



Victorian Traditional
Owners Trusts

Victorian Traditional Owners Funds Limited

A Company Limited by Guarantee
ACN 153 198 791

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REGISTERED NAME

The Trustee for Victorian Traditional Owners Trust - Gunaikurnai Land & Waters Aboriginal Corporation for and on behalf of the Gunaikurnai People

The Trustee, the Victorian Traditional Owners Funds Limited (VTOFL), presents the Report Card for the 2025 financial year for Victorian Traditional Owners Trust - Gunaikurnai Land and Waters Aboriginal Corporation for and on behalf of the Gunaikurnai People (Gunaikurnai Trust).

The Gunaikurnai Trust was established with effect from 1 July 2018. The Gunaikurnai Trust holds the funds of the Gunaikurnai Land & Waters Aboriginal Corporation Ltd (GLaWAC) which were originally held with the funds of another Traditional Owner Group in the Victorian Traditional Owners Trust (VTOT). VTOT was established under a Trust Deed signed on 13 September 2011 between Robert Clark the Attorney General of Victoria and the Trustee, VTOFL. The amendment deed creating the two separate trusts one, of which is the Gunaikurnai Trust was signed on 25 September 2018.

DIRECTORS

The names of each person who has been a Director of the VTOFL during the year and to the date of this report are:

Neil Donald Westbury PSM, Chairperson

Susanne Dahn AM

Kim Bowater

Professor John Evans

GOVERNANCE CHANGES

There were no governance changes during the year.

PRINCIPAL ACTIVITIES

The principal activity of the Gunaikurnai Trust is to invest settlement funds received on behalf of the Gunaikurnai People represented by GLaWAC. The settlement between the Gunaikurnai People and the State of Victoria was under the Native Title Settlement Framework.

The State of Victoria and the Gunaikurnai People reached a settlement in October 2010, and the Participation Agreement was executed on 4 October 2011.

In terms of this Participation Agreement the State of Victoria paid the settlement amount of \$10 million to the VTOT on 11 October 2011.

The Gunaikurnai Trust (originally VTOT) has a duration of 20 years of which 6 years remain, based on a terminal date of 10 October 2031.

The costs of running VTOFL are currently met by an annual grant agreed with the Department of Premier and Cabinet.

GUNAIKURNAI TRUST AND INVESTMENT STRATEGY

Pending discussions with GLaWAC and the development of an investment strategy, VTOFL initially invested the settlement funds in secure term deposits with the National Australia Bank.

VTOFL subsequently developed investment objectives and an investment strategy for the Gunaikurnai Trust. The investment objectives and the investment strategy were developed after meetings with GLaWAC where GLaWAC outlined its long term and short-term objectives and its tolerance for risk.

The Gunaikurnai Trust's objectives are as follows:

- pay the minimum annual funding amount of \$175,000 per annum adjusted for changes in the Consumer Price Index (CPI); and
- achieve a targeted capital sum on the terminal date, 10th October 2031, of \$10,000,000 (being the settlement sum) adjusted for inflation.

Since January 2025, the objective has been aligned with the Mercer Funds blended benchmark, set at CPI + 2.0% p.a. It was previously CPI+3.8% p.a. to 30 June 2019, CPI+2.4% p.a. to 31 December 2021 and CPI+2.6% p.a. to 31 December 2024.

The target allocation for the Trust is 48% Growth / 52% Defensive. As at the end of June 2025 and due to the defensive positioning of the Mercer funds, there is a variance of 3.8% between the actual and target growth and defensive allocations. All sector allocations remain within IPS SAA ranges. The current Investment Policy states where a split moves by 5% or more it must rebalance.

VTOFL expects to meet the minimum annual funding amounts each year and to achieve a terminal amount of \$10 million (CPI adjusted) on 10 October 2031, the terminal date of the Gunaikurnai Trust.

Table 1 below sets out the value of funds invested with Mercer as at 30 June 2025 and 30 June 2024. It also reports on the other assets of the Trust, which comprise NAB bank account, franking credits receivable less accrued audit expenses.

Table 1

The funds were invested and valued in the following Mercer Funds as at 30 June 2025 and 30 June 2024:

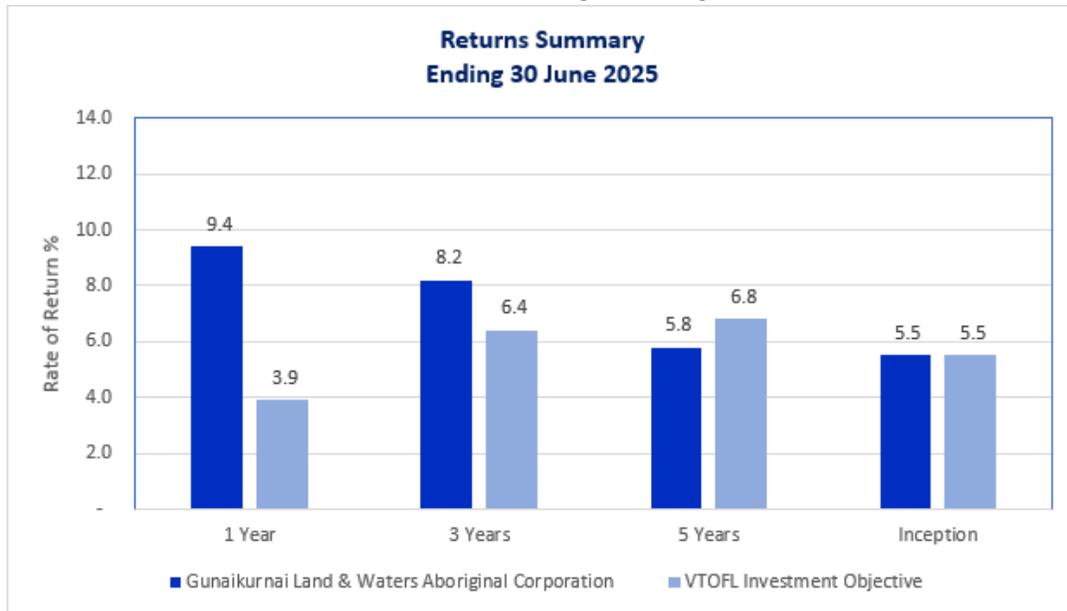
	2025	2024
	\$	\$
Mercer Moderate Growth Fund	6,696,999	8,101,026
Mercer Conservative Growth Fund	6,915,229	8,974,848
Total Funds	13,612,228	17,075,874
Other Assets less Accrued Expenses	17,758	31,655
Total Equity	13,629,986	17,107,529

REPORT ON GUNAIKURNAI TRUST'S PERFORMANCE

The actual return of the funds will be determined by a wide range of market driven factors and will vary over time.

Chart 1 below shows the performance of the Gunaikurnai Trust against its investment target since it was established. The performance includes earnings from Mercer and franking credits less expenses.

Chart 1 Performance of the Gunaikurnai Trust against Target Returns



Note: Inception for the Trust is 11 October 2011. Since January 2025, the objective has been aligned with the Mercer Funds blended benchmark, set at CPI + 2.0% p.a. It was previously CPI+3.8% p.a. to 30 June 2019, CPI+2.4% p.a. to 31 December 2021 and CPI+2.6% p.a. to 31 December 2024.

Table 2 below shows the key changes in the balances over the years and the actual performance of the Gunaikurnai Trust against its investment target.

	Total Trust					
	Opening Balance	Net Investment Gain	Withdrawals	Closing Balance	Arithmetic Investment Objective	Investment Return
	\$	\$	\$	\$		
FY Ending						
30-Jun-2012	10,000,000	435,687	-	10,435,687	3.1%	4.4%
30-Jun-2013	10,435,687	517,306	-	10,952,993	2.6%	5.0%
30-Jun-2014	10,952,993	756,420	-	11,709,413	6.9%	7.0%
30-Jun-2015	11,709,413	668,627	(100,000)	12,278,040	5.4%	5.7%
30-Jun-2016	12,278,040	438,532	(145,000)	12,571,572	4.9%	3.6%
30-Jun-2017	12,571,572	848,012	-	13,419,584	5.8%	6.8%
30-Jun-2018	13,419,584	897,988	(300,000)	14,017,571	5.9%	6.7%
30-Jun-2019	14,017,571	971,014	(250,000)	14,738,585	5.4%	7.0%
30-Jun-2020	14,738,585	191,856	(175,000)	14,755,441	2.0%	1.3%
30-Jun-2021	14,755,441	1,548,636	(178,640)	16,125,437	6.3%	10.4%
30-Jun-2022	16,125,437	(806,291)	(185,500)	15,133,646	8.7%	-5.4%
30-Jun-2023	15,133,646	1,206,170	(196,750)	16,143,066	8.8%	7.8%
30-Jun-2024	16,143,066	1,172,953	(208,500)	17,107,520	6.5%	7.4%
30-Jun-2025	17,107,520	1,382,456	(4,860,000)	13,629,976	3.9%	9.4%
To 30 June 2025	10,000,000	10,229,366	(6,599,390)	13,629,976		

For the 2025 financial year the Gunaikurnai Trust out performed its investment target of 3.9%. The actual return was 9.4%.

The original settlement amount of \$10 million was received by the Gunaikurnai Trust the cumulative earnings and franking credits after expenses have been \$10,229,366. Distributions were \$6,599,390. The distribution in 2025 was made up of a \$4,500,000 withdrawal and \$360,000 MAFA.

Table 3 below shows the detailed movements in the Gunaikurnai Trust over the last two financial years, and the distributions paid.

Table 3 Detailed Movements Over the Past Two Years

	2025	2024
	\$	\$
Trust Equity at Beginning	17,107,519	16,143,066
Add		
Return from funds invested	1,225,781	930,555
Realised gain on sale of investments	141,360	220,666
Franking credits	19,948	27,665
Resources received free of charge	119,000	130,000
Other income	2,518	669
Less		
Trust's share of VTOFL expenses	(119,000)	(130,000)
Audit fees	(7,150)	(6,600)
Distributions paid	(4,860,000)	(208,500)
Trust Equity at end	<u>13,629,976</u>	<u>17,107,519</u>
<i>Difference in Equity from Table 1 and Table 3 is the \$10 Settlement Sum</i>		

CONSULTATIVE ADVISORY COUNCIL

Given that over time Traditional Owner Groups will take responsibility for managing the funds VTOFL has initiated a Consultative Advisory Council (CAC) made up of nominated representatives from the Traditional Owner Corporations to enhance understanding, knowledge, and transparency on a range of matters directly relevant to their managed investments.

The CAC met in June 2022, June 2023, November 2023, May 2025 and October 2025. It is intended that it will meet once or twice a year.

The Terms of Reference for CAC are:

- Share and discuss information with Traditional Owner Groups regarding VTOFL's process for establishing and maintaining an Investment Policy and an Investment Strategy, including the role of financial and economic modelling.
- Share and discuss with Traditional Owner Groups the products in which VTOFL invests and the reasons those products have been selected.
- Share more detailed information with Traditional Owner Groups as to the performance of the funds VTOFL manages and trends and developments in financial markets.
- Enable Traditional Owner Groups to access VTOFL's financial advisers and fund managers.
- Serve as a forum where Traditional Owner Groups can discuss investment issues with VTOFL and its financial advisers and investment managers.

MERCER UPDATE

Report on Significant Changes and Likely Developments

Investment Market Overview

The investment landscape during the 2025 Financial Year (FY2025) was shaped by heightened geopolitical uncertainty, which translated into increased market volatility.

Early in the year, equities delivered strong returns. However, the third quarter's tariff concerns rattled investor confidence, leading to sharp declines in both Australian and International share markets. A subsequent rally, driven by positive tariff developments and US tax reforms, helped the year close on a more optimistic note. Nonetheless, volatility appears set to remain a defining feature moving into FY26.

Fixed income markets experienced similar turbulence. Yields climbed in the second quarter amid cautious signals from the US Federal Reserve, resulting in negative returns. A modest recovery in the third quarter, supported by rising sovereign bond prices in Australia and abroad, was interrupted by ongoing global trade tensions, underscoring the fragility of the environment.

Currency markets told a similarly complex story. Most currencies strengthened against the US Dollar, which endured its worst half-year performance since 1991—a stark reminder of the US Dollar's recent volatility.

On the macroeconomic front, many central banks around the world (including the US Federal Reserve, European Central Bank and Bank of England) eased their monetary policy. In Australia, interest rates declined from 4.35% to 3.85% as at 30 June 2025; yet retail sales remained sluggish despite a notable rise in employment.

Europe saw a significant policy shift, with Germany passing a bill to increase infrastructure spending by €500 billion—an unprecedented move for a traditionally conservative fiscal authority.

Meanwhile, geopolitical tensions escalated in the Middle East, culminating in military strikes between Israel, the US and Iran, before a ceasefire was established.

The US legislative landscape also saw notable activity. The "One Big Beautiful Bill Act," which extends and expands tax cuts from the previous Administration, was passed through Congress, adding another layer of fiscal policy complexity.

Trust Investment Outcomes

The GLAWAC Trust has returned 9.4% over the financial year, strongly outperforming its Investment Objective by 5.5%. Despite volatility and uncertainty introduced by evolving trade policy and geopolitical risks, most asset-class funds delivered strong returns over the financial year. Equity markets reacted positively to tax cuts and deregulation offered by the Trump administration, while fixed income markets benefitted from rate cuts globally.

Strategic Review

During the year, Mercer undertook a strategic review of the GLaWAC Trust's investment strategy and financial objectives, using Mercer's March 2025 capital market aware assumptions (CMAs). Since the previous review in 2024, inflation has declined and is now broadly in line with central bank targets. Economic growth has moderated, and the RBA began cutting rates in early 2025 with further reductions expected throughout the year. Overall, updated risk and return expectations were mixed relative to last year. Return expectations for international growth assets were revised down, reflecting the strong performance over the preceding 12 months. Assumptions for Australian equities remained stable, while most fixed income asset classes have seen a modest increase in expected returns.

Following the strategic review, no changes were recommended or have been made to the investment structure, as the Trust is considered to be in a very strong capital position to meet both its Minimum Annual Funding Allowance (MAFA) requirements and achieve its Target Terminal Value (TTV), with an expected median balance of around \$18 million in the Trust at maturity. The review used the requested increase in MAFA to \$360,000 as a baseline for the indexation of future MAFA obligations over the remaining investment horizon, the review concludes there is a very high likelihood of meeting the MAFA requirement and generating adequate income through investment portfolio returns.

Mercer continues to have confidence in the Trust's current Strategic Asset Allocation (SAA) to deliver on the stated Investment Objective over the longer term. This confidence is drawn from the SAA Healthcheck, which showed a high probability of the Trust achieving its Investment Objective over the remaining investment period.

Mercer's Sustainable Investment Guiding Principles

Mercer has set out three guiding principles that provide a framework for considering sustainable investment approaches, while allowing for client preferences, objectives and constraints.

1. Effective stewardship plays a role in improving investment outcomes.

- Effective stewardship and engagement with companies, policymakers, and stakeholders, plays an important role in value-creation through the deployment of investor rights and influence.
- Clear stewardship objectives, meaningful escalation mechanisms in response to unsuccessful engagements and the feedback loop between stewardship activities and portfolio positioning, including, in some cases, exclusions, are all key to effective stewardship.
- Approaching stewardship collaboratively with other investors can lead to more meaningful outcomes.

2. Integrating financially material sustainability, transition and socio-economic risks into investment decision-making can potentially enhance portfolio resilience.

- Considering the risks associated with climate transition, natural resource challenges, and socio-economic developments as part of an investor's risk management process can assist in positioning their portfolio across time horizons.
- Integrate these risks across strategic asset allocation, portfolio construction and manager selection.
- Assess financial materiality of systemic and sustainability risks using both forward-looking projections and holdings-based analysis.
- Evaluate both the dependencies and impacts of investments on society and nature.
- Analyze transition risks and portfolio alignment for a net zero carbon, nature positive and equitable future.

3. Investing to solve long-term systemic issues may provide opportunities to improve risk-adjusted returns.

- Market inefficiencies in pricing transition risks, as well as the development of new technology and solutions to sustainability challenges across developed and emerging markets, can create opportunities for investors to capitalise on the transition to a net zero carbon, nature-positive, and more equitable world.
- Capital can play a vital role in shaping or supporting a sustainable transition and more equitable future.
- Capital can be used to generate and accelerate positive impact outcomes alongside financial returns.

Highlights of Mercer's Sustainable Investment Activity

Mercer continues to drive forward our portfolio implementation activities in line with our sustainable investment strategy, noting positive results across a number of sustainability metrics.

ESG Ratings

- Mercer's ESG ratings represent our global manager research view on the extent to which ESG factors and active ownership practices are integrated into a manager's investment decision making process.
- Strong ESG integration is an important part of the manager selection criteria at Mercer and we aim to maintain a better than benchmark ESG rating across all funds.
- As at December 2024, 84% of Mercer funds had ESG weighted average ratings better or on par with their benchmark Universe.
- Upcoming changes to Mercer's ESG framework - Mercer's ESG ratings have been a success since we introduced them at the strategy level in 2008. Since then, the asset management industry has evolved and integrating financially material ESG factors has become mainstream. As part of this evolution, in 2026, we will be introducing a new ESG

framework in our manager research due diligence process that will replace the existing ratings system.

Net Zero Target

- In 2021, Mercer established a target to achieve net zero absolute portfolio carbon emissions¹ by 2050 for all assets under management in Australia (including the Mercer Funds). Mercer also established an expectation that portfolio carbon emissions would reduce by 45% by 2030, from 2020 baseline levels.
- As at December 2024, the Mercer Funds portfolio in Australia has achieved a 38.1% reduction in carbon footprint² from its 2020 baseline.

Notes:

1. Defined as: absolute carbon emissions per \$M of funds under management (FUM), Scope 1&2 emissions for the Mercer Funds in aggregate and for each Mercer managed diversified fund.
2. Carbon Footprint is absolute emissions/\$M invested.

Sustainable Development Goals

- The [UN Sustainable Development Goals \(SDGs\)](#) alignment analysis assesses the impact of Mercer’s investments on the SDGs. This helps identify (through alignment of business revenue and operational conduct) those investments that are contributing to, or obstructing, the transformation which seeks to achieve the important SDG objectives.
- As at December 2024, Mercer’s Listed Equity portfolio is equally as aligned to the SDGs as the benchmark (slightly stronger, by 0.04%).

Stewardship

- Mercer’s Stewardship framework supports the realisation of long-term value by a) seeking to influence improvement with managers, companies, and policymakers aligned with investor objectives and timeframes, and b) gathering information to make better informed decisions.

Engagement	Approaches	Voting
<ul style="list-style-type: none"> • Targeted engagement with investment managers on: <ul style="list-style-type: none"> – ESG integration within strategies – Portfolio risk analysis for priority themes – Manager engagement survey results 	1. Managers 	<ul style="list-style-type: none"> • Proxy voting execution is delegated to appointed listed equity investment managers. The approach is detailed in the 1 Dec 2024 Stewardship Policy and aggregate statistics are reported. • Mercer’s Proxy Voting Disclosure Site (hosted by Glass Lewis) provides further information
<ul style="list-style-type: none"> • Initiative participation with other investors for greater impact and implementation efficiency e.g. IGCC, RIAA, ASFI, PRI, Climate Action 100+ and Investors Against Modern Slavery and Trafficking (IAST) • Glass Lewis Active Stewardship Engagement Service, engagement undertaken on our behalf for select companies in their Focus list 	2. Collaboration 	<ul style="list-style-type: none"> • Glass Lewis Voting Engagement Service, which leverages ~1,500 engagement meetings Glass Lewis holds annually across 100+ markets, with a focus on vote recommendations
<ul style="list-style-type: none"> • Participant engager on major Australian companies as part of CA100+ and investors against slavery and trafficking (IAST) – e.g. BHP, Santos, Woodside, Woolworths. • The recently established Climate Transition Engagement Priorities Program; 12 companies currently targeted. • May participate in company engagements alongside incumbent managers where there is a common company interest. • Vote review process ahead of AGMs for Top 20 Australian equity companies may result in proactive dialogue on key issues or resolutions, alone or in partnership with managers or Glass Lewis. 	3. Directly 	<ul style="list-style-type: none"> • Most material holdings, e.g. Top 20 Australian equity companies and climate transition engagement priorities, resolutions are reviewed ahead of each AGM and intended vote positions and rationales sought from managers. On occasion, we may decide to exercise a ‘Priority Vote’ to ensure consistency in aggregate for our shares on particular resolutions.

Investment Outlook

The persistence of tariffs and trade tensions suggests that global supply chains and international trade will continue to face disruption. For Australia, this presents a nuanced picture. China, its largest export partner, is expected to deploy further stimulus measures aimed at boosting consumption and stabilising its property market, with the overall impact on growth potentially less severe than in other regions.

However, we anticipate that ongoing trade uncertainties could trigger a slowing in the growth of the US economy and potentially elsewhere. The US is likely to experience fiscal tightening, driven by import price inflation; whereas Europe's growth prospects may benefit from increased government spending, particularly in Germany.

In Australia, with inflation now within the Reserve Bank's target range, further rate cuts are expected in FY 26 (with one cut already delivered in August 2025). Yet, we expect domestic growth to remain subdued, constrained by higher interest rates, cost-of-living pressures, and cautious business investment amid geopolitical uncertainties.

TRUSTEE'S COMMENTS

The Trustees note Mercer continue to have confidence in the Trust's current Strategic Asset Allocation (SAA) to deliver on the stated Investment Objective over the longer term. This confidence is drawn from the SAA analysis undertaken during the year which showed a high probability of the Trust achieving its Investment Objective over the full investment period. While, in the short term, because of increased economic uncertainty and related continued market volatility the range of potential investment outcomes remains unusually wide, we continue to monitor investment markets for the opportunity or need to reconsider the current GLaWAC SAA and investment strategy. In this context Directors also closely assess and engage with Mercer regarding its own performance in meeting both the individual Trusts and VTOFL's requirements.

As approved by the Directors of VTOFL.



Neil Westbury PSM
Chairperson
17 November 2025



Lisa Norden
Company Secretary
17 November 2025