Performance Summary

SA Metropolitan Fire Service Super Scheme – Members

February 2025

Funds SA is responsible for investing the assets of the SA Metropolitan Fire Service Superannuation Scheme. In this summary, Funds SA provides an overview of the performance of the investment options offered under the Scheme.

Performance

The table and chart below show Funds SA's Taxable investment option returns based on the post-tax unit pricing model.

Table 1: Taxable investment option returns to 28 February 2025

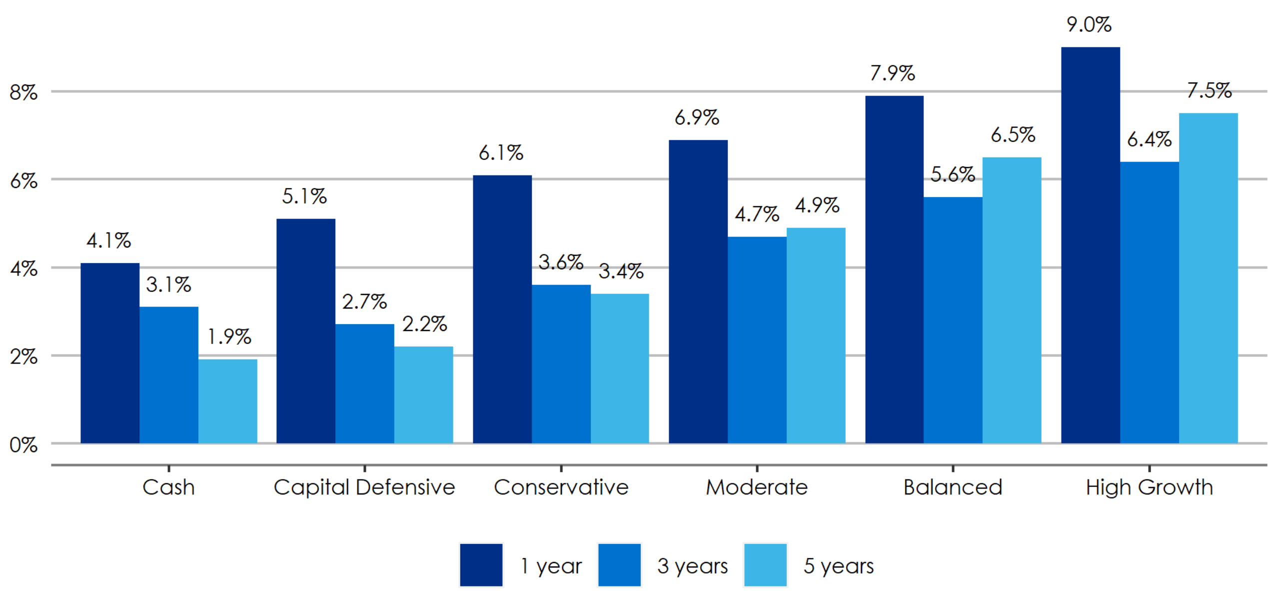
Returns are net of fees and tax

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	1.0	2.7	4.1	3.1	1.9	1.8	1.8
Capital Defensive	0.3	1.1	4.3	5.1	2.7	2.2	2.7	2.8
Conservative	0.0	1.0	5.1	6.1	3.6	3.4	3.8	3.8
Moderate	-0.5	0.8	5.9	6.9	4.7	4.9	5.0	5.0
Balanced	-1.0	0.6	6.7	7.9	5.6	6.5	6.4	6.2
High Growth	-1.3	0.6	7.8	9.0	6.4	7.5	7.3	7.3

Note: The Taxable investment options were established in March 2005, with the exception of the Moderate investment option (established in June 2006).

Chart 1: Taxable investment options annualised returns to 28 February 2025

Returns are net of fees and tax



Key drivers of performance:

- Investment option returns varied for February. Conservative options recorded positive results, while those with higher allocations to growth assets, especially listed equities, had negative outcomes.
- Fixed interest asset classes were a source of positive returns as bond yields fell during the month, offsetting some widening of credit spreads. The income earnt from bonds and active management within the asset classes also provided positive performance.
- Australian Equities, and to a lesser extent, International Equities experienced weaker performance. The economic growth outlook decreased following the announcement of various tariffs by the Trump administration.
- Company reporting season during February took a toll on the Australian equity market. Companies that reported below expectations experienced meaningful stock price moves to the downside.

Effective asset allocation

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

Table 2: Effective asset allocation as at 28 February 2025

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Australian Equities	0.0	4.7	9.6	17.1	25.3	30.3
International Equities	0.0	8.3	15.8	24.8	33.2	40.1
Private Markets	0.0	1.0	2.0	2.8	4.7	6.0
Property	0.0	5.6	5.8	5.6	6.7	8.8
Infrastructure	0.0	9.1	8.4	7.3	7.2	6.3
Alternatives	0.0	3.3	3.3	2.7	1.8	0.0
Credit	0.0	2.1	6.2	6.7	5.4	7.1
Fixed Interest	0.0	46.5	34.3	23.2	12.6	0.0
Cash	100.0	19.3	14.6	9.8	3.1	1.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Foreign Currency	**0.0**	**4.9**	**10.2**	**14.9**	**20.6**	**26.3**
Foreign Currency Hedge*	**0.0**	**3.5**	**5.8**	**9.0**	**11.6**	**13.4**

Notes: 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 3: Major market index returns to 28 February 2025

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	-3.8	-2.6	7.5	9.7	8.9	8.8	8.5	7.5
International Equities	-0.2	5.2	16.6	20.7	15.0	13.7	13.1	11.7
Australian Unlisted Property	0.3	0.4	0.5	-6.3	-2.6	0.2	2.4	5.0
Credit	0.6	1.7	6.6	9.0	4.6	3.1	3.3	4.3
Global Fixed Interest	1.0	0.5	3.1	3.2	-2.1	-2.4	0.9	1.4
Australian Fixed Interest	0.8	2.0	4.8	5.9	3.2	1.9	2.4	2.3
Cash	0.3	1.1	3.0	4.5	3.4	2.1	2.0	2.0
Foreign Currency (AUD v. Developed Markets)	-0.5	-4.4	-7.4	-4.6	-5.1	-1.3	-3.4	-2.3

Notes: Returns hedged to the Australian Dollar: Global Fixed Interest, Credit. Equity returns are expressed in AUD.

Financial market commentary

Market performance to the end of February is best described as a "mixed bag". US equities were lower across the board with 'big tech' causing substantial damage. European markets continued to outperform on the back of the German election outcome and solid earnings results from major European corporates. Asian equities were higher overall thanks to China and South Korea, but Australian and Japanese equities suffered significant losses. Bond yields were lower (prices higher) as investors dialled back their risk appetite amidst increasing political uncertainty. The US dollar was lower, as were energy prices. One word defined the investment narrative in February – *tariffs.*

Australian equities

The S&P ASX 200 index fell 4.2% in the month driven mostly by declines in Technology, Healthcare, Energy, and Financials sectors. Defensive sectors rose including Utilities, Consumer staples, and Communications Services. Notwithstanding all the headlines emanating from Washington on tariffs, it was Australian corporate earnings results that disappointed investors. Banks led the disappointment beginning with Bendigo & Adelaide Bank (ASX: BEN). The Reserve Bank of Australia (RBA) did their bit to support markets by delivering a 0.25% policy rate cut, one that investors had well and truly priced in.

Global equities

The MSCI AC World index fell 0.9% in February. US equities did significant damage with the Dow Jones Industrials falling 1.6%, the Russell 2000 down 5.5%, and NASDAQ down 4.0%.

There were no positive highlights. Big tech drove the negative performance with bellwethers including Google (-16.5%) Tesla (-27.6%), Amazon (-10.8%) all falling. The only bright spot was Nvidia which finished the month higher. Nearly all S&P500 companies had reported December quarter earnings by the end of the month with most companies reporting positive earnings.

The negative narrative emanating from US investors during February seems to have been driven by some softer economic data releases including ISM services and housing (January) and persistent inflation readings, the combination of which is prompting concerns of stagflation. The increasing prospect of a global trade war added to growth concerns – February saw announcements that Mexico and Canadian goods will be hit with 25% and China 10% in March/April.

European equities markets held up international portfolio performance for the second consecutive month with all major indices including the UK's FTSE 100 (+1.6%), France's CAC40(+2.0%), and the German DAX (+3.8%), posting strong gains.

Euro markets were boosted by several factors including strong December quarter corporate earnings, a German election outcome that is expected to see future fiscal expansion, and the prospect of a ceasefire, in Ukraine. There are obvious concerns around the potential outcome of US tariffs on European exports, but the broader macro trends are favourable and the push to increase defence spending appear to be supporting equities markets.

Asia Pacific equities were lower. The MSCI AC Asia Pacific index fell 0.24% in February. China and Hong Kong equities were stronger as were ASEAN markets including Malaysia, Singapore and the Philippines. Australia and Japan (TOPIX -3.8%) were significantly lower.

Fixed interest
Global bond yields fell over the month. The Australian 10-year government bond yield fell 23 basis point to 4.3% and the US 10-year treasury fell 36 basis points to 4.2%.

Persistent inflation in the US prompted comments from US Federal Reserve that it needs to "do more" more with respect to inflation which caused US bond investors to push out expectations for the next rate to June.

Like the US, uncertainty around global trade wars and persistent inflation data points have caused investors to recalibrate future inflation expectations. Whilst the yield curve flattened slightly in February (bond yields were lower across tenures), the market is now pricing only a 60% probability of a 0.25% rate again in May and no further cuts thereafter.