Performance Summary October 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 funds offered under the Scheme.

Performance

Key drivers of multi-sector performance during October 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 some support to risk assets, such as equities and non-government debt;
- Early signs of an economic stabilisation in China and a solid start to the corporate reporting season 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 government debt sectors posting modest positive returns; and
- Uncertainty surrounding a longer-term solution to the European sovereign debt crisis remains a major risk, contributing to intra-month market volatility.

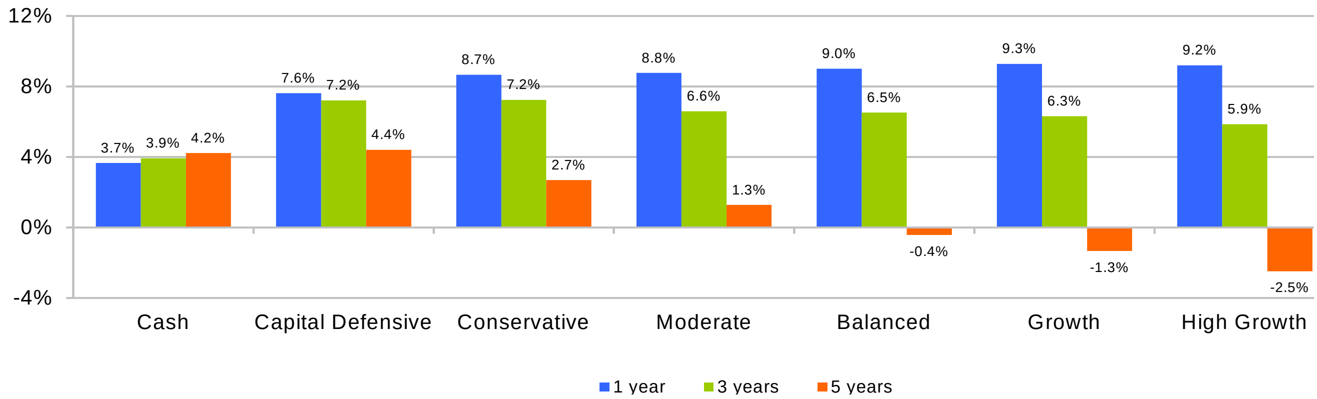
The table and chart below shows Funds SA's multi-sector taxable funds returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector fund returns net of fees and tax to 31 October 2012 [1, 2]

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.
Cash	0.3	0.8	1.1	3.7	3.9	4.2	4.6
Capital Defensive	0.4	1.7	2.5	7.6	7.2	4.4	5.5
Conservative	0.6	2.6	3.8	8.7	7.2	2.7	5.1
Moderate	0.7	3.1	4.5	8.8	6.6	1.3	n.a.
Balanced	0.8	3.6	5.1	9.0	6.5	-0.4	4.1
Growth	0.9	3.9	5.6	9.3	6.3	-1.3	4.0
High Growth	1.1	4.6	6.4	9.2	5.9	-2.5	3.7

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 October 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 31 October 2012	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.3	0.9	1.2	4.2	4.6	5.1
Australian Fixed Interest	0.0	1.6	2.0	10.2	8.7	8.3
Australian Inflation-Linked	0.2	2.0	3.5	16.7	12.4	8.0
Global Fixed Interest (1)	0.6	1.8	3.5	10.3	10.1	9.7
Global Inflation-Linked(1)	0.7	0.7	2.6	11.5	11.7	10.2
Property (2)						
Australian Listed Property	5.3	6.5	12.4	30.8	10.1	-11.4
Global Listed Property	1.5	2.2	5.6	19.4	14.8	-2.5
Equities(2)						
Australian Equities	2.9	7.4	11.9	9.9	3.4	-3.6
Global Equities	-0.5	3.7	5.1	11.1	7.5	-3.2
US Equities	-1.8	3.0	4.4	15.2	13.2	0.4
Japanese Equities	0.7	1.9	-2.6	-1.0	-4.3	-13.1
Asia (ex Japan) Equities	-0.6	4.3	6.5	6.6	5.7	-2.4
European Equities	1.1	4.7	7.7	10.9	4.8	-4.3
Global Small Companies	-0.3	5.4	5.3	10.2	10.7	-1.8
Emerging Market Equities	-0.4	4.1	5.7	6.8	6.2	-1.3
Currency (3)						
Australian Dollar vs MSCI Currency Basket	0.2	-2.2	0.6	-0.6	4.8	2.1
Australian Dollar vs USD	-0.3	-1.5	1.2	-2.3	4.7	2.3

(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 2012 are summarised below.

Equity Markets

Global equity markets experienced a modest decline in October, following several months of strong performance. Macroeconomic headlines, which had been the predominant driver of markets over recent months, had a less pronounced impact this month, with corporate earnings announcements and the continued effects of recent central bank activity having a greater influence on markets.

The beginning of corporate earnings reporting season in the US provided a focal point for investors. Overall, results largely mirrored those of recent quarters, with the majority of companies generally reporting profits exceeding expectations, albeit against expectations that had been lowered over recent months amid a slower economic growth environment, while growth in sales revenue continues to disappoint. Markets were also disappointed by the generally soft tone of guidance on earnings outlook, with companies across most sectors expecting slower sales and profit growth in coming quarters.

European equity markets, on the other hand, generally managed to post modest gains as investors remain optimistic that European Central Bank initiatives announced in September aimed at addressing fading market confidence and economic growth will prove to be sufficient to mitigate the risk of an immediate Lehman-like financial catastrophe or breakup of the Eurozone, buying time for the longer-term issues regarding solvency to be addressed.

The Australian equity market was again one of the strongest performing developed markets in October, despite lingering concerns as to the underlying health of the domestic economy and the sustainability of mining investment against the backdrop of a slower Chinese economy. From a sectoral perspective, all sectors posted gains over the month, with the telecommunications and listed property sectors the strongest performers as investors continue to be attracted to their relatively higher dividend yield. Providing a further boost to the equity market was the decision by the Reserve Bank of Australia to lower the cash rate by 25 basis points to 3.25%, the most accommodative level of interest rates since June 2010.

Debt Markets

Global government bond markets came under pressure in October, as some early signs of economic stabilisation in China and improving financial conditions in the Eurozone acted to diminish investor demand for “risk-free” securities, while higher inflation expectations resulting from the recent central bank policy easing placed further upward pressure on bond yields. Consequently, government bond yields finished the month higher in most markets, although easy monetary and unconventional policy settings muted these movements such that most markets still managed a positive return. Australian government bonds, on the other hand, finished the month lower, with domestic yields rising slightly more than other high quality markets, as positive economic news from China and the release of higher-than-expected inflation data triggered a reduction in market expectations of an interest rate cut in November.

Non-government debt sectors continue to benefit from an improving global macroeconomic backdrop in which the recent announcement of significant central bank policy measures has seen a diminished risk of a Lehman-like financial catastrophe or breakup of the Eurozone in the near term. With global investors continuing to exhibit strong demand for these assets and liquidity conditions greatly improved in these markets following the central bank action, the risk premium demanded for holding non-government debt securities tightened further this month, leading to positive returns across all segments of the market.

Currency

In stark contrast to recent months, currency markets exhibited a degree of relatively stability in October. The Australian dollar finished the month largely unchanged against both the US dollar and the broader MSCI Currency Basket, trading in a narrow range throughout the month.

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