

# Performance Summary



SA Metropolitan Fire Service Super Scheme – Members  
February 2024

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 29 February 2024**

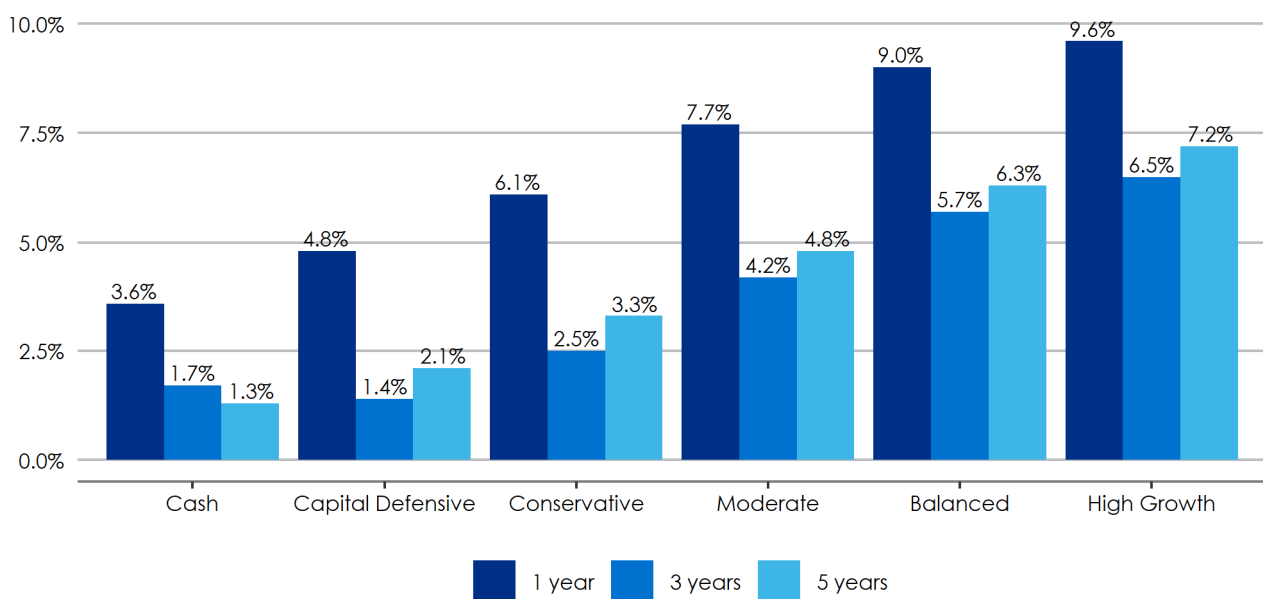
Returns are net of fees and tax

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	1.0	2.6	3.6	1.7	1.3	1.4	1.6
Capital Defensive	0.4	2.5	3.8	4.8	1.4	2.1	2.6	3.0
Conservative	0.9	3.5	4.6	6.1	2.5	3.3	3.7	4.1
Moderate	1.4	4.7	5.5	7.7	4.2	4.8	5.1	5.3
Balanced	1.9	5.7	6.3	9.0	5.7	6.3	6.5	6.6
High Growth	2.3	6.3	6.8	9.6	6.5	7.2	7.6	7.7

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 29 February 2024**

Returns are net of fees and tax



Key drivers of performance:

- All investment options generated positive returns.
- The International Equities asset class accounted for the majority of the performance across all investment options. Strong returns from the asset class were largely driven by the US and Japanese equity markets.
- Emerging Market equities also had a strong month, driven by Chinese equities which rose 10% during the month on the back of support for a government buying program and new regulations on short selling.
- The International Equities asset class modestly underperformed the benchmark due to stock selection in the US Communication Services and Technology sectors, and the UK Financials and Staples sectors.
- The Australian Equities asset class delivered positive performance and outperformed the benchmark. This was driven by positive sector allocation, being overweight Technology. Also contributing was positive stock selection in Materials and Energy sectors driven by underweight positions in BHP, Fortescue, Woodside, and no holding in Whitehaven Coal.
- The Australian Dollar was down against the USD for the month to the end of February.

## 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 29 February 2024**

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Australian Equities	0.0	5.2	10.3	18.2	25.1	29.2
International Equities	0.0	5.5	12.1	20.1	26.0	31.5
Private Markets	0.0	1.1	2.1	2.9	4.9	6.7
Property	0.0	5.8	6.6	6.3	7.8	12.1
Infrastructure	0.0	5.1	4.6	3.7	5.1	4.9
Alternatives	0.0	3.8	3.9	2.8	1.9	0.0
Credit	0.0	2.8	7.0	6.9	5.9	6.8
Fixed Interest	0.0	51.7	37.0	24.8	12.7	0.0
Cash	100.0	18.9	16.5	14.4	10.4	8.7
<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>
<b>Foreign Currency</b>	<b>0.0</b>	<b>4.4</b>	<b>9.2</b>	<b>16.2</b>	<b>21.6</b>	<b>25.8</b>
<b>Foreign Currency Hedge*</b>	<b>0.0</b>	<b>1.1</b>	<b>2.7</b>	<b>4.3</b>	<b>5.3</b>	<b>6.7</b>

Due to rounding, the sum of the individual numbers within the table may not equal the totals quoted.

\* The partial foreign currency hedge is the exposure converted back into Australian Dollars from investing in International Equities to achieve the Foreign Currency strategic allocation.

All other asset classes that have international investments are typically fully currency hedged.

## Financial market snapshot

The table below summarises broad financial market performance.

**Table 3: Major market index returns to 29 February 2024**

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	1.0	9.5	9.7	10.5	9.1	8.6	8.6	7.9
International Equities	6.0	12.0	15.1	27.8	13.2	12.5	12.7	12.0
Australian Unlisted Property	0.3	-2.9	-3.9	-7.2	3.5	2.7	4.9	6.9
Credit	0.8	3.7	7.1	9.5	1.1	2.2	2.7	4.0
Global Fixed Interest	-0.8	2.6	1.7	2.6	-3.3	-0.7	0.8	2.4
Australian Fixed Interest	0.1	2.1	4.6	5.3	0.7	1.5	1.9	2.3
Cash	0.3	1.1	2.9	4.1	2.0	1.5	1.6	1.8
Foreign Currency (AUD v. Developed Markets)	-1.2	-1.9	-2.6	-4.5	-5.4	-2.4	-2.9	-2.4

Note:

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

Equity returns are expressed in AUD.

## Financial market commentary

International equity markets were very strong during February. 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 valuation momentum, most of the Magnificent 7 technology stocks reporting earnings that were well received by the market. Data released indicated economic resilience continued into February, which may make the case for near-term interest rate cuts challenging.

Japanese equities continued to perform well with the Nikkei 225 index surpassing its previous peak in 1989. This was supported by both a positive earnings season and a view that corporate governance reforms are expected to improve corporate value. 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 Australian equity market delivered positive returns after inflation was lower than expected. Lower inflation helped reinforce the view that the cash rate has peaked in Australia.

Fixed Interest markets produced mixed results. Fixed interest markets started to reduce expectations for central banks to cut interest rates in 2024, pushing out the timing of potential cuts. Fixed Interest securities with higher interest rate sensitive generated negative performance.

### Disclaimer

This report has been prepared solely for the use of wholesale clients and is not for general public use or distribution. The information within this document article has been prepared in good faith by Funds SA based on information available as at the date of this document. However, Funds SA does not warrant the accuracy of the information and to the extent permitted by law, disclaims responsibility for any loss or damage of any nature whatsoever which may be suffered by any person directly or indirectly through relying upon it whether that loss or damage is caused by any fault or negligence of Funds SA or otherwise. The information contains general information only. It is not intended to be comprehensive, nor is it intended to constitute advice. Past performance is not a reliable indicator of future performance. Forward-looking statements in the document are predictions only and may be affected by inaccurate assumptions and/or known and unknown risks and uncertainties and other factors which may be beyond the control of Funds SA. Actual results or performance may vary materially.