Performance Summary

SA Metropolitan Fire Service Super Scheme – Members

April 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 April 2023

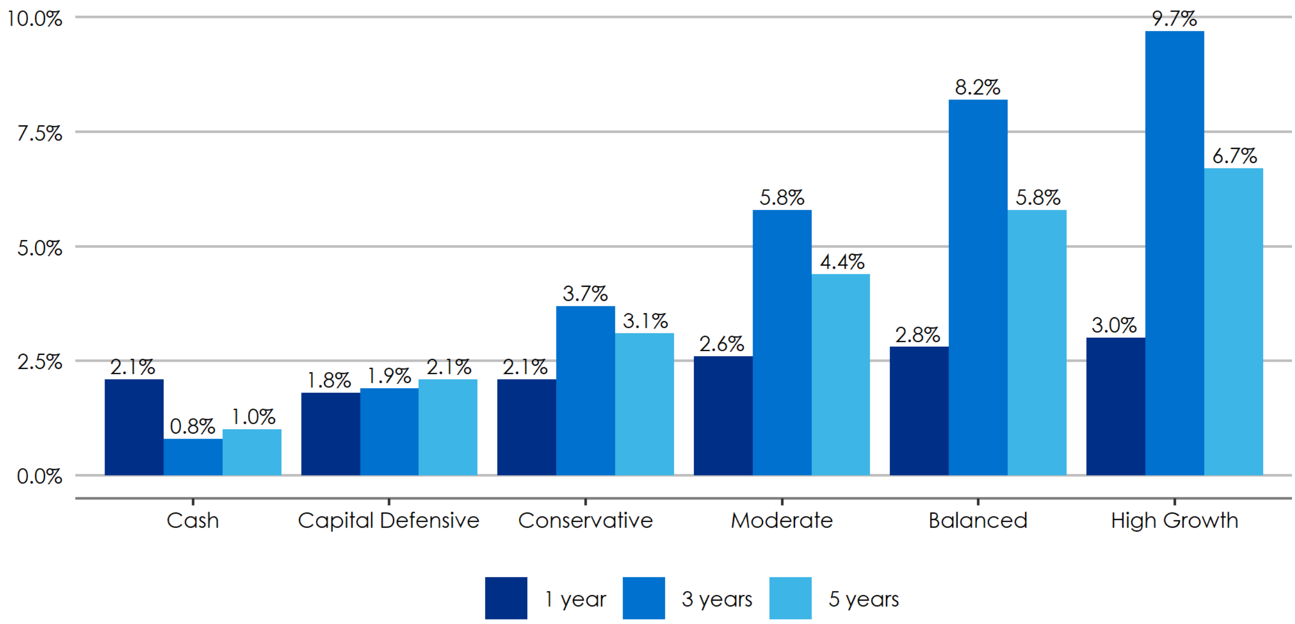
Returns are net of fees and tax

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	0.7	2.0	2.1	0.8	1.0	1.2	1.5
Capital Defensive	0.5	1.0	4.2	1.8	1.9	2.1	2.6	3.0
Conservative	0.7	1.0	5.5	2.1	3.7	3.1	3.8	4.1
Moderate	0.9	1.2	6.8	2.6	5.8	4.4	5.2	5.4
Balanced	1.1	1.4	8.0	2.8	8.2	5.8	6.6	6.6
High Growth	1.3	1.4	8.9	3.0	9.7	6.7	7.9	8.0

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 April 2023

Returns are net of fees and tax



Key drivers of performance:

- All investment options generated positive returns.
- Australian and International Equities were key contributors across all investment options. Two key factors drove favourable equity market returns: falling inflation, and resilient company earnings across a range of sectors.
- For the lower risk investment options, particularly Capital Defensive, Fixed Interest provided positive returns as yields adjusted to falling expectations of future interest rate rises.
- The Reserve Bank of Australia (RBA) left the Official Cash Rate (OCR) unchanged at 3.60%. However, at the time of writing, the RBA increased rates a further 0.25% to 3.85% (2 May 2023).

Asset allocation

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

Table 2: Asset allocation as at 30 April 2023

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Cash	100.0	21.5	18.6	14.0	8.9	5.4
Fixed Interest	0.0	36.8	20.8	14.8	6.9	0.0
Inflation-Linked Securities Taxable	0.0	8.9	8.9	5.9	5.0	0.0
Diversified Strategies Income	0.0	12.8	16.7	12.8	8.2	7.2
Property Taxable	0.0	6.3	8.6	8.5	9.6	14.4
Australian Equities Taxable	0.0	5.2	10.2	18.2	25.3	29.2
International Equities Taxable	0.0	5.4	12.0	20.1	26.2	31.7
Diversified Strategies Growth Taxable	0.0	3.3	4.2	5.8	10.0	12.0
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 general financial market performance. The market indices used in the table below are different to the indices that Funds SA uses to target and measure the performance of its asset classes and investment options. As a result, the table below is not reflective of Funds SA performance and should not be used for comparison purposes.

Table 3: Major market index returns to 30 April 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.
Cash and Fixed Income								
Australian Cash	0.3	0.8	2.3	2.4	0.8	1.1	1.3	1.7
Australian Government	0.0	1.9	4.4	2.0	-2.9	1.4	1.5	2.4
Australian Inflation-Linked	0.3	2.2	9.0	4.2	2.0	3.1	2.9	3.2
Global Treasuries	0.3	1.2	-0.9	-2.7	-3.6	0.3	0.8	2.4
Global Inflation-Linked	-0.9	0.3	-4.2	-10.9	-2.4	0.8	2.0	2.3
Credit								
Global Credit	0.7	0.1	0.4	-2.3	-2.7	0.6	1.3	2.5
Global High-Yield	0.2	-1.0	6.5	-1.7	2.5	0.7	2.9	3.7
Emerging Market Debt	0.5	-0.3	5.8	0.1	-0.2	0.2	1.3	1.6
Property								
Australian Listed Property	5.2	-2.4	9.6	-10.2	11.3	5.4	4.9	7.7
Equities								
Australian Equities	1.8	-1.0	15.4	2.1	14.0	8.2	9.1	7.9
Global Equities	1.6	2.5	12.1	3.2	13.5	8.8	10.3	9.7
US Equities	1.6	2.7	11.7	2.7	14.5	11.4	12.6	12.2
European Equities	2.4	4.0	17.7	8.3	13.9	6.1	7.8	7.2
Japanese Equities	2.8	5.5	12.6	10.9	14.8	5.8	8.8	8.2
Asia (ex Japan) Equities	-1.6	-3.8	-0.5	-3.3	4.6	1.0	6.4	4.9
Emerging Market Equities	-0.7	-3.2	1.2	-3.5	5.9	1.9	6.7	5.3
Global Small Companies	-0.4	-5.1	9.7	-1.5	12.7	4.3	7.5	7.6
Currency								
Australian Dollar vs Developed Market Basket	-1.2	-6.2	-5.0	-6.5	0.8	-2.0	-1.5	-3.7

Note:

Returns hedged to the Australian Dollar: Global Treasuries, Global Inflation-Linked, Global Credit, Global High-Yield.

Equity returns are expressed in local currency.

Emerging Market Debt is hedged to the US Dollar.

Currency: A positive number represents appreciation of the Australian Dollar. A negative number represents a depreciation of the Australian Dollar.

Financial market commentary

Most financial markets produced favourable returns over the month. Equity markets benefited from positive earnings results across a range of sectors. Investor concerns around the US regional banking failures in March subsided after better-than-expected regional bank results. The Australian equity market returned 1.8% and the global equity market returned 1.6% for the month. Asia ex-Japan was the exception to the positive equity market momentum. The China and Taiwan markets were the key detractors. Ongoing geopolitical tensions between China and the US, and declining demand for Taiwanese semiconductors drove the weakness.

Bond markets were steady during April, with mixed movements across the yield curve. While most major economic data points showed resilience, inflation began to ease, the consensus is peak inflation has passed. There were some indications of economic weakness beginning to show, particularly in the US, raising expectations that the US Federal Reserve and Reserve Bank of Australia may be nearing the end of their tightening cycles. However, both central banks continued to reiterate their commitment to control inflation, leaving the option for more rate rises but the market expecting an interest rate pause post May.