Performance Summary June 2011

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 products offered under the Scheme.

Performance

Key drivers of multi-sector performance during June 2011 included:

- The release of weaker-than-expected economic data in the US and the approaching end of the Federal Reserve's latest round of monetary stimulus has renewed concerns about the strength of the global economic recovery;
- European sovereign debt concerns again weighed heavily on markets as peripheral countries' credit ratings continue to be downgraded, and a mechanism to repair the current situation has yet to be finalised;
- The passing of austerity measures by the Greek Parliament late in the month, triggering the release of more bailout funding from the EU, saw investor sentiment improve somewhat; and
- Amid the general rise in investor risk aversion, equities, commodities, and non-government debt securities came under pressure, with those assets perceived to be of higher risk generally underperforming more defensive sectors.

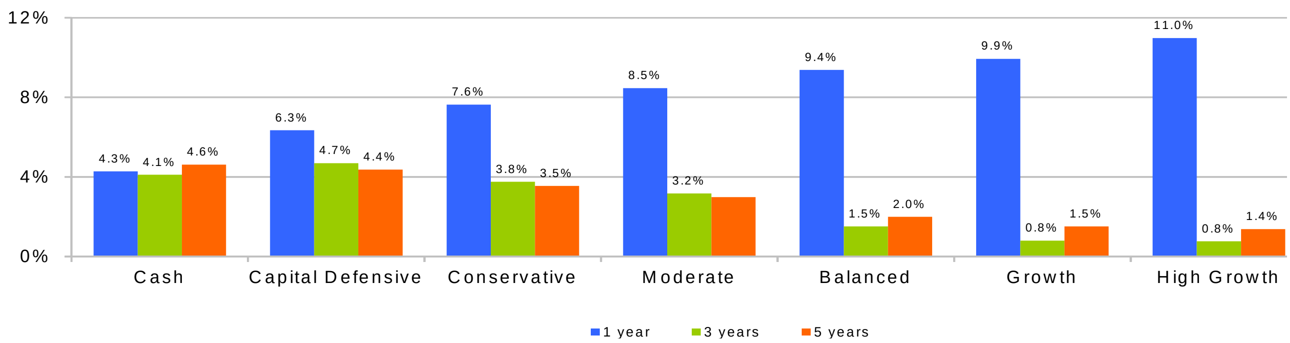
The table and chart below shows Funds SA's multi-sector taxable product returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector product returns net of fees to 30 June 2011 [1, 2]

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.
Cash	0.4	1.1	4.3	4.3	4.1	4.6
Capital Defensive	0.3	1.7	6.3	6.3	4.7	4.4
Conservative	0.0	1.0	7.6	7.6	3.8	3.5
Moderate	-0.3	0.2	8.5	8.5	3.2	3.0
Balanced	-0.4	0.0	9.4	9.4	1.5	2.0
Growth	-0.4	-0.3	9.9	9.9	0.8	1.5
High Growth	-0.6	-0.9	11.0	11.0	0.8	1.4

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 30 June 2011



Asset Allocation

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

Table 2: Targeted asset allocation for the 2010-2011 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	6.0	3.0	0.0
Inflation Linked Securities B	0.0	22.0	22.0	16.0	13.0	10.0	0.0
Diversified Strategies Income	0.0	15.0	15.0	10.0	10.0	10.0	8.0
Property B	0.0	4.0	6.0	8.0	8.0	12.0	14.0
Australian Equities B	0.0	4.0	14.0	25.0	29.0	33.0	41.0
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 30 June 2011	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.4	1.2	5.0	5.0	4.8	5.6
Australian Fixed Interest	0.6	2.3	5.5	5.5	8.1	6.5
Australian Inflation-Linked	-0.4	3.0	7.4	7.4	4.7	4.7
Global Fixed Interest (1)	0.2	4.1	8.3	8.3	9.9	8.7
Global Inflation-Linked(1)	0.8	4.3	11.4	11.4	8.2	8.6
Property (2)						
Australian Listed Property	-0.8	-0.5	5.9	5.9	-9.7	-10.3
Global Listed Property	-2.2	2.8	27.3	27.3	1.4	-0.7
Equities(2)						
Australian Equities	-2.0	-4.3	11.9	11.9	0.3	2.4
Global Equities	-1.6	-0.6	21.8	21.8	0.0	0.5
US Equities	-1.7	0.1	30.7	30.7	3.3	2.9
Japanese Equities	1.1	-2.3	2.9	2.9	-12.5	-10.3
Asia (ex Japan) Equities	-2.5	-1.1	17.9	17.9	7.5	10.9
European Equities	-1.6	0.2	17.2	17.2	0.9	0.5
Global Small Companies	-1.9	-0.9	29.6	29.6	4.1	2.8
Emerging Market Equities	-1.9	-2.5	17.0	17.0	5.1	10.4
Currency (3)						
Australian Dollar vs MSCI Currency Basket	0.5	2.4	19.0	19.0	3.6	6.0
Australian Dollar vs USD	0.5	3.5	26.8	26.8	3.7	7.6

(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 June 2011 are summarised below.

Equity Markets

Global equity markets experienced significant losses early in June, as the release of a series of weaker global economic data saw investors grow increasingly concerned about the strength of the global economic recovery. Ongoing issues surrounding the European sovereign debt crisis also weighed heavily on markets, with investors selling out of equities in favour of less risky assets. Markets did, however, experience a sharp improvement in sentiment at month-end with the Greek Parliament approving the latest austerity measures demanded by the EU as a condition for the release of more bailout funding. Against this backdrop, equity markets recovered most of their early month losses, with the MSCI World Index of developed markets finishing June only 1.6% lower.

In the US, the release of weaker-than-expected employment and manufacturing data and higher-than-expected inflation data weighed on the market this month. In addition, continuing uncertainty surrounding the resolution of the looming US government debt ceiling and nervousness in relation to the approaching end of the Federal Reserve’s latest round of monetary stimulus were also a drag on sentiment. Nevertheless, US equities remain one of the best performing markets over the past twelve months, falling a modest 1.7% in June.

Elsewhere, European markets were heavily influenced by developments in relation to the sovereign debt crisis within the Eurozone, as well as the weak lead from the US. Following the Greek Parliament passing the latest austerity bill at month-end and positive advances in private-sector discussions about rolling over existing Greek government bonds, equities in this region recovered those losses accrued by mid-month, to close the month in line with the broader index, with a loss of 1.6%.

Locally, the equity market posted a loss of 2.0%, marginally underperforming other developed markets, with offshore themes again the dominant driver of performance. In addition, domestic economic data released this month continued to show that the Australian economy is losing momentum, with weaker-than-expected employment data and consumer and business confidence levels, of particular concern to investors. Consistent with the sharp rise in investor risk aversion, those sectors perceived by the market to be more defensive, such as utilities and consumer staples, performed the best.

Debt Markets

Despite major bond markets ending the month with yields at broadly similar levels to where they began, most regions did experience significant intra-month volatility. Bond yields fell strongly over much of June as investors sought the relative safety of government bonds in response to the Eurozone sovereign debt crisis and a continuation of the release of weak economic data from the US. A sharp retracement in global risk aversion in the last few days of the month, however, saw government bond yields generally move higher to finish close to where they started the month. The domestic market was an exception, with short-term bond yields in particular trending lower, following commentary from the RBA which saw a paring back of market expectations of further official interest rate hikes in the near future.

As with other risk assets, non-government debt sectors suffered amid the flight to quality early in June, before rebounding strongly at month-end with the general retracement in investor risk aversion. These sectors were negatively impacted by a widening of the risk premium demanded for holding these assets, as investors became increasingly concerned about the prospect of a Greek default and its potential contagion effects. Domestic markets outperformed global markets, posting modest gains for the month, as the negative influence of widening risk premiums was offset by a fall in the underlying government bond yields.

Currency

Currency market activity was largely muted in June, with the Australian dollar finishing marginally higher against both the US dollar and the broader MSCI Currency Basket. A general weakening in investor risk appetite early in the month saw the AUD briefly fall below US$1.05, amid a broad-based strengthening of the USD, but a recovery toward month-end saw the local currency finish the month close to where it started, at US$1.07.

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