Performance Summary February 2012

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 products offered under the Scheme.

Performance

Key drivers of multi-sector performance during February 2012 included:

- A decision by the European Central Bank to offer further term liquidity to European banks helped to restore market confidence, resulting in a rebound in risk assets, such as equities and non-government debt;
- Positive economic news in the US and monetary policy easing in China provided a further boost to investor sentiment globally;
- Easier monetary policy from the US Federal Reserve and European Central Bank helped bond yields to remain stable across major markets despite growth data improving; and
- Uncertainty surrounding a longer-term solution to the European sovereign debt crisis remains a major risk, contributing to intra-month market volatility.

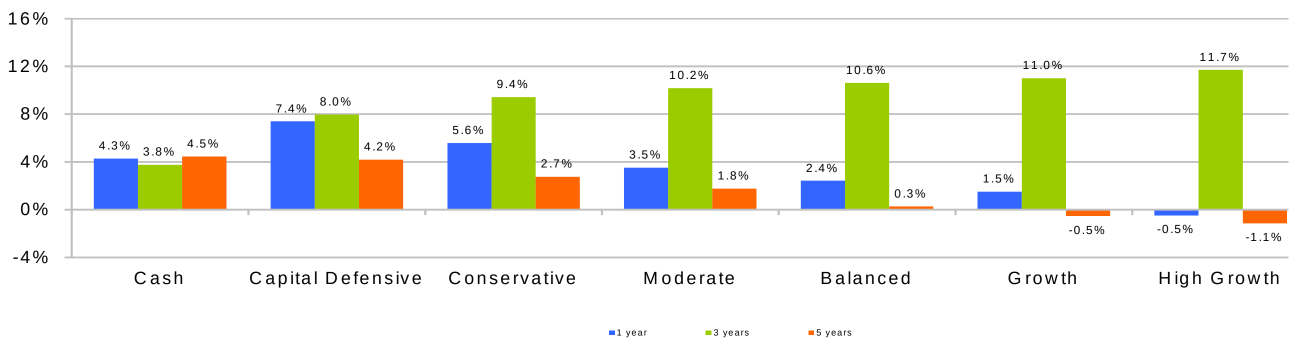
The table and chart below shows Funds SA's multi-sector taxable product returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector product returns net of fees to 29 February 2012 [1, 2]

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.
Cash	0.3	1.0	2.8	4.3	3.8	4.5
Capital Defensive	0.4	2.0	5.1	7.4	8.0	4.2
Conservative	0.8	2.9	4.1	5.6	9.4	2.7
Moderate	1.3	3.8	3.0	3.5	10.2	1.8
Balanced	1.5	4.1	2.1	2.4	10.6	0.3
Growth	1.7	4.5	1.5	1.5	11.0	-0.5
High Growth	2.1	5.1	0.1	-0.5	11.7	-1.1

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 product annualised returns net of fees to 29 February 2012



Asset Allocation

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

Table 2: Targeted asset allocation for the 2011-2012 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	21.0	16.0	12.0	9.0	0.0
Diversified Strategies Income	0.0	15.0	15.0	10.0	10.0	10.0	8.0
Property B	0.0	5.0	7.0	9.0	10.0	14.0	15.0
Australian Equities B	0.0	4.0	14.0	24.0	29.0	33.0	40.0
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

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 29 February 2012	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.3	1.1	3.2	4.9	4.4	5.4
Australian Fixed Interest	-0.2	0.7	6.6	9.8	6.2	7.0
Australian Inflation-Linked	-0.4	2.6	12.9	16.9	8.2	6.4
Global Fixed Interest (1)	0.7	4.0	8.6	13.4	10.6	9.1
Global Inflation-Linked(1)	0.4	5.0	11.7	17.7	14.2	10.0
Property (2)						
Australian Listed Property	2.3	5.0	2.8	0.3	15.2	-14.2
Global Listed Property	3.2	10.8	0.6	1.3	29.5	-5.9
Equities(2)						
Australian Equities	2.0	5.7	-3.3	-6.8	13.8	-1.7
Global Equities	4.7	9.9	0.3	-1.6	19.1	-1.8
US Equities	4.3	10.1	5.0	5.1	25.6	1.6
Japanese Equities	11.1	15.0	-0.9	-10.9	5.2	-12.5
Asia (ex Japan) Equities	5.5	15.6	-1.8	2.1	25.8	6.3
European Equities	4.3	8.9	-4.5	-6.0	16.1	-2.9
Global Small Companies	4.6	11.2	-2.2	-2.0	25.7	-0.5
Emerging Market Equities	4.9	12.6	-0.4	1.2	25.5	6.2
Currency (3)						
Australian Dollar vs MSCI Currency Basket	1.6	5.1	2.2	6.2	15.8	5.3
Australian Dollar vs USD	1.7	5.2	0.9	6.1	19.1	6.5

(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 February 2012 are summarised below.

Equity Markets

Global equity markets continued their strong start to 2012, with the MSCI World Index of developed markets gaining 4.7% in February, amid further improvements in market sentiment. Further intervention by global policy makers, and in particular liquidity operations from the European Central Bank, were again the most significant factor driving markets. Anticipation that the second round of the ECB's Long Term Refinancing Operation would again inject a large volume of liquidity into the market was realised on the last day of the month, with the over 800 financial institutions taking advantage of inexpensive three-year funding. Investors have clearly viewed these developments as evidence that policy makers stand committed to financial market stability, and that the risk of a Lehman-like event in the near term has been greatly reduced as a result. This positive performance occurred despite lingering uncertainty surrounding the second major Greek bailout package, and higher oil prices amid rising geopolitical tensions in the Middle East.

In the US, investors were buoyed by the release of encouraging employment data and stronger-than-expected manufacturing and housing data, indicating a continuation of the modest recovery of that economy. In addition, equity market performance was provided a further boost by the generally positive tone of Q4 corporate earnings reporting season, with the majority of companies continuing to beat earnings estimates. Elsewhere, a decision from China's central bank to ease bank reserve requirements was seen as a signal that policy is shifting in China towards supporting lending and growth, which was a catalyst for stocks in that country to perform strongly, while a surprise announcement of further monetary easing by the Bank of Japan triggered a strong rally in Japanese equities, with that market returning over 11% for the month.

The Australian equity market also extended its rally in February, although underperformed other developed markets. In addition to the global influence of improving market sentiment, corporate earnings reporting season was the key driver of performance this month. With the majority of companies reporting this month, aggregate results were broadly in line with expectations, though continued to highlight Australia's two-tiered economy. High commodity prices saw growth in earnings for resource-related stocks, whilst industrial and consumer-oriented sectors generally reported sluggish trading conditions due to the strong Australian dollar and a slowdown in consumer spending.

Debt Markets

Against the backdrop of a broad-based rally in risk assets, global bond markets came under pressure amid a reduction in the demand for "risk-free" securities following the release of further encouraging economic data from a number of countries and the latest policy response to the European sovereign debt crisis. Consequently, government bond yields finished the month higher in most markets, although easy monetary and unconventional policy settings muted these movements. Eurozone sovereigns, on the other hand, posted strong gains this month as bond yields rallied following recent monetary policy action in the region and the announcement of a new deal aimed at averting a disorderly Greek bankruptcy.

February was a particularly weak month for the domestic government bond market, with the paring back of market expectations for future interest rate cuts placing additional upward pressure on bond yields. The RBA surprised the market by not cutting interest rates at its February meeting, with subsequent commentary indicating that a material deterioration in domestic economic conditions would be required before further rate cuts are made.

As with other risk assets, non-government debt sectors benefitted from increased investor optimism following the stabilisation in Eurozone financial conditions and the release of positive economic news. As a result, the risk premium demanded for holding these assets tightened significantly over the month, with those higher risk sectors, such as global high yield and emerging market debt, posting particularly strong gains.

Currency

Currency markets were characterised by nearly all currencies strengthening against the US dollar, driven by the continued unwinding of the flight-to-safety trade that had driven markets over the second half of 2011. The Japanese yen was the major exception, finishing the month nearly 6% lower, following a commitment from the Bank of Japan to substantial monetary easing. Commodity currencies such as the Australia dollar were the biggest beneficiary, buoyed by stronger commodity prices and improving risk appetite. Against this backdrop, the AUD gained 1.7% against the USD and 1.6% against the broader MSCI Currency Basket.