



SUPERRATINGS MEDIA RELEASE

Thursday, 23rd June 2016

8 SUPER FUNDS RACK UP 100% RETURNS SINCE GFC

BALANCED OPTION OF FUNDS*	Accumulated Return Since 1 March 2009	Equivalent Annualised Return
Telstra Super Corporate Plus – Balanced	▲ 106.8%	▲ 10.5%
GESB Super – Balanced Growth Plan	▲ 103.1%	▲ 10.3%
AustSafe Super – Balanced	▲ 102.8%	▲ 10.2%
Plum – Pre-mixed Moderate	▲ 101.9%	▲ 10.2%
CareSuper – Balanced	▲ 101.0%	▲ 10.1%
REST – Core Strategy	▲ 100.7%	▲ 10.1%
Rei Super – Trustee Super Balanced	▲ 100.6%	▲ 10.1%
UniSuper Accumulation – Balanced	▲ 100.6%	▲ 10.1%

* Balanced Option refers to “Balanced” options with exposure to growth style assets of between 60% and 76%. Approximately 70% of Australians in our major funds are invested in their fund’s default investment option, which in most cases is the balanced investment option. Returns are net of investment fees, tax and implicit asset-based administration fees.

*Returns in this release are based on net returns from 1 March 2009 to 31 May 2016.

Eight major Australian superannuation funds have managed to achieve what was unthinkable just over seven years ago. Members of these funds have seen their money more than double since the depths of the GFC, without even making a contribution.

SuperRatings’ Chairman, Jeff Bresnahan, says of the achievement “We really do have to commend the majority of Australia’s super funds on what they have achieved since the Global Financial Crisis. At a time when scaremongering was rife, and Australians had seen their superannuation accounts go backwards to the tune of around 25%, most funds held firm and pushed the benefits of their diversified Balanced options. Since then, not only is the median Balanced option up by a staggering 86%, but an elite group of funds have managed to accumulate returns that have compounded to over 100%”.

Over the same period, even the Australian share market has only advanced by some 71%. With annualised returns of over 10% for the period, the funds’ results are some 8% per annum ahead of inflation. Given that funds expect to earn CPI plus 3.5% per annum over the long term, then these results are more than double expectations.

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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BUT, WHAT IF WE LOOK FROM THE BEGINNING OF THE GFC

However, it hasn't all been plain sailing for funds. Once the numbers are measured from the onset of the GFC, rather than from the end, only a few funds have managed to be in the top group of funds over both periods. These funds, being REST, CareSuper and UniSuper, have clearly demonstrated their ability to manage money during periods of both boom and bust.

For fund members, they are likely to go through several market corrections and booms throughout their lifetime. Hence their ability to understand how super behaves in different markets is critical and the GFC has taught many that volatility is front and centre on a regular basis. However, even when funds are measured from the very onset of the GFC in October 2007, until now, their results are still impressive. Bear in mind that this measurement is likely to produce the absolute worst case for super fund members. As the table below shows, members in many of Australia's major funds have enjoyed returns of over 3% per annum ahead of prevailing inflation, which is very close to their long term objective of CPI plus 3.5% per annum.

BALANCED OPTION OF FUNDS*	Accumulated Return Since 1 October 2007	Equivalent Annualised Return
REST – Core Strategy	▲ 65.5%	▲ 6.0%
UniSuper Accumulation – Balanced	▲ 60.0%	▲ 5.6%
CareSuper – Balanced	▲ 58.5%	▲ 5.5%
Commonwealth Bank Group Super – Mix 70	▲ 57.9%	▲ 5.4%
Equip Corporate – Balanced Growth	▲ 56.4%	▲ 5.3%
LGIASuper Accumulation – Balanced	▲ 56.0%	▲ 5.3%
HOSTPLUS – Balanced	▲ 55.6%	▲ 5.2%
Cbus – Growth	▲ 55.1%	▲ 5.2%

MEMBERS NOW MORE ACTIVE WITH INVESTMENT CHOICES

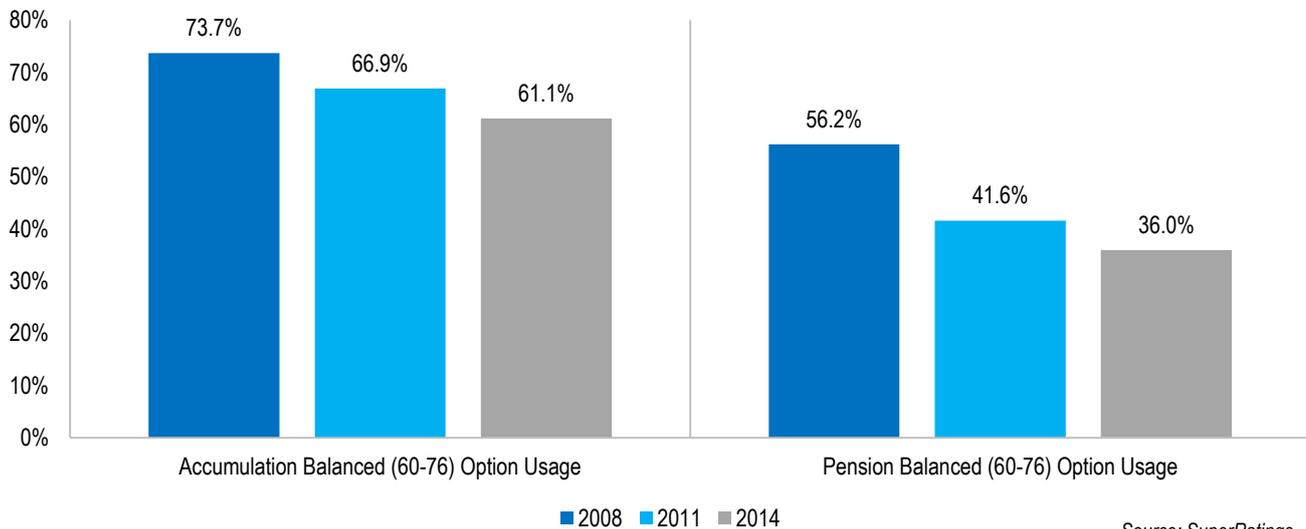
To look at the impact of things like the GFC on members, SuperRatings has been monitoring the reaction to how people invest. Our ongoing review of Australian's investment choices within super has revealed that accumulation monies in Balanced options has dropped from 73.7% to 61.1% of fund assets in the six years following the middle of the GFC. During the same period, Pension assets in Balanced options dropped from 56.2% to just 36.0%.

What is clear is that funds and advisors have also managed to better educate their members about choosing the right investment option, based on their risk tolerance and time horizon. Since the GFC we have seen members become much more active in terms of choosing appropriate options, as the chart on page 3 shows.

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Usage of Balanced (60-76) Options by Investors



Source: SuperRatings

In a bit of a twist, whilst not surprisingly much of the pension money has moved to more conservative options such as Capital Stable (up from 11.4% to 16.6%) and Cash (up from 3.7% to 11.0%), some pension members seem to be happy to take on some additional risk. The use of options such as Australian and International Shares, is almost double in the pension phase than in accumulation, with some 8.3% of pension fund monies invested directly into these options versus just 4.2% for accumulation members.

SuperRatings notes that the potential for a negative return over the financial year remains a distinct possibility, with the upcoming vote on whether Britain exits the European Union likely to have a substantial impact on global markets. "With the Brexit vote occurring only one week prior to 30 June, members may need to brace themselves for further market turmoil before the end of the financial year," said Mr Bresnahan.

Release Ends



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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 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, MySuper, Growth, Australian Shares, International Shares, Capital Stable, Property, Conservative Balanced, High Growth, Secure, Diversified Fixed Interest and Cash.

About SuperRatings

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