Performance Summary

SA Metropolitan Fire Service Super Scheme – Members

January 2025

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 January 2025

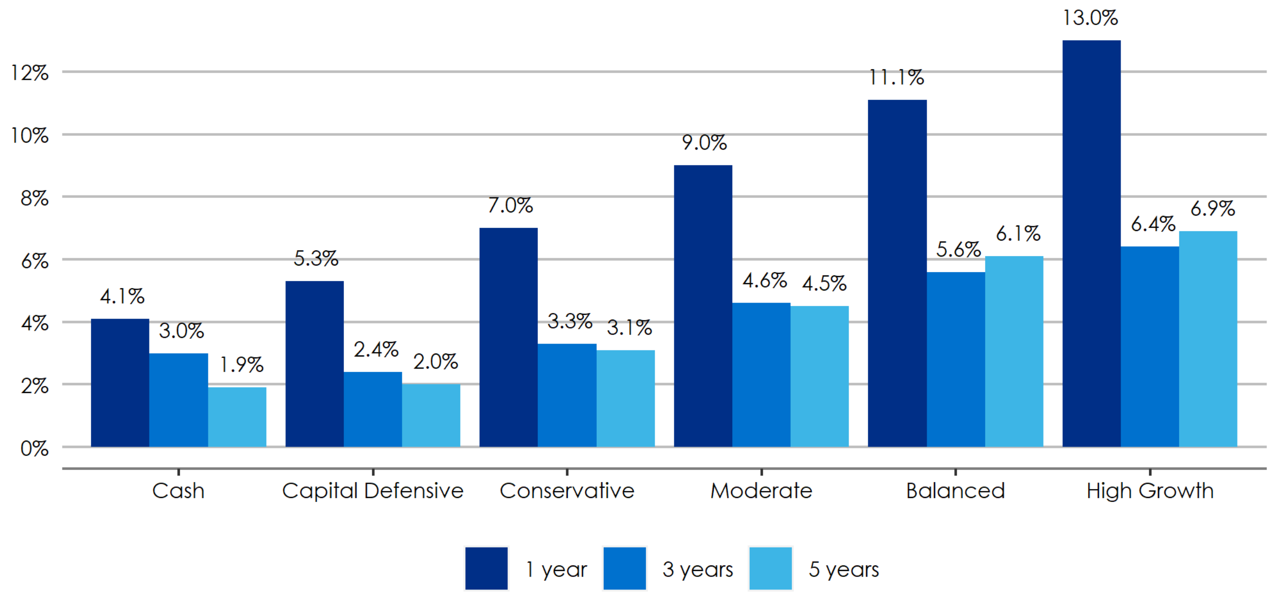
Returns are net of fees and tax

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	0.4	1.1	2.4	4.1	3.0	1.9	1.8	1.8
Capital Defensive	0.8	2.1	4.1	5.3	2.4	2.0	2.7	2.9
Conservative	1.2	2.8	5.2	7.0	3.3	3.1	3.8	4.0
Moderate	1.8	3.6	6.4	9.0	4.6	4.5	5.1	5.3
Balanced	2.3	4.5	7.8	11.1	5.6	6.1	6.5	6.6
High Growth	2.7	5.2	9.3	13.0	6.4	6.9	7.5	7.8

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 January 2025

Returns are net of fees and tax



Key drivers of performance:

- All investment options delivered strong positive absolute and benchmark relative returns for the month ended 31 January 2025.
- International Equities was the strongest performer with European markets enjoying significant gains. Most developed equity markets finished higher. US markets rose, though the NASDAQ lagged due to the emergence of Chinese artificial intelligence (AI) company DeepSeek posing a challenge to US leadership in the AI space.
- The International Equities asset class benefitted from underweight positions to US Technology and Semiconductor stocks.
- The Australian Equities asset class was a solid contributor to investment option performance.
- Private Markets was the only asset class to detract from performance, legacy real estate funds reported lower valuations.
- The Socially Responsible Investment (SRI)option delivered very strong returns, attributed to the equities performance and a US technology stock underweight also added value.

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 January 2025

Asset class	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	High Growth %
Australian Equities	0.0	4.9	10.0	17.8	26.2	31.4
International Equities	0.0	8.5	15.7	24.8	33.6	40.5
Private Markets	0.0	1.1	2.0	2.8	4.6	5.9
Property	0.0	5.7	5.7	5.4	6.4	8.7
Infrastructure	0.0	9.2	8.2	7.2	7.1	6.2
Alternatives	0.0	3.4	3.5	2.6	1.8	0.0
Credit	0.0	2.0	6.0	6.5	5.2	6.9
Fixed Interest	0.0	46.9	33.6	22.9	10.9	0.0
Cash	100.0	18.4	15.2	10.1	4.1	0.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Foreign Currency	**0.0**	**5.0**	**10.2**	**15.0**	**20.9**	**26.6**
Foreign Currency Hedge*	**0.0**	**3.5**	**5.6**	**8.8**	**11.3**	**12.9**

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 January 2025

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	4.5	5.0	11.7	15.1	11.1	7.9	9.2	8.6
International Equities	2.6	10.0	16.9	28.2	12.9	12.7	13.1	12.3
Australian Unlisted Property	0.4	0.3	0.1	-6.3	-2.6	0.2	2.3	5.0
Credit	1.0	2.1	6.0	9.2	3.5	2.7	3.1	4.4
Global Fixed Interest	0.0	1.1	2.1	1.3	-2.9	-2.3	0.8	1.2
Australian Fixed Interest	0.4	1.8	4.0	5.2	2.7	1.8	2.3	2.3
Cash	0.4	1.1	2.6	4.5	3.3	2.0	1.9	2.0
Foreign Currency (AUD v. Developed Markets)	0.7	-4.1	-6.9	-5.3	-4.1	-1.9	-3.8	-2.2

Note: Returns hedged to the Australian Dollar: Global Fixed Interest, Credit. Equity returns are expressed in AUD.

Financial market commentary

Local and international listed equities markets recovered in January, driving the strong absolute performance across Funds SA's investment options. US equities continued the climb higher, joined by European equities which posted significant gains across the board. Government 10-year bond yields were steady in over the month after their large increase in December. The Australian dollar was unchanged versus the US dollar.

Australian equities

The Australian equities market clawed back all of December's losses in January. The S&P/ASX 200 rose 4.6% and finished the month at new all-time highs. Local investors appeared to put aside any fears of potential ripple effects of Trump tariffs and his long list of executive orders to focus on the December quarter CPI release and monetary policy. The headline CPI was lower again at 2.4% (1-year to 31 December 2024) as was the trimmed mean at 3.2%. The market quickly moved to price in a 0.25% policy rate cut at the February meeting, giving a boost to most asset classes. Amongst the best performing S&P/ASX 200 sectors were Consumer Discretionary (+5.7%), Financials (+5.0%), and Real Estate (+4.7%). Utilities (-2.1%) was the only underperforming sector.

Global equities

The MSCI AC World index rose 3.2% in January. European markets experienced huge gains over the month led by Germany's DAX (+9.2%), France's CAC 40 (+7.7%), and the FTSE 100 (+6.1%). European equities investors were buoyed by not being a part of the initial Trump tariff frenzy, and another round of policy rate cuts from the European Central Bank which implemented its fourth consecutive cut. The increasing valuation gap between the US and European companies received more airtime and may have helped flows into European bourses.

US equities rose (again). The S&P 500 gained 2.7%, NASDAQ 1.6%, and the broad-based Russell 2000 2.6% over the period. Value had a rare win, outperforming growth in January but remains a long way off the pace over 1-year (S&P 500 Growth +34.9% 1-year, S&P 500 Value +12.7%).

The US headlines during the month were all about Trump (another 47 months to go) and DeepSeek AI. DeepSeek seemed to appear out of nowhere in January to rattle AI investors who have exposure to the thematic via the US listed companies. S&P earnings delivered upside surprises across several industries, the most notable being Technology and Financials.

Asia Pacific equities were the laggards for month. The MSCI AC Asia Pacific equities index rose a meagre 0.9%. Southeast Asian markets were lower along with Japan. Australia and Korea were the only shining lights.

Fixed interest

Bond yields were relative steady over the month. The Australian 10-year government bond closed at 4.4% (+6 basis points) and its US 10-year treasury counterpart 4.5% (-2 basis points).

Locally, as mentioned above, the lower December quarter CPI along with positive retail sales and business conditions index releases saw fixed interest investors double down on expectations that the Reserve Bank of Australia will deliver a policy rate cut at its next meeting on 18 February. By the end of the month the market had priced in a 90% probability of a cut. The yield curve steepened driven by lower yields in short-dated securities. Credit and high yield fixed income securities were strong. Credit spreads continued to tighten as investors continue to remain comfortable with credit risk.

Active Asset Allocation

Funds SA's investment team utilises Active Asset Allocation (AAA) to add incremental value over and above the returns generated by the Strategic Asset Allocation (SAA) approach. There was no change to the AAA team's view during the month.