Performance Summary March 2012

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 March 2012 included:

- Positive economic news arising out of the US, sustained the performance of listed equities;
- An earlier decision by the European Central Bank to offer term liquidity to European banks eased liquidity conditions, which caused a drop in European sovereign debt yields, helped to restore market confidence and risk appetite;
- Talk of sustaining easier monetary policy from the US Federal Reserve, UK and European Central Bank helped bond yields to remain stable across major markets despite growth data improving; and
- Tensions in the Middle East also stabilised somewhat reducing pressure on oil prices.

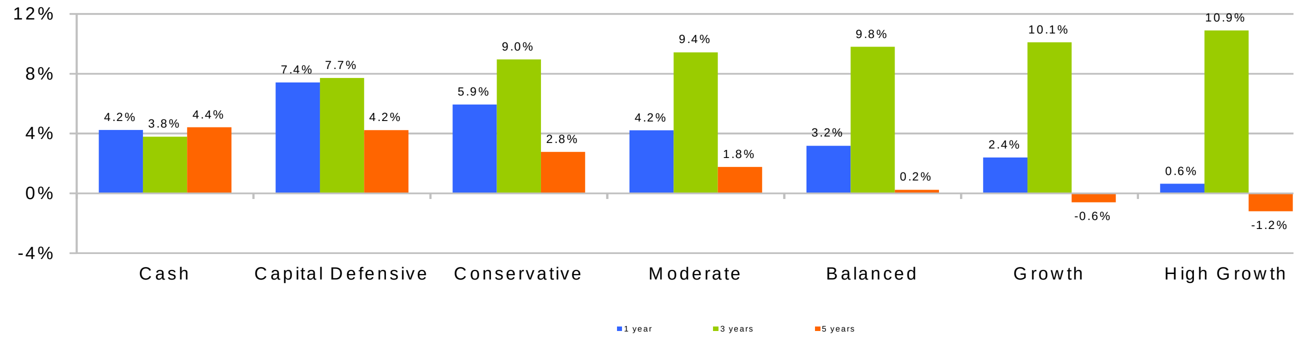
The table and chart below shows Funds SA's multi-sector taxable product returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector product returns net of fees to 31 March 2012 [1, 2]

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.
Cash	0.3	1.0	3.1	4.2	3.8	4.4
Capital Defensive	0.5	1.9	5.7	7.4	7.7	4.2
Conservative	0.8	3.2	4.9	5.9	9.0	2.8
Moderate	1.0	4.5	4.0	4.2	9.4	1.8
Balanced	1.1	5.2	3.2	3.2	9.8	0.2
Growth	1.2	5.9	2.7	2.4	10.1	-0.6
High Growth	1.5	7.1	1.6	0.6	10.9	-1.2

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 product annualised returns net of fees to 31 March 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 31 March 2012	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.4	1.1	3.6	4.9	4.4	5.4
Australian Fixed Interest	0.9	0.8	7.5	10.0	6.5	7.3
Australian Inflation-Linked	0.3	0.9	13.2	16.6	8.0	6.5
Global Fixed Interest (1)	0.2	2.2	8.8	13.3	10.3	9.2
Global Inflation-Linked(1)	-0.3	2.2	11.3	16.1	12.5	10.0
Property (2)						
Australian Listed Property	-0.6	7.1	2.2	1.7	14.8	-13.6
Global Listed Property	3.2	13.2	3.8	6.7	29.0	-5.4
Equities(2)						
Australian Equities	1.2	8.6	-2.1	-6.3	11.4	-2.1
Global Equities	1.8	11.2	2.1	1.5	17.3	-1.8
US Equities	3.3	12.6	8.4	8.5	23.4	2.0
Japanese Equities	3.1	18.5	2.1	-0.2	5.1	-11.6
Asia (ex Japan) Equities	-2.2	12.0	-3.9	-5.0	20.7	5.4
European Equities	-0.3	7.6	-4.7	-4.5	14.6	-3.6
Global Small Companies	1.5	13.1	-0.7	-1.6	23.6	-0.7
Emerging Market Equities	-1.4	11.1	-1.8	-4.3	20.8	5.2
Currency (3)						
Australian Dollar vs MSCI Currency Basket	-3.4	0.9	-1.2	1.1	12.1	4.1
Australian Dollar vs USD	-4.1	1.0	-3.2	0.2	14.2	5.1

(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 March 2012 are summarised below.

Equity Markets

Global equity markets strong start to 2012 continued, with the MSCI World Index of developed markets gaining 1.7% in March, largely driven by strong US data and portfolio rebalancing shifts by investors. Further the impact of the intervention by global policy makers, and in particular liquidity operations from the European Central Bank, helped support markets through portfolio rebalancing effects and sentiment. This positive performance occurred despite lingering uncertainty surrounding the peripheral Europe’s structural sovereign debt problems and higher oil prices stemming from geopolitical tensions in the Middle East.

In the US, the continuation of encouraging employment data, retail sales and stronger-than-expected manufacturing and income data, indicated a continuation of the modest recovery in the economy and helped support investor’s confidence in a self-sustaining recovery that propelled the stock market up by 3.3%. Although bond yields drifted higher in response to the improving economy, US policy makers were quick to quash any speculation that accommodative monetary policy would be reversed any time soon. Elsewhere, economic data was not supportive for Europe or the Chinese economy with Chinese policy makers announcing they will be targeting a lower level of economic growth, which was a catalyst for local stocks to post negative returns. Japan on the other hand was an outperformer rising by 3%, largely as a result of the local currency falling significantly after policy makers announced a 1% inflation target which was viewed as being positive for the ailing export sector.

The Australian equity market also extended its rally rising 1.2% but again underperformed the broader market. Market returns were mixed partly reflecting the concerns of a slowing Chinese economy with resources and energy sectors performing in sympathy with the broader commodity complex which fell during the month. Australia’s two-tiered economy continues to exert pressure on the import competing sectors of the economy with GDP data recording only a 0.4% growth in Q4. Employment growth also weakened supporting the markets anticipation that further interest rate cuts are likely which weakened the local currency modestly.

Debt Markets

Despite economic data improving in the US and a rally in listed equities, global bond markets posted positive returns with markets being driven by the economic weakness arising from Europe and China, while central bank guidance as to the outlook for official cash rates also helped to keep bond yields capped. Consequently, government bond yields finished the month lower in most markets, although rates in the US did rise. Eurozone sovereigns, on the other hand, posted strong gains this month as bond yields continued to fall 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 good month for the domestic bond market, with market expectations for future interest rate cuts placing additional downward pressure on bond yields. The RBA kept rats steady at 4.25% during its March meeting, but cited that the inflation outlook supported further cuts were a material deterioration in domestic economic conditions to eventuate.

As with most 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 modestly over the month delivering positive returns.

Currency

Currency markets were characterised by a strengthening US dollar, driven by the continued strength of the US economy and relative weakness in other major regions. The Japanese yen also continued its weakening trend following a commitment from the Bank of Japan to substantial monetary easing. Commodity currencies such as the Australia dollar were the biggest losers, driven by weaker commodity prices that reflected weaker Chinese growth. Against this backdrop, the AUD fell 4.1% against the USD and 3.4% against the broader MSCI Currency Basket.

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