Performance Summary

SA Metropolitan Fire Service Super Scheme – Members

March 2024

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 March 2024

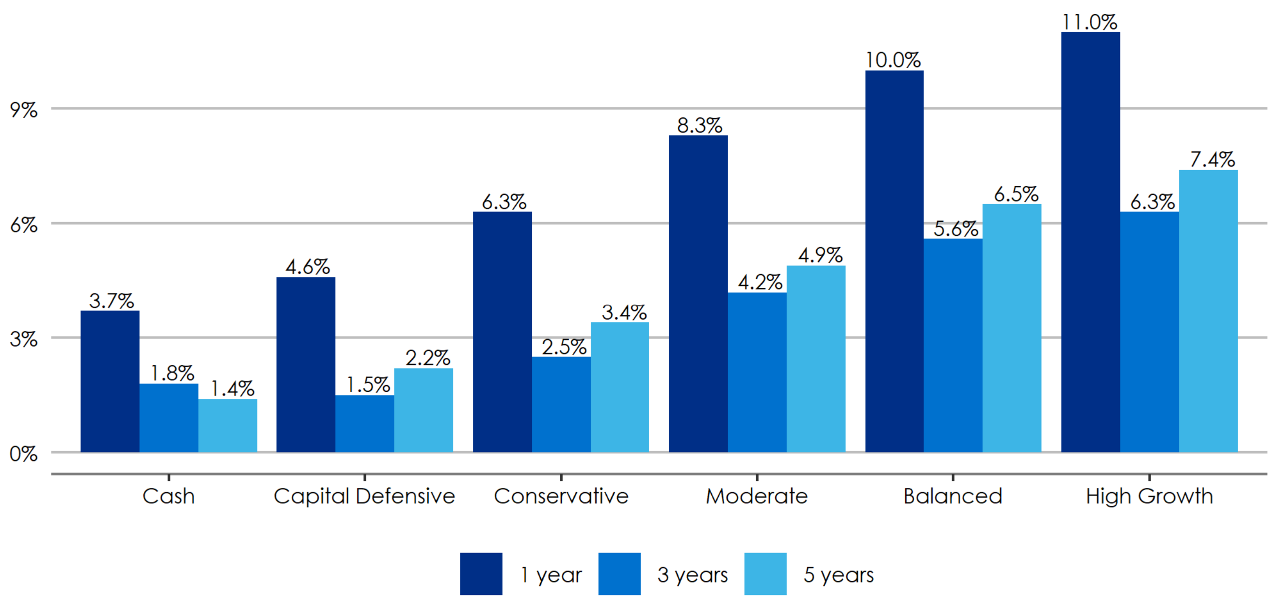
Returns are net of fees and tax

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	2.9	3.7	1.8	1.4	1.5	1.6
Capital Defensive	0.8	1.6	4.7	4.6	1.5	2.2	2.6	3.1
Conservative	1.1	2.5	5.8	6.3	2.5	3.4	3.7	4.2
Moderate	1.4	3.6	7.1	8.3	4.2	4.9	5.1	5.5
Balanced	1.7	4.6	8.2	10.0	5.6	6.5	6.5	6.7
High Growth	1.8	5.3	8.7	11.0	6.3	7.4	7.6	7.9

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 March 2024

Returns are net of fees and tax



Key drivers of performance:

- All investment options generated positive returns.
- For the lower growth investment options, the Fixed Interest asset class was the key contributor, followed by the Equities asset classes.
- For the investment options with higher growth allocations, the Equities asset classes were the predominate drivers of returns followed by Private Markets.
- Fixed Interest benefited from falling bond yields, after inflation data was lower than expected and markets slightly increased their expectations for future rate cuts.
- The International Equities asset class returns were broad-based across regions and sectors. Artificial Intelligence related technology companies continued to perform well. Outperformance relative to the benchmark was led by strong stock selection in US and Emerging Market Technology and US Discretionary stocks.
- The Australian Equities asset class returns were driven by interest rate sensitive sectors including Real Estate Investment Trusts and Utilities (AREITs). The Energy sector was also positive during the month, with oil prices increasing. While the asset class benefited from being overweight Real Estate, performance was offset by an overweight to Communication Services. Negative stock selection in Materials and Consumer Discretionary sectors also contributed to slight underperformance relative to the benchmark.
- The Private Markets asset classes produced positive returns in March. A key driver of this result was the receipt of positive valuations for a number of Venture Capital and Non-Core Infrastructure investments.
- The only negative asset class was Property. During March, the majority of Funds SA's investment managers revalued their entire property portfolios resulting in lower valuations. As expected, the Office market fell the most with lesser grade properties suffering the greatest falls. The Retail and Industrial sectors also fell, but only marginally. The AREIT sector continued its strong performance.

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 March 2024

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Australian Equities	0.0	5.4	10.5	18.5	25.6	29.6
International Equities	0.0	5.6	12.2	20.3	26.6	32.1
Private Markets	0.0	1.1	2.1	3.0	4.9	6.8
Property	0.0	5.7	6.4	6.1	7.6	11.7
Infrastructure	0.0	5.2	4.6	3.7	5.1	4.8
Alternatives	0.0	4.1	4.1	3.1	2.1	0.0
Credit	0.0	2.9	7.1	6.9	6.0	6.8
Fixed Interest	0.0	52.2	36.9	24.6	12.7	0.0
Cash	100.0	17.9	16.2	13.9	9.5	8.2
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Foreign Currency	**0.0**	**4.4**	**9.5**	**16.0**	**21.4**	**25.9**

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Foreign Currency Hedge*	**0.0**	**1.1**	**2.7**	**4.8**	**5.5**	**6.8**

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 March 2024

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	3.3	5.4	13.3	14.4	9.4	9.2	8.6	8.3
International Equities	2.9	13.3	18.5	26.7	12.7	12.9	12.8	12.6
Australian Unlisted Property	-2.3	-1.7	-6.1	-8.7	2.3	2.1	4.3	6.6
Credit	1.3	2.0	8.4	10.7	1.7	2.4	2.9	4.0
Global Fixed Interest	1.3	0.1	3.0	0.0	-3.1	-0.9	1.0	2.5
Australian Fixed Interest	0.7	1.2	5.3	4.4	0.9	1.5	1.9	2.4
Cash	0.4	1.1	3.3	4.2	2.1	1.5	1.6	1.8
Foreign Currency (AUD v. Developed Markets)	0.3	-3.6	-2.3	-2.9	-5.0	-2.4	-2.8	-2.7

Note:

Returns hedged to the Australian Dollar: Global Fixed Interest, Credit.

Equity returns are expressed in AUD.

Financial market commentary

International equity market performance was underpinned by ongoing expectations for interest rate cuts this year and most developed central banks keeping rates on hold. Within the Australian equity market, interest rate sensitive sectors performed well after inflation was lower than expected and economic data remained favourable. The Reserve Bank of Australia kept interest rates on hold and softened its bias for further rate increases which was supportive for both equity and fixed interest markets.

Year-to-date fixed interest markets have reduced expectations for central banks to cut interest rates in 2024, pushing out the timing of potential cuts. During March, this view tempered slightly and expectations for rates cuts increased marginally. Fixed Interest securities with higher interest rate sensitive generated positive performance.