Performance Summary

SA Metropolitan Fire Service Super Scheme – Members

July 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 31 July 2025

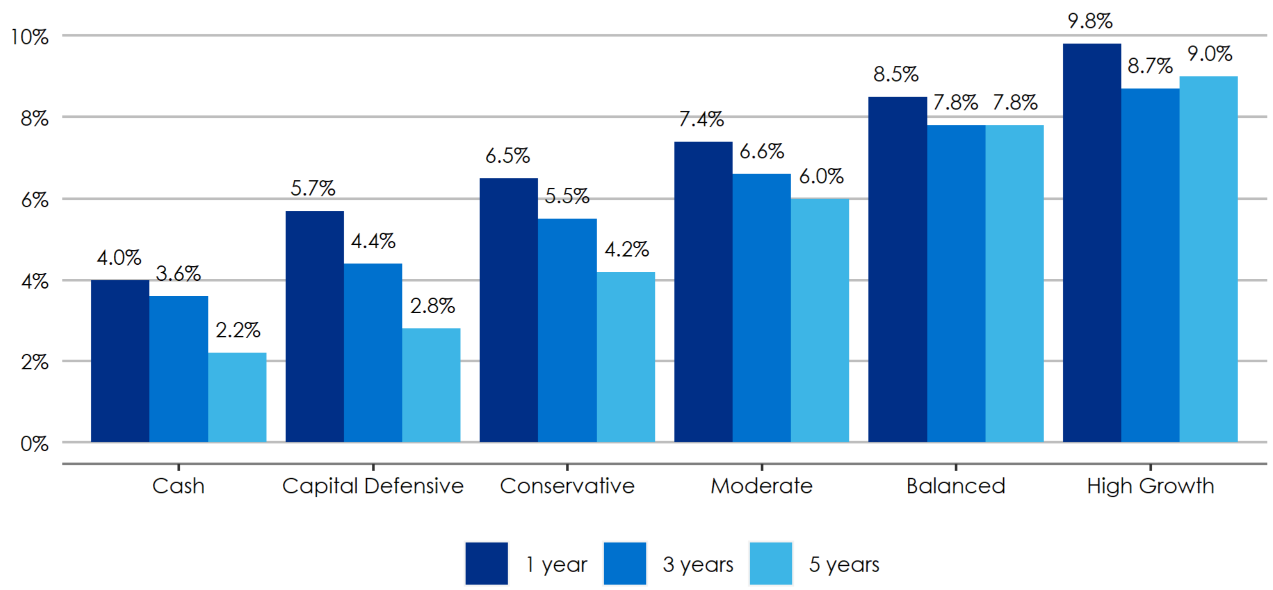
Returns are net of fees and tax

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	0.9	0.3	4.0	3.6	2.2	1.9	1.8
Capital Defensive	0.5	2.3	0.5	5.7	4.4	2.8	2.9	3.0
Conservative	0.8	3.3	0.8	6.5	5.5	4.2	3.9	4.0
Moderate	1.1	4.6	1.1	7.4	6.6	6.0	5.1	5.2
Balanced	1.5	6.0	1.5	8.5	7.8	7.8	6.5	6.5
High Growth	1.9	7.1	1.9	9.8	8.7	9.0	7.3	7.5

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 31 July 2025

Returns are net of fees and tax



Key drivers of performance

- All investment options produced strong, positive returns for the month.
- Most asset classes contributed positively, except for Private Markets, which declined slightly.
- Australian equities were a strong contributor in July, outperforming the benchmark. Sector allocation added value, particularly an underweight to Financials and an overweight to Health Care—the best-performing sector for the month. Stock selection within Materials also supported returns, with an underweight to Northern Star Resources and an overweight to Pilbara Minerals.
- International equities delivered strong absolute returns but slightly underperformed the benchmark. Relative performance was impacted by a lower allocation to the high-performing Information Technology sector and overweight positions in Consumer Staples and Health Care. Industrials and Real Estate contributed positively, while Emerging Asia, particularly China, added value through both allocation and stock selection.
- The Property asset class delivered positive returns in July, supported by improving market sentiment. Confidence is gradually returning to the Office sector, where valuations for premium assets have stabilised and, in some cases, begun to rise due to rental growth. Meanwhile, the Retail sector remains highly attractive, drawing strong interest from both domestic and international investors.
- Fixed interest delivered mixed results, with strong returns from credit sectors due to tighter spreads and steady income, while long-term government bonds dipped as yields rose amid fiscal and trade concerns. Inflation-linked bonds posted modest gains.
- The Core Infrastructure asset class delivered positive returns in July, due to updated valuations of several assets in the communications and registry infrastructure sectors.
- The Private Markets asset class recorded slightly negative returns in July, primarily due to legacy exposure in commercial real estate.

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 31 July 2025

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Australian Equities	0.0	5.2	10.4	18.1	25.3	31.6
International Equities	0.0	8.1	15.9	23.7	32.6	39.5
Private Markets	0.0	0.9	2.0	2.7	4.6	5.8
Property	0.0	6.0	6.0	6.3	7.4	7.5
Infrastructure	0.0	11.4	10.5	8.4	7.5	6.3
Alternatives	0.0	2.7	4.0	3.9	3.6	1.9
Credit	0.0	5.2	6.1	6.5	6.1	6.1
Fixed Interest	0.0	42.7	32.6	21.6	9.0	0.0
Cash	100.0	17.7	12.5	8.8	3.9	1.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Foreign Currency	**0.0**	**4.7**	**10.2**	**14.5**	**21.3**	**26.2**

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Foreign Currency Hedge*	**0.0**	**3.4**	**5.7**	**8.5**	**11.3**	**12.4**

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 31 July 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	2.4	8.2	2.4	11.9	12.1	12.2	8.9	8.7
International Equities	3.2	11.4	3.2	17.6	18.5	15.3	12.9	11.6
Australian Unlisted Property	0.4	1.5	0.4	2.4	-3.2	1.9	1.9	4.8
Credit	0.7	3.3	0.7	7.9	7.8	4.1	3.6	4.4
Global Fixed Interest	-0.2	0.3	-0.2	2.9	0.4	-2.3	0.9	1.6
Australian Fixed Interest	0.3	1.5	0.3	6.4	4.9	2.2	2.7	2.6
Cash	0.3	1.0	0.3	4.3	3.9	2.4	2.1	2.0
Foreign Currency (AUD v. Developed Markets)	-1.1	0.9	-1.1	-2.9	-3.9	-2.6	-2.7	-1.6

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

Financial market commentary

Global financial markets continued to gain momentum in July, led by strong performance in US equities. The S&P 500 and Nasdaq reached new record highs, supported by robust corporate earnings, resilient investor sentiment, and a series of new trade agreements. The MSCI World ex Australia rose by 3.2%, with positive contributions from Asia and Europe, and particularly strong results from the United Kingdom.

Equity markets were further supported by solid company fundamentals and improving investor confidence. This was reinforced by greater clarity around US trade policy, including newly announced reciprocal tariff rates and country-specific adjustments that reshaped expectations for global trade. These developments also contributed to a rise in commodity prices.

Currency markets saw notable movements, with the Australian dollar gaining 1.4% against the US dollar and peaked at 0.66 on July 23, its highest level this year. This was driven by softer inflation data, expectations of a rate cut by the Reserve Bank of Australia (RBA), and firm commodity prices. The US dollar posted its first monthly gain of the year, rising around 3.2% against major currencies, supported by strong economic data and the Federal Reserve's steady policy stance.

Equities

US markets were driven higher by continued momentum in technology and AI-related stocks. Nvidia (+12.6%) and Alphabet (+8.9%) were standout performers, helping the Technology sector rise 5.2% for the month. Energy also posted a solid gain of 2.8%, driven by rising oil prices amid renewed geopolitical tensions in the Middle East and Ukraine. In contrast, Healthcare and Consumer Staples underperformed, reflecting a rotation into growth-oriented sectors.

Asian equities posted solid gains, with the MSCI Asia Pacific ex-Japan Index up 2.1%. China staged a modest recovery, with the SCI 300 rising 3.1% on improving economic sentiment and greater clarity around US-China trade tariffs. Taiwan and South Korea continued to benefit from the AI boom.

European markets were broadly higher, aided by the US-EU trade agreement and a strong corporate earnings season. The UK's FTSE 100 outperformed, gaining 4.2% in July, driven by strength in financials and energy.

Australia's share market also posted a solid gain, with the S&P/ASX 300 Index rising 2.4%. Healthcare was the standout sector, returning 6.9%, supported by strong results from CSL and Pro Medicus. Materials also performed well, returning 4.1%, as improved sentiment towards China helped boost commodity prices. In contrast, Financials were the only sector to deliver a negative return, weighed down by the RBA's decision to hold interest rates, which disappointed some investors. Commonwealth Bank (CBA), which accounts for roughly 11% of the index, fell 3.7% and was the largest individual detractor. Despite this, strength in healthcare and resources helped drive a positive result for the broader market.

Fixed Interest and Credit

Bond and credit markets were mixed in July, shaped by cautious policy decisions from major central banks. The Federal Reserve, European Central Bank, and Reserve Bank of Australia all held interest rates steady, citing persistent inflation and global uncertainty. This cautious stance led to a modest rise in bond yields across developed markets, resulting in flat or slightly negative returns for the month.

In the US, the Federal Reserve continued its pause on rate changes, despite public pressure from President Trump to cut rates. In Europe, the ECB signalled it may be nearing the end of its easing cycle. Meanwhile, the RBA surprised markets by keeping the cash rate at 3.85%, pointing to ongoing inflation pressures and economic resilience. However, softer data followed—including weaker employment figures and a lower-than-expected Q2 CPI—prompting markets to fully price in a rate cut in August, with another expected in November.

Asset allocation

There were no major asset allocation changes during July.