Performance Summary February 2013

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 funds offered under the Scheme.

Performance

Key drivers of multi-sector performance during February 2013 included:

- Recent policy stimulus by the major central banks continued to provide a supportive backdrop to global financial markets, helping restore market confidence and providing support to risk assets, such as equities and non-government debt;
- The release of stronger-than-expected data in the US and China and a robust corporate reporting season in the US provided a further boost to investor sentiment globally;
- Debt markets remained resilient despite improving economic data in the US and China and a rally in listed equities, with global government debt sectors posting positive returns; and
- Uncertainty surrounding a longer-term solution to the US budget issues remains a major risk to financial markets.

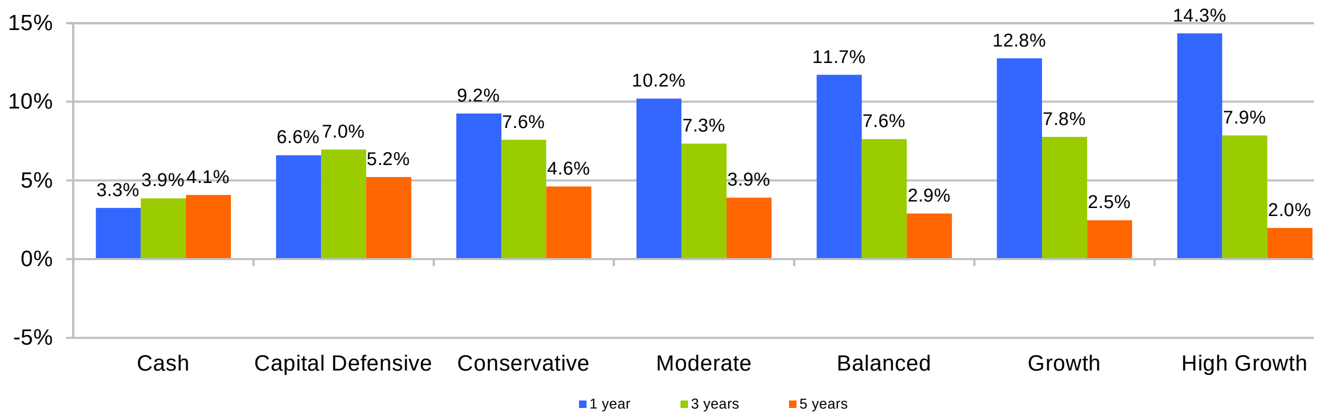
The table and chart below shows Funds SA's multi-sector taxable funds returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector fund returns net of fees and tax to 28 February 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	2.0	3.3	3.9	4.1	4.4
Capital Defensive	0.7	1.6	4.4	6.6	7.0	5.2	5.0
Conservative	1.2	3.4	7.7	9.2	7.6	4.6	4.7
Moderate	1.5	4.4	9.7	10.2	7.3	3.9	n.a.
Balanced	1.8	5.6	11.5	11.7	7.6	2.9	3.7
Growth	2.1	6.4	12.9	12.8	7.8	2.5	3.5
High Growth	2.5	8.0	15.6	14.3	7.9	2.0	3.2

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 28 February 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 28 February 2013	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.2	0.8	2.3	3.7	4.5	4.8
Australian Fixed Interest	0.6	0.5	2.6	8.2	7.8	8.2
Australian Inflation-Linked	1.6	0.7	3.7	9.5	11.1	7.7
Global Fixed Interest (1)	0.8	0.9	5.1	8.0	9.7	9.2
Global Inflation-Linked(1)	0.2	1.0	5.3	7.8	12.0	9.2
Property (2)						
Australian Listed Property	3.5	11.2	23.3	33.2	12.6	-3.2
Global Listed Property	2.3	10.5	17.7	24.9	17.0	3.8
Equities(2)						
Australian Equities	5.3	14.2	28.3	23.4	7.8	2.7
Global Equities	1.5	9.0	16.2	13.2	9.4	2.0
US Equities	1.4	7.6	13.0	13.5	13.5	4.9
Japanese Equities	3.9	25.3	28.5	19.4	4.8	-4.4
Asia (ex Japan) Equities	0.0	5.1	14.9	6.4	8.2	2.9
European Equities	0.9	7.5	18.7	13.6	7.0	1.0
Global Small Companies	2.1	12.0	19.9	14.8	12.8	4.5
Emerging Market Equities	-0.7	4.9	12.8	5.5	7.3	2.7
Currency (3)						
Australian Dollar vs MSCI Currency Basket	-0.6	-0.2	1.0	-2.9	4.4	2.3
Australian Dollar vs USD	-1.9	-1.9	-0.1	-5.2	4.6	1.8

(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 2013 are summarised below.

Equity Markets

The recent rally in global equity markets continued throughout February, despite heightened concerns about US fiscal and monetary policy and uncertainty surrounding the results of recent Italian elections and the potential implications for austerity measures. Nevertheless, investors remain optimistic about the outlook for global economic growth and risky assets such as equities, assisting the MSCI World Index of developed equity markets to a monthly gain of 1.5%.

Equity markets started the month on a positive note, climbing higher in a continuation of the strong rally from January. The release of positive economic data from the US and China and the conclusion of a robust Q3 reporting season in the US provided a further boost to investor sentiment and to equity markets in particular.

Markets did come under some pressure later in the month, however, following election results in Italy which remain inclusive at month end, and the release of recent US Federal Reserve meeting minutes that suggested that some officials were in favour of scaling back the central bank's monetary easing program. A subsequent statement from Fed Chairman Bernanke, highlighting the benefits of the program and its importance in supporting the economic recovery helped allay fears and put equity markets back on an upward trend.

The Australian equity market also continued its recent strong run in posting a ninth consecutive monthly gain, to close at levels not seen since mid-2008. Both positive leads from offshore markets and a robust corporate reporting season were significant drivers of performance this month. The majority of companies have reported results in line with analyst expectations, with earnings largely sustained by further cost cutting and margin improvement assisted by lower interest rates. From a sectoral perspective, consumer staples and financials were the strongest performers this month, whilst the mining sector continued to underperform following a fall in commodity prices.

Debt Markets

Despite signs of improving economic data in the US and China, and a further rally in listed equities, global bond markets generally posted positive returns this month, with ongoing monetary stimulus from major central banks and concerns over US budget talks helping to drive investor demand for "risk-free" government bonds. Against this backdrop, government bond yields finished the monthly lower in most global markets, driving positive returns globally in both nominal and inflation-linked bond markets.

As with other risk assets, non-government debt sectors continue to benefit from an improvement in the global economic outlook and sustained investor demand for higher yielding assets. The risk premium demanded for holding these assets was largely unchanged across most sectors in February, with US budgetary uncertainty offsetting the strong momentum from the global risk rally which began in late 2012. Consequently, all segments of the market, with the exception of emerging market debt, posted another strong monthly return in February.

Currency

Currency markets in February were dominated by the broader macro themes of US budget uncertainty and central bank policy action. Amid a generally cautious atmosphere, the perceived "safe-haven" US dollar gained against most major currencies and currency market volatility reached levels not seen since early 2012. The largest moves were seen in the euro and British pound, with the euro falling following unresolved Italian elections and the pound underperforming following a stagflationary outlook from the Bank of England and a largely-expected sovereign credit rating downgrade. The Japanese yen also continued its decline in response to the nomination of a new central bank president who is known to favour aggressive and unconventional monetary easing. Against this backdrop, the local currency fell against both the USD and the broader MSCI Currency Basket.

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