



Performance Summary April 2019

SA Metropolitan Fire Service Superannuation Scheme

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 multi-sector funds offered under the Scheme.

Performance

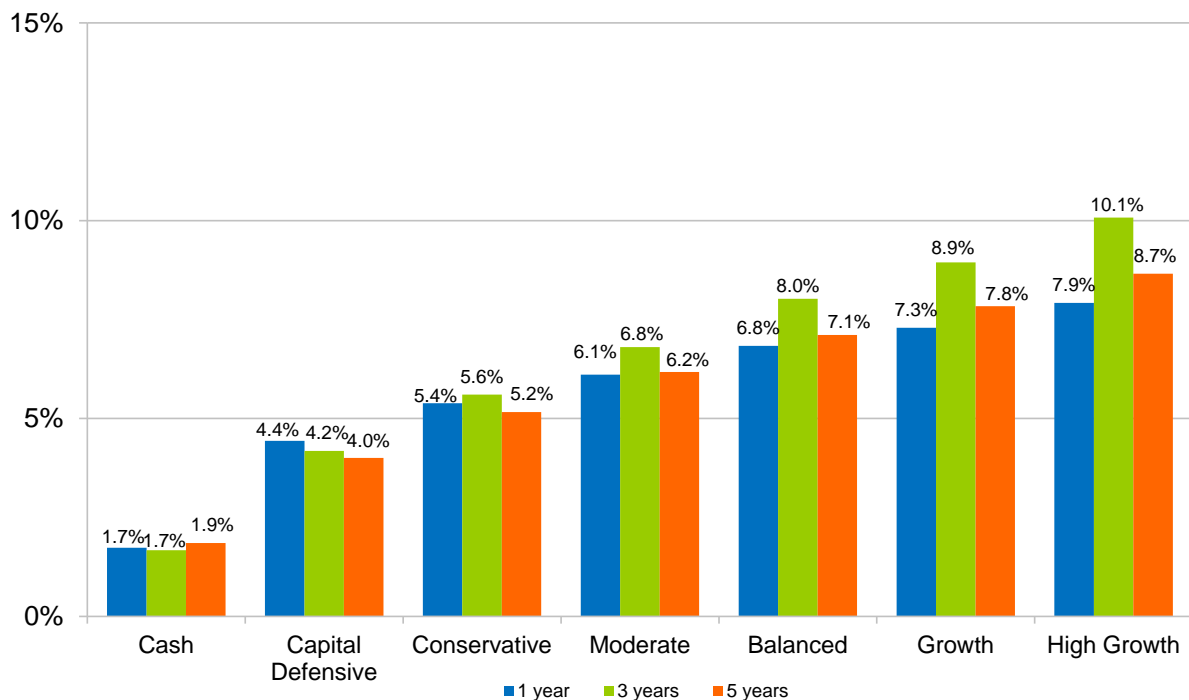
The table and chart below show Funds SA's multi-sector taxable fund returns based on the post tax unit pricing model detailed in the SLA.

Table 1: Multi-sector fund returns net of fees and tax to 30 April 2019 ¹

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Cash	0.1	0.4	1.5	1.7	1.7	1.9	2.1	2.6
Capital Defensive	0.7	2.3	3.6	4.4	4.2	4.0	4.3	5.4
Conservative	1.0	3.3	4.3	5.4	5.6	5.2	5.8	6.7
Moderate	1.2	3.9	4.7	6.1	6.8	6.2	6.9	7.4
Balanced	1.5	4.6	5.1	6.8	8.0	7.1	8.0	8.3
Growth	1.6	5.1	5.4	7.3	8.9	7.8	8.9	8.9
High Growth	2.0	6.0	5.6	7.9	10.1	8.7	10.0	9.7

1. The taxable funds were established in March 2005, with the exception of the Moderate fund (established in June 2006)

Chart 1: Multi-sector fund annualised returns net of fees and tax to 30 April 2019



Key drivers of performance during April 2019 included:

- Global equities outperformed government bonds.
- Australian equities were positive but underperformed most of their global counterparts.
- Australian government bonds outperformed most of their global counterparts.

This environment proved to be favourable for portfolios with relatively larger allocations to listed equities.

Asset Allocation

The targeted asset allocation of the multi-sector funds is shown in the table below.

Table 2: Targeted asset allocation for the 2018-2019 financial year

	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	Growth %	High Growth %
Cash	100.0	15.0	10.0	8.0	2.0	2.0	2.0
Short-Term Fixed Interest	0.0	30.0	18.0	7.0	3.0	0.0	0.0
Long-Term Fixed Interest	0.0	5.0	5.0	9.0	8.0	4.0	0.0
Inflation-Linked Securities B	0.0	15.0	16.0	12.0	9.0	6.0	0.0
Diversified Strategies Income	0.0	17.0	18.0	17.0	16.0	16.0	12.0
Property B	0.0	6.0	9.0	10.0	12.0	14.0	16.0
Australian Equities B	0.0	7.0	13.0	17.0	23.0	26.0	33.0
International Equities B	0.0	5.0	11.0	15.0	19.0	22.0	27.0
Diversified Strategies Growth B	0.0	0.0	0.0	5.0	8.0	10.0	10.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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 market performance.

Table 3: Major market index returns to 30 April 2019

	1 mth %	3 mths %	FYTD %	1 Year %	3 Years % p.a.	5 Years % p.a.	7 Years % pa	10 Years % pa
Cash and fixed income								
Australian Cash	0.2	0.5	1.7	2.0	1.9	2.1	2.4	3.0
Australian Government	0.2	3.4	7.5	8.9	4.2	5.1	4.5	5.0
Australian Inflation-Linked	0.8	3.1	5.7	7.7	4.2	5.1	4.8	6.2
Global Treasuries ⁽¹⁾	-0.2	1.4	4.0	4.7	2.9	4.8	5.1	6.1
Global Inflation-Linked ⁽¹⁾	-0.1	2.5	3.2	4.3	4.9	5.4	4.8	7.2
Credit								
Global Credit ^{(1),(2)}	0.5	2.9	5.7	5.8	4.0	4.9	5.7	8.1
Global High-Yield ⁽¹⁾	0.9	3.1	6.1	4.7	7.3	6.1	8.1	12.7
Emerging Market Debt ⁽⁴⁾	0.1	2.2	7.4	5.2	4.6	4.5	4.5	7.6
Property								
Australian Listed Property	-2.3	5.5	12.0	18.0	8.4	13.1	14.3	14.3
Equities⁽³⁾								
Australian Equities	2.5	9.4	5.7	10.3	11.1	7.6	10.0	9.9
Global Equities	3.8	9.0	6.9	8.6	12.2	9.0	11.4	11.9
US Equities	4.0	9.5	10.1	13.5	14.9	11.6	13.6	15.3
European Equities	4.1	10.0	4.3	3.5	9.3	5.9	9.2	9.2
Japanese Equities	1.6	4.2	-3.6	-6.1	8.7	9.0	12.8	8.8
Asia (ex Japan) Equities	2.4	6.6	3.1	-1.4	13.3	8.1	7.4	9.8
Emerging Market Equities	2.6	5.2	4.5	-0.2	12.6	8.1	7.1	9.5
Global Small Companies	3.5	17.7	-0.3	2.9	11.5	8.7	11.9	13.5
Currency⁽⁵⁾								
Australian Dollar vs Developed Market Basket	-0.4	-2.3	-3.8	-4.8	-1.8	-3.9	-4.2	0.0

(1) Australian dollar return (hedged)

(2) Includes obligations of corporates, supranational agencies, and other government-related (e.g. government agencies, government guaranteed bank debt, etc)

(3) Local currency return

(4) Hedged to USD

(5) A positive number represents appreciation of the Australian dollar. A negative number represents depreciation.

Key factors impacting financial market performance during April 2019 are summarised below.

Equity Markets

Equity market performance was positive in April continuing on from the previous month's positive performance. Trade negotiations between the US and China continued, with the US Treasury Secretary stating the negotiations on key details were 'close to done', however there is still a large amount of uncertainty surrounding this. The European Union removed the issue of a no-deal exit for the United Kingdom by granting a flexible Brexit extension until 31 October. This proved to be a supportive environment for equity markets.

The Reserve Bank of Australia again left interest rates on hold, coming to the market with a patient stance. However noting that household consumption is currently being held back by weak income growth and the ongoing weakness in the housing market. Creating the potential for an interest rate cut in the situation where inflation doesn't move higher and unemployment increases. This helped Domestic equities generate a positive return but underperformed most of their global counterparts.

Debt Markets

Global government bond markets produced negative returns over the month. Non-government bond performance was positive, with corporate bonds, emerging market debt and high yield bonds all posting positive returns. Domestic bonds outperformed global posting positive returns given concerns continuing around the Australian residential property market and the potential for lower interest rates.

Currency

The Australian dollar depreciated as the potential for lower domestic interest rates lowered the attractiveness of the domestic currency.

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