Performance Summary November 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 funds offered under the Scheme.

Performance

Key drivers of multi-sector performance during November 2012 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;
- Early signs of an economic stabilisation in China and the release of stronger-than-expected data in the US provided a boost to investor sentiment globally;
- Debt markets remained resilient despite a reversal of the recent investor risk aversion that had been assisting the sector, with global government debt sectors posting positive returns; and
- Uncertainty surrounding a longer-term solution to the European sovereign debt crisis and negotiations to resolve the US budget issues remain major risks, contributing to intra-month market volatility.

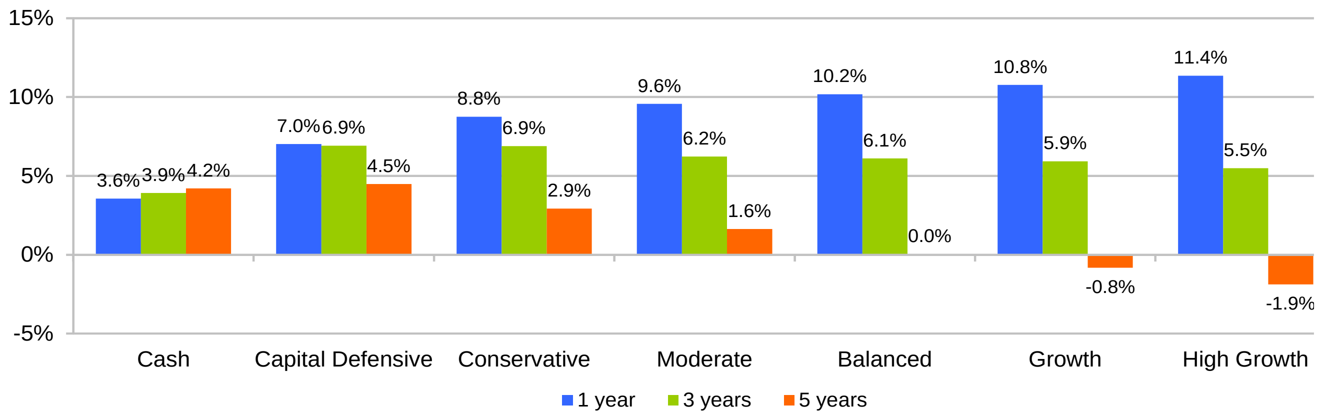
The table and chart below shows Funds SA's multi-sector taxable funds returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector fund returns net of fees and tax to 30 November 2012 [1, 2]

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.
Cash	0.2	0.8	1.3	3.6	3.9	4.2	4.6
Capital Defensive	0.2	1.4	2.8	7.0	6.9	4.5	5.4
Conservative	0.4	2.1	4.1	8.8	6.9	2.9	4.9
Moderate	0.5	2.5	5.0	9.6	6.2	1.6	n.a.
Balanced	0.5	2.7	5.6	10.2	6.1	0.0	3.8
Growth	0.5	3.0	6.1	10.8	5.9	-0.8	3.6
High Growth	0.6	3.4	7.0	11.4	5.5	-1.9	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 30 November 2012



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 30 November 2012	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.3	0.9	1.5	4.1	4.6	5.0
Australian Fixed Interest	0.0	1.0	2.0	8.3	8.1	8.2
Australian Inflation-Linked	-0.4	1.8	3.0	11.6	11.4	7.5
Global Fixed Interest (1)	0.7	2.0	4.2	11.4	9.9	9.6
Global Inflation-Linked(1)	1.6	2.0	4.2	12.0	11.4	9.9
Property (2)						
Australian Listed Property	-1.3	5.2	10.9	25.8	9.3	-10.4
Global Listed Property	0.9	3.1	6.5	25.4	14.7	-0.8
Equities(2)						
Australian Equities	0.4	5.6	12.4	14.2	2.9	-3.0
Global Equities	1.5	3.2	6.7	14.2	7.0	-2.0
US Equities	0.6	1.3	5.0	16.1	11.2	1.3
Japanese Equities	5.4	8.0	2.6	9.6	-0.7	-11.2
Asia (ex Japan) Equities	2.6	7.5	9.3	17.0	5.9	-0.2
European Equities	2.5	4.9	10.4	15.2	5.0	-3.0
Global Small Companies	1.7	4.1	7.1	13.9	10.8	0.0
Emerging Market Equities	1.7	5.6	7.5	13.2	5.6	0.3
Currency (3)						
Australian Dollar vs MSCI Currency Basket	0.6	0.8	1.3	2.3	4.8	3.3
Australian Dollar vs USD	0.6	0.9	1.8	1.6	4.5	3.4

(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 November 2012 are summarised below.

Equity Markets

Global equity markets finished November largely unchanged, despite a notable increase in market volatility relative to recent months. While prices in most markets finished the month little changed, this masked a notable sell-off early in the month followed by a rally over the second half of the month. All up, the MSCI World Index of developed equity markets finished the month 1.5% higher.

Equity markets fell sharply early in the month following the US Presidential election, as investors began to focus on the difficult path ahead in negotiations to avoid the upcoming “fiscal cliff” of tax hikes and spending cuts due to be enacted at the beginning of 2013. The European debt crisis also returned to the headlines in November, amid continuing negotiations between Eurozone governments and the IMF in relation to the release of the next tranche of aid payments to Greece.

Markets rebounded over the second half of the month amid cautious optimism on US budget talks, despite no indication that the two political parties were actually any closer to resolving the issue. Investor sentiment was also boosted by the release of stronger-than-expected economic data from the US and China and the resolution of China’s leadership transition.

The Australian equity market continued its recent strong run in posting a sixth consecutive monthly gain, though did marginally underperform other developed markets this month. From a sectoral perspective, the strongest performers were those sectors perceived to be more defensive, such as health care, telecommunications, and utilities. The energy and materials sectors, on the other hand, underperformed despite a modest rebound in commodity prices and some early signs of improvement in the Chinese economy.

Debt Markets

Despite signs of improving economic data in the US and China, and a 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 keep bond yields capped. Government bond yields finished the monthly slightly lower in most global markets, with the majority of the yield movement the result of falling real yields. As such, both nominal and inflation-linked bonds posted strong returns globally. The domestic government bond market, on the other hand, posted a negative return for the month of November, as some stabilisation in China and a decision from the RBA to leave official interest rates unchanged saw bond yields rise slightly across all maturities.

As with other risk assets, non-government debt sectors benefited substantially from some improvements in the global economic outlook and the continued improvement in liquidity conditions following the announced central bank policy measures. Against this backdrop, the risk premium demanded for holding these assets tightened further this month, leading to positive returns across all segments of the market, with those higher risk sectors, such as global high yield and EMD, posting the strongest gains.

Currency

Against a backdrop of improving risk sentiment globally, the Australian dollar gained ground against all major currencies in November. The local currency was also assisted higher by some early signs of improvement in the Chinese economic growth outlook and the decision by the RBA to leave official interest rates unchanged at its November meeting.

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