Performance Summary October 2011

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 products offered under the Scheme.

Performance

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

- Global financial markets continued to experience heightened levels of volatility, as investors await details of an announced proposal to repair the problems related to excess sovereign debt levels in Europe and related banking stress;
- Positive economic news and a solid start to the corporate reporting season in the US provided a boost to investor sentiment globally;
- A retracement of recent investor risk aversion saw sharp gains in risk assets such as equities, commodities, and non-government debt securities, as investors sold out of "safe-haven" assets such as government bonds and the US dollar.

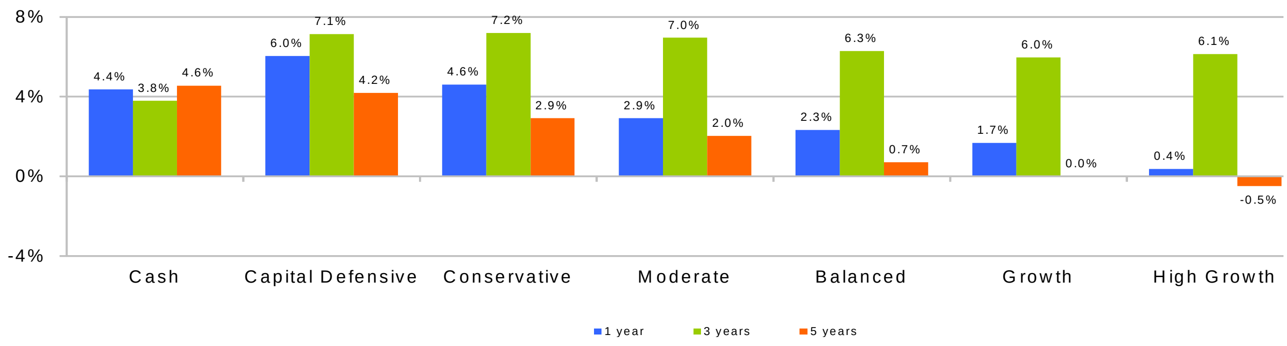
The table and chart below shows Funds SA's multi-sector taxable product returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector product returns net of fees to 31 October 2011 [1, 2]

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.
Cash	0.3	1.1	1.5	4.4	3.8	4.6
Capital Defensive	0.5	1.3	2.3	6.0	7.1	4.2
Conservative	1.6	0.7	0.9	4.6	7.2	2.9
Moderate	2.5	0.2	-0.5	2.9	7.0	2.0
Balanced	3.1	-0.3	-1.4	2.3	6.3	0.7
Growth	3.6	-0.6	-2.1	1.7	6.0	0.0
High Growth	4.6	-1.1	-3.5	0.4	6.1	-0.5

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 October 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 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 October 2011	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.4	1.2	1.7	5.0	4.4	5.5
Australian Fixed Interest	-0.6	2.3	4.0	8.4	6.9	7.0
Australian Inflation-Linked	-1.8	1.6	5.6	11.3	6.7	5.0
Global Fixed Interest (1)	0.3	3.1	4.6	9.2	11.1	8.7
Global Inflation-Linked(1)	0.7	2.5	5.2	11.4	13.4	8.8
Property (2)						
Australian Listed Property	3.8	1.9	-4.7	-2.4	-1.4	-13.1
Global Listed Property	9.2	-5.2	-5.5	2.2	12.0	-4.7
Equities(2)						
Australian Equities	7.2	-1.5	-5.3	-3.9	7.1	-0.2
Global Equities	8.5	-4.9	-7.5	0.2	7.7	-2.6
US Equities	10.9	-2.5	-4.5	8.1	11.4	0.2
Japanese Equities	0.8	-8.6	-9.5	-4.8	-2.6	-12.6
Asia (ex Japan) Equities	9.6	-9.6	-9.2	-6.7	21.0	6.6
European Equities	7.8	-7.0	-11.2	-7.3	6.0	-3.6
Global Small Companies	9.9	-7.8	-10.5	1.9	14.0	-0.7
Emerging Market Equities	8.8	-7.2	-7.8	-7.0	20.5	6.7
Currency (3)						
Australian Dollar vs MSCI Currency Basket	7.5	-2.2	-0.5	6.6	14.2	4.9
Australian Dollar vs USD	9.2	-3.4	-0.9	8.2	17.2	6.5

(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 October 2011 are summarised below.

Equity Markets

Global equity markets experienced a remarkable rebound in October, amid a retracement of the widespread risk aversion that has plagued risk assets over recent months. Nevertheless, heightened volatility continues to be a theme, with the majority of trading days seeing the market move in excess of 1%. These dramatic moves were largely driven by speculation ahead of a European summit tasked with the responsibility of finding a solution to the region's sovereign debt crisis, and the eventual release of a broad proposal as to how this will be achieved. Against this backdrop, the MSCI World Index of developed equity markets gained 8.6% for the month.

In the US, equity markets were buoyed by the release of generally stronger-than-expected economic data, which suggest that the US is looking increasingly likely to avoid a relapse into recession. In addition, the release of encouraging Q3 corporate earnings reports also contributed to the market's strong performance.

As with previous months, European markets again lagged other markets over the first half of October as pressure continued to mount on peripheral European sovereigns and the broader European banking system. Markets rebounded sharply late in the month, however, following the announcement of a broad plan to resolve the financial crisis that has plagued the region for the past 18 months. Whilst few details as to its implementation were provided, investors were clearly encouraged by the appearance of a breakthrough in the political stalemate of recent months.

In Australia, the equity market saw its best monthly return since July 2009, gaining 7.2%, to break a six-month losing streak. Unsurprisingly given the macro backdrop, those sectors perceived to be riskier (energy, materials, consumer discretionary) significantly outperformed the previously highly sought after defensive segments of the market (telecommunications, consumer staples, IT). On the economic front, data release in October continues to point to a softening in domestic conditions outside the mining sector. As expected, the RBA left interest rates unchanged at its October meeting, though the tone of its commentary seemed to change to a more neutral policy bias, bolstering market expectations of a rate cut in coming months.

Debt Markets

After being one of the strongest performing asset classes over recent months, government bond markets generally delivered negative returns in October, as the safe-haven appeal of high-quality sovereigns diminished following the announcement in Europe of a plan to recapitalise the region's banks and expand the size of the European Financial Stabilisation Facility. In addition, a broad improvement in US economic data placed further upward pressure on global yields. In the local market, bond yields rose by nearly 30bps across all maturities, with these moves largely driven by global developments.

As with other risk assets, non-government debt sectors benefited from increased optimism following the announcement of initial steps toward a potential solution to the European sovereign debt crisis. As a result, the risk premium demanded for holding these assets reduced to the lowest levels in three months, with those higher risk sectors, such as global high yield and emerging market debt, posting the strongest gains.

Currency

Currency markets in October were characterised by the US dollar weakening against nearly all major currencies, amid a reversal of the safe-haven flows that have recently driven markets. Commodity-linked currencies, on the other hand, were the best performers after underperforming markedly in September. The Australian dollar gained 9.2% against the USD, to close the month back above US$1.06, and 7.5% against the broader MSCI Currency Basket.

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