Performance Summary April 2013

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 multi-sector performance during April 2013 included:

- Policy stimulus by the major central banks continued to provide a supportive backdrop to global financial markets and drive sustained investor demand for income generating assets, such as high-yielding equities and non-government debt;
- Signs of weakness in economic data in the US, Europe, and China, triggered sharp falls in commodity prices; and
- Debt markets remained resilient despite a strong rally in listed equities and other risky assets, with central bank stimulus helping to keep global government bond yields low.

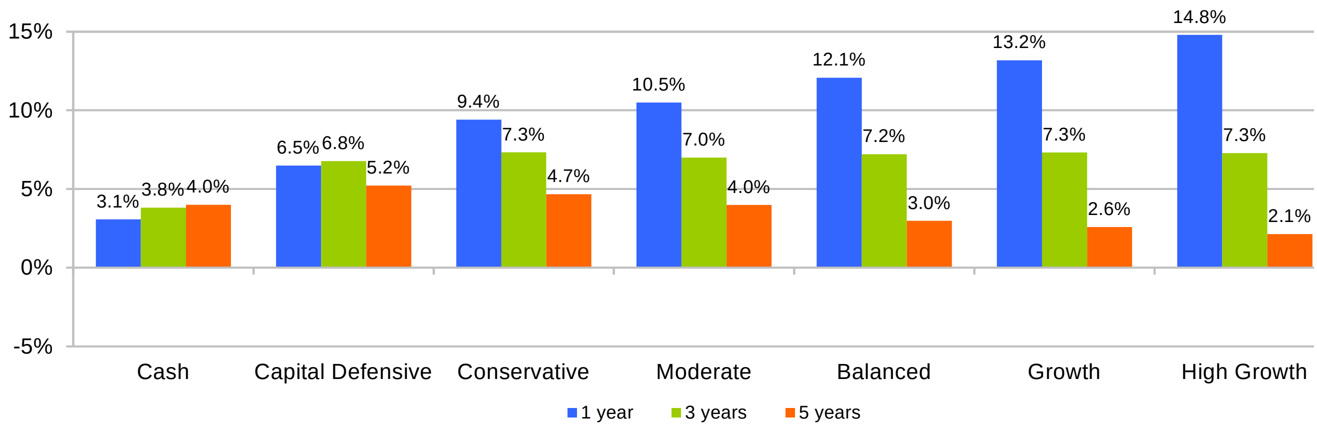
The table and chart below shows Funds SA's multi-sector taxable funds returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector fund returns net of fees and tax to 30 April 2013 [1, 2]

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.
Cash	0.2	0.7	2.5	3.1	3.8	4.0	4.4
Capital Defensive	1.1	1.8	5.6	6.5	6.8	5.2	5.0
Conservative	1.5	2.7	9.3	9.4	7.3	4.7	4.6
Moderate	1.8	3.3	11.6	10.5	7.0	4.0	n.a.
Balanced	2.0	3.8	13.6	12.1	7.2	3.0	3.4
Growth	2.2	4.2	15.3	13.2	7.3	2.6	3.1
High Growth	2.4	4.8	18.1	14.8	7.3	2.1	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 exceptions of the Moderate product (established in July 2006)

Chart 1: Multi-sector fund annualised returns net of fees and tax to 30 April 2013



Asset Allocation

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

Table 2: Targeted asset allocation for the 2012-2013 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	21.0	19.0	15.0	12.0	9.0	0.0
Diversified Strategies Income	0.0	15.0	17.0	16.0	15.0	15.0	12.0
Property B	0.0	5.0	9.0	10.0	12.0	14.0	16.0
Australian Equities B	0.0	4.0	12.0	16.0	22.0	25.0	33.0
International Equities B	0.0	2.0	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 2013	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.3	0.7	2.8	3.5	4.4	4.6
Australian Fixed Interest	1.5	1.9	3.9	7.0	8.3	8.2
Australian Inflation-Linked	2.0	2.9	5.1	9.2	11.4	7.4
Global Fixed Interest (1)	1.3	2.9	7.3	9.0	9.9	9.6
Global Inflation-Linked(1)	1.3	3.2	8.4	10.3	11.9	9.9
Property (2)						
Australian Listed Property	8.2	9.1	30.0	33.9	13.1	-3.0
Global Listed Property	7.7	14.0	31.2	32.5	17.3	4.7
Equities(2)						
Australian Equities	4.3	7.3	30.8	22.7	7.0	2.9
Global Equities	2.8	7.1	22.7	19.3	9.0	2.3
US Equities	1.9	7.2	19.4	16.9	12.8	5.2
Japanese Equities	12.8	25.1	54.8	48.4	7.7	-1.5
Asia (ex Japan) Equities	1.2	-0.2	14.7	8.7	5.7	2.3
European Equities	1.9	3.7	22.0	20.1	6.3	0.8
Global Small Companies	1.3	7.1	25.7	20.3	10.4	4.9
Emerging Market Equities	0.0	-1.9	11.2	6.1	4.8	1.6
Currency (3)						
Australian Dollar vs MSCI Currency Basket	-0.8	0.6	2.3	1.7	3.3	2.5
Australian Dollar vs USD	-0.4	-0.5	1.3	-0.3	3.7	2.0

(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 2013 are summarised below.

Equity Markets

Global equity markets continued to trend higher in April, with the announcement of further central bank liquidity support offsetting some weakness in economic fundamentals. European and Chinese economic data were both notably weaker this month, while the US macroeconomic situation also took a negative turn in April, reversing the recent trend of gradual improvement. Meanwhile, US Q1 corporate reporting season also began in April, with the majority of companies reporting stronger-than-expected earnings, albeit relative to forecasts that had been tempered over recent quarters. More worryingly for equity markets, however, was the significant proportion of companies reporting lower-than-anticipated sales growth.

In spite of this broadly negative backdrop, global equity markets managed another solid performance, with a commitment from the Bank of Japan to reflate its economy through a program of extraordinary monetary policy easing, as well as continued asset purchases by the US Federal Reserve, driving continued improvement in investor confidence. In a reflection of this unprecedented support for risky assets, major US equity indices reached new record highs during April, managing to close above those previous highs set before the onset of the global financial crisis in 2008.

Investor demand for higher yielding assets continued unabated in most markets in April, with sectors such as telecommunications, utilities, financials, and listed property significantly outperforming. Resources-related equities, on the other hand, performed particularly poorly, as concerns over global economic growth saw commodity prices finish the month materially lower.

Debt Markets

A commitment by the Bank of Japan to purchase significant amounts of Japanese government bonds and other financial assets, with a goal of generating 2% inflation within the next two years, triggered renewed demand for income generating assets globally. The release of economic data pointing to an environment of lower inflation and slower growth also saw markets increase expectations of global monetary easing measures being sustained for the foreseeable future, or even increased. In the environment, government bond yields finished the month lower in most markets, leading to strong returns from these assets. The domestic market was particularly strong, as a weakening in the outlook for Chinese demand for commodities and an associated increase in expectations that the RBA would reduce interest rates in coming months, drove strong demand for Australian government bonds.

As with other major asset classes, non-government debt sectors also performed strongly in March, with the risk premium demanded for holding these assets finishing the month largely unchanged across most sectors. These markets benefited substantially from renewed central bank liquidity support and sustained investor demand for higher yielding assets. Consequently, all segments of the market posted another strong monthly return in April.

Currency

The announcement of significant monetary policy easing by the Bank of Japan saw the yen continued on its downward trend and re-ignited demand for higher yielding currencies. The US dollar also experienced some weakness amid signs of softer economic growth, while the euro performed well despite expectations of a near-term interest rate cut, with that region benefitting from the temporary resolution of political uncertainty in Italy. The Australian dollar, however, did not benefit as much from the pro-risk environment as other higher yielding currencies, amid increasing expectations of further RBA interest rate cuts in coming months. Against this backdrop, the local currency finished the monthly modestly lower against both the USD and the broader MSCI Currency Basket.

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