

# Performance Summary

SA Metropolitan Fire Service Super Scheme – Members  
May 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 May 2025**

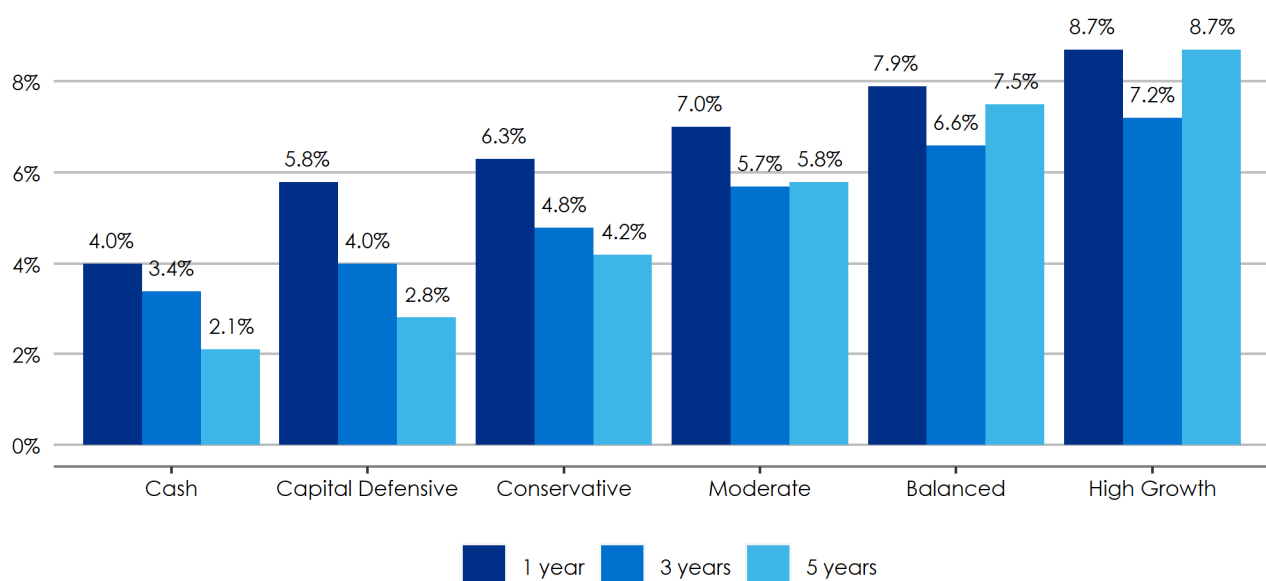
Returns are net of fees and tax

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	3.7	4.0	3.4	2.1	1.9	1.8
Capital Defensive	1.0	1.2	5.6	5.8	4.0	2.8	2.8	2.9
Conservative	1.5	0.9	6.1	6.3	4.8	4.2	3.8	3.9
Moderate	2.1	0.8	6.7	7.0	5.7	5.8	5.0	5.0
Balanced	2.9	0.7	7.5	7.9	6.6	7.5	6.3	6.2
High Growth	3.4	0.7	8.6	8.7	7.2	8.7	7.1	7.2

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 2025**

Returns are net of fees and tax



## Key drivers of performance

- All investment options produced strong, positive returns over the month.
- Most asset classes delivered positive returns. Long-Term Fixed Interest declined marginally.
- Both the International and Australian Equities assets classes were the largest contributors to performance.
- Infrastructure had a solid month, rising 1.6% on the back of valuation gains in data centre investments following recent announcements regarding new lease contracts which highlighted strong demand for data centre capacity.
- The SRI asset class delivered a positive absolute return of 4.7%. The strength in the listed investments was complimented by performance in the asset class's unlisted portfolios.
- Within the broader Fixed Interest asset class, Government Bonds fell 0.1% in May as yields on developed market government bonds rose (prices declined) while the Investment Grade Credit and Short-Term Fixed Interest gained.
- The International Equities Asset Class rose more than 5.5% in May, outperforming its benchmark. Company selection with the Financials, Information Technology, and Industrials sectors more than offset the negative allocation effects in the Healthcare sector. Geographically, the portfolios benefited from exposures to Emerging Markets (ex-China) and Europe.
- The Australian Equities asset class gained 3.7% which was little below its benchmark. The major contributors were investments in the Technology sector, in particular overweight allocations to Technology One (TNE:ASX) and IRESS (IRE:ASX). The detractors were exposures to the Consumer Discretionary and Industrials sectors.

## 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 2025**

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Australian Equities	0.0	5.1	10.0	18.0	25.4	31.5
International Equities	0.0	7.8	15.3	23.2	31.9	39.1
Private Markets	0.0	1.0	2.0	2.9	4.8	6.2
Property	0.0	6.0	5.8	6.3	7.2	7.5
Infrastructure	0.0	9.7	8.6	7.7	7.6	6.6
Alternatives	0.0	3.1	3.0	2.5	1.2	0.0
Credit	0.0	2.9	6.4	6.6	6.0	6.2
Fixed Interest	0.0	46.7	33.6	22.5	9.8	0.0
Cash	100.0	17.7	15.2	10.3	5.9	2.8
<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>4.6</b>	<b>9.7</b>	<b>14.1</b>	<b>20.8</b>	<b>25.9</b>
<b>Foreign Currency Hedge*</b>	<b>0.0</b>	<b>3.3</b>	<b>5.6</b>	<b>8.4</b>	<b>11.1</b>	<b>12.3</b>

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 May 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	4.2	4.3	12.1	13.2	9.3	12.0	9.0	8.1
International Equities	5.2	-1.0	15.4	17.5	16.6	14.1	12.6	11.2
Australian Unlisted Property	0.4	1.0	1.5	-3.2	-3.1	1.6	2.1	4.9
Credit	1.6	0.8	7.4	7.9	6.4	4.7	3.5	4.1
Global Fixed Interest	-0.2	1.1	4.3	5.3	1.0	-2.2	0.8	1.6
Australian Fixed Interest	0.6	2.0	6.9	7.2	4.9	2.1	2.6	2.5
Cash	0.3	1.0	4.1	4.4	3.8	2.3	2.1	2.0
Foreign Currency (AUD v. Developed Markets)	0.6	1.6	-5.9	-5.3	-4.6	-1.4	-2.9	-2.0

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

## Financial market commentary

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Global equities indices rose in May, nearing their pre-tariff announcement highs. The MSCI All Cap World Index (MSCI ACWI) increased by 5.4%, closing only 1% below its February pre-tariff peak. Markets received temporary relief from the delay in US tariff increases on major trading partners. Specifically, the US and China's tariff de-escalation boosted markets; the US cut tariffs on China to 30% from 145% for 90 days, and China reduced tariffs on US goods to 10% from 125%, preventing a full-scale trade war.

### Equities

US equity markets soared in May led by big tech names including Nvidia (+24.1%) and Tesla (+22.8%) which propelled the NASDAQ (+9.6%) higher. The S&P500 and the broad-based Russell 2000 indices gained 6.2% and 5.2% respectively. Both the NASDAQ and S&P500 posted their best monthly performance since Nov-23. Along with Technology, other S&P sectors that delivered strong gains were Communication Services (+9.6%) and Consumer Discretionary (+9.4%). The worst performing sector was Healthcare (-5.7%). First quarter company earnings saw earnings per share growth of 12.9% (7.2% expected), the second consecutive double-digit quarter.

Australian equities tracked global developed markets higher with the S&P/ASX300 index rising 3.8% (1-year +9.4%) and the S&P/ASX Small Ords 5.8%. The best performing S&P/ASX sectors during the month were Information Technology (+18.8%), Energy (+8.7%), and Communication Services (+5.4%). Utilities was the worst performer (+0.03%).

### Fixed Interest and Credit

Government bond yields climbed during the month (prices fell), and yield curves steepened as investors became increasingly concerned about the potential negative impact of the proposed US consolidated tax bill on an already bulging deficit. The US10-year treasury yield rose 17 basis points to 4.4% and the Australian 10-year equivalent 14 basis points to 4.3%.

Credit continued to post gains with further credit spread tightening more than offsetting the increasing in nominal benchmark yields.

In Australia, the Reserve Bank cut rates by 0.25% to 3.85% citing successive weaker than expected inflation prints and mixed economic data, while noting that the labour market remains tight. Markets have priced in another 0.25% cut at the July meeting.

### Asset allocation

There were no major asset allocation changes during May. Funds SA continues to diversify growth drivers across the investment options by broadening investments in private markets including private credit and co-investments in sectors such as infrastructure and reduce active risk in equities.

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