Performance Summary April 2014

SA Metropolitan Fire Service Superannuation Scheme

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 funds offered under the Scheme.

Performance

Key drivers of performance during April 2014 included:

- Several macroeconomic and geopolitical issues provided a mixed backdrop for global markets;
- Equity markets posted small gains as a combination of dovish central bank commentary and a solid start to corporate reporting season more than offset lingering concerns over the strength of the Chinese economy and simmering tensions between Ukraine and Russia;
- Government bond markets posted strong returns, as investors lowered their expectations of tighter monetary policy in the US and continue to grapple with an uncertain Chinese economic outlook and geopolitical issues; and
- Non-government debt securities were among the best performing assets, benefitting from a falling government bond yield and strong investor demand for income generating assets.

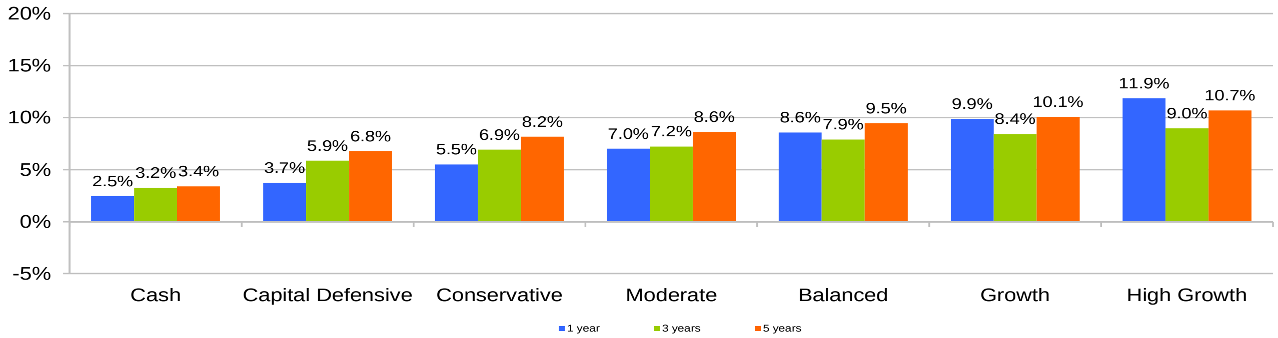
The table and chart below shows Funds SA's multi-sector taxable funds returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector fund returns net of fees and tax to 30 April 2014 [1, 2]

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.
Cash	0.2	0.6	2.0	2.5	3.2	3.4	3.9
Capital Defensive	0.5	1.6	4.8	3.7	5.9	6.8	4.5
Conservative	0.7	2.1	6.7	5.5	6.9	8.2	4.0
Moderate	0.8	2.6	8.3	7.0	7.2	8.6	3.5
Balanced	0.9	2.9	9.9	8.6	7.9	9.5	2.8
Growth	0.9	3.2	11.0	9.9	8.4	10.1	2.6
High Growth	1.0	3.6	12.8	11.9	9.0	10.7	2.3

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

Chart 1: Multi-sector fund annualised returns net of fees and tax to 30 April 2014



Asset Allocation

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

Table 2: Targeted asset allocation for the 2013-2014 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	5.0	2.0	0.0
Inflation Linked Securities B	0.0	15.0	19.0	15.0	12.0	9.0	0.0
Diversified Strategies Income	0.0	16.0	17.0	16.0	15.0	15.0	12.0
Property B	0.0	6.0	9.0	10.0	12.0	14.0	16.0
Australian Equities B	0.0	6.0	12.0	16.0	22.0	25.0	33.0
International Equities B	0.0	4.0	10.0	14.0	18.0	21.0	27.0
Diversified Strategies Growth B	0.0	0.0	0.0	5.0	8.0	10.0	10.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note that 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 market performance.

Table 3: Major Market Index Returns

Index movements to 30 April 2014	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.2	0.6	2.2	2.7	3.7	3.9
Australian Fixed Interest	0.9	1.3	3.8	2.7	6.9	6.1
Australian Inflation-Linked	1.2	2.3	4.5	-1.3	7.8	7.2
Global Fixed Interest (1)	0.9	1.9	5.9	3.2	8.3	8.7
Global Inflation-Linked(1)	1.3	2.3	4.7	-3.0	7.1	9.0
Property (2)						
Australian Listed Property	5.6	8.4	7.4	2.5	13.6	15.5
Global Listed Property	2.8	6.3	7.2	-2.1	10.8	19.0
Equities(2)						
Australian Equities	1.7	6.9	18.2	10.1	8.8	12.3
Global Equities	0.7	5.2	17.4	16.2	10.6	14.9
US Equities	0.7	6.2	19.3	20.4	13.8	19.1
Japanese Equities	-3.4	-4.0	3.8	1.6	12.9	8.6
Asia (ex Japan) Equities	0.1	3.5	8.2	3.2	1.4	11.6
European Equities	1.8	6.0	18.7	15.5	7.7	12.5
Global Small Companies	-1.7	2.5	19.9	19.9	11.1	18.5
Emerging Market Equities	-0.1	4.0	8.3	3.7	1.4	11.0
Currency (3)						
Australian Dollar vs MSCI Currency Basket	-0.2	5.2	-0.1	-11.2	-4.2	4.0
Australian Dollar vs USD	0.0	6.2	1.2	-10.7	-5.4	4.7

(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 April 2014 are summarised below.

Equity Markets

Global equity markets achieved small gains in April despite suffering a poor first half of the month, as a combination of geopolitical developments, concerns over global economic growth, and the start of corporate earnings reporting season provided a mixed backdrop for markets.

First quarter corporate reporting season commenced in a number of markets, with the US a key focus of investor attention following a weather-affected start to the year. Overall, the results thus far are broadly in line with the trend of recent quarters. That is, a majority of companies continue to beat earnings forecasts, albeit on lowered expectations, but continue to struggle to generate meaningful sales growth in a low growth economy. Markets were also boosted by the announcement of further share repurchases and dividend increases.

After selling off early in the month, markets were buoyed by some relatively dovish commentary from the US Federal Reserve which saw markets pare back expectations of the speed of monetary policy tightening in the US, and increased speculation of future monetary policy easing in Europe. Meanwhile, tensions in Ukraine and Russia continued to cause markets some concern around the potential for broader involvement. To date, however, the issue has not caused broader contagion outside of the Russian and Ukrainian equity markets.

The Australian equity market continues to outperform the global market, notwithstanding the domestic market's close links to a slowing Chinese economy. This stronger relative performance largely reflects a modest improvement in domestic economic data and a relative improvement in corporate earnings compared with other global markets.

Debt Markets

Global bond markets rallied strongly in April, with government bond yields in most major markets moving materially lower over the month. Despite some signs of improvement in US economic data following the slow, weather-related start to the year, dovish commentary from the US Federal Reserve saw markets pare back expectations of tighter monetary policy. European bond yields also continued to fall across all maturities as investors continue to price in a variety of potential easing actions from the European Central Bank. Uncertainty surrounding the Chinese economy, the release of modest inflation data globally and lingering geopolitical risk all placed further downward pressure on bond yields. Following the offshore lead, Australian bonds also participated in the rally, despite some relatively upbeat news on the domestic economy.

Non-government debt sectors also performed strongly over the month, benefitting from both the fall in underlying sovereign bond yield and a contraction in the risk premium demanded for holding these securities.

Currency

Most major currencies traded in a range-bound fashion throughout the month. The Australian dollar finished the month largely unchanged, while the yen and euro both moved higher against the US dollar after the Japanese and Eurozone central banks both failed to deliver new stimulus that had been expected by the market. Emerging market currencies posted a third consecutive month of gains, benefitting from attractive valuations, lower developed market yields, overall falling market volatility, and more sanguine investor sentiment toward the potential for liquidity and growth problems in these markets.

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