

## SUPERRATINGS MEDIA RELEASE

Thursday 11 June 2015

### SUSTAINABLE INVESTMENTS PRODUCING STRONG RETURNS FOR SUPERANNUATION MEMBERS

The annual survey of sustainable superannuation funds by independent research company SuperRatings has found another year of competitive performance by responsible investment options compared with mainstream investment options.

SuperRatings has found sustainable balanced funds produced a median 11.9 per cent return during the 12 months to April 2015, compared with a 12.0 per cent median return for the broader SuperRatings SR50 Balanced Index.

Sustainable funds, however, outperformed when it came to the higher growth Australian Shares option this year. Sustainable Australian Shares funds produced a 10.5 per cent median return during the year to April 2015, compared with 9.5 per cent for the median Australian Shares option.

"The performance data clearly shows responsible investment options remain competitive with mainstream superannuation investment options," SuperRatings CEO Adam Gee said.

"This should help provide members and fund managers with confidence when considering Environmental, Social and Governance issues in their investment mix and in the way the funds manage their own operations," Mr Gee said.

Both the Sustainable Balanced and Sustainable Australian Shares options also outperformed the mainstream options over the past three years, while mainstream options outperformed sustainable options over five years.

#### MAINSTREAM v SUSTAINABLE INVESTMENT OPTIONS

	1 Year	3 Year	5 Year
SR Sustainable Balanced Median	11.9%	12.3% p.a.	8.3% p.a.
SR50 Balanced Index	12.0%	11.9% p.a.	8.7% p.a.

  

	1 Year	3 Year	5 Year
SR Sustainable Australian Shares Median	10.5%	14.4% p.a.	7.8% p.a.
SR50 Australian Shares Index	9.5%	13.6% p.a.	8.1% p.a.

This table summarises the performance of the median Sustainable Balanced option and the median Sustainable Australian Shares option for periods to April 2015.

**SuperRatings** welcome media enquiries regarding any of our research or information held in our database.

We are also able to provide commentary and customised tables/graphs for your use.

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### **COSTS**

The 2015 Infinity Review found that choosing a super fund with a commitment to sustainability does not have to come at a higher cost. The average fee among the 2015 Infinity Recognised funds was \$550 for a balanced option with a \$50,000 account balance. This is materially less than the average \$667 for all balanced superannuation funds.

“When looking at the costs of these funds, evidence shows that choosing a fund with strong sustainability credentials does not necessarily mean paying higher fees.” Mr Gee said.

### **INCREASED AWARENESS BY ALL FUNDS**

Responsible and sustainable investing continues to increase in importance for both members and fund managers.

“Social responsibility, environmental issues and sustainable investing are common and popular themes for investors, including superannuation members. As the retirement savings system continues to mature and as people become more engaged with their superannuation, we expect an even greater focus on sustainability,” Mr Gee said.

“This philosophy sits very comfortably with the long term nature of superannuation investments,” he said.

The findings in the latest Infinity Review also back this, with more superannuation funds giving greater priority to these principles.

The review examined attitudes, commitment and practices of superannuation funds both in the funds’ own operations and the companies and investments it makes on behalf of members.

Eighty per cent of funds surveyed said they have a responsibility to operate in a sustainable manner and that it would be against their fiduciary duties as trustees not to consider Environmental, Social and Governance (ESG) factors.

Historically, SuperRatings has observed that most funds offered their members an exposure to sustainable investments through dedicated investment options. However, as the understanding of the long-term impacts and benefits of this type of investment continues to widen, more funds are adopting an “entire portfolio” approach to sustainability and responsible investing.

Three out of four funds surveyed said that sustainable and ESG factors should be addressed across all investment options. “This is expected to lead to a much greater growth rate for awareness and access to sustainable investing in the future,” Mr Gee said.

### **INVESTMENT SCREENING**

Almost all funds surveyed indicated they exclude investments in certain sectors based on their ESG policies. This included 67 per cent of funds screening against tobacco and 64 per cent against weapons. Just under 50 per cent of funds also screen for environmental degradation, gambling or animal cruelty.

Positive screening, where funds actively look to invest in areas which promote sustainability, is also used. About 33 per cent of funds actively looked for clean technology while 30 per cent sought out investments into renewable energy.

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### 2015 INFINITY AWARD - CONGRATULATIONS TO LOCAL GOVERNMENT SUPER

This year's SuperRatings Infinity Award has been won by Local Government Super, in recognition of its high quality leadership and practices in managing sustainability issues. This is the fourth time Local Government Super has won the SuperRatings Infinity Award, with the fund also taking the number one ranking in 2011, 2012 and 2014.

"The SuperRatings Infinity Award is very prestigious and we're proud to be the only super fund to take out the award four times," Local Government Super chief executive Peter Lambert said.

"We believe that genuine responsible investment is the key to earning sustainable long-term returns on the retirement savings of our members", Mr Lambert said.

"Winning the award just provides us with more motivation to continually improve the way we manage our environmental, social and governance risks right across our investment portfolio" Mr Lambert said.

This year, from more than 140 funds tracked by SuperRatings, 15 other funds also received recognition for their commitment to sustainability principles in both investment offerings to members and their own fund management. The 2015 Infinity Recognised Funds are, in alphabetical order:

- AMP Super (CustomSuper, Flexible Super – Choice, Flexible Lifetime Super and SignatureSuper)
- Australian Catholic Superannuation
- Australian Ethical Retail Superannuation Fund
- BT Super for Life
- Catholic Super
- Cbus
- Christian Super
- HESTA Super Fund
- LUCRF Super
- NGS Super
- RBF (newly Infinity Recognised)
- StatewideSuper
- UniSuper
- VicSuper
- Vision Superannuation Fund

**Release Ends**

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## About SuperRatings

SuperRatings Pty Ltd ABN 95 100 192 283 AFSL No. 311880 (SuperRatings) is a superannuation research house with specialist areas of expertise that was originally established in 2002. From 1 July 2011, SuperRatings became a fully owned subsidiary of the entity currently registered as Lonsec Fiscal Holdings Pty Ltd, a privately owned and independent entity with a multi-brand strategy of providing leading financial services research and investment execution. SuperRatings believes that professional financial services institutions and members need informed opinions on the best superannuation and pension financial products. To meet this need, SuperRatings has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of superannuation financial products. No fee is paid by superannuation and pension funds to SuperRatings for reviewing and rating superannuation and pension financial products.

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