

# Performance Summary

SA Metropolitan Fire Service Super Scheme - Members  
January 2021



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

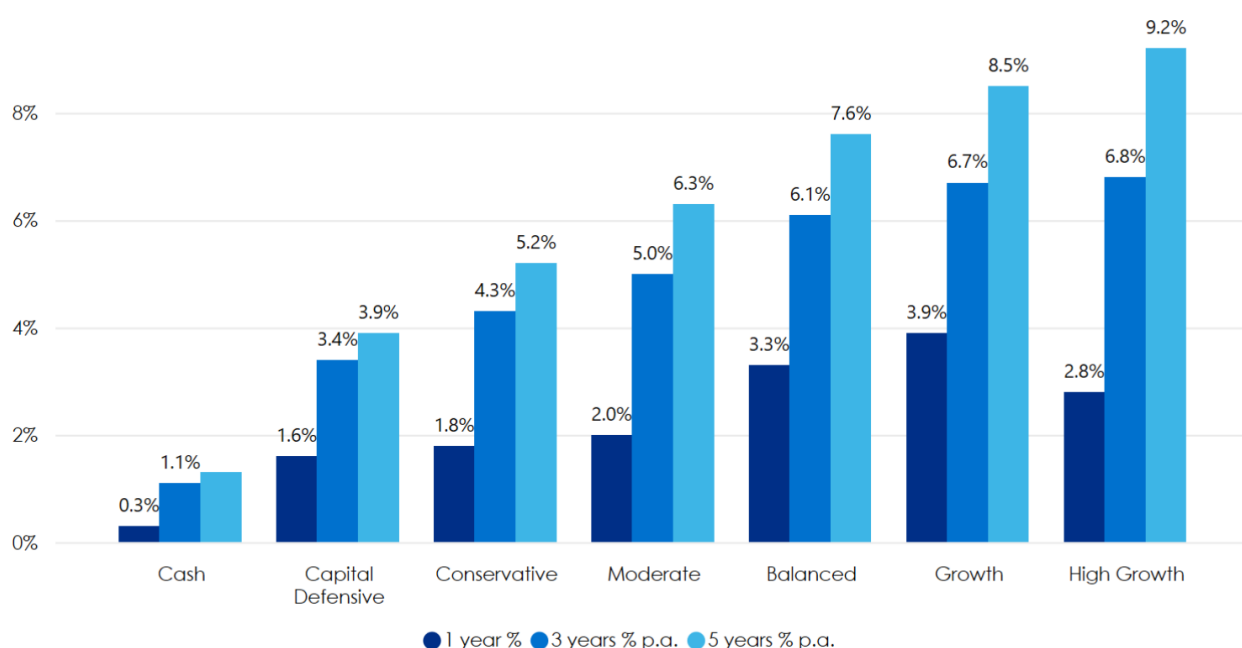
The table and chart below show Funds SA's Taxable investment option returns based on the post-tax unit pricing model.

**Table 1: Taxable investment option returns, net of fees and tax to 31 January 2021**

Investment option	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Cash	0.0	0.0	0.1	0.3	1.1	1.3	1.6	2.1
Capital Defensive	-0.1	2.3	3.7	1.6	3.4	3.9	3.9	4.5
Conservative	0.0	3.8	5.6	1.8	4.3	5.2	5.0	5.6
Moderate	0.0	5.0	7.3	2.0	5.0	6.3	6.0	6.3
Balanced	0.1	6.9	9.7	3.3	6.1	7.6	7.1	7.2
Growth	0.1	8.0	11.1	3.9	6.7	8.5	7.8	7.9
High Growth	0.1	8.0	11.4	2.8	6.8	9.2	8.4	8.4

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 option annualised returns, net of fees and tax to 31 January 2021**



Key drivers of performance during January 2021:

- Investment option returns were muted with mixed returns across the asset classes. International Equities, Property and Diversified Strategies Growth were positive drivers, while Long-Term Fixed Interest and Diversified Strategies Income had negative returns.
- The Australian equity market ended the month up 0.31% led by the consumer discretionary and telecom sectors, while industrials and property trust held the market back.
- International equity markets were mixed with Asian markets enjoying strong returns, while the US fell 1.1%, UK down 0.8%, and Germany losing 2.1%.
- Continued improvement in economic outlooks and solid US earnings result was outweighed by a 'short squeeze' in a small number of stocks that led to hedge funds selling other positions.
- European equity markets were tempered by worsening infection rates in some parts of Europe and concern that the emerging new strains of the virus might decrease the effectiveness of vaccines or require tighter lockdowns.
- Asian (ex-Japan) equity markets were up strongly. These regions have, in general, benefitted from relatively better outcomes from the pandemic, weaker US dollar, supportive global liquidity, and more favourable valuations.
- In the debt markets, high-grade credit had positive returns, however, emerging market debt delivered negative returns.
- Long-term fixed interest had negative performance as government bond yields rose due to strong economic data.

## Asset Allocation

The asset allocation of the investment options is shown in the table below.

**Table 2: Asset allocation as at 31 January 2021**

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	Growth %	High Growth %
Cash	100.0	16.8	11.8	9.6	4.5	3.5	3.5
Short-Term Fixed Interest	0.0	29.3	17.3	6.2	1.2	0.0	0.0
Long-Term Fixed Interest	0.0	4.8	4.8	8.8	5.8	0.0	0.0
Inflation-Linked Securities Taxable	0.0	15.2	15.3	11.3	5.2	0.0	0.0
Diversified Strategies Income	0.0	16.9	17.9	11.9	8.0	11.9	11.9
Property Taxable	0.0	4.8	7.9	8.7	10.8	14.6	14.6
Australian Equities Taxable	0.0	5.3	11.2	17.2	26.1	26.9	26.9
International Equities Taxable	0.0	7.0	14.0	20.2	29.2	31.9	31.9
Diversified Strategies Growth Taxable	0.0	0.0	0.0	6.1	9.2	11.2	11.2
<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>100.0</b>

Note that due to rounding, the sum of the individual numbers within the table may not equal the totals quoted.

## Financial Market Snapshot

The table below summarises financial market performance.

**Table 3: Major market index returns to 31 January 2021**

Market Index	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
<b>Cash and Fixed Income</b>								
Australian Cash	0.0	0.0	0.0	0.3	1.2	1.5	1.8	2.4
Australian Government	-0.6	-1.3	-0.4	0.6	5.6	4.2	4.8	5.3
Australian Inflation-Linked	-0.9	0.8	4.3	2.3	6.1	4.5	5.4	6.3
Global Treasuries	-0.7	-0.4	0.0	2.2	4.6	3.8	4.8	5.7
Global Inflation-Linked	-0.8	0.8	2.1	5.1	5.6	5.7	5.9	6.5
<b>Credit</b>								
Global Credit	-0.7	1.4	3.2	3.7	5.5	5.5	5.6	6.6
Global High-Yield	-0.1	6.2	9.9	3.2	3.8	7.7	6.1	7.9
Emerging Market Debt	-1.2	4.3	6.6	2.8	4.6	6.6	5.8	5.9
<b>Property</b>								
Australian Listed Property	-4.1	8.9	16.6	-13.3	5.5	6.3	10.2	10.5
<b>Equities</b>								
Australian Equities	0.3	12.1	14.1	-2.7	7.1	10.1	8.0	7.8
Global Equities	-0.8	15.0	19.0	12.9	8.6	12.6	10.3	10.3
US Equities	-1.0	14.0	20.9	17.2	11.7	16.2	13.3	13.5
European Equities	-1.0	15.3	9.5	-1.6	2.0	6.4	5.5	5.9
Japanese Equities	0.3	15.5	17.9	10.7	2.3	7.2	8.1	9.4
Asia (ex Japan) Equities	4.5	18.8	32.7	33.0	7.3	15.3	10.5	7.7
Emerging Market Equities	3.8	18.8	31.1	28.3	7.5	15.1	10.4	7.6
Global Small Companies	1.5	25.9	34.9	21.1	7.3	13.9	9.2	9.9
<b>Currency</b>								
Australian Dollar vs Developed Market Basket	-0.4	7.8	8.6	11.8	-1.5	0.9	-1.3	-2.0

Note:

Returns hedged to the Australian Dollar: Global Treasuries, Global Inflation-Linked, Global Credit, Global High-Yield.

Equity returns are expressed in local currency.

Emerging Market Debt is hedged to the US Dollar.

Currency: A positive number represents appreciation of the Australian Dollar. A negative number represents a depreciation of the Australian Dollar.

# Financial Market Commentary

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## Financial markets

In Australia, the market responded to clear improvement in the economic outlook. The two main data points were employment down to 6.6% and CPI up 0.9% on the quarter. Furthermore, retail trade continued to surge, concurrently the housing market rebounded faster than expected. The ongoing economic improvement in Australia, tied in with the continuing control of the virus, has seen bond yields rise over January.

Commodity prices enjoyed another rise from on stronger coking coal and oil prices. Coking coal increased as China's ban on Australian coal led to them search for more expensive options, which increased the prices globally. Oil prices were choppy after renewed global lockdowns. Oil demand generally picks up around Lunar New Year holiday period as people return home to celebrate.

Over the month, the AUD weakened from the highs of \$0.78, to close lower at \$0.76. Iron ore prices trended lower as January progressed, after a very strong increase in December, weighing on AUD. Media reports suggest Chinese authorities want Chinese steel makers to reduce steel production this year.

After the Democrats won the Georgia run-offs, US Congress ratified the US election victory to President-elect Joe Biden. Investors reacted to the prospects of a significant stimulus package being agreed upon by the new administration by pushing US markets to all-time highs.

US markets came off their highs in the last week in January when a 'short squeeze' on few small companies dominated markets. In January, some hedge funds held large short positions in companies whose stock price increased significantly, they were forced to sell other stocks held to cover potential losses. This caused US markets to fall sharply and flowed through to global markets.

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