Performance Summary April 2016

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

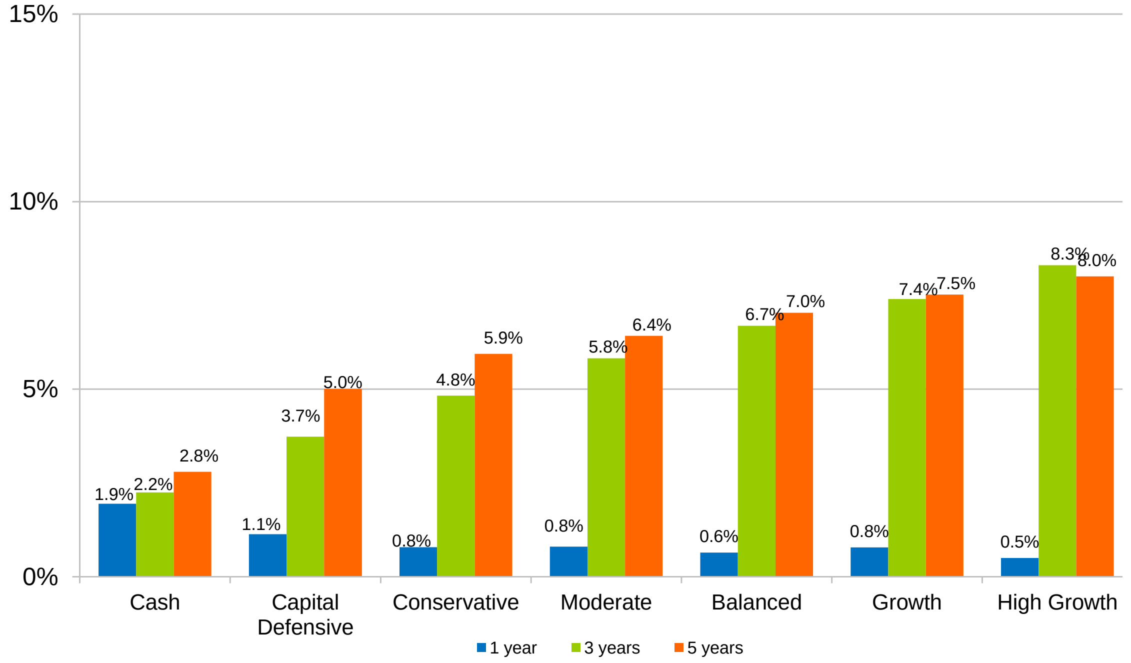
The table and chart below show Funds SA's multi-sector taxable fund returns based on the post tax unit pricing model detailed in the SLA.

Table 1: Multi-sector fund returns net of fees and tax to 30 April 2016 [1, 2]

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Cash	0.2	0.5	1.6	1.9	2.2	2.8	3.0	3.7
Capital Defensive	0.5	1.4	1.7	1.1	3.7	5.0	5.9	4.6
Conservative	0.8	2.0	1.7	0.8	4.8	5.9	7.1	4.6
Moderate	1.0	2.5	1.9	0.8	5.8	6.4	7.6	n.a.
Balanced	1.2	3.0	1.9	0.6	6.7	7.0	8.4	4.3
Growth	1.4	3.3	2.0	0.8	7.4	7.5	8.9	4.4
High Growth	1.7	3.8	1.9	0.5	8.3	8.0	9.5	4.4

1. Returns are based on the post tax unit pricing model detailed in the SLA.
2. The taxable funds were established in March 2005, with the exception of the Moderate fund (established in June 2006)

Chart 1: Multi-sector fund annualised returns net of fees and tax to 30 April 2016



Key drivers of performance during April 2016 included:

- The continued recovery in commodity prices, which provided the basis for strong performance in commodity-related corporate sectors.
- Maintenance of accommodative global central bank policy which continues to support investor sentiment.
- Signs of improvement in Chinese economic data after months of weakness.

This environment was broadly supportive for portfolios that hold relatively large amounts of growth assets such as equities and corporate bonds.

Asset Allocation

The targeted asset allocation of the multi-sector funds is shown in the table below.

Table 2: Targeted asset allocation for the 2015-2016 financial year

	Cash %	Capital Defensive %	Conservative %	Moderate %	Balanced %	Growth %	High Growth %
Cash	100.0	15.0	10.0	8.0	2.0	2.0	2.0
Short Term Fixed Interest	0.0	30.0	18.0	7.0	3.0	0.0	0.0
Long Term Fixed Interest	0.0	5.0	5.0	9.0	8.0	4.0	0.0
Inflation Linked Securities B	0.0	15.0	16.0	12.0	9.0	6.0	0.0
Diversified Strategies Income	0.0	17.0	18.0	17.0	16.0	16.0	12.0
Property B	0.0	6.0	9.0	10.0	12.0	14.0	16.0
Australian Equities B	0.0	7.0	13.0	17.0	23.0	26.0	33.0
International Equities B	0.0	5.0	11.0	15.0	19.0	22.0	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 to 30 April 2016

	1 mth %	3 mths %	FYTD %	1 Year %	3 Years % p.a.	5 Years % p.a.
Cash and fixed income						
Australian Cash	0.2	0.6	1.9	2.3	2.6	3.2
Australian Government	0.1	1.1	4.5	3.2	4.5	6.3
Australian Inflation-Linked	-1.3	-0.3	2.0	-0.3	3.9	7.3
Global Treasuries(1)	0.0	2.1	7.5	6.0	6.2	7.8
Global Inflation-Linked(1)	-0.4	1.7	4.2	2.0	3.0	6.7
Credit						
Global Credit(1),(2)	1.0	3.8	6.1	4.3	5.3	7.8
Global High Yield(1)	3.5	8.5	4.0	3.1	5.7	9.0
Emerging Market Debt(4)	1.9	7.4	6.7	4.3	2.1	6.1
Property						
Australian Listed Property	2.8	8.3	17.2	15.6	14.3	16.4
Equities(3)						
Australian Equities	3.3	6.4	0.3	-4.7	5.0	6.2
Global Equities	0.9	4.5	-3.1	-4.7	8.2	8.1
US Equities	0.4	7.1	1.9	1.2	11.3	11.0
European Equities	1.5	1.6	-5.6	-9.6	5.7	5.1
Japanese Equities	-0.3	-5.6	-16.7	-14.7	6.8	11.5
Asia (ex Japan) Equities	-0.9	6.5	-11.7	-16.1	1.5	1.1
Emerging Market Equities	-0.1	8.4	-8.2	-12.4	2.3	1.5
Global Small Companies	1.5	7.8	-4.2	-3.4	9.6	8.5
Currency (5)						
Australian Dollar vs Developed Market Basket	-1.6	4.4	-2.3	-4.4	-8.5	-5.3

(1) Australian dollar return (hedged)

(2) Includes obligations of corporates, supranational agencies, and other government-related (e.g. government agencies, government guaranteed bank debt, etc)

(3) Local currency return

(4) Hedged to USD

(5) A positive number represents appreciation of the Australian dollar. A negative number represents depreciation.

Key factors impacting financial market performance during April 2016 are summarised below.

Equity Markets

Global equity markets posted positive returns in April, as investor sentiment further improved as many of the themes that weighed on markets earlier in the year continued to recede. The ongoing rebound in commodity prices, supportive central banks and a weakening US dollar all contributed to a broadly supportive environment for risk assets.

The rebound in commodity prices provided a supportive environment for equity markets, and particularly for commodity-linked corporate sectors. Crude oil rose to its highest level in six months amidst an array of positive factors including declining inventories, a fall in the US dollar, and the announcement of more fiscal and monetary stimulus in China. Iron ore also had a strong month, reaching its highest level since 2014 as figures showed a meaningful increase in Chinese steel production.

Central bank activity continued to broadly support investor sentiment. The European Central Bank meeting concluded as expected with no change in policy and a reiteration of a willingness to provide additional stimulus if required, while the US Federal Reserve affirmed their cautious approach to increasing interest rates. The Reserve Bank of Australia also left interest rates unchanged in April, while retaining their bias towards lowering interest rates. The only central bank to go against this trend was the Bank of Japan, who contrary to investors' expectations chose not to provide any further stimulus at its meeting in late April.

The global economic growth outlook continues to be challenged by low inflation, with key data remaining mixed and fragile. Europe and the US continued to show signs of modest growth, though the inflation outlook for both regions remain weak. Chinese economic data were among the most encouraging realised this month, showing signs of improvement after months of weakness. Domestically, data was also mixed, with continued improvement in the labour market providing a boost to sentiment, though this was tempered somewhat by an unexpected decline in consumer prices.

Debt Markets

Global government bonds delivered only modest positive returns over the month, with yields rising in most major markets. Bond yields moved higher in line with improved investor sentiment, despite dovish commentary from the US Federal Reserve and the European Central Bank.

Non-government debt markets furthered their recovery over the month. The risk premium that investors demand for holding corporate bonds and emerging market debt continued to contract, against a more accommodative central bank policy backdrop and as concerns around the long-term sustainability of commodity-linked issuers subsided further with the rise in commodity prices.

Currency

Currency markets were driven largely by central bank policy actions over the month. The US dollar furthered its year-to-date declines as the Federal Reserve reiterated a cautious approach to raising interest rates, while the Japanese yen strengthened as the Bank of Japan surprised markets by not announcing more stimulus. The Australian dollar weakened over the month, as the release of lower than expected inflation data increased the chance of an interest rate cut at the Reserve Bank's May meeting.

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