Performance Summary February 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 February 2011 included:

- Positive economic news from the developed markets and a robust start to the corporate reporting season in the US and Australia provided a boost to investor sentiment globally;
- Equities, commodities, and non-government debt securities rose across the board, with those assets perceived to be of higher risk generally outperforming more defensive sectors;
- Emerging market securities underperformed amid concerns over the announcement of policy measures aimed at controlling rising inflation in those countries;
- Government bonds were largely unchanged but underperformed risk assets amid improvements in economic outlook and a retracement of the "safe-haven" purchases that had been assisting the sector; and
- Middle East unrest began to cause small ripple effects through risk assets that caused commodities to rise and support currencies of commodity producing countries.

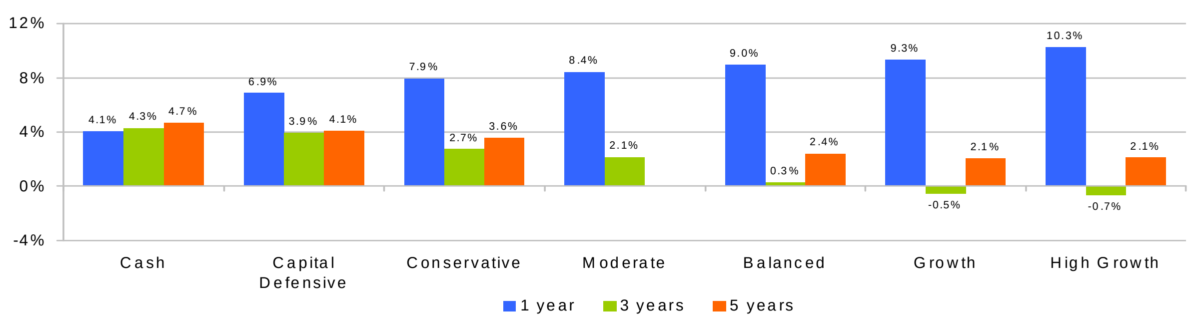
The table and chart below shows Funds SA's multi-sector taxable product returns based on the post tax unit prices in the SLA.

Table 1: Multi-sector product returns net of fees to 28 February 2011 [1, 2]

	1 mth %	3 mths %	FYTD %	1 year %	3 years % p.a.	5 years % p.a.
Cash	0.3	1.1	2.8	4.1	4.3	4.7
Capital Defensive	0.7	1.6	4.1	6.9	3.9	4.1
Conservative	0.9	2.5	6.1	7.9	2.7	3.6
Moderate	1.2	3.2	7.9	8.4	2.1	n.a.
Balanced	1.3	3.7	9.0	9.0	0.3	2.4
Growth	1.4	4.1	9.9	9.3	-0.5	2.1
High Growth	1.6	4.8	11.7	10.3	-0.7	2.1

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 28 February 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 2010-2011 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	6.0	3.0	0.0
Inflation Linked Securities B	0.0	22.0	22.0	16.0	13.0	10.0	0.0
Diversified Strategies Income	0.0	15.0	15.0	10.0	10.0	10.0	8.0
Property B	0.0	4.0	6.0	8.0	8.0	12.0	14.0
Australian Equities B	0.0	4.0	14.0	25.0	29.0	33.0	41.0
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

Financial Market Snapshot

The table below summarises market performance.

Table 3: Major Market Index Returns

Index movements to 28 February 2011	1 month %	3 months %	FYTD %	1 Year %	3 Years % pa	5 Years % pa
Cash and fixed income						
Cash	0.4	1.2	3.3	4.8	5.1	5.7
Australian Fixed Interest	0.4	1.4	2.4	5.5	7.7	5.9
Australian Inflation-Linked	1.4	2.4	3.8	7.2	4.2	4.0
Global Fixed Interest (1)	0.5	0.6	3.6	7.7	8.2	7.5
Global Inflation-Linked(1)	1.4	1.9	5.7	10.7	6.9	7.1
Property (2)						
Australian Listed Property	3.3	7.1	8.5	6.8	-14.0	-9.2
Global Listed Property	3.3	10.2	26.4	26.6	-1.6	-0.5
Equities(2)						
Australian Equities	2.3	6.3	16.1	9.0	-0.3	4.0
Global Equities	2.9	10.9	24.2	17.5	-0.4	0.8
US Equities	3.4	13.0	30.5	22.6	2.2	2.9
Japanese Equities	4.6	10.3	14.4	8.1	-9.2	-9.0
Asia (ex Japan) Equities	-3.7	-1.0	13.4	16.7	2.0	9.9
European Equities	2.1	9.8	19.2	14.8	-0.6	0.8
Global Small Companies	3.4	12.1	29.4	27.4	3.4	2.5
Emerging Market Equities	-1.7	0.4	15.2	15.9	2.3	9.7
Currency (3)						
Australian Dollar vs MSCI Currency Basket	1.5	3.6	14.5	10.4	2.8	4.6
Australian Dollar vs USD	2.1	6.2	20.6	13.7	2.9	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 February 2011 are summarised below.

Equity Markets

Global equity markets continued on their recent uptrend in February, with all major developed markets posting positive returns this month. Investors shrugged off ongoing concerns over political unrest in Africa and the Middle East and the announcement of policy moves aimed at combating rising inflation in emerging markets, with further improvements in sentiment largely driven by a robust corporate reporting season and the release of better-than-expected economic data across major developed economies. Against this backdrop, the MSCI World Index of developed equity markets finished the month 2.9% higher.

The US market was again one of the strongest performers this month, as a series of stronger-than-expected economic data releases reinforced signs of economic recovery. In addition, investors were encouraged by a positive start to corporate reporting season, leading to strong gains early in the month, before a modest sell-off later in the month as growing political tensions in the Middle East caused the oil price to surge above US$100/barrel.

Elsewhere, hopes for economic recovery across the remainder of the developed world received a boost this month with the release of UK manufacturing and retail sales data which exceeded expectations, while German unemployment continued to fall. As a result, all major European markets finished the month higher, with the resources and banking sectors again leading the way. Asian and emerging markets, on the other hand, continued to lag, with another interest rate rise and reduction in economic growth target in China weighing more heavily on those markets.

Locally, the equity market was driven by similar themes to offshore, with continued improvements in the global economic outlook and corporate reporting season the dominate drivers this month. Australia's two-speed economy was again highlighted this month, with the release of better-than-expected corporate results from the resource and banking sectors, while industrials and consumer-related sectors generally reported sluggish trading conditions. The listed property sector also had a good reporting season, as most stocks exceeded expectations and property valuations appear to have stabilised. On the economic front, data releases this month were again mixed, with consumer-related measures (retail sales, consumer credit, and housing growth) continuing to soften, while labour market conditions continued to exhibit strength.

Debt Markets

Despite most major bond markets ending the month with yields around similar levels to where they began, most experienced significant intra-month volatility. Improving economic data, the release of strong US corporate earnings results, and concerns over rising inflation saw government bond yields rise strongly early in the month as investors sold off government bonds in favour of riskier assets. Government bond markets rallied strongly, however, over the second half of the month as rising geopolitical turmoil led to a reduction in investor risk appetite and growing concerns over the possibility of a supply-side oil shock and its implications for the global economic recovery. Against this backdrop, most major debt markets managed to post small positive returns for the month. Inflation linked bonds outperformed due to inflationary concerns arising form higher, Middle East induced, oil prices.

As with other risk assets, non-government debt sectors generally benefited from the release of stronger economic data and a further retracement in investor risk aversion. Against this backdrop, the risk premium demanded for holding these assets continued to grind lower, with those higher risk sectors, such as global high yield, again experiencing the biggest gains. Emerging markets debt underperformed other sectors, though still managed to post a positive return, despite continued inflationary pressures and geopolitical concerns continuing to weigh on these markets.

Currency

Currency markets in February were characterised by the US dollar weakening against nearly all other currencies, as commodity prices continued to rise and the US Federal Reserve made a further commitment to maintain its extremely accommodative monetary stance despite signs of a strong recovery in US economic growth. The best performing currencies over the month were those of commodity producers, such as the Australian dollar, which finished the month 2.0% higher against the US dollar and 1.5% against the broader MSCI Currency Basket.

Disclaimer