

Performance Summary

SA Metropolitan Fire Service Superannuation Scheme
November 2019



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

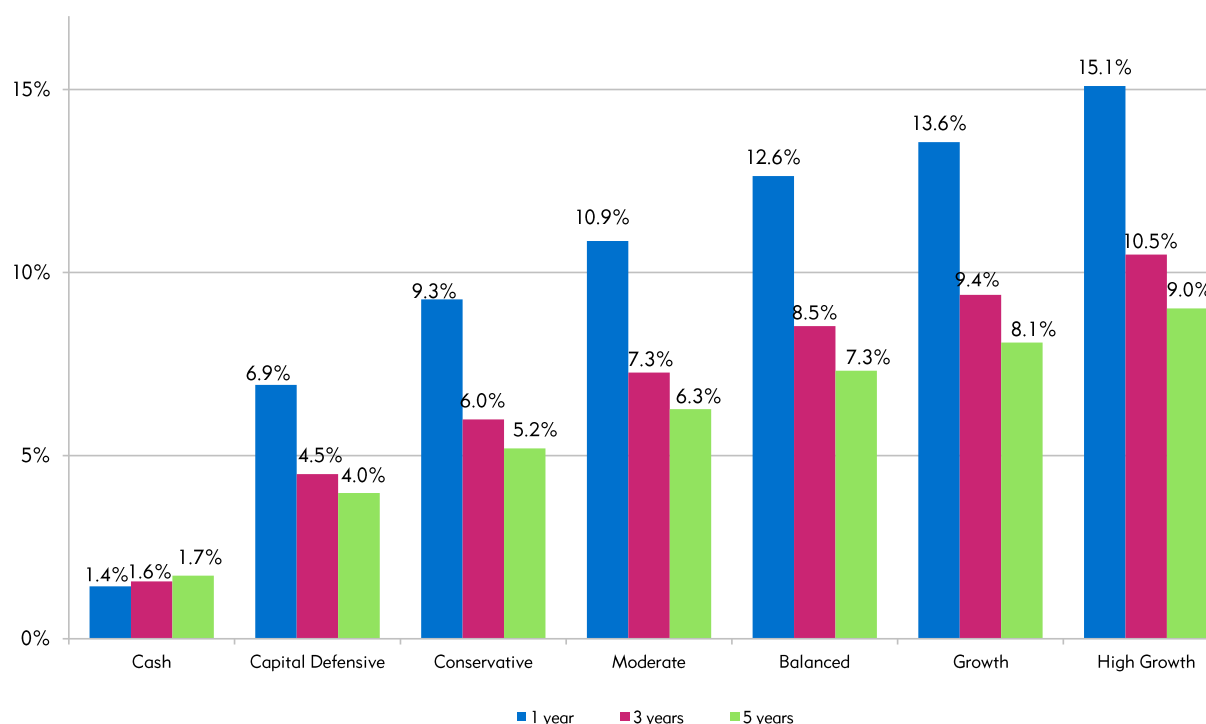
The table and chart below show Funds SA's multi-sector taxable fund returns based on the post tax unit pricing model detailed in the SLA.

Table 1: Multi-sector fund returns net of fees and tax to 30 November 2019¹

	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	0.2	0.5	1.4	1.6	1.7	1.9	2.5
Capital Defensive	0.8	1.3	1.9	6.9	4.5	4.0	4.2	5.0
Conservative	1.2	2.0	2.6	9.3	6.0	5.2	5.8	6.1
Moderate	1.5	2.4	3.2	10.9	7.3	6.3	7.0	6.8
Balanced	1.9	3.1	3.9	12.6	8.5	7.3	8.3	7.6
Growth	2.1	3.6	4.3	13.6	9.4	8.1	9.2	8.2
High Growth	2.5	4.3	4.9	15.1	10.5	9.0	10.4	8.9

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 November 2019



Key drivers of performance during November 2019 included:

- Global equities posted strong positive returns and outperformed government bonds
- Global government bonds posted negative returns
- Domestic government bonds delivered positive returns outperforming global government bonds
- The Australian dollar depreciated against most major currencies

This environment proved to be favourable for portfolios with relatively larger allocations to growth assets such as listed equities.

Asset Allocation

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

Table 2: Asset allocation as at 30 November 2019

	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	Growth %	High Growth %
Cash	100.0	15.2	10.2	9.1	4.1	4.0	2.0
Short-Term Fixed Interest	0.0	30.3	18.3	6.4	2.4	0.0	0.0
Long-Term Fixed Interest	0.0	4.8	4.8	8.8	7.8	3.8	0.0
Inflation-Linked Securities B	0.0	14.3	15.3	11.3	8.3	5.3	0.0
Diversified Strategies Income	0.0	17.0	18.0	14.7	11.7	11.6	11.4
Property B	0.0	5.1	8.1	8.8	10.8	12.8	14.6
Australian Equities B	0.0	5.9	11.9	16.0	22.0	24.8	27.6
International Equities B	0.0	6.8	12.3	16.9	21.4	24.0	30.2
International Passive Equities B	0.0	0.6	1.1	1.4	1.8	2.0	2.6
Diversified Strategies Growth B	0.0	0.0	0.0	6.6	9.6	11.6	11.6
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 November 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	0.1	0.2	0.5	1.6	1.7	1.9	2.2	2.9
Australian Government	0.9	-0.5	2.4	12.2	6.1	5.0	4.8	5.7
Australian Inflation-Linked	1.6	1.3	3.4	12.3	6.2	4.7	4.7	6.7
Global Treasuries ⁽¹⁾	-0.4	-1.6	1.7	8.5	4.2	4.5	5.0	6.1
Global Inflation-Linked ⁽¹⁾	-0.6	-3.2	1.4	9.2	4.5	4.9	4.6	6.6
Credit								
Global Credit ^{(1),(2)}	0.0	-0.4	2.7	11.9	5.5	5.0	5.3	7.1
Global High-Yield ⁽¹⁾	0.2	1.1	0.3	8.5	5.7	6.1	6.9	9.8
Emerging Market Debt ⁽⁴⁾	-0.2	-0.2	1.5	14.0	5.9	4.9	3.8	6.4
Property								
Australian Listed Property	2.3	0.8	4.8	27.0	13.6	13.2	13.9	12.5
Equities⁽³⁾								
Australian Equities	3.2	4.8	5.4	26.0	12.7	10.0	10.8	8.4
Global Equities	3.2	7.5	6.7	14.7	12.0	8.6	11.9	10.4
US Equities	3.6	7.9	7.7	16.1	14.1	11.0	14.4	13.4
European Equities	2.3	6.0	4.9	15.2	9.2	6.3	8.6	7.5
Japanese Equities	1.9	13.3	10.4	4.8	7.2	5.8	14.0	9.4
Asia (ex Japan) Equities	0.6	5.6	0.7	8.4	9.4	5.5	6.5	6.3
Emerging Market Equities	0.6	5.2	1.6	9.3	9.9	6.1	6.7	6.4
Global Small Companies	3.7	7.8	5.3	10.8	9.5	8.6	12.1	11.7
Currency⁽⁵⁾								
Australian Dollar vs Developed Market Basket	-1.5	0.5	-2.9	-7.3	-3.3	-3.9	-4.9	-2.1

(1) Australian dollar return (hedged)

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

(3) Local currency return

(4) Hedged to USD

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

Commentary

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

Equity Markets

Equity market performance was positive in November, continuing from the previous month's positive performance. In the US, the latest estimate of third-quarter growth increased from previous estimates, which has been helped by a Central Bank promoting easier monetary policy. Business sentiment has started to show slight signs of improvement. The combination of optimism for a trade deal between the US and China, positive growth and improving business activity provided strong equity market returns for the US.

The European Central Bank welcomed Christine Lagarde, as she took over from Mario Draghi this month as the European Central Bank leader, her first official policy meeting will be in December. In terms of European economic activity, there was a rebound in the manufacturing sector, as all the major components rose compared to the previous month's level. Overall however, business sentiment in Europe remains somewhat mixed.

Debt Markets

Global government bond markets produced negative returns over the month with long duration securities underperforming as signs of a trade deal improved risk sentiment. Central banks remained on hold this month. The US Federal Reserve Chair Jerome Powell stated that the current policy is likely to remain appropriate. Corporate bonds and high yield bonds posted positive returns, whilst emerging market debt posted negative returns. Domestic bonds outperformed global bonds posting a positive return given comments from the Reserve Bank of Australia Governor Philip Lowe, revealing a road map for how the Central Bank might go about future easy monetary policy, if it were required.

Currency

The Australian dollar depreciated due to falling commodity prices.

Disclaimer

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