Performance Summary

SA Metropolitan Fire Service Super Scheme – Members

October 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 31 October 2023

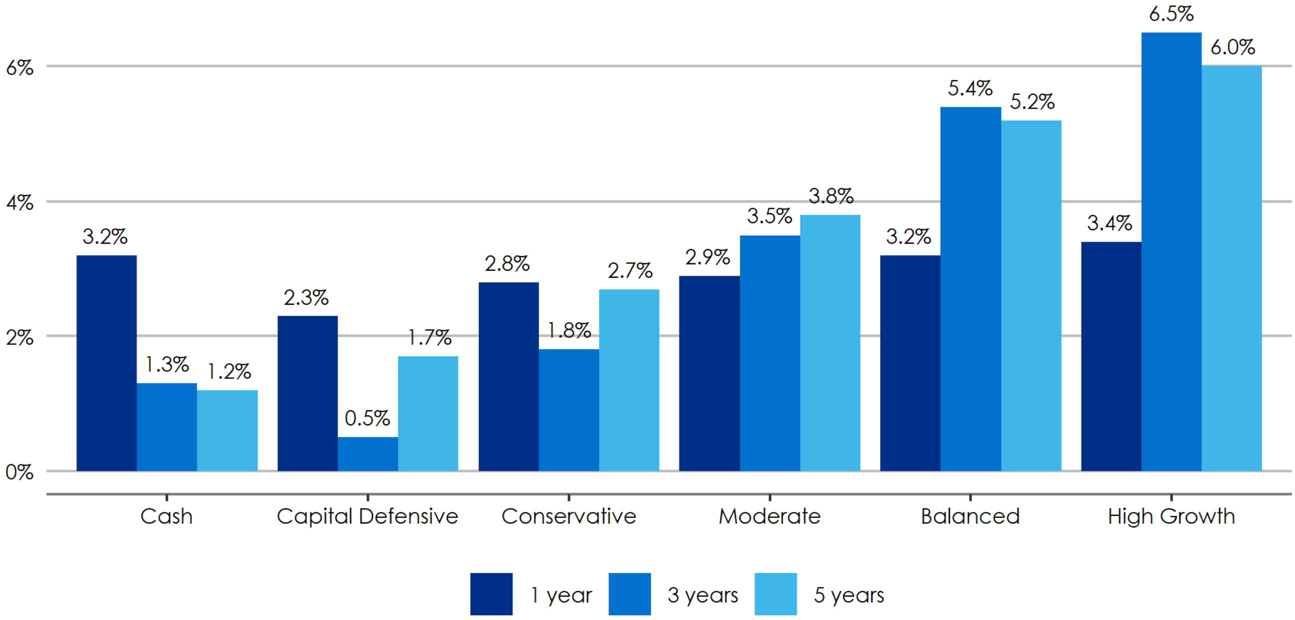
Returns are net of fees and tax

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	1.2	3.2	1.3	1.2	1.3	1.6
Capital Defensive	-0.8	-1.4	-0.6	2.3	0.5	1.7	2.1	2.7
Conservative	-1.0	-2.2	-1.1	2.8	1.8	2.7	3.3	3.8
Moderate	-1.5	-3.3	-2.0	2.9	3.5	3.8	4.4	4.8
Balanced	-1.9	-4.0	-2.5	3.2	5.4	5.2	5.8	6.0
High Growth	-2.0	-4.6	-2.9	3.4	6.5	6.0	7.0	7.1

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 31 October 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.
- Australian and International Equities asset class returns were driven lower by conflict in the Middle East, higher bond yields and recessionary fears.
- The Fixed Interest asset class was impacted by rising bond yields due to inflation and central banks reiterating their determination to control inflation through monetary policy action.
- In November, the Reserve Bank of Australia (RBA) increased the Official Cash Rate (OCR) to 4.35%.

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 31 October 2023

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Australian Equities	0.0	4.9	9.8	17.8	24.7	28.7
International Equities	0.0	5.5	11.9	19.6	25.6	31.3
Private Markets	0.0	1.1	2.2	3.3	5.6	7.8
Property	0.0	6.0	7.0	7.0	8.9	13.8
Infrastructure	0.0	4.6	4.3	3.8	5.5	5.4
Alternatives	0.0	4.1	4.0	3.0	2.1	0.0
Credit	0.0	3.2	7.5	7.5	6.5	7.4
Fixed Interest	0.0	52.0	37.0	25.0	13.3	0.0
Cash	100.0	18.5	16.4	13.0	7.7	5.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Foreign Currency	**0.0**	**4.4**	**9.2**	**15.2**	**20.6**	**24.9**
Foreign Currency Hedge*	**0.0**	**1.2**	**2.7**	**4.4**	**5.1**	**6.5**

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 31 October 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	-3.8	-7.3	-4.6	2.5	8.7	7.2	7.7	6.6
International Equities	-1.1	-3.8	-1.5	11.7	10.4	10.0	11.3	11.3
Australian Unlisted Property	0.4	-1.4	-1.2	-4.3	5.4	3.7	5.9	7.5
Credit	-0.8	-1.5	0.0	8.1	0.4	1.4	2.1	3.6
Global Fixed Interest	-2.1	-4.7	-4.8	-3.8	-7.4	-1.1	-0.4	1.9
Australian Fixed Interest	-0.5	0.1	1.0	3.4	-0.5	1.1	1.4	2.1
Cash	0.3	1.0	1.4	3.7	1.5	1.3	1.5	1.7
Foreign Currency (AUD v. Developed Markets)	-1.7	-4.9	-4.2	-3.1	-3.2	-2.8	-2.9	-3.0

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.

Continuing the theme from prior months, bond markets continued to price in higher interest rates for longer. Resilient economic growth, persistent inflation and strong labour markets means that central banks are not ruling out further tightening. The increasing US debt level and Treasury issuance also contributed to bond yields rising.

There was a broad sell off across domestic, and global and emerging equity markets. The US economy has been more resilient than expected, however there are increasing fears for a global economic slowdown. Additionally, the conflict within the Middle East and concern hostilities may spread impacted negative investor sentiment.