Performance Summary November 2010

SA Metropolitan Fire Service Superannuation Scheme

FUNDS SA

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 multi-sector products offered under the Scheme.

Performance

Key drivers of multi-sector performance during November 2010 included:

- The US Federal Reserve announced that it would be providing additional monetary stimulus with plans to purchase a further US$600 billion in Treasury securities;
- The re-emergence of sovereign debt concerns in Europe and the announcement of further tightening of policy measures in China signalling renewed efforts to cool the economy resulted in higher volatility in global financial markets;
- A surge in investor risk aversion caused a sharp sell-off in risk assets, such as equities and non-government debt sectors, as investors moved to “safe-haven” assets such as gold and the US dollar; and
- Government bonds experienced a modest sell-off amid fears that quantitative easing would trigger higher inflation in the future.

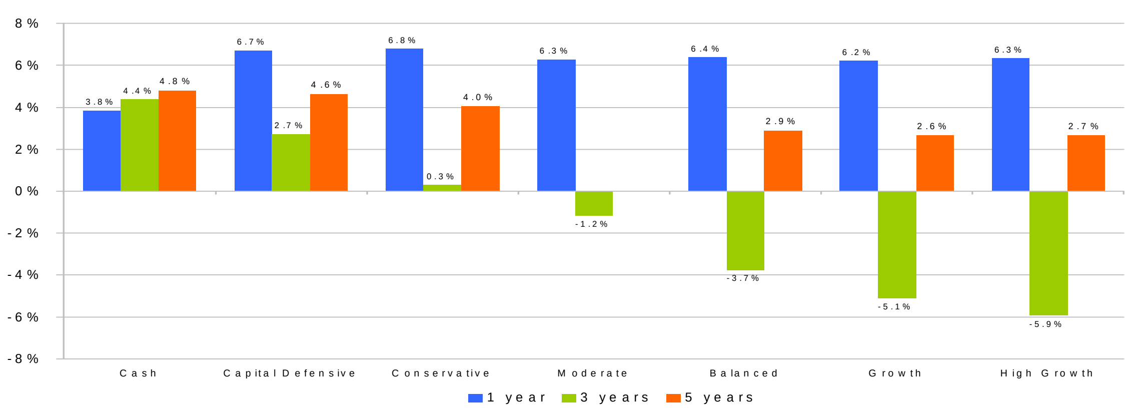
The table and chart below shows Funds SA’s multi-sector taxable product returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector product returns net of fees to 30 November 2010 [1, 2]

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.
Cash	0.4	1.0	1.7	3.8	4.4	4.8
Capital Defensive	-0.1	0.6	2.4	6.7	2.7	4.6
Conservative	-0.2	1.6	3.5	6.8	0.3	4.0
Moderate	-0.3	2.5	4.5	6.3	-1.2	n.a.
Balanced	-0.3	3.1	5.2	6.4	-3.7	2.9
Growth	-0.2	3.6	5.6	6.2	-5.1	2.6
High Growth	-0.2	4.5	6.5	6.3	-5.9	2.7

1. Returns are based on the post tax unit prices in the SLA.
2. The taxable products were established in April 2005, with the exception of the Moderate product (established in July 2006)

Chart 1: Multi-sector product annualised returns net of fees to 30 November 2010



Asset Allocation

The targeted asset allocation of the multi-sector products is shown in the table below.

Table 2: Targeted asset allocation for the 2010-2011 financial year

	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	Growth %	High Growth %
Cash	100.0	25.0	15.0	8.0	3.0	2.0	2.0
Short Term Fixed Interest	0.0	23.0	13.0	7.0	5.0	2.0	0.0
Long Term Fixed Interest	0.0	5.0	5.0	9.0	6.0	3.0	0.0
Inflation Linked Securities B	0.0	22.0	22.0	16.0	13.0	10.0	0.0
Diversified Strategies Income	0.0	15.0	15.0	10.0	10.0	10.0	8.0
Property B	0.0	4.0	6.0	8.0	8.0	12.0	14.0
Australian Equities B	0.0	4.0	14.0	25.0	29.0	33.0	41.0
International Equities B	0.0	2.0	10.0	17.0	20.0	22.0	27.0
Diversified Strategies Growth B	0.0	0.0	0.0	0.0	6.0	6.0	8.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Financial Market Snapshot

The table below summarises market performance.

Table 3: Major Market Index Returns

Index movements as at 30 November 2010	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.4	1.2	2.0	4.6	5.3	5.7
Australian Fixed Interest	-0.2	-1.1	1.1	5.6	7.4	6.0
Australian Inflation-Linked	-0.6	-0.6	1.4	6.3	3.3	4.1
Global Fixed Interest (1)	-0.7	-0.3	3.0	8.6	9.0	7.7
Global Inflation-Linked(1)	-1.3	0.2	3.7	8.2	7.8	7.2
Property (2)						
Australian Listed Property	-2.0	-3.2	1.3	1.5	-23.5	-9.1
Global Listed Property	-2.5	6.2	14.7	19.5	-8.7	0.0
Equities(2)						
Australian Equities	-1.0	5.7	9.2	1.8	-7.0	4.2
Global Equities	-0.3	9.6	12.0	8.0	-7.3	-0.2
US Equities	0.0	13.1	15.5	9.9	-5.1	1.0
Japanese Equities	6.0	8.2	3.7	4.5	-16.2	-9.4
Asia (ex Japan) Equities	-0.3	10.3	14.5	16.0	-1.2	12.3
European Equities	-3.3	4.8	8.6	6.3	-7.7	0.7
Global Small Companies	1.4	14.0	15.5	20.9	-3.9	2.1
Emerging Market Equities	-1.1	9.0	14.1	13.8	-1.2	11.6
Currency (3)						
Australian Dollar vs MSCI Currency Basket	-0.3	6.9	10.5	7.5	3.1	3.9
Australian Dollar vs USD	-2.2	7.9	13.4	5.3	2.8	5.4

(1) Australian dollar return (hedged)

(2) Local currency return

(3) A positive number represents appreciation of the Australian dollar. A negative number represents depreciation.

Key factors impacting financial markets performance during November 2010 are summarised below.

Equity Markets

Global financial markets experienced heightened volatility in November, a month that was characterised by two distinct periods of investor sentiment. Global equities rallied strongly early in the month, hitting post-GFC highs as the US Federal Reserve delivered on expectations for additional stimulus by announcing a plan to purchase a further US$600 billion in Treasury securities (so-called "quantitative easing"). The re-emergence of European sovereign debt concerns in the second half of the month, however, saw investors reduce their exposure to risky assets, with equity markets selling off accordingly. Further tightening measures and concerns over rising inflation in China and heightened tensions on the Korean peninsula also added to the negative sentiment.

In the US, equities finished the month flat, modestly outperforming most other developed markets, amid the release of stronger-than-expected manufacturing and employment data and the announcement of further quantitative easing. Elsewhere, European markets fared much worse, following the decision by the Irish government to accept a bailout package from the EU, ECB, and the IMF. Concerns of contagion within the Eurozone also re-emerged, with increased fears that larger economies such as Spain and Portugal may also soon require bailouts. Meanwhile, Japanese equities were the standout performer this month, with the weaker yen providing assistance to that country's export-oriented economy.

The Australian equity market also finished the month in negative territory, with offshore leads the predominant driver. From a sectoral perspective, it was those more defensive-oriented sectors, such as health care and telecommunications that significantly outperformed all others. On the other hand, consumer-sensitive stocks performed poorly, as these sectors continue to be adversely impacted by rising interest rates. Domestic economic data continues to be mixed, with retail sales and building approvals data softening further, while employment and consumer confidence continue to exhibit strength. After five months on hold, the Reserve Bank of Australia raised official interest rates by 0.25% to 4.75% at its November meeting, citing concerns over the medium-term inflation outlook.

Debt Markets

As with other financial markets, debt market performance in November was significantly influenced by the announcement of further monetary easing in the US and rising sovereign debt concerns in Europe. In the US, the combination of better economic data and an increase in inflation expectations, largely reflective of fears that additional quantitative easing would lead to inflation pressures down the track, saw government bond yields rise across all maturities. European bond yields also finished the month higher, on account of the deterioration in conditions within the Eurozone sovereign bond markets. Whilst those "core" European countries such as Germany and France that are perceived to be less-risky did outperform peripheral European markets, they still experienced modest falls over the month. In the local market, the RBA's decision to raise interest rates saw short-end yields rise, while offshore developments flowed through to long-end yields.

The rise in global risk aversion later in the month also unsurprisingly triggered a sell-off in non-government debt sectors, with those same macro factors which drove declines in equities also weighing on these markets. In addition to the negative impact of the increase in underlying government bond yields, the risk premiums in all non-government debt sectors spiked up in November, leading to poor returns in most sectors, including global investment-grade credit (-0.8%), global high yield (-1.5%), and emerging markets debt (-2.2%). Predictably, US corporate bonds outperformed their European counterparts during this time.

Currency

In a reversal of the trend of recent months, the US dollar strengthened against most major currencies this month, driven higher by an improvement in US economic data and its status as a safe-haven following the re-emergence of European sovereign debt concerns. Not surprisingly given the macro themes, the Euro was among the worst performing currencies, selling off sharply amid fears of further contagion within the Eurozone.

Against this backdrop, the Australian dollar traded higher early in the month, reaching a post-float high of US$1.018, before coming under pressure amid the flight-to-quality later in the month, to close 2.1% lower. The AUD held up much better against the broader MSCI Currency Basket, falling only 0.3%.

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