturns. While drawdowns have typically been in line with the peer median, the Option has seen a more pronounced maximum drawdown over 5 years relative to the peer median.

### 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.

## Lonsec Group Disclaimers

Issued by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec, we/our) a subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) and (Lonsec Group). Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Group. This document is not a prospectus, any other form of disclosure document or product disclosure statement within the meaning of the Corporations Act 2001. Any advice contained in this document is General Advice only and has been prepared without taking into account investors' objectives, financial situation or needs. Prior to acting upon any information contained in this document, investors must do their own investigation and analysis of the appropriateness of the information or seek independent financial and/or tax advice, having regard to their objectives, financial situation and needs. Investors must consider reading any relevant Product Disclosure Statement (PDS) or offer document to assess the appropriateness of this advice in light of their own objectives before making a decision to obtain a financial product. Past performance is not a reliable indicator of future performance. © 2026 Lonsec Research. All rights reserved. You may not reproduce, transmit, disseminate, sell or publish this information without our written consent.

Except for any liability which cannot be excluded, no representation, warranty or undertaking, express or implied is made and no responsibility or liability is accepted by Lonsec Research, its directors, officers, employees and agents for any error or inaccuracy, misstatement or omission from this document or any loss or damage suffered by the recipient or any other person as a consequence of relying upon it.

Lonsec Research makes no representation, warranty or undertaking in relation to the accuracy, reasonableness or completeness of the information presented in this document which is compiled from information from public and third-party sources. We assume no obligation to update this document after publication. Lonsec Research provides this document for the exclusive use by the recipient to whom it is provided and should not be used or relied upon by any other person unless express permission is obtained from us. Additional fees and charges may apply. Please verify from the offer documents for the relevant financial product. In line with industry practice, returns may be estimated. To access verified returns please refer to the product issuer. This document may also contain third party material that is subject to copyright. To the extent that copyright subsists with a third party, it remains with the original owner and permission may be required to reuse the material.

The product rated in this publication may have related financial products or be associated with other financial products and platforms. Our rating applies to the financial product outlined in this publication. You should seek professional advice before you make an investment decision on related or associated financial products and platforms. You should be aware that the mandate, fees, underlying investments, the issuers of the related and associated financial products and platforms may be different from the financial product specified in this publication.

# 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**

Lonsec Research receives fees from Fund Managers and/or financial product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec receives subscriptions fees for providing research content to subscribers including financial advisers, fund managers and financial product issuers. Lonsec Research's fees are not linked to the financial rating outcome of a particular financial product. Lonsec Research fees are determined by private agreement with its clients depending on a number of criteria including the number of financial advisors who access Lonsec Research publications, the range of publications accessed and the complexity of a specific research assignment. Due to the specific nature of its charges, disclosure of Lonsec Research fees may not be ascertainable when you receive this FSG, but you are able to request this information in writing before a financial service is provided to you. The fees received by Lonsec Research do not have an effect on the inclusion (or otherwise) of a financial product in portfolios managed by Lonsec Investment Solutions; or in approved product lists as a result of Lonsec Investment Solutions consulting activities. We do not have any direct employees as all employees are contracted, for employment purposes, with Lonsec Fiscal, a subsidiary of Lonsec Holdings. All employees of Lonsec are paid a salary and may receive a discretionary bonus which is not guaranteed. Sales employees may have a sales commission plan, relevant for sales to Wholesale clients, as offered by Lonsec Research from time to time at its discretion.

**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.

**1.7 What should you do if you have a complaint?**

Lonsec Research's internal complaints handling process is designed to ensure that your concerns are treated seriously, addressed promptly and fairly.

## Lonsec Research FSG (continued)

A complaint may be lodged either verbally or in writing and will be dealt with in strict confidence. If you have a complaint relating to Lonsec Research's products, services, its employees, the complaint should be addressed to:

**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.

**1.8 Conflicts of Interest**

Lonsec Research is aware of the inherent potential conflicts of interest associated with the provision of ratings and how we are remunerated for our services. There are a comprehensive set of policies, and procedures in place at Lonsec Holdings that apply to its subsidiaries including Lonsec Research. Information barriers (both permanent and temporary) consistent with our regulatory obligations under Regulatory Guide 79 are in place to manage either perceived or actual conflicts of interest. Employees of Lonsec also have to abide by Personal Trading and Gifts and Entertainment requirements and are trained on these requirements from time to time.

Lonsec Research review and rate products for Fund and Equity Managers who may from time to time have holdings within Generation Development Group Limited. Lonsec Research manages any potential conflict by disclosing to investors who access the research for these products and by implementing a comprehensive ratings process, information barriers and monitoring program. For further information on how Lonsec manages its conflicts refer to our Conflicts of Interest Statement accessible here. For more information refer to Lonsec Research Ratings Methodology available on our platform iRate or by contacting us on 1300 826 395.

Lonsec Holdings has appointed Australian Retirement Trust Pty Ltd ABN 88 010 720 840, AFSL 228975 as the provider of default superannuation services to its Group employees. Lonsec Holdings appointment of Australian Retirement Trust is not an endorsement of, or opinion on, the Fund.

Australian Retirement Trust is a subscriber to our services and pays a fee to us for this subscription service.

Australian Retirement Trust rating and report is issued by an analyst who is aware of Australian Retirement Trust's appointment as default superannuation fund provider but who does not have a personal investment in the fund.

This FSG was prepared on 1 August 2024.

## Disclosures

Lonsec Research does not hold the financial product(s) referred to in this document. The financial product issuer and/or Lonsec Research Representatives (and/or their associates) may from time to time have holdings in the financial product referred to in this document or in Generation Development Group (ABN 90 087 334 370). For the purposes of this report Lonsec Research considers such holdings not to be sufficiently material to compromise the rating or advice. Lonsec Research manages any potential conflict by implementing a comprehensive ratings process, information barriers and monitoring program. Lonsec Research receives a fee from the financial product issuer(s) for researching the financial product(s), using objective criteria. Lonsec Research's rating(s) outcome is not linked to the fee. Lonsec Research and its associates do not receive any other compensation or material benefits from product issuers or third parties in connection with the report. Lonsec Research's research process relies upon the participation of the financial product issuer(s). Should the financial product issuer(s) no longer participate in our research process, we reserve the right to withdraw the document at any time and discontinue future coverage. This is a summary of the research report, you can access the full research report via Lonsec Research. For information about our associations and/or relationships with the financial product issuers and General Development Group, please refer to our Conflicts of Interest Statement accessible here.