

PS Superannuants GM

March 2025





Introduction



Who are we?

Funds SA

- Investment manager for South Australian public sector superannuation funds and approved authorities (30-year history, 13 clients)
- Funds under management of more than \$50 billion
- Chair Guy De Belle (2025), CEO John Piteo (appointed 2023), CIO Con Michalakis (2025)
- ~75 staff (25 investment team members)
- “Manager of managers” investment approach
- Reason we exist is to “maximise our client’s and their member’s long-term investment outcomes” (governance, transparency, responsible investment frameworks)

Investments

- Nine (9) investment options – Cash through High Growth including the introduction of two indexed options in late 2025 (Balanced is the flagship)
- Retirement solution in conjunction with Super SA late-2026
- Twelve (12) major asset classes – Cash through equities, fixed income, credit, private markets, alternatives, property, and infrastructure (building blocks for the investment options)



Chief Investment Officer Update

Investing in turbulent times

Key points

- 2026 continues with the rise in left tailed geopolitics
 - Venezuela
 - Iran
- AI innovation creating disruption across markets
 - Software
 - Energy
 - Capex spend rising
- Regional divergence in rates and inflation
 - Falling interest rates in United States versus rising rates in Australia
- The rise of the noisy leveraged marginal player in many asset classes e.g. shares, gold and silver



What are we thinking about and how are we responding?

Geopolitics, trade wars, Artificial Intelligence and markets...

- We are accepting the unknowns, heightened intraday volatility, and the potential for large market moves.
- We are actively communicating with stakeholders, ensuring they remain well informed.
- Portfolio strategy is within range to adjust asset allocation if and when required.
- We have moved to daily monitoring of the portfolio to ensure we maintain the intended portfolio shape.
- The golden rule in risk-off selling applies: *the weakest and most leveraged capital exits first*. This began with technology stocks and crypto and is now spreading into silver and gold.

Response

- Diversification is playing its role, and we are focused on keeping close to Long-Term Strategic Asset Allocation
- Annual Investment Strategy Review underway and first draft received.



Performance

Triple S Performance

Investment option returns to 28 February 2026

Investment option	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Cash	0.3	1.0	4.0	4.3	3.0	2.4	2.2
Capital Defensive	0.8	1.2	6.6	5.9	3.3	3.6	4.0
Conservative	0.8	1.3	7.6	7.0	4.4	4.8	5.3
Moderate	0.9	1.5	8.7	8.3	5.8	6.0	6.6
Socially Responsible	-0.6	-0.1	6.3	8.5	7.2	7.2	7.5
Balanced	1.0	1.6	9.7	9.4	7.1	7.5	8.2
Indexed Balanced	1.5	2.8	NA	NA	NA	NA	NA
High Growth	1.0	1.7	10.6	10.3	8.1	8.3	9.4
Indexed High Growth	1.6	3.1	NA	NA	NA	NA	NA

Funds SA Tax Exempt Asset Class Performance

Returns net of fees and gross of tax, for periods to 28 February 2026

Asset class	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Australian Equities	2.9	4.8	10.5	9.8	9.1	9.0	10.1
International Equities	-0.7	-3.0	8.2	15.9	9.6	11.8	12.6
Private Markets	-0.1	-1.1	9.6	6.5	11.2	9.1	10.5
Property	0.5	3.1	8.7	-1.9	2.1	2.1	4.7
Infrastructure	1.5	1.7	10.8	10.6	10.1	9.2	9.2
Alternatives	0.7	3.0	11.4	6.4	NA	NA	NA
Sub-Investment Grade Credit	-0.1	0.5	5.5	8.8	NA	NA	NA
Global Investment Grade Credit	1.1	1.0	5.6	NA	NA	NA	NA
Inflation-Linked Securities	1.5	0.9	4.8	4.2	2.1	3.1	3.4
Government Bonds	1.1	0.9	4.1	3.1	-0.5	0.6	1.4
Australian Investment Grade Credit	0.7	0.8	4.7	5.7	2.8	2.9	2.8
Cash	0.3	1.0	4.1	4.4	3.0	2.4	2.3



Asset Allocation

Asset Allocation

Key changes in past 12 months

- Reconfiguration of equities strategies to be more efficient and more resilient
- Reduced allocation to Property and adding more diversity in the asset class
- Increased allocation to broader Credit strategies
- Increased allocation to mid-risk Alternative (less correlated) strategies
- Continued to build Infrastructure, aligned with secular changes (energy, AI, demographics), utilising co-investments with managers (lowering fees)
- Recycling of capital within Private Markets, continuing to build venture capital (innovation) and again utilizing co-investments

Asset allocation

Tax Exempt effective asset allocation at 25 March 2026

Asset	Actual	LTSAA	Actual vs. LTSAA
Australian Equities	21.7%	22.0%	-0.3%
International Equities	32.8%	33.0%	-0.2%
Private Markets	5.6%	5.5%	0.1%
Property	7.8%	6.0%	1.8%
Core Infrastructure	8.4%	9.0%	-0.6%
Alternatives	3.8%	2.5%	1.3%
Private Credit	0.5%	5.0%	-4.5%
Sub-IG Credit	5.6%	4.0%	1.6%
Global IG Credit	0.0%	0.0%	0.0%
Inflation Linked Securities	1.4%	0.0%	1.4%
Government Bonds	7.3%	9.0%	-1.7%
Australian IG Credit	0.9%	0.0%	0.9%
Cash	4.3%	4.0%	0.3%
Total	100.1%	100.0%	0.1%
FX	19.6%	21.0%	-1.4%

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