

# Performance Summary

SA Metropolitan Fire Service Super Scheme - Members  
June 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

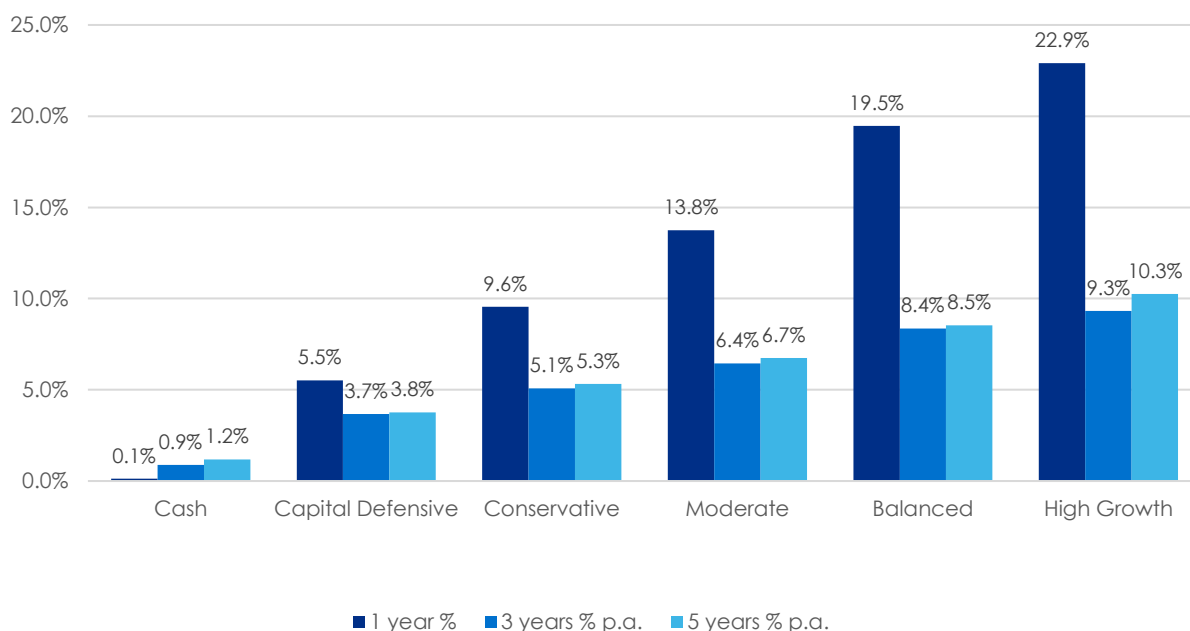
The table and chart below show Funds SA's Taxable investment option returns based on the post-tax unit pricing model.

**Table 1: Taxable investment option returns, net of fees and tax to 30 June 2021**

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	0.0	0.0	0.1	0.1	0.9	1.2	1.4	1.9
Capital Defensive	0.3	1.7	5.5	5.5	3.7	3.8	3.7	4.4
Conservative	0.7	2.7	9.6	9.6	5.1	5.3	5.0	5.7
Moderate	1.3	4.0	13.8	13.8	6.4	6.7	6.3	6.7
Balanced	1.9	5.5	19.5	19.5	8.4	8.5	7.7	8.0
High Growth	2.1	6.0	22.9	22.9	9.3	10.3	9.2	9.4

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 30 June 2021**



Key drivers of performance during June 2021:

- Returns for June were positive across all investment options except the Cash investment option which was flat.
- Across all investment options, Australian Equities, International Equities, and Property were key contributors to performance.
- Diversified Strategies Income (DSI) was the key detractor across all investment options, with negative returns from Absolute Return managers driven by active interest rate positions.
- Domestic and global share markets continued to benefit from central bank support and the post-COVID global economic rebound continues.
- Within Diversified Strategies Growth (DSG), private markets continued to experience improved valuations as economic conditions continue to recover.
- Given the Reserve Bank of Australia (RBA) Cash Rate is very low and likely to be low for some time, it is expected the Cash investment option will return close to zero over the medium-term after fees and taxes.

## Asset Allocation

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

**Table 2: Asset allocation as at 30 June 2021**

Asset Class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Cash	100.0	16.3	11.4	9.2	4.6	3.7
Short-Term Fixed Interest	0.0	29.2	16.6	5.8	0.9	0.0
Long-Term Fixed Interest	0.0	5.0	4.9	9.1	5.9	0.0
Inflation-Linked Securities Taxable	0.0	15.5	15.1	10.9	4.8	0.0
Diversified Strategies Income	0.0	16.6	17.8	11.7	7.8	11.4
Property Taxable	0.0	4.5	7.8	8.6	10.7	14.4
Australian Equities Taxable	0.0	6.1	12.0	18.0	26.9	27.4
International Equities Taxable	0.0	6.7	14.5	20.8	29.8	32.4
Diversified Strategies Growth Taxable	0.0	0.0	0.0	5.8	8.7	10.7
<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>

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 30 June 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	0.1	1.0	1.3	1.6	2.2
Australian Government	1.0	1.9	0.0	-1.9	4.3	3.0	4.1	4.8
Australian Inflation-Linked	0.8	3.3	0.0	4.6	5.3	4.1	4.5	5.8
Global Treasuries	0.4	0.6	0.0	-1.4	3.6	2.4	4.1	5.2
Global Inflation-Linked	0.3	2.8	0.0	3.0	5.3	4.5	5.4	5.9
<b>Credit</b>								
Global Credit	1.0	2.1	0.0	2.7	5.7	4.2	4.8	6.1
Global High-Yield	0.8	2.9	0.0	12.8	5.5	6.1	5.5	7.7
Emerging Market Debt	0.9	3.9	0.0	6.8	6.5	4.4	4.4	5.3
<b>Property</b>								
Australian Listed Property	5.6	10.7	0.0	33.9	8.2	6.2	10.6	12.0
<b>Equities</b>								
Australian Equities	2.3	8.5	0.0	28.5	9.8	11.3	8.9	9.2
Global Equities	2.3	7.6	0.0	36.9	14.7	14.7	11.2	11.7
US Equities	2.3	8.5	0.0	40.8	18.7	17.6	14.1	14.8
European Equities	1.6	6.5	0.0	26.6	7.6	9.3	6.7	7.5
Japanese Equities	1.0	-0.3	0.0	28.0	6.9	11.9	8.7	10.9
Asia (ex Japan) Equities	0.7	3.3	0.0	36.4	11.8	14.1	9.5	8.0
Emerging Market Equities	0.9	3.9	0.0	36.5	12.4	14.0	9.6	8.0
Global Small Companies	0.5	5.7	0.0	52.6	12.3	14.4	9.8	10.6
<b>Currency</b>								
Australian Dollar vs Developed Market Basket	-2.3	-1.8	0.0	7.3	0.1	0.0	-2.4	-2.7

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

Share markets globally continue to move higher, with supportive monetary and fiscal stimulus, vaccine rollouts enabling COVID-19 restrictions to be eased in many places, with pent-up demand and excess savings propel earnings growth. Inflation has been flagged as a key risk to the positive outlook.

The US Federal Reserve met in June, signalling the beginning of discussions on tapering bond purchases, communicated their confidence that higher inflation will be transitory, and reinforced their expectation to hold rates low until 2023. In response, bond yields trended down during the month. In equity markets, investors swung back to growth stocks with the Information Technology and Consumer Discretionary sectors driving the market higher.

The Australian share market posted its ninth consecutive monthly increase, rising 2.2% over June, and 28.5% for the financial year. Confidence and business conditions, as measured by the NAB Business Survey, fell slightly off its record-high amid State-led lockdowns. However, economic activity continues to reflect the support of fiscal and monetary policy. The Reserve Bank of Australia (the RBA) held the official cash rate at 0.10%, in line with the central bank's stance on interest rates and market expectations, however the RBA decided to taper the quantitative easing program slightly. The RBA continued to reiterate it does not expect to increase interest rates until at least 2024.

In Europe, equity markets continued to respond favourably to accelerating vaccine roll-outs, rising 1.6% for the month. The European Central Bank remains focused on keeping financing conditions easy, continuing to provide a positive backdrop for risk assets such as European equities.

## Disclaimer

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