



# SUPERRATINGS' MEDIA RELEASE

Tuesday, 20 January 2015

## TOP PERFORMING SUPER FUNDS FOR 2014 ANNOUNCED

	Accumulation Returns	Pension Returns
<b>Month of December 2014</b>	<b>1.2%</b>	<b>1.3%</b>
Financial Year return to 31 December 2014	▲ 4.9% p.a.	▲ 5.3% p.a.
Rolling 1 year return to 31 December 2014	▲ 8.1% p.a.	▲ 8.8% p.a.
Rolling 3 year return to 31 December 2014	▲ 12.0% p.a.	▲ 13.3% p.a.
Rolling 5 year return to 31 December 2014	▲ 8.0% p.a.	▲ 8.8% p.a.
Rolling 7 year return to 31 December 2014	▲ 4.2% p.a.	▲ 4.8% p.a.
Rolling 10 year return to 31 December 2014	▲ 6.5% p.a.	▲ 7.2% p.a.

\*Median Balanced Option refers to "Balanced" options with exposure to growth style assets of between 60% and 76%. Approximately 60% to 70% of Australians in our major funds are invested in their funds' default investment option, which in most cases is the balanced investment option. Returns are based on closing index estimates calculated and are expressed net of all fees and taxes.

### Super Funds deliver 8.1% in 2014

Super funds ended up exceeding expectations in 2014, with the median Balanced option posting a solid 8.1% gain for the calendar year. This follows on from 11.7% and 16.3% rises in 2012 and 2013 respectively. As a result the average annual return over the past three years has now reached some 12.0% per annum, more than 9% per annum above inflation. It is worthwhile to note that this figure is actually slightly higher than the return immediately prior to the onset of the GFC.

The table below shows the top 10 performing Balanced options in SuperRatings Balanced Index over the year to 31 December 2014:

Investment Option	2014 Return
UniSuper - Balanced	10.0%
Commonwealth Superannuation Corp PSSap - MySuper Balanced	9.9%
Intrust Super - Balanced	9.7%
Kinetic Super - Growth	9.6%
Telstra Super - Balanced	9.4%
HOSTPLUS - Balanced	9.3%
VicSuper FutureSaver - Balanced Option	9.1%
MTAA Super - My AutoSuper	9.0%
Aon Master Trust - Balanced Growth - Active	9.0%
Energy Super - Balanced Option	9.0%

UniSuper recorded the top return in the SR50 Balanced Index for 2014. With International Shares being a strong driver of returns over the year, it is not surprising that the fund also topped the International Shares performance tables.

**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.

### Our Media Contacts

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For the month of December, the median superannuation Balanced option recorded a 1.2% gain, bringing the return over the first six months of the 2014/15 Financial Year to 4.9%, and the return over the five years to 31 December 2014 now sitting at 8.0% pa. Despite the increasing levels of volatility in markets, it is also worthwhile to note that positive returns were recorded in 9 out of 12 months in 2014.

Growth and Capital Stable Options also posted strong returns for the year, increasing by 8.6% and 6.1% respectively.

While domestic and international share markets were more subdued than 2013, they continued to deliver positive returns to members and were assisted by the 8.3% fall in the Australian Dollar. Australian Share options provided a return of 5.1%, while International Share options recorded an 11.5% rise, greatly assisted by the falling dollar. Despite low yields in fixed income securities, it was again a strong year for Fixed Interest options which recorded a 7.2% rise, although cash returns continue to fall with the median cash option recording a return of just 2.4%.

Over the longer term, the story for members remains positive, although significant variation in the returns provided to members exists. To help show the range of outcomes experienced by members, the chart below shows how \$100,000 invested 10 years ago has accumulated across the Balanced options tracked by SuperRatings:

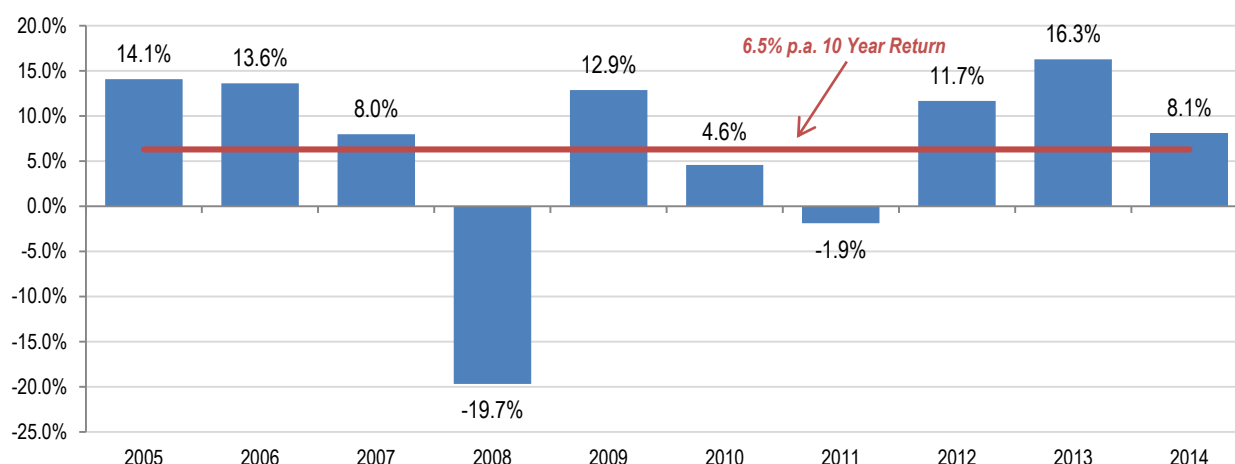


\$100,000 invested in the worst performing Balanced option 10 years ago would have accumulated to \$142,974 at the end of December, which is \$41,000 below the median Balanced fund. If a member had been lucky enough to have picked the top performing fund, they would have been \$67,359 ahead of the worst performing fund. Despite the significant variation in outcomes, money invested in a Balanced option 10 years ago would have outpaced the median cash option handsomely for the overwhelming majority of providers, with the median balanced option outperforming cash by \$35,955.

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**SR50 Balanced (60-76) Index - Calendar Year Returns**  
2005 - 2014



Overall, the 8.1% return for 2014 was only the 6<sup>th</sup> highest over the past decade, although it remains comfortably ahead of most fund's investment objective of CPI + 3.5%. The median return of 6.5% per annum over the same period also sits ahead of this figure, showing that funds continue to deliver competitive outcomes to members.

SuperRatings' founder, Jeff Bresnahan, said "2014 was another solid year for superannuation members and complemented the double digit returns of the past two years. Super funds also continue to meet their longer term objectives over five and ten year periods, which should provide some level of comfort for members. With average account balances rising strongly, super continues to represent an increasing share of Australians' wealth, although the variation in outcomes show that reviewing your fund now may pay off handsomely when it comes time to plan your retirement."

## Best and Worst Performance Over Last 12 Months

When examining cash returns, please note that these figures are after tax, while Term Deposit Rates are quoted pre-tax.

Option Type	Highest	Median	Lowest
SR50 Balanced (60-76) Index	10.0%	8.1%	5.3%
SR50 Growth (77-90) Index	13.0%	8.6%	5.5%
SR50 Capital Stable (20-40) Index	8.6%	6.1%	3.9%
SR50 Australian Shares Index	9.7%	5.1%	1.6%
SR50 International Shares Index	14.7%	11.5%	6.5%
SR25 Property Index	24.3%	13.8%	8.8%
SR25 Diversified Fixed Interest Index	10.3%	7.2%	1.8%
SR50 Cash Index	3.1%	2.4%	0.4%



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## SuperRatings Index Returns for the Period Ended 31 December 2014

Each index is calculated based on a selected universe of funds whose asset sizes represent the largest investment options in that option space (50 or 25), hence covering the vast majority of Australians in our major super funds. It works similarly to major share indices and provides a consistent and reliable measurement for super funds and consumers.

SuperRatings Index	1yr Return	3yr Return p.a.	5yr Return p.a.	7yr Return p.a.	10yr Return p.a.
SR25 High Growth Index	8.8%	15.4%	8.1%	2.9%	6.0%
SR50 Growth Index	8.6%	13.7%	8.1%	3.8%	6.3%
SR50 Balanced Index	8.1%	12.0%	8.0%	4.2%	6.5%
SR25 Conservative Balanced Index	7.0%	9.6%	6.7%	4.5%	5.8%
SR50 Capital Stable Index	6.1%	7.5%	6.3%	4.8%	5.6%
SR25 Secure Index	3.3%	3.6%	4.0%	3.8%	4.3%
SR50 Australian Shares Index	5.1%	14.1%	6.6%	3.0%	7.5%
SR50 International Shares Index	11.5%	19.8%	10.4%	3.5%	5.2%
SR25 Property Index	13.8%	12.1%	9.2%	2.2%	4.6%
SR25 Diversified Fixed Interest Index	7.2%	6.0%	6.9%	6.6%	5.7%
SR50 Cash Index	2.4%	2.9%	3.4%	3.7%	4.1%
SR50 MySuper Index	8.3%	12.1%	8.2%	4.3%	6.8%

## Additional Return and Database Information

We believe our database to be the largest in Australia dealing with multi-employer superannuation funds, where the great majority of Australians have their retirement benefits invested. We now update our website monthly to show the top 10 performing funds together with the medians over all time periods for the following investment options: Balanced, Growth, Australian Shares, International Shares, Capital Stable, Property, Conservative Balanced, High Growth, Secure, Diversified Fixed Interest and Cash.

## Release Ends

### About SuperRatings

SuperRatings Pty Ltd ABN: 95 100 192 283 AFSL 311800 (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 Lonsdale 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 advisers need informed opinions on the best superannuation and pension financial products to provide real value for their clients. 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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