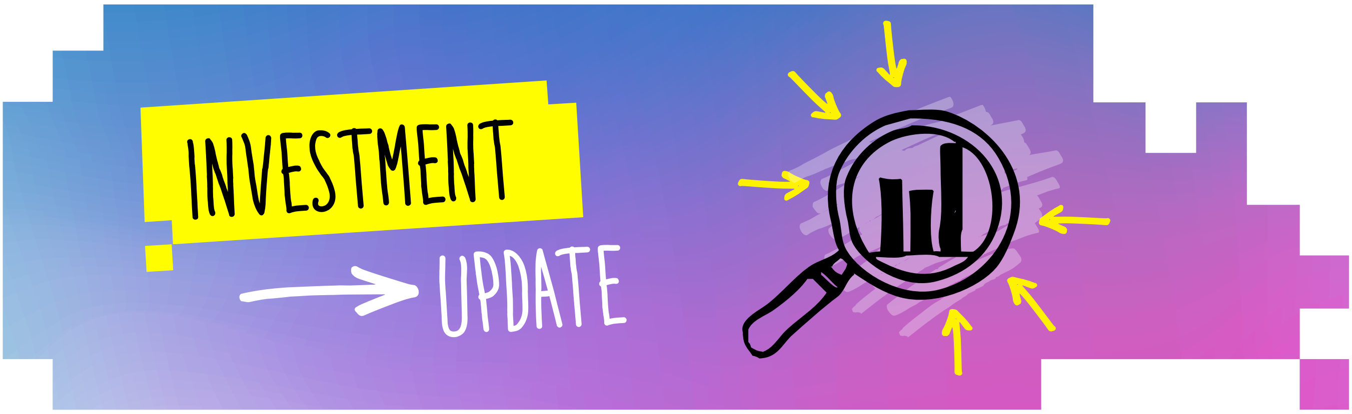
# ANZ Staff Super
# September Quarter 2023




## A balanced approach endures a challenging quarter

Investment market returns slowed during the September quarter which flowed through to the performance of our investment options for both super and pension members. That said, each option delivered positive incremental returns and continued to exceed its investment objectives. See the tables below.[1]

Our Balanced Growth option returned 0.4% in the September quarter, to deliver **7.7%** for the 12 months to 30 September 2023 and **6.5% p.a.** over 10 years.

Approximately half of our international shares are actively managed and our multi-manager for developed markets equities returned 0.16%, placing us ahead of the index which declined -0.43%. Our exposure to foreign currencies was another positive contributor as the Australian dollar decreased in relative terms. However, Australian equities lost ground over the quarter returning -1.6% and lower valuations in the property sector also detracted from performance.

### Investment performance for super members as at 30 September 2023*

| Investment option | Aggressive Growth | Balanced Growth | Cautious |
|---|---|---|---|
| **Our 10-year return % p.a.** | **8.1%** | **6.5%** | **4.2%** |
| Comparison objective as at 30 September 2023 (% p.a.) | 5.8% | 5.3% | 4.2% |
| Performance objective | CPI +3.0% over 10 years | CPI +2.5% over 10 years | CPI +1.0% over 10 years |

| Investment option | Cash |
|---|---|
| **Our 1 year return % p.a.** | **3.5%** |
| Comparison objective as at 30 September 2023 (%) | 3.0% |
| Performance objective | To equal or exceed the RBA cash rate before fees and taxes over rolling 1-year periods[3] |

*Performance objectives are after an allowance for fees and tax as set out in our PDS. Investment option returns are for Employee, Personal and Partners members. Past performance is not an indicator of future performance.

1. Returns reflect month end hard close price, therefore due to the timing of weekly pricing and transactions, may not represent returns on members' statements.
2. Calculated as RBA rate less 15% tax for income earned in superannuation accumulation accounts.
3. Note: The Cash option has a shorter investment horizon and objective timeframe than the blended options.

### Investment performance for pension members as at 30 September 2023*

| Investment option | Aggressive Growth | Balanced Growth | Cautious |
|---|---|---|---|
| **Our 10-year return % p.a.** | **8.8%** | **7.1%** | **4.7%** |
| Comparison objective as at 30 September 2023 (% p.a.) | 5.8% | 5.3% | 4.2% |
| Performance objective | CPI +3.0% over 10 years | CPI +2.5% over 10 years | CPI +1.0% over 10 years |

| Investment option | Cash |
|---|---|
| **Our 1 year return % p.a.** | **4.2%** |
| Comparison objective as at 30 September 2023 (%) | 3.5% |
| Performance objective | To equal or exceed the RBA cash rate before fees and taxes over rolling 1-year periods[4] |

# Global market review

## Key points

- Inflation has fallen from its peak across developed market economies; however, major central banks are poised to hike rates further, with inflation still well above their target ranges
- China's overall outlook for the economy remains uncertain, amid weak overseas demand and the increasing risk of a further downturn for property assets
- Global equities and bonds fell over the quarter, continuing their downward trajectory from mid-July until quarter end, with global government bond yields reaching the highest levels over the decade in several countries.

Despite declining inflation across many developed market economies, there were concerns that more rate hikes from major central banks were still possible. This put pressure on global bond yields, sending them soaring and causing the price of bonds to fall. Global equities and global bond returns were likewise lower over the September quarter.

Headline inflation continued to slow across the US and Europe during the quarter, but still remains above target in those regions.

China's overall economic outlook remains uncertain, amid weak overseas demand and difficulties concerning highly indebted real estate developers in the country's property sector. To help boost investor sentiment in the stock market, China announced that it would cut stamp duty on stock trades in September, despite this, Chinese equities returned -1.2% over Q3 2023.

Global developed market bond yields soared over the September quarter, causing the value of bonds to fall. Global listed infrastructure posted a disappointing return of -7.9%[5] over the quarter, given the impact of rising bond yields. Similarly, global listed property returned -5.2%.[6]

*Performance objectives for mixed investment options are after an allowance for fees and tax as set out in our PDS.
Investment option returns are for Account Based Pension members. Past performance is not an indicator of future performance.

4. Note: The Cash option has a shorter investment horizon and objective timeframe than the blended options.
5. As measured by the FTSE Developed Core Infrastructure 50/50 Index (AUD hedged)
6. As measured by the FTSE EPRA/NAREIT Developed Rental Net TRI Index (AUD hedged)

# Australian market review

## Key points

- The Reserve Bank of Australia (RBA) kept interest rates steady at 4.1% over the quarter as well as in October, marking four months of consecutive rate pauses
- Michele Bullock commenced as the Governor of the Reserve Bank of Australia on 18 September 2023, taking over from Governor Philip Lowe
- In September, the Final Budget Outcome for the 2022/23 financial year was released, announcing that the Federal Government had achieved its first budget surplus in 15 years, totalling $22.1 billion over the past financial year.

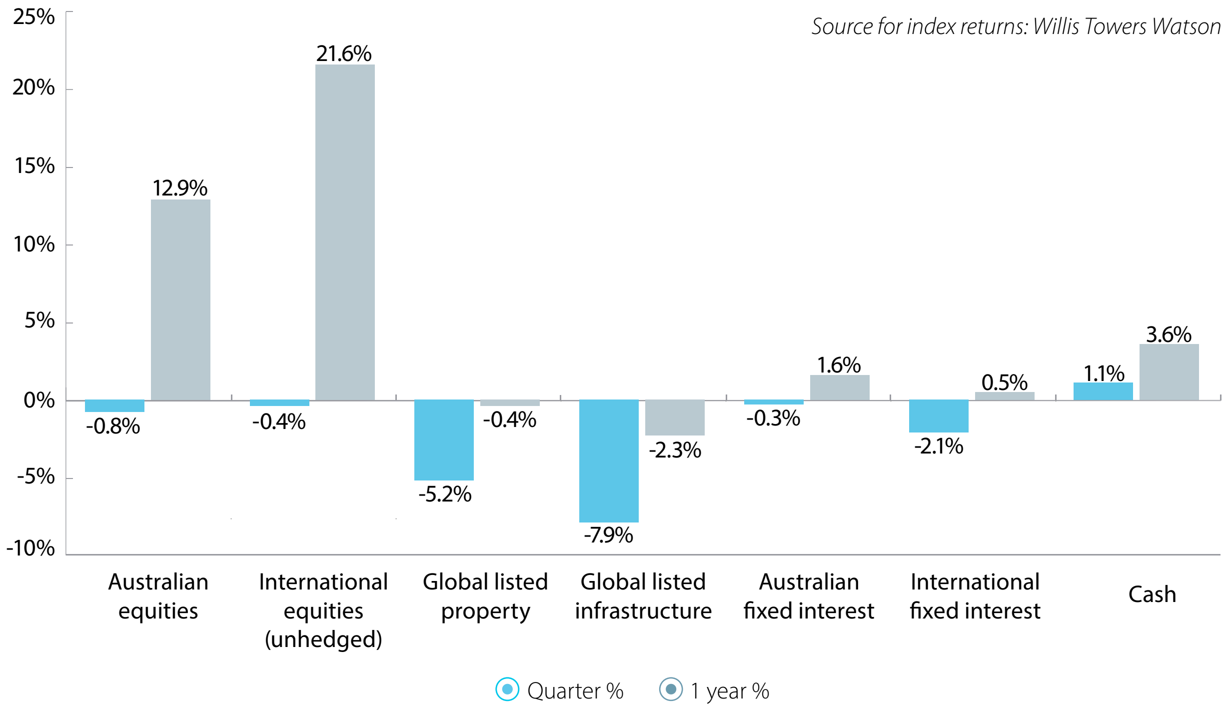
Australian equities delivered a negative return of -0.8% over the quarter[7] with Energy, Consumer Discretionary and Financials, ex Property Trusts the best performing sectors: returning 11.6%, 5.6% and 2.3% respectively. A sharp recovery in crude oil prices resulted in the outperformance of the energy sector in particular. The worst performing sectors included Healthcare, Consumer Staples and Information Technology, returning -9.0%, -5.8% and -4.8% respectively over the quarter.

The Australian economy expanded by 0.4% in the June quarter, matching the upwardly revised figure for the March quarter and marking the seventh straight period of economic growth. Tight labour markets persisted with the unemployment rate remaining at 3.7% in August. Annual inflation data, as measured by the Consumer Price Index (CPI), pointed to some signs of slowing, dropping to 6.0% over the 12 months to June, compared to 7.0% over the 12 months to March.

Business sentiment improved, from -1 in June to 2 in August[8], and consumer confidence also increased from 79.2 in June to 79.7 in September[9]. It's worth noting that a consumer confidence index score below 100 indicates that pessimists outweigh optimists. With falling household savings, concerns over budget and taxation, and the ongoing uncertainty around further interest rate increases by the RBA, consumer confidence remains low, despite the small improvement seen over the quarter.

Australian 10-year Government bond yields increased significantly over the quarter by 49 bps, to end September at 4.49%. The Australian dollar appreciated by 3.5% against the US dollar, ending the quarter at 64.4 US cents. The Trade Weighted Index fell from 61.7 in June to 61.1 in September, signalling a depreciation in the value of the Australian dollar against the currencies of our major trading partners.

### Index returns for key market segments to 30 September 2023




Against this backdrop our investments held up well. Over the 12 months to 30 September our key holdings in Australian and International equities returned 13.1% and 24.1%, these were above the results of their respective indices the ASX300 (at 12.9%) and the MSCI World (Ex-Aus) Net Dividends Reinvested Acc Index (at 21.6%).

7. As measured by the S&P/ASX 300 Accumulation Index
8. As measured by the NAB Business Confidence survey
9. As measured by the Westpac Bank Consumer Sentiment Index

## Outlook

The current market environment remains a challenging one.

The risk of El Nino weather effects on food prices, potential disruption in the oil and gas market and war, all suggest inflation risks, and consequently interest rates may remain higher. Asset market pricing implies a rapid fall in inflation to central bank targets, cuts in policy rates, and only a moderate slowdown in economic and corporate earnings growth.

While in the short-term, volatility is likely to remain high, it's important to remember that superannuation is a long-term investment and our options have weathered a variety of challenging conditions over time to deliver long-term returns that meet and may exceed their stated objectives.[10]

## Need help with your investment strategy?

No one can control the markets, but you can shape your own reactions and decide what to do with your money.

It is a good idea to review your investment strategy from time to time. If you need help reviewing your investment strategy, we recommend you get in touch with us and get advice from an **ANZ Staff Super financial adviser***.

### FINANCIAL ADVICE

Get the advice you need before you make an investment choice or switch investment options. You can contact an ANZ Staff Super financial adviser on **1800 000 086** who can give you limited advice on the investment options available and your investment strategy.

If your needs are simple, an ANZ Staff Super financial adviser can help.

10. Past performance is not an indicator of future performance.

**IMPORTANT INFORMATION**

*The Trustee of ANZ Staff Super has entered into an agreement with Mercer Financial Advice (Australia) Pty Ltd under which Mercer's financial advisers have been engaged to provide members with general or limited personal financial advice about options available within ANZ Staff Super over the phone for no extra charge.

These financial planning services are provided by Mercer Financial Advice (Australia) Pty Ltd ABN 76 153 168 293, AFSL #411766. Any advice provided by Mercer's advisers is not provided or endorsed by the Trustee and is not provided under the Trustee's AFSL.

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