Performance Summary January 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 January 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;
- A temporary resolution of fiscal negotiations in the US and a solid start to the corporate reporting season in the US provided a further boost to investor sentiment globally;
- Debt markets experienced negative returns, as improving economic data in the US and China and a rally in listed equities saw less investor demand for “risk-free” securities; and
- Uncertainty surrounding a longer-term solution to the US budget issues remains a major risk to financial markets.

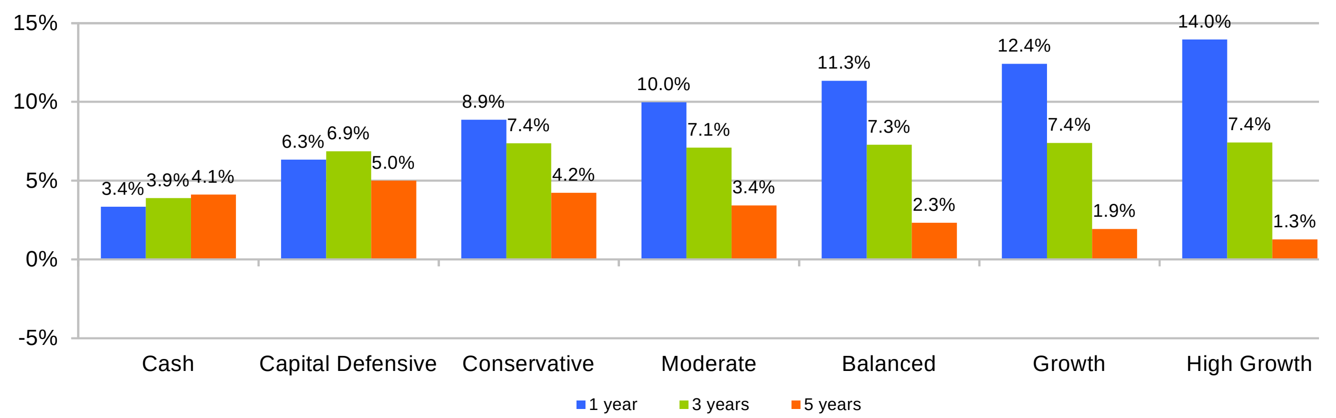
The table and chart below shows Funds SA’s multi-sector taxable funds returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector fund returns net of fees and tax to 31 January 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	1.8	3.4	3.9	4.1	4.5
Capital Defensive	0.4	1.2	3.7	6.3	6.9	5.0	5.1
Conservative	1.2	2.5	6.4	8.9	7.4	4.2	4.7
Moderate	1.6	3.4	8.0	10.0	7.1	3.4	n.a.
Balanced	2.1	4.2	9.5	11.3	7.3	2.3	3.6
Growth	2.4	4.8	10.7	12.4	7.4	1.9	3.4
High Growth	3.1	6.0	12.8	14.0	7.4	1.3	3.1

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 fund annualised returns net of fees and tax to 31 January 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 31 January 2013	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.3	0.8	2.0	3.8	4.5	4.9
Australian Fixed Interest	-0.2	0.0	2.0	7.3	7.8	8.0
Australian Inflation-Linked	-0.2	-1.3	2.1	7.3	10.5	7.4
Global Fixed Interest (1)	-0.3	0.8	4.3	7.9	9.7	9.2
Global Inflation-Linked(1)	0.6	2.4	5.1	8.0	11.8	9.4
Property (2)						
Australian Listed Property	4.4	6.0	19.1	31.5	11.8	-5.0
Global Listed Property	3.3	8.9	15.1	26.1	17.1	2.6
Equities(2)						
Australian Equities	5.0	8.9	21.9	19.6	6.7	1.5
Global Equities	5.4	9.0	14.5	16.9	9.6	1.3
US Equities	5.2	6.8	11.4	16.8	14.1	4.0
Japanese Equities	9.4	27.0	23.7	27.7	3.2	-5.5
Asia (ex Japan) Equities	2.1	7.9	15.0	12.3	8.4	3.9
European Equities	5.1	9.3	17.7	17.5	7.0	0.7
Global Small Companies	6.3	11.5	17.4	17.6	12.8	4.0
Emerging Market Equities	1.6	7.4	13.5	11.4	7.6	4.1
Currency (3)						
Australian Dollar vs MSCI Currency Basket	0.8	1.1	1.7	-0.8	5.0	3.1
Australian Dollar vs USD	0.5	0.6	1.8	-1.9	5.5	3.2

(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 January 2013 are summarised below.

Equity Markets

The New Year began on a positive note for global equity markets, following the resolution of fiscal negotiations in the US announced in the dying hours of 2012. Although a comprehensive fiscal plan for the future remains yet to be agreed upon, a last minute deal between President Obama and Congressional Republicans to temporarily suspend the Federal debt ceiling until later in the year was viewed favourably by investors. Against this backdrop, the MSCI World Index of developed equity markets finished the month 5.4% higher, with nearly all markets gaining over the month.

Equity market performance was provided a further boost by a generally positive start to Q4 corporate earnings reporting season in the US, with the majority of companies reporting earnings and revenues in excess of expectations, an improvement on Q3 reporting. US and Chinese economic data released in January was again stronger-than-expected, with the US housing and Chinese export markets, exhibiting particular strength. These developments proved to be a positive influence on risky assets, such as listed equities.

For the second consecutive month, Japanese stocks significantly outperformed all others, amid the prospect of further central bank easing following a pledge by the newly elected Prime Minister to battle deflation and boost export competitiveness. Meanwhile, Chinese equities continue to benefit from improving economic indicators and the resolution of the political leadership transition in late 2012, with equities in the region posting their strongest rally since 2010. These two equity markets have now gained 27% and 15%, respectively, over the past three months.

The Australian equity market also continued its recent strong run in posting an eighth consecutive monthly gain, though did marginally underperform other developed markets this month. From a sectoral perspective, January saw a broad-based rally, though notably the mining sector continued to underperform, despite commodity prices continuing to rise and signs of stabilisation of the Chinese economy. On the economic front, the release of inflation data for the December quarter that was well below market expectations saw increased speculation of further interest rate cuts in 2013 and provided a further boost to equity markets.

Debt Markets

Global government bond markets came under sustained pressure in January, as signs of improving economic data in the US and China and a rally in listed equities acted to diminish investor demand for “risk-free” securities. Consequently, government bond yields finished the month higher in most markets, thus causing negative returns for investors. With the majority of this yield movement the result of rising inflation expectations, inflation-linked bonds outperformed relative to nominal bonds over this period.

As with other risk assets, non-government debt sectors benefited from some improvement in the global economic outlook, with the risk premium demanded for holding these assets generally compressing over the month. An increase in underlying government bond yields, however, acted to offset gains from narrowing premiums, with global investment-grade corporate debt (-0.6%) and emerging market debt (-1.4%) actually posting a negative return as a result. Global high yield securities (+1.3%), on the other hand, experienced a much higher degree of spread tightening, and as a result, managed to post strong gains for the month.

Currency

As with other markets, currency markets in January also responded to the broader macro themes of an improving economic growth outlook and a general improvement in investor sentiment toward riskier assets. Two of the largest moves were again seen in the euro and Japanese yen, with the euro strengthening amid further improvements in financial conditions in the Eurozone, while the yen continued its decline in response to the demands of the newly elected government for the central bank to introduce a 2% inflation target and take greater action to lower the currency. Higher commodity prices and some stabilisation of economic conditions in China provided strength to the exchange rates of commodity-linked currencies, such as the Australian dollar. Against this backdrop, the AUD finished the month 0.5% higher against the US dollar, and 0.8% higher against the broader MSCI Currency Basket.

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