

# Performance Summary



SA Metropolitan Fire Service Super Scheme – Members  
May 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 May 2024**

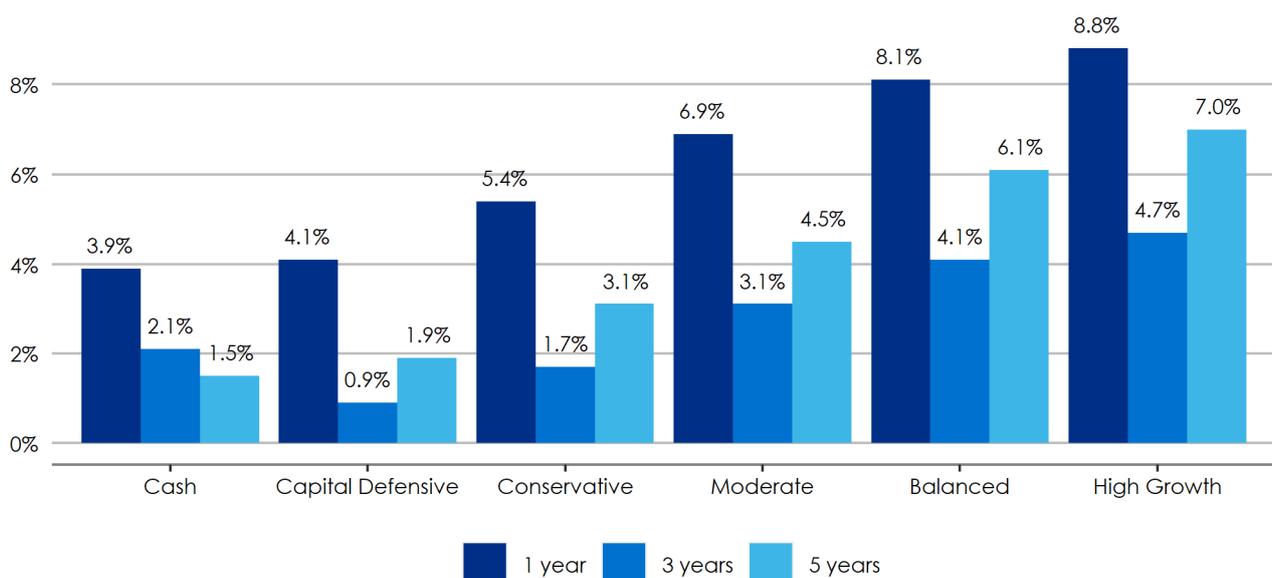
Returns are net of fees and tax

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	0.4	1.0	3.6	3.9	2.1	1.5	1.5	1.6
Capital Defensive	0.6	0.5	4.4	4.1	0.9	1.9	2.4	2.9
Conservative	0.6	0.7	5.3	5.4	1.7	3.1	3.5	4.0
Moderate	0.8	0.7	6.3	6.9	3.1	4.5	4.8	5.2
Balanced	0.9	0.8	7.2	8.1	4.1	6.1	6.2	6.4
High Growth	1.0	0.9	7.7	8.8	4.7	7.0	7.2	7.6

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 May 2024**

Returns are net of fees and tax



Key drivers of performance:

- All investment options generated positive returns for the month.
- For the conservative investment options, Fixed Interest was a strong source of returns. The expectation for rate cuts led to falling bond yields (higher bond prices). While economic data indicated some softness within the economy, inflation pressures remain.
- The International Equities asset class was a positive contributor for all investment options, largely driven by US big technology stocks and European markets which benefited from expectations the European Central Bank may cut rates. The asset class marginally underperformed its benchmark. Gains from the underweight to Japanese equities and strong stock selection in Brazil and Switzerland were offset by underweights to US technology companies including, Nvidia, Apple, Meta and Microsoft.
- Within the Australian Equities asset class, the Information Technology and Utilities sectors performed strongly. Telecom and Consumer Staples were the weakest sectors. The asset class was slightly below its benchmark for the month. Positive stock selection within the Financials sector was not enough to offset the underweight to the broader sector. Positive stock selection Consumer Discretionary, in particular being overweight Aristocrat Leisure, and strong performance from off benchmark holdings was not enough to offset negative stock selection in Materials and Real Estate sectors.
- For the high-growth investment options Private Markets also provided good returns for the month.
- The Australian dollar moved higher against the US dollar.

## 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 May 2024**

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Australian Equities	0.0	4.6	9.5	17.1	23.9	29.7
International Equities	0.0	6.7	13.6	21.3	29.3	34.9
Private Markets	0.0	1.1	2.1	2.9	4.9	6.8
Property	0.0	5.8	6.4	6.1	7.6	11.8
Infrastructure	0.0	6.4	5.6	4.1	5.4	5.0
Alternatives	0.0	4.2	4.1	3.1	2.1	0.0
Credit	0.0	3.0	7.4	7.3	6.3	7.8
Fixed Interest	0.0	51.3	37.2	25.0	13.7	0.0
Cash	100.0	16.9	14.2	13.1	6.7	4.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Foreign Currency</b>	<b>0.0</b>	<b>4.2</b>	<b>9.2</b>	<b>15.5</b>	<b>20.7</b>	<b>24.7</b>
<b>Foreign Currency Hedge*</b>	<b>0.0</b>	<b>2.5</b>	<b>4.5</b>	<b>5.9</b>	<b>7.8</b>	<b>9.4</b>

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 May 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	0.9	1.1	10.9	12.8	6.5	7.8	8.5	7.8
International Equities	1.6	1.6	17.0	20.3	10.6	12.7	11.6	12.2
Australian Unlisted Property	0.2	-2.2	-6.0	-9.0	2.1	2.0	4.1	6.5
Credit	1.1	1.9	9.1	11.3	1.2	2.4	2.7	3.8
Global Fixed Interest	0.4	-0.9	0.8	-1.0	-4.1	-1.8	0.3	2.1
Australian Fixed Interest	0.6	0.7	5.3	4.4	0.9	1.3	1.8	2.3
Cash	0.4	1.1	4.0	4.3	2.3	1.6	1.7	1.8
Foreign Currency (AUD v. Developed Markets)	2.0	2.3	-0.4	2.1	-4.6	-1.5	-2.0	-2.6

Note:

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

Equity returns are expressed in AUD.

## Financial market commentary

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Global markets rebounded in May, following a decline in April. Global shares had a strong month led by Developed Markets which outperformed Emerging Markets. Growth outpaced Value fuelled by strong US technology company earnings results and the ongoing bullish sentiment surrounding the application of Artificial Intelligence. US big technology stocks delivered outsized performance, with more than half of the S&P 500's monthly gain being attributed to NVIDIA, Apple, Microsoft, Meta and Google.

US share market returns were supported by expectations that the Federal Reserve will deliver at least one interest rate cut towards the end of the year. Data released in May alleviated concerns regarding an overheating U.S. economy.

European shares rebounded strongly, achieving record highs following April's decline. The UK share market surged, with the FTSE 100 hitting new all-time highs driven by signs of economic growth and easing inflation. Prime Minister Rishi Sunak announced a general election for the UK on 4<sup>th</sup> July. Asian share markets also saw robust performance, led by Taiwan and Japan, while Emerging Markets closed the month on a positive note.

Global bonds generated positive returns as bond yields declined (prices rose). Fixed interest investors continue to look through stubborn inflation data. Markets now anticipate at least one interest rate cut in the US by the end of 2024, with several more to follow throughout 2025.

The Australian markets remain focussed on inflation and the possibility of interest rate cuts over the remainder of this calendar year. The RBA kept interest rates unchanged at 4.35% at its May meeting.

The Australian dollar moved higher against the US dollar.

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