Performance Summary

Police Super – Members

April 2023

Funds SA is responsible for investing the assets of the SA Police Superannuation Pension Scheme and the Super SA Triple S options, which members of the Pension Scheme can also salary sacrifice into. In this summary, Funds SA provides an overview of the performance of these investments.

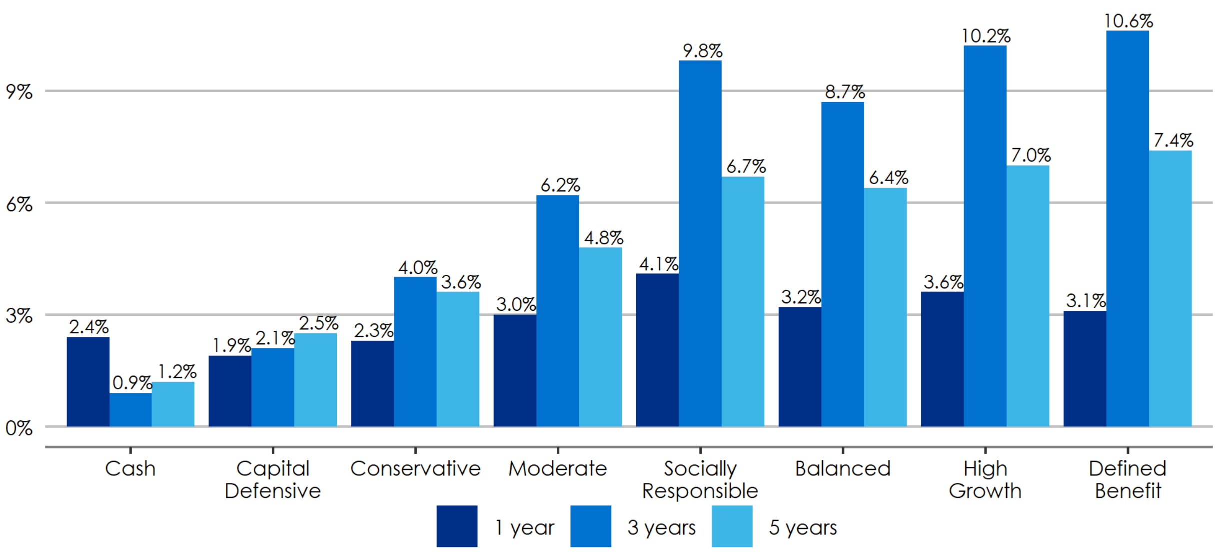
Performance

The Pension Scheme invests in the Funds SA Defined Benefit Strategy. The table and chart below show the Defined Benefit Strategy and Super SA Triple S option returns after deduction of all fees and costs.

Table 1: Defined Benefit Strategy and Super SA Triple S investment options returns to 30 April 2023
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	0.3	0.8	2.3	2.4	0.9	1.2	1.4	1.8
Capital Defensive	0.6	1.1	4.8	1.9	2.1	2.5	3.2	3.7
Conservative	0.8	1.2	6.1	2.3	4.0	3.6	4.5	4.9
Moderate	1.0	1.5	7.5	3.0	6.2	4.8	5.8	6.2
Socially Responsible	1.8	4.0	11.3	4.1	9.8	6.7	7.2	7.2
Balanced	1.2	1.6	8.9	3.2	8.7	6.4	7.4	7.6
High Growth	1.4	1.6	9.7	3.6	10.2	7.0	8.6	8.9
Defined Benefit Strategy	1.2	1.4	7.4	3.1	10.6	7.4	8.6	8.6

Chart 1: Defined Benefit Strategy and Super SA Triple S investment options annualised returns to 30 April 2023
Returns are net of fees and gross of tax



Key drivers of performance:

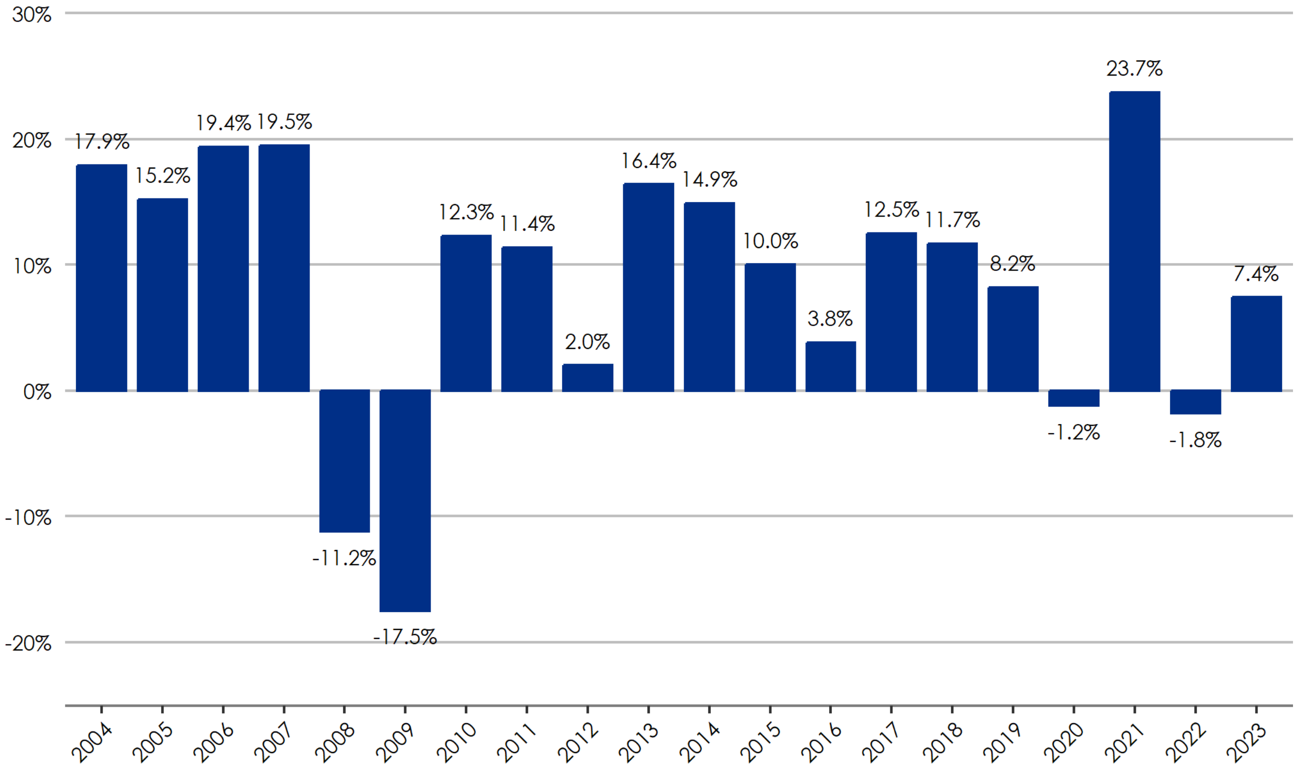
- All investment options generated positive returns.
- Australian and International Equities were key contributors across all investment options. Two key factors drove favourable equity market returns: falling inflation, and resilient company earnings across a range of sectors.
- For the lower risk investment options, particularly Capital Defensive, Fixed Interest provided positive returns as yields adjusted to falling expectations of future interest rate rises.
- The Reserve Bank of Australia (RBA) left the Official Cash Rate (OCR) unchanged at 3.60%. However, at the time of writing, the RBA increased rates a further 0.25% to 3.85% (2 May 2023).

Historical performance

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

Chart 2: Defined Benefit Strategy financial year returns

Returns are net of fees and gross of tax



2023 is FYTD to 30 April 2023.

Asset allocation

The Pension Scheme is invested in a well-diversified strategy, including more than 200 Australian shares, 1500 International shares and 130 properties. Investments are managed by over 40 investment managers globally.

The asset allocation of the Defined Benefit Strategy and Super SA Triple S options are shown in the table below.

Table 2: Asset allocation as at 30 April 2023

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Socially Responsible %	Balanced %	High Growth %	Defined Benefit %
Cash	100.0	18.8	16.1	12.2	7.8	8.0	6.5	2.0
Fixed Interest	0.0	37.2	21.0	15.0	16.7	7.0	0.0	0.0
Inflation-Linked Securities Tax-Exempt	0.0	9.0	9.0	5.9	0.0	4.9	0.0	0.0
Diversified Strategies Income	0.0	13.0	16.8	12.8	0.0	8.1	7.2	13.7
Property Tax-Exempt	0.0	6.3	8.8	8.9	13.1	9.5	14.2	17.7
Australian Equities Tax-Exempt	0.0	5.1	9.2	16.2	29.0	22.5	26.2	20.3
International Equities Tax-Exempt	0.0	5.4	13.0	22.1	28.8	29.1	34.7	28.4
Diversified Strategies Growth Tax-Exempt	0.0	5.3	6.1	6.8	4.6	10.8	11.3	17.8
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

Note: The Diversified Strategies Income asset class comprises Investment-Grade Credit, Credit, Defensive Alternatives, and Growth Alternatives, while the Diversified Strategies Growth asset class comprises Private Equity and Core Infrastructure.

Financial market snapshot

The table below summarises general financial market performance. The market indices used in the table below are different to the indices that Funds SA uses to target and measure the performance of its asset classes and investment options. As a result, the table below is not reflective of Funds SA performance and should not be used for comparison purposes.

Table 3: Major market index returns to 30 April 2023

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.
Cash and Fixed Income								
Australian Cash	0.3	0.8	2.3	2.4	0.8	1.1	1.3	1.7
Australian Government	0.0	1.9	4.4	2.0	-2.9	1.4	1.5	2.4
Australian Inflation-Linked	0.3	2.2	9.0	4.2	2.0	3.1	2.9	3.2
Global Treasuries	0.3	1.2	-0.9	-2.7	-3.6	0.3	0.8	2.4
Global Inflation-Linked	-0.9	0.3	-4.2	-10.9	-2.4	0.8	2.0	2.3
Credit								
Global Credit	0.7	0.1	0.4	-2.3	-2.7	0.6	1.3	2.5
Global High-Yield	0.2	-1.0	6.5	-1.7	2.5	0.7	2.9	3.7
Emerging Market Debt	0.5	-0.3	5.8	0.1	-0.2	0.2	1.3	1.6
Property								
Australian Listed Property	5.2	-2.4	9.6	-10.2	11.3	5.4	4.9	7.7
Equities								
Australian Equities	1.8	-1.0	15.4	2.1	14.0	8.2	9.1	7.9
Global Equities	1.6	2.5	12.1	3.2	13.5	8.8	10.3	9.7
US Equities	1.6	2.7	11.7	2.7	14.5	11.4	12.6	12.2
European Equities	2.4	4.0	17.7	8.3	13.9	6.1	7.8	7.2
Japanese Equities	2.8	5.5	12.6	10.9	14.8	5.8	8.8	8.2
Asia (ex Japan) Equities	-1.6	-3.8	-0.5	-3.3	4.6	1.0	6.4	4.9
Emerging Market Equities	-0.7	-3.2	1.2	-3.5	5.9	1.9	6.7	5.3
Global Small Companies	-0.4	-5.1	9.7	-1.5	12.7	4.3	7.5	7.6
Currency								
Australian Dollar vs Developed Market Basket	-1.2	-6.2	-5.0	-6.5	0.8	-2.0	-1.5	-3.7

Note:

Returns hedged to the Australian Dollar: Global Treasuries, Global Inflation-Linked, Global Credit, Global High-Yield.

Equity returns are expressed in local currency.

Emerging Market Debt is hedged to the US Dollar.

Currency: A positive number represents appreciation of the Australian Dollar. A negative number represents a depreciation of the Australian Dollar.

Financial market commentary

Most financial markets produced favourable returns over the month. Equity markets benefited from positive earnings results across a range of sectors. Investor concerns around the US regional banking failures in March subsided after better-than-expected regional bank results. The Australian equity market returned 1.8% and the global equity market returned 1.6% for the month. Asia ex-Japan was the exception to the positive equity market momentum. The China and Taiwan markets were the key detractors. Ongoing geopolitical tensions between China and the US, and declining demand for Taiwanese semiconductors drove the weakness.

Bond markets were steady during April, with mixed movements across the yield curve. While most major economic data points showed resilience, inflation began to ease, the consensus is peak inflation has passed. There were some indications of economic weakness beginning to show, particularly in the US, raising expectations that the US Federal Reserve and Reserve Bank of Australia may be nearing the end of their tightening cycles. However, both central banks continued to reiterate their commitment to control inflation, leaving the option for more rate rises but the market expecting an interest rate pause post May.