Performance Summary

SA Metropolitan Fire Service Super Scheme – Members

September 2023

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 to 30 September 2023

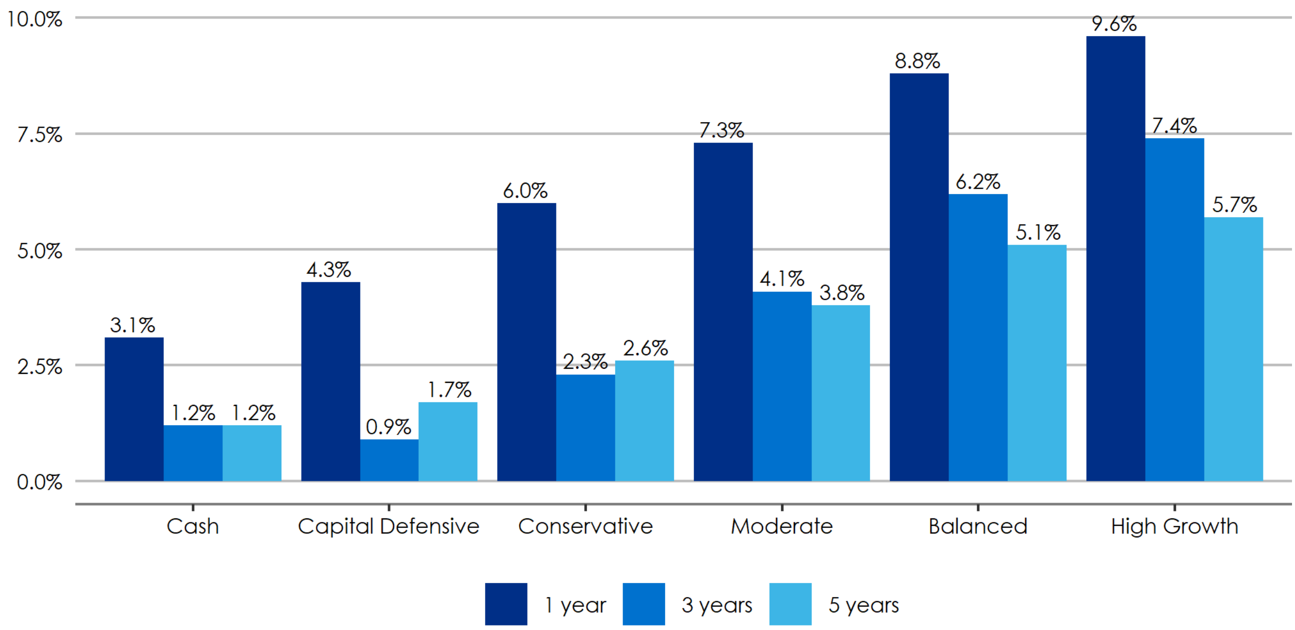
Returns are net of fees and tax

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	0.3	0.9	0.9	3.1	1.2	1.2	1.3	1.5
Capital Defensive	-1.0	0.2	0.2	4.3	0.9	1.7	2.2	2.9
Conservative	-1.4	-0.1	-0.1	6.0	2.3	2.6	3.4	4.0
Moderate	-1.9	-0.5	-0.5	7.3	4.1	3.8	4.6	5.1
Balanced	-2.3	-0.7	-0.7	8.8	6.2	5.1	6.0	6.4
High Growth	-2.7	-0.9	-0.9	9.6	7.4	5.7	7.2	7.6

Note: 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 options annualised returns to 30 September 2023

Returns are net of fees and tax



Key drivers of performance:

- All diversified investment options delivered negative returns. Equity and Fixed Interest asset classes all declined during the month.
- International and Australian Equities asset class returns were driven lower by bond market movement and recessionary fears, contributing to negative investor sentiment.
- The Fixed Interest asset class was impacted by rising bond yields due to inflation and central bank comments reiterating their determination to control inflation through monetary policy action.
- The Property asset class returns were also a detractor, revaluations were lower, particularly within the Office sector.

Effective asset allocation

The effective asset allocation of the Funds SA Taxable investment options is shown in the table below.

Table 2: Effective asset allocation as at 30 September 2023

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Australian Equities	0.0	5.0	9.8	17.8	24.9	28.7
International Equities	0.0	5.6	11.9	19.7	25.7	31.1
Private Markets	0.0	1.1	2.2	3.2	5.4	7.5
Property	0.0	5.9	6.9	6.9	8.8	13.5
Infrastructure	0.0	4.4	4.1	3.7	5.4	5.3
Alternatives	0.0	4.0	4.0	2.9	2.0	0.0
Credit	0.0	3.5	7.5	7.5	6.5	7.4
Fixed Interest	0.0	51.6	35.7	23.7	11.9	0.0
Cash	100.0	18.9	18.0	14.6	9.3	6.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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 broad financial market performance.

Table 3: Major market index returns to 30 September 2023

Market Index	1 month %	3 months %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Australian Equities	-2.9	-0.8	-0.8	12.9	10.8	6.6	8.0	7.4
International Equities	-3.8	-0.4	-0.4	20.4	10.7	9.0	11.3	11.7
Australian Unlisted Property	-2.0	-1.6	-1.6	-4.4	5.3	3.7	5.7	7.5
Credit	-0.7	0.7	0.7	10.3	0.7	1.4	2.3	3.8
Global Fixed Interest	-2.8	-2.7	-2.7	-1.2	-6.7	-0.7	-0.5	2.2
Australian Fixed Interest	-0.3	1.4	1.4	4.4	-0.3	1.3	1.4	2.1
Cash	0.3	1.1	1.1	3.6	1.4	1.3	1.4	1.7
Foreign Currency (AUD v. Developed Markets)	0.1	-2.7	-2.7	-0.7	-2.3	-1.7	-2.0	-2.7

Note:

Returns hedged to the Australian Dollar: Global Fixed Interest, Credit.

Equity returns are expressed in AUD.

Financial market commentary

Investment markets endured a challenging month, with equity and fixed interest markets delivering negative performance due to sharply rising bond yields.

Bond yields rose significantly despite most developed market central banks keeping interest rates on hold during September. Continuing the theme from August, bond markets priced in higher interest rates for longer on the back of expectations for resilient economic growth and sticky inflation. US treasury issuance increased during the month and Japanese investors continued to move away from holding US treasuries, both contributing to higher bond yields. The US 10-year Treasury yield rose to its highest level since 2007.

There was a broad sell off across domestic, and most global and emerging equity markets. In addition to high bond yields, negative investor sentiment, continued weakness in China's economy and concern around their Property sector, and higher energy prices, all contributed to the equity market sell off.