Performance Summary November 2015

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 funds offered under the Scheme.

Performance

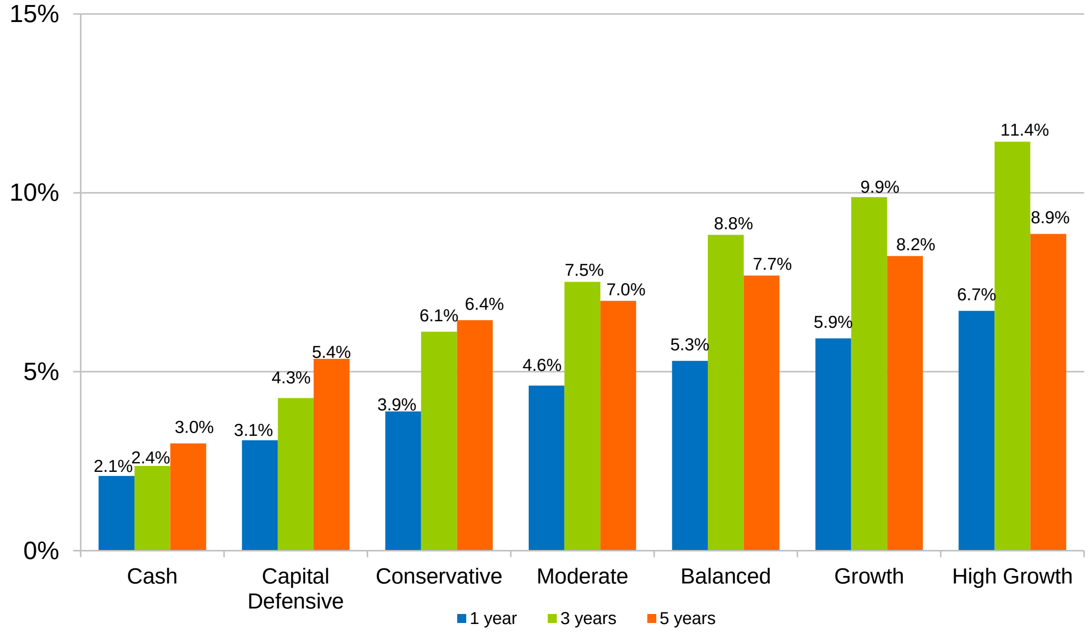
The table and chart below show Funds SA's multi-sector taxable fund returns based on the post tax unit pricing model detailed in the SLA.

Table 1: Multi-sector fund returns net of fees and tax to 30 November 2015 [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	0.8	2.1	2.4	3.0	3.1	3.9
Capital Defensive	-0.2	0.4	0.6	3.1	4.3	5.4	6.1	5.0
Conservative	-0.2	0.7	0.5	3.9	6.1	6.4	7.3	5.2
Moderate	-0.2	1.0	0.6	4.6	7.5	7.0	7.9	n.a.
Balanced	-0.2	1.3	0.6	5.3	8.8	7.7	8.3	5.3
Growth	-0.2	1.6	0.6	5.9	9.9	8.2	8.8	5.4
High Growth	-0.3	1.8	0.5	6.7	11.4	8.9	9.4	5.6

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 November 2015



Key drivers of performance during November 2015 included:

- Expectations of upcoming central bank policy decisions underpinned the performance of all asset classes, with the US Federal Reserve now widely expected to raise interest rates by the end of the year, at the same time as the European Central Bank will be considering further monetary stimulus.
- Ongoing concern over the slowing rate of global economic growth, particularly in the emerging markets, continued to weigh on investor sentiment and the prices of risk assets, such as equities and non-government debt.
- Volatility in commodity prices was again a headwind for commodity-related corporate sectors and emerging market assets.

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	33.0	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	19.0	15.0	12.0	9.0	0.0
Diversified Strategies Income	0.0	16.0	17.0	16.0	15.0	15.0	12.0
Property B	0.0	6.0	9.0	10.0	12.0	14.0	16.0
Australian Equities B	0.0	6.0	12.0	16.0	22.0	25.0	33.0
International Equities B	0.0	4.0	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 to 30 November 2015

	1 mth %	3 mths %	FYTD %	1 Year %	3 Years % p.a.	5 Years % p.a.
Cash and fixed income						
Australian Cash	0.2	0.5	0.9	2.4	2.7	3.4
Australian Government	-1.1	-0.6	1.6	3.6	4.0	6.1
Australian Inflation-Linked	-0.6	-0.5	1.5	3.8	4.4	8.2
Global Treasuries(1)	0.2	1.7	3.1	4.8	5.8	7.2
Global Inflation-Linked(1)	0.6	1.0	1.6	2.8	3.5	7.3
Credit						
Global Credit(1),(2)	0.2	1.3	1.9	2.9	5.0	7.6
Global High Yield(1)	-0.9	0.4	-0.9	1.7	6.5	9.8
Emerging Market Debt(4)	-0.1	1.7	1.0	-0.2	0.7	5.4
Property						
Australian Listed Property	-2.8	1.6	3.1	14.9	15.4	14.6
Equities(3)						
Australian Equities	-0.7	0.7	-3.0	2.1	9.2	6.9
Global Equities	0.6	4.7	0.2	3.5	14.6	11.3
US Equities	0.3	6.1	1.8	2.7	16.1	14.4
European Equities	1.9	5.0	1.7	6.8	12.0	8.9
Japanese Equities	1.2	3.4	-2.7	13.8	29.0	15.0
Asia (ex Japan) Equities	-2.8	2.2	-10.9	-6.8	3.5	2.6
Emerging Market Equities	-2.7	0.9	-9.7	-6.8	2.9	2.4
Global Small Companies	2.0	3.4	-1.5	7.8	16.7	12.3
Currency (5)						
Australian Dollar vs Developed Market Basket	2.5	3.0	-4.5	-11.7	-8.8	-4.1

(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 November 2015 are summarised below.

Equity Markets

Despite a reasonably volatile month, global equity markets ended November posting a small positive return. Key themes driving markets this month was divergent economic performance between regions, and growing expectations of upcoming divergence in monetary policies between the US and the rest of the world.

The US economy continues to improve, with the release of key labour market data indicating that the unemployment rate has now fallen to its lowest level since early 2008. This was coupled with commentary from the US Federal Reserve providing the strongest indication yet that a long awaited US interest rate rise may occur in December. Against this backdrop, US equity market performance was flat for the month, as investors consider the contemplate the impact of a December interest rate rise, and the likely timing of further rate rises. European equities, on the other hand, posted relatively strong gains this month, driven higher by an announcement from the

European Central Bank that additional monetary stimulus will be considered at its December meeting.

Concerns about the pace of global growth continue to weigh on commodity prices, with the prices of all industrial commodities, from oil and iron ore to copper and nickel coming under renewed pressure in November. This caused sharp falls emerging market equities and other commodity-related equity sectors.

The Australian equity market underperformed many of its global peers in November, posting a small negative return, with mixed economic data and offshore themes driving the market lower.

Debt Markets

Global bond markets in November were largely driven by the pending divergence in monetary policies between the US and the rest of the world. Following suggestions from Federal Reserve Chair Yellen that it 'could be appropriate' to raise interest rates by the end of the year, US government bond yields rose sharply (prices lower). In stark contrast, the European Central Bank announced that additional monetary stimulus would be considered at its December meeting, causing government bonds in that region to rally strongly. The Australian bond market followed the US lead, which was reinforced by the release of stronger-than-expected domestic economic data.

Consistent with other risk assets, non-government debt markets experienced a period of higher volatility in November. These markets broadly underperformed government bonds, as the risk premium demanded for holding these securities widened in response to concerns about softer global economic growth and broader weakness in risk assets. High yield corporate bonds were the worst affected, as weakness in commodities weighed on the energy and metals sector, which in turn drove risk premiums wider for the broader market.

Currency

Most currencies fell against the US dollar in November, but the Australian dollar was a notable exception. The Australian dollar posted a modest gain after the release of better-than-expected employment and consumer confidence data saw the Reserve Bank of Australia refrain from cutting interest rates at its November meeting. At the other end of the spectrum, the euro posted its largest monthly decline since March, with markets increasingly expecting the European Central Bank to announce additional monetary stimulus at their upcoming December meeting.

Disclaimer