

# Performance Summary

Police Super

January 2024



## Performance

The SA Police Superannuation Pension Scheme invests in the Funds SA Defined Benefit Strategy. Members of the Pension Scheme can also salary sacrifice into the Super SA Triple S Options.

This report outlines performance of the investment options to the end of the month.

### Table 1: Defined Benefit Strategy and Super SA Triple S investment options returns to 31 January 2024

Returns are net of fees and gross of tax

Investment option	1 month %	3 months %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Cash	0.4	1.1	2.6	4.1	1.9	1.5	1.6	1.9
Capital Defensive	0.4	4.3	3.7	4.2	1.0	2.6	3.1	3.7
Conservative	0.6	5.4	4.0	5.0	2.2	3.9	4.3	4.9
Moderate	0.8	6.8	4.3	6.1	3.9	5.2	5.6	6.1
Socially Responsible	1.2	9.0	4.8	9.7	6.6	7.6	7.2	7.0
Balanced	0.9	7.7	4.5	6.9	5.5	6.9	7.1	7.4
High Growth	1.1	8.0	4.5	7.2	6.4	7.7	8.0	8.4
Defined Benefit Strategy	0.9	5.9	3.3	5.5	6.6	7.7	8.0	8.2

Key drivers of performance:

- All investment options had a positive month.
- The International Equities asset class was the strongest contributor to performance, largely driven by US and Japan equity markets. However, being underweight US Technology stocks and underweight the Japan equity market detracted from benchmark relative performance.
- The Australian Equities asset class also provided positive returns.
- Equities benefited from supportive economic data and optimism for interest rate cuts in 2024.
- The Australian Dollar was down against the USD to the end of January.

The following table shows the performance of Funds SA's Tax-Exempt investment options versus investment objective. These may differ from the Super SA Triple S option returns which are based on Super SA's unit pricing formulas.

**Table 2: Defined Benefit Strategy and Funds SA Tax-Exempt investment option returns versus investment objective to 31 January 2024**

Returns are net of fees and gross of tax

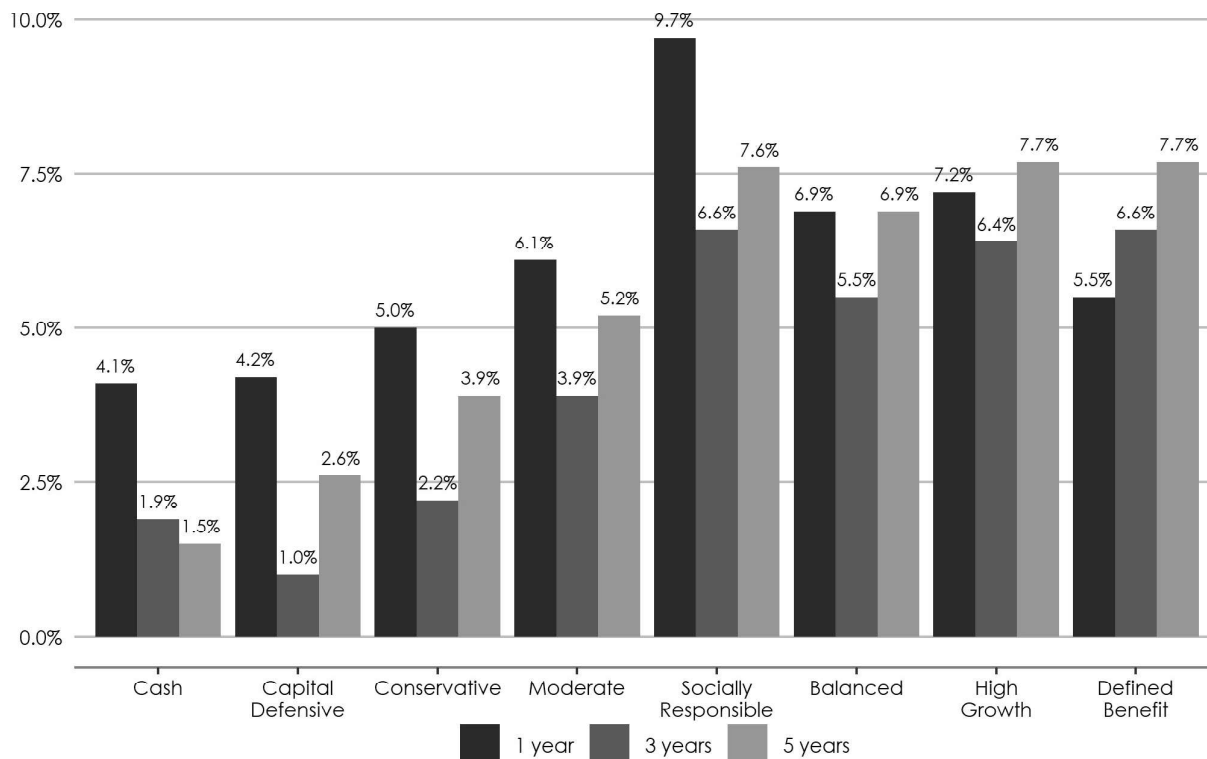
Investment option	Investment horizon	Investment objective % p.a.	Tax-Exempt investment option performance % p.a.
Cash	0+ years	RBA Cash Rate = 4.0	4.2
Capital Defensive	2+ years	(CPI + 0.5%) = 6.3	0.8
Conservative	4+ years	(CPI + 1.5%) = 5.9	2.4
Moderate	6+ years	(CPI + 2.5%) = 6.2	4.9
Socially Responsible	10+ years	(CPI + 3.0%) = 6.1	7.0
Balanced	10+ years	(CPI + 3.5%) = 6.3	7.5
High Growth	10+ years	(CPI + 4.5%) = 7.3	8.5
Defined Benefit	10+ years	(CPI + 4.5%) = 7.2	8.2

Note: Investment objectives and investment option performance are expressed over the stated minimum investment horizon for each investment option. Where the investment objectives have changed over time, the objective return reflects a combination of the former and current investment objectives.

The Cash investment option performance is assessed over 1-year rolling periods.

**Chart 1: Defined Benefit Strategy and Super SA Triple S investment options annualised returns to 31 January 2024**

Returns are net of fees and gross of tax

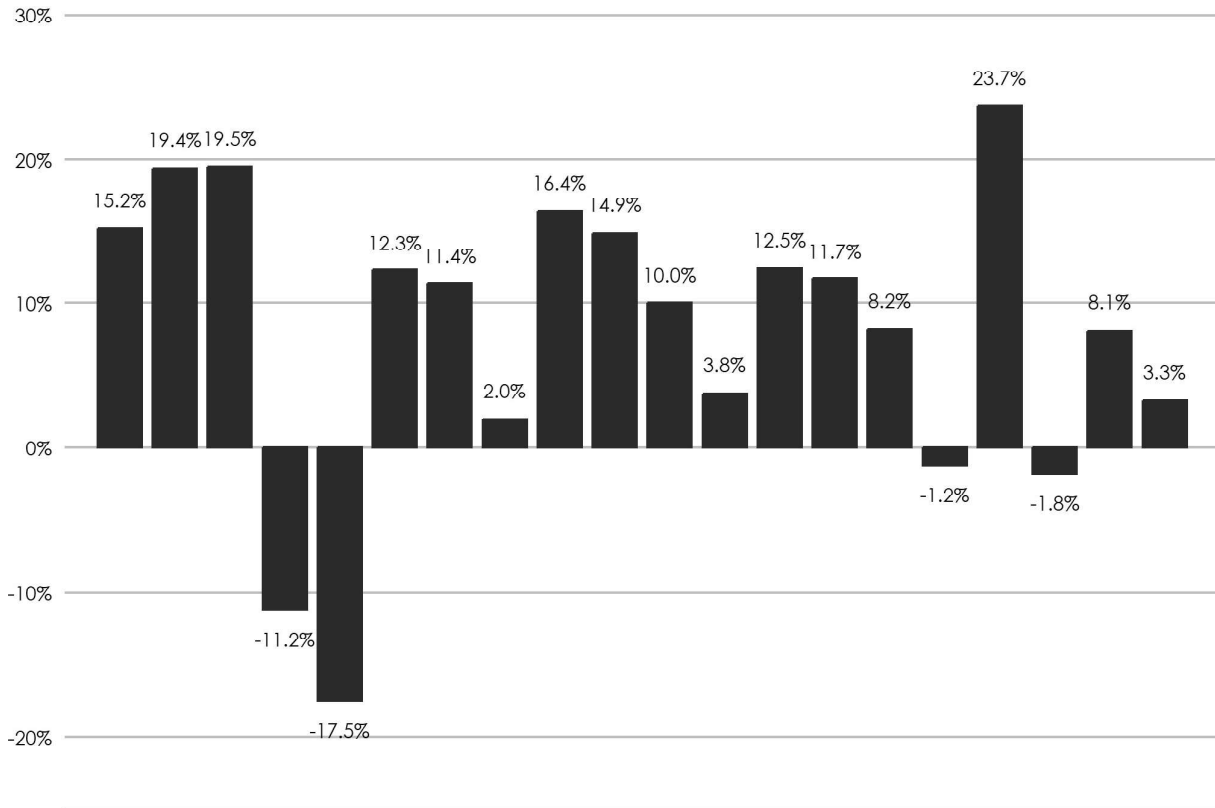


## Historical performance

The chart below shows the financial year returns of the Defined Benefit Strategy.

**Chart 2: Defined Benefit Strategy financial year returns**

Returns are net of fees and gross of tax



2024 is FYTD to 31 January 2024.

Note returns shown reflect investment in the Funds SA Growth Tax-Exempt investment options prior to the establishment of the customised Defined Benefit Strategy from 1 January 2017.

## Funds under management

The table below shows the value of Police Super schemes invested within the Defined Benefit Strategy.

**Table 3: Police Super investments as at 31 January 2024**

Funds under management	Defined Benefit Strategy \$m
Police Superannuation Fund - Old Scheme Division	648.6
Police Superannuation Scheme - Employer Contribution Account	1,752.7
<b>Total</b>	<b>2,401.3</b>

Due to rounding, the sum of individual numbers within the table may not equal the totals quoted.

## Effective asset allocation

The effective asset allocation of the investment options is shown in the table below.

**Table 4: Effective asset allocation as at 31 January 2024**

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Socially Responsible %	Balanced %	High Growth %	Defined Benefit %
Australian Equities	0.0	5.2	9.4	16.4	27.0	22.4	26.3	21.1
International Equities	0.0	5.5	13.0	22.0	29.8	29.1	34.5	27.0
Private Markets	0.0	1.3	2.3	3.5	1.8	5.3	6.6	13.7
Property	0.0	6.0	6.6	6.4	11.5	8.1	12.1	16.3
Infrastructure	0.0	8.7	7.7	4.7	4.7	5.9	4.9	4.9
Alternatives	0.0	4.0	4.0	3.0	0.0	1.9	0.0	7.7
Credit	0.0	3.1	7.1	7.0	0.0	5.9	7.1	6.0
Fixed Interest	0.0	48.6	35.7	24.3	16.5	13.0	0.0	0.0
Cash	100.0	17.7	14.3	12.7	8.9	8.3	8.5	3.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Foreign Currency</b>	<b>0.0</b>	<b>4.5</b>	<b>9.9</b>	<b>16.1</b>	<b>20.7</b>	<b>20.8</b>	<b>24.3</b>	<b>19.2</b>
<b>Foreign Currency Hedge*</b>	<b>0.0</b>	<b>1.2</b>	<b>3.5</b>	<b>6.6</b>	<b>11.2</b>	<b>9.7</b>	<b>11.2</b>	<b>8.6</b>

Due to rounding, the sum of the individual numbers within the table may not equal the totals quoted.

\* The partial foreign currency hedge is the exposure converted back into Australian Dollars from investing in International Equities to achieve the Foreign Currency strategic allocation.

All other asset classes that have international investments are typically fully currency hedged.

## Financial market snapshot

The table below summarises broad financial market performance.

**Table 5: Major market index returns to 31 January 2024**

Market Index	1 month %	3 months %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Australian Equities	1.1	13.9	8.6	6.7	9.3	9.7	8.8	8.4
International Equities	3.9	10.2	8.6	22.5	11.5	12.4	12.0	11.6
Australian Unlisted Property	0.3	-3.0	-4.2	-7.1	3.5	2.7	5.0	7.0
Credit	0.0	6.3	6.3	7.7	0.8	2.4	2.8	4.1
Global Fixed Interest	-0.3	7.7	2.5	1.3	-4.6	-0.4	1.0	2.5
Australian Fixed Interest	0.4	3.5	4.5	4.7	0.6	1.6	1.9	2.3
Cash	0.4	1.1	2.5	4.0	1.8	1.4	1.6	1.8
Foreign Currency (AUD v. Developed Markets)	-2.7	2.9	-1.4	-7.0	-4.7	-2.6	-2.5	-2.1

Note:

Returns hedged to the Australian Dollar: Global Fixed Interest, Credit.

Equity returns are expressed in AUD

## Financial market commentary

January was a strong month for international developed market equities. US equity markets rallied on the strong employment numbers and eased concerns off a US recession.

Economic data continued to indicate inflation was falling toward target levels, and economic growth while slowing, remains resilient. Investors have hope that a soft-landing scenario will eventuate, where the interest rate rises do not cause a deep recession.

The Australian equity market rose but was tempered by RBA comments that 'a further increase in interest rates cannot be ruled out'. This also resulted in mixed outcomes for Fixed Interest markets with bond yields rising for longer dated bond and falling for shorter dated bonds.

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