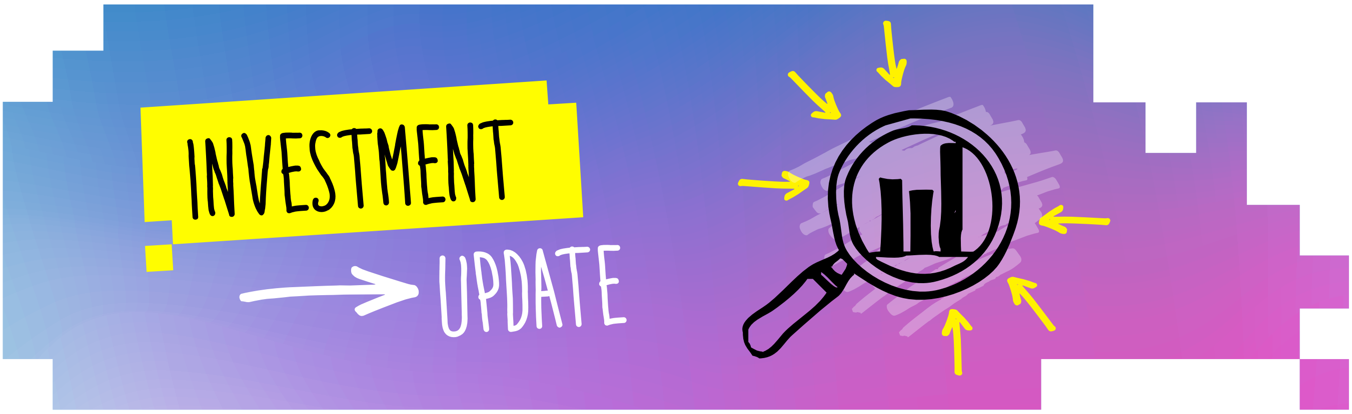
ANZ Staff Super
June Quarter 2023



The rebound continues ...

The rebound in investment returns continued in the June quarter with all our investment options for both super and pension members delivering strong results that exceeded their Investment objectives[1]. (See the table).

Our Balanced Growth option returned over 3.5% in the June quarter, to deliver **8.2%** for the 12 months to 30 June 2023 and **7.2% p.a.** over 10 years*.

Both international and Australian equities were strong performers over the quarter and indeed the full year. However, lower valuations in the property sector detracted from performance during May and June. See our Market review on the next page for more.

Investment performance as at 30 June 2023*

Investment option	Aggressive Growth	Balanced Growth	Cautious	Cash
Super[2]				
Our 10-year return % p.a.	**9.0%**	**7.2%**	**4.6%**	**3.1%**
Performance objective % p.a[4]	5.8%	5.3%	4.2%	2.9%
Account-Based Pension[3]				
Our 10-year return % p.a.	**9.7%**	**7.8%**	**5.1%**	**3.6%**
Performance objective % p.a[4]	5.8%	5.3%	4.2%	2.9%
Performance objective description	CPI +3.0% over 10 years	CPI +2.5% over 10 years	CPI +1.0% over 10 years	To equal or exceed the RBA cash rate over rolling 1-year periods

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. Investment option returns are for Employee, Personal and Partners members.
3. Investment option returns are for Account Based Pension members.
4. Performance objectives are after an allowance for fees and tax as set out in our PDS.

*Past performance is not an indicator of future performance.

Market review

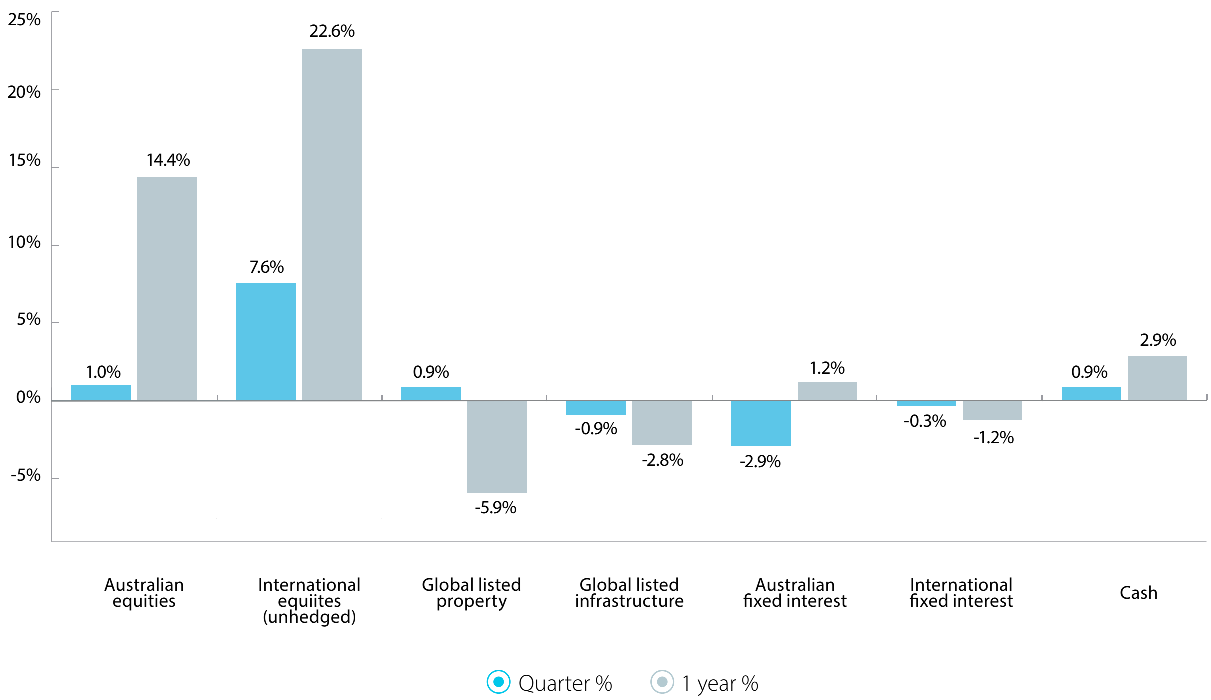
Globally, following the collapse of Silicon Valley Bank and subsequent failures of several small and medium-sized US banks, as well as Credit Suisse being forced to merge in March, we saw the banking crisis deepen further with the collapse of the troubled First Republic Bank towards the end of April. This forced banks to impose tighter credit conditions in May, and fortunately by the end of the quarter, the concerns around the banking sector began to ease. The US debt ceiling bill, aimed at curbing government spending and preventing default on US debt repayments, was passed towards the end of May. This brought relief to global markets and uplifted investor sentiment.

The quarter ended with declining inflation across major developed economies, which led to hopes that central banks would slow or pause interest rate rises, re-energising optimism around a positive economic outlook. Following its decision to hold the cash rate steady at 3.60% in April, the Reserve Bank of Australia (RBA) decided to raise interest rates by 25bps each in its May and June meetings, bringing the cash rate to 4.10% by the end of June. The RBA has subsequently kept interest rates on hold in its latest July meeting, noting that the decision was made to allow more time to assess the impact of previous rate rises on the economy before it undertakes any further tightening.

In the US, the Federal Reserve (Fed) increased rates by 25 bps in its May meeting and kept rates steady in June, with the Federal funds rate ending the period at a range of 5.00-5.25%. The Fed noted that it will assess the impact of monetary policy on economic activity before hiking rates further and reaffirmed its commitment to returning inflation to its longer-run target of 2%.

Equity markets continued their upward rally in the second quarter of 2023, led strongly by global developed markets, returning 7.1%, as measured by the MSCI World Ex Australia Index (hedged). Australian equities delivered a positive absolute return of 1.0% over the quarter, as measured by the S&P/ASX 300 Accumulation Index. Despite expanding rapidly in the first three months of 2023, China's economic recovery lost momentum over the June quarter, with Chinese equities returning -9.6% over Q2 2023, as measured by MSCI China-A Onshore Net Index (unhedged to AUD).

Index returns for key market segments



This chart shows the performance in a number of the key market segments over the three months to 30 June (blue) and the full year (grey).

Source for index returns: Willis Towers Watson

Outlook

The current environment remains challenging for both investors and many of our members.

Demand and supply conditions in the major advanced economies remain out of balance: inflation, interest rates, and growth are likely to remain volatile in 2023/24.

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 strong long-term returns.

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.

*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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