

March quarter investment update

SA Metropolitan Fire Service Superannuation Scheme delivered positive investment returns for all investment options in the March 2024 quarter.

Equity markets had a strong quarter with investor optimism driven by economic resilience, robust corporate earnings, and an expectation that cash rates have peaked. In particular, international equities had the strongest positive performance. This resulted in the High Growth Option returning 4.6% for the quarter and 10.0% over the last 12 months.

Performance to 31 March 2024

Investment option	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.
Cash	1.0	3.7	1.8	1.4	1.6
Capital Defensive	1.6	4.6	1.5	2.2	3.1
Stable	2.5	6.3	2.5	3.4	4.2
Moderate	3.6	8.3	4.2	4.9	5.5
Balanced	4.6	10.0	5.6	6.5	6.7
High Growth	5.3	11.0	6.3	7.4	7.9

Returns are based on SA Metropolitan Fire Service Superannuation Scheme unit pricing formula.

Investment markets continue to focus on inflation and central banks decisions on interest rates. Economic data suggests that inflation is on a downward trend, inching closer to target levels, while economic growth remains resilient. This presents a tricky situation for central banks: lower interest rates too swiftly, and inflation might surge back up. However, keeping rates high could cause weakness for economies and job markets. It's a delicate balance they must strike.

International equity market returns were broad-based across regions and sectors. The US corporate earnings season, where companies disclose earnings for the year-to-date and provide forward guidance, was better than expected. US technology stocks continued their upward momentum. In Japan, equities performed well with the Nikkei 225 index surpassing its previous peak in 1989. After decades of negative interest rates and extremely low inflation, inflation has started to rise which is supportive for economic growth prospects and future company earnings.

The property asset class was the only one to have negative performance and this had a small impact to returns. During March, there were small downward valuations on unlisted property across all sectors, office, retail, and industrial assets. However, Listed Australian property investments (A-REITs) continued their strong performance and partially offset the unlisted property returns.

What does this mean for your super?

It is important to remember that your superannuation is a long-term investment. Pleasingly, our investment options continue to provide strong long-term returns over 5 and 10 years.

We encourage our members to seek financial advice before making any changes to their superannuation investments.

If you have any questions in relation to this matter, please contact SA Metropolitan Fire Service Superannuation Scheme on (08) 8204 3826 or e-mail via darren.royals@eso.sa.gov.au

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