

Macquarie Master Balanced Fund

Quarterly report – 30 June 2025

Investment objective

Aims to provide returns of at least 4% per annum above the Consumer Price Index (all groups) over the long term (before fees).

The Fund provides exposure to a diversified portfolio of growth assets, including shares, with some exposure to cash and fixed interest. The Fund may also provide exposure to alternative assets.[^]

Key information

Fund details	
APIR code	MAQ0058AU
Inception date	29 June 1995
Fund size	\$56.5m
Distribution frequency	Generally quarterly
Management fee*	0.923% pa
Minimum investment (Direct)	\$100,000
Unit prices and spreads	macquarie.com/mam/unit-prices

*Read the Product Disclosure Statement for more details on fees and costs.
[^] Changes to the Fund's investment objective and strategic asset allocation took effect from 31 March 2025. This was communicated to unitholders in the Fund on 17 February 2025. The investment objective return in the 'Fund performance' table reflects the updated investment objective.

Fund performance to 30 June 2025

	Total Fund return (gross)	Benchmark return*	Total excess return (gross) above benchmark	Investment objective return**
3 months (%)	5.86	5.77	0.09	1.71
1 year (%)	12.75	11.91	0.84	6.09
3 years (% pa)	10.58	9.95	0.63	7.96
5 years (% pa)	7.50	7.22	0.28	8.37
10 years (% pa)	7.78	6.49	1.29	6.80
Since inception (% pa)	8.03	7.64	0.39	6.65

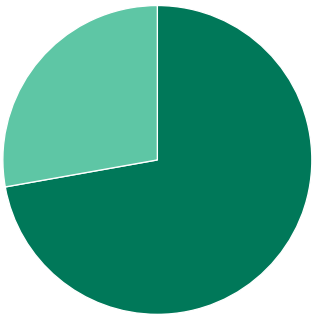
Past performance is not a reliable indicator of future performance.

Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

*A range of published indices calculated using the weighted average asset allocation neutral position and the index returns for each asset sector. The indices and weighted average asset allocation neutral positions may change from time to time and the benchmark performance shown above reflects the benchmark composition that applied at the given point in time. From 31 March 2025, the strategic asset allocation for the Fund changed to increase exposure to growth assets and reduce exposure to defensive assets. The current benchmark published indices and weighted average asset allocation neutral position are shown in the table below. Historical benchmark indices and weighted average asset allocation neutral positions are available upon request.

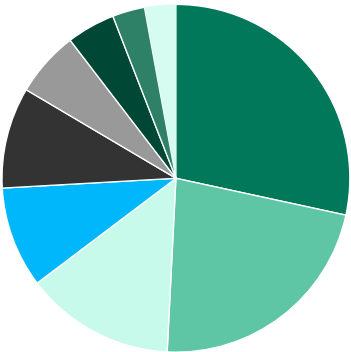
**Investment return objective is the Consumer Price Index (all groups) plus 4%.

Current growth/income profile



- Growth 72.2%
(Neutral growth split 70%)
- Income 27.8%
(Neutral income split 30%)

Portfolio allocation



- Australian shares 28.4%
- Global shares – Developed markets (Unhedged) 22.4%
- Fixed interest - Australian 13.9%
- Fixed interest – Global 9.4%
- Global shares – Developed markets (Hedged) 9.4%
- Global shares – Emerging markets 6.1%
- Cash 4.5%
- Global listed property 3.0%
- Global listed infrastructure 2.9%

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Asset allocation

Asset class	Published index	Neutral (%)	As at date of report (%)
Income			
Cash	Bloomberg AusBond Bank Bill Index	6	4.5
Fixed interest - Australian	Bloomberg AusBond Composite 0+ Yr Index	14	13.9
Fixed interest – Global ¹	Bloomberg Global-Aggregate Total Return Index Value Hedged AUD	10	9.4
Growth			
Australian shares ²	S&P/ASX 300 Total Return Index	27	28.4
Global shares – Developed markets ³	MSCI World ex Australia Net Total Return AUD Index	22	22.4
	MSCI World ex Australia Hedged AUD Net Total Return Index	9	9.4
Global shares – Emerging markets ³	MSCI Emerging Markets Net Total Return AUD Index	6	6.1
Global listed property	FTSE EPRA Nareit Developed ex Aus Rental in AUD Hedged Net Total Return Index	3	3.0
Global listed infrastructure	FTSE Developed Core Infrastructure 50/50 100% Hedged to AUD Net Tax Index	3	2.9
Alternative assets ⁴	n/a	0	0.0

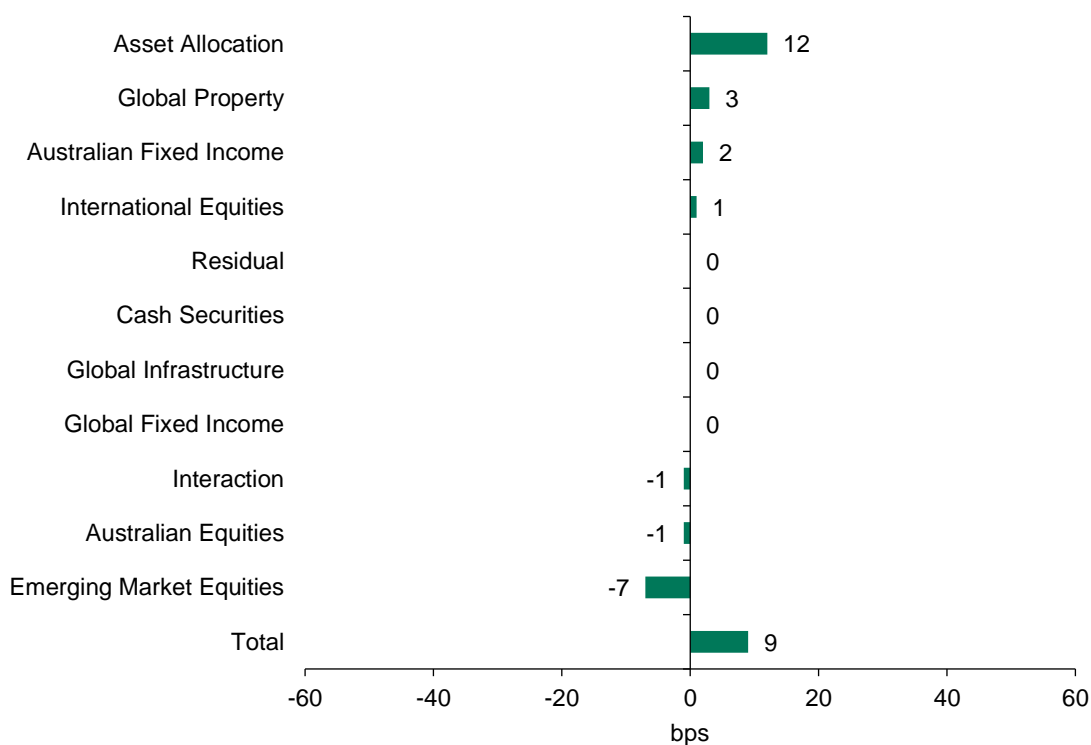
¹ May include exposure to emerging markets.

² May include exposure to real estate and infrastructure securities.

³ May include foreign currency exposure that is unhedged.

⁴ May include exposure to private equity, unlisted infrastructure, unlisted property or hedge funds.

Key contributors to performance



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Fund performance and positioning

The Fund delivered a strong positive return over the quarter and outperformed the strategic asset allocation benchmark. The outperformance was primarily driven by overweights to Global shares and stock selection in the Global Property sector.

Asset allocation changes

In June, market sentiment was positive. During the month, hedged international equities and Australian equities increased by +3.8% and up +1.4% respectively. The domestic fixed-interest sector and global fixed-interest sector delivered a positive result of +0.7% and +0.8% respectively. Global real estate and infrastructure assets also delivered a very modest positive result of +0.5% and +0.1% respectively.

Equities market sentiment has been positive in June. The ceasefire between Iran and Israel has significantly reduced uncertainties tied to Middle Eastern geopolitical tensions. While the potential for a trade deal between the US and its trading partners remains unclear, market participants have found reassurance in the limited impact of tariffs on inflation so far.

Legislation supporting President Trump's "One Big Beautiful Bill" has been pushed through the US Senate. Despite the bill's complexity, it will renew the tax cuts Trump enacted during his first term, partially funded by steep reductions in Medicaid, food aid programs, and clean energy funding. However, the bill is widely viewed as one that could further worsen the US fiscal condition. In the short term, it is likely to boost risk sentiment given its net expansionary nature, though it continues to pose long-term challenges to the US fiscal landscape.

On the monetary policy front, the May CPI indicator in Australia eased to 2.1% year-on-year, prompting most market participants to anticipate that the Reserve Bank of Australia (RBA) will lower interest rates by 25bps in July. Similarly, in the US, May's CPI data was softer than expected. Despite significant uncertainty surrounding the tariff impact on inflation, market participants continue to believe that the US Federal Reserve will ease interest rates further in the second half of the year.

Our portfolio currently reflects a very mild overweight bias towards equities, a position that balances measured optimism with an awareness of risks and opportunities. The continued projection of lower cash rates helps offset rising recession concerns. While we expect policy changes in the US to drive uncertainty and volatility in asset markets in the coming months, the stimulatory nature of both fiscal and monetary policies, combined with ongoing optimism and investment in artificial intelligence, reinforces our view that riskier assets will continue to deliver strong returns in the near term, despite elevated valuations.

Asset allocation strategy and outlook

In light of the easing cycle, we have recalibrated our portfolio to a neutral to modestly overweight stance, which we are likely to maintain in the short to medium term. This adjustment reflects our belief that the positive implications of the expected monetary policy shift are balanced by current elevated equity valuations and the potential economic challenges stemming from rapid interest rate increases over the past two years.

In the past few months, we have identified three major developments that, in our view, will alter and influence our investment decisions. First, the trade policies from the Trump administration, which could potentially impact the global trade order. Second, the growing focus on the unsustainable rise in the US fiscal deficit. Third, the potential impact from the "One Big Beautiful Bill". We believe these developments will continue to significantly impact economic growth, asset prices, and the correlation between asset classes. As a result, this impact will govern our investment decisions and portfolio returns in the medium term. Furthermore, the continued worsening of the US's fiscal condition will also pose significant challenges to almost all asset classes in the long term. Nevertheless, we see near term risks associated with US fiscal deficit are contained. Thus, a limited response from portfolio positioning is required.

Regarding global trade, uncertainties are easing as more and more trade deals were reached between the US and trading partners. Despite the positive development, we continue to see significant uncertainties persisting in the coming months associated with US trade policies and goods inflation. However, in the medium to longer term, we think that the impact of tariffs on asset prices will be somewhat limited once businesses adapt to the new global trade environment.

Overall, the shift towards a less restrictive US monetary policy and potential stimulatory fiscal policy is positive. Thus, maintaining a modestly overweight growth asset stance seems reasonable. Furthermore, the stimulus efforts from the Chinese government, coupled with global central bank monetary easing and potentially market-friendly policies from President Trump, bolster our confidence in the medium to long term performance of growth assets despite elevated valuations. As a result, we are comfortable maintaining a modest growth asset overweight stance for now.

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For more information speak to your financial adviser, call us on 1800 814 523, email mam.clientservice@macquarie.com or visit macquarie.com/mam

Important information

Macquarie Investment Management Australia Limited ABN 55 092 552 611 AFSL Licence 238321 is the issuer of units in, and responsible entity of the Fund. Macquarie Investment Management Global Limited ABN 90 086 159 060 AFSL 237843 is the investment manager of the Fund.

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