Performance Summary September 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 September 2012 included:

- The announcement of further policy stimulus by the major central banks provided a supportive backdrop to global financial markets, helping restore market confidence and providing a further boost to risk assets, such as equities and non-government debt;
- The release of weak economic data in the US, Europe, and China has furthered concerns about the strength of the global economic outlook, helping government bond yields to remain low across major markets despite a reversal of recent investor risk aversion; and
- Uncertainty surrounding a longer-term solution to the European sovereign debt crisis remains a major risk, contributing to intra-month market volatility.

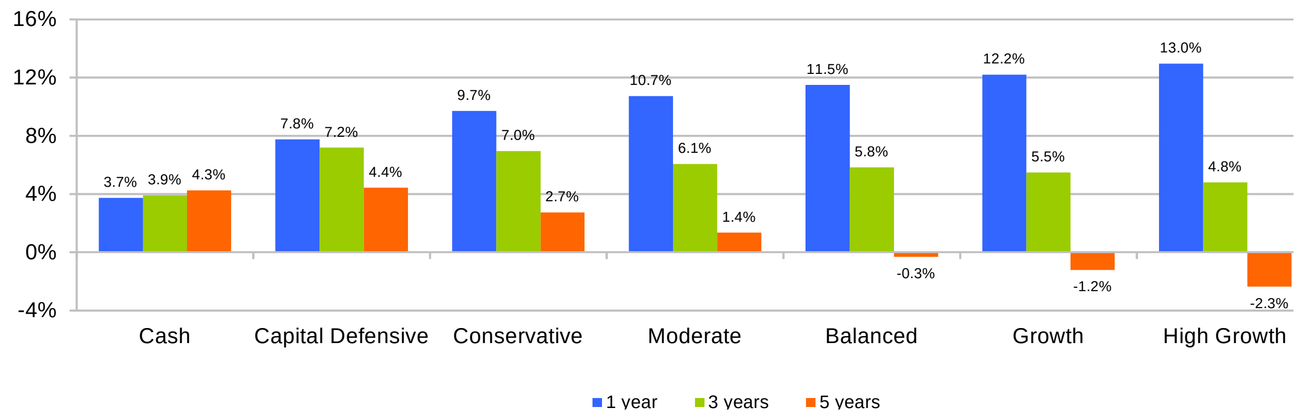
The table and chart below shows Funds SA's multi-sector taxable product returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector product returns net of fees to 30 September 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	0.8	3.7	3.9	4.3	4.6
Capital Defensive	0.8	2.1	2.1	7.8	7.2	4.4	5.4
Conservative	1.1	3.1	3.1	9.7	7.0	2.7	4.9
Moderate	1.3	3.8	3.8	10.7	6.1	1.4	n.a.
Balanced	1.4	4.2	4.2	11.5	5.8	-0.3	3.7
Growth	1.5	4.6	4.6	12.2	5.5	-1.2	3.6
High Growth	1.7	5.3	5.3	13.0	4.8	-2.3	3.1

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 September 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	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 September 2012	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.3	0.9	0.9	4.4	4.6	5.1
Australian Fixed Interest	1.0	2.0	2.0	9.6	8.6	8.3
Australian Inflation-Linked	2.0	3.2	3.2	14.3	12.7	8.0
Global Fixed Interest (1)	0.7	2.9	2.9	10.1	10.1	9.8
Global Inflation-Linked(1)	-0.3	1.9	1.9	11.5	11.8	10.3
Property (2)						
Australian Listed Property	1.2	6.7	6.7	28.9	4.9	-12.4
Global Listed Property	0.7	4.1	4.1	28.5	13.3	-2.6
Equities(2)						
Australian Equities	2.2	8.7	8.7	14.5	1.7	-3.6
Global Equities	2.1	5.6	5.6	21.2	6.9	-2.7
US Equities	2.6	6.4	6.4	30.2	13.2	1.1
Japanese Equities	1.8	-3.3	-3.3	-0.9	-5.1	-13.2
Asia (ex Japan) Equities	5.4	7.2	7.2	17.6	5.6	-0.4
European Equities	1.2	6.5	6.5	18.2	3.5	-3.9
Global Small Companies	2.6	5.6	5.6	21.5	9.2	-1.1
Emerging Market Equities	4.3	6.1	6.1	16.6	6.2	0.5
Currency (3)						
Australian Dollar vs MSCI Currency Basket	0.0	0.4	0.4	6.7	5.1	2.8
Australian Dollar vs USD	0.6	1.4	1.4	7.0	5.6	3.3

(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 September 2012 are summarised below.

Equity Markets

Central bank activity was the major theme driving financial markets and investor sentiment in September, with both the US Federal Reserve and the Bank of Japan announcing further unconventional policy measures aimed at addressing fading market confidence and economic growth ("quantitative easing"), while the European Central Bank announced a major new initiative, called Outright Monetary Transactions (OMT), to buy government bonds of peripheral nations with the objective of reducing government bond yields, and hence debt financing costs for those nations.

Whilst equity markets greeted these announcements with optimism, investor enthusiasm for the latter program in particular was tempered by some uncertainty as to the still-unspecified finer details of the program, including the conditions likely to be imposed on participant nations. Nevertheless, global equity markets posted a fourth consecutive monthly gain in September, as investors saw these initiatives as 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 better performing developed markets in September, 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, the local market rally was largely driven by the performance of resource-related stocks, which rebounded strongly after a sustained period of underperformance following the announcement of a stimulative policy response from the Chinese central bank and a rebound in iron ore prices after hitting three-year lows early in the month.

Debt Markets

September saw continuing volatility in global bond markets, with government bond yields in those "safe-haven" markets, such as the US and Germany, rising sharply following the announcement of further quantitative easing in the US and the OMT program in Europe, largely due to higher inflation expectations resulting from the policy easing. This upward move had partially reversed by month-end, however, as investors increasingly focussed on the weak global economic growth outlook. Australian government bond yields, on the other hand, finished the month lower, with the market benefitting from high demand from offshore investors attracted to the country's stronger fiscal position and economic fundamentals and higher yield relative to other developed markets. Domestic yields also faced downward pressure as investors moved to price in imminent interest rate cuts by the RBA in response to the effects of weaker economic growth in China.

As with other risk assets, non-government debt sectors benefited substantially from some stabilisation in Eurozone financial conditions and a significant improvement in liquidity 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 particularly strong gains.

Currency

Currency markets in September were characterised by the US dollar weakening against all major currencies as the announcement of further policy stimulus in the US and initiatives designed to ease the Eurozone debt crisis saw a general retracement of the flight-to-safety that had assisted the USD in recent months. Commodity-linked currencies, such as the Australian dollar, did not, however, benefit quite to the extent as some other currencies, with sustained concerns over Chinese economic growth continuing to weigh on these currencies. Against this backdrop, the AUD gained 0.6% against the USD, and was largely unchanged against the broader MSCI Currency Basket.

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