



SUPERRATINGS MEDIA RELEASE

Monday 26 September 2016

SUPER FUNDS REMAIN POSITIVE IN AUGUST

Accumulation Returns

Month of August 2016	▲ 0.3%
Financial Year return to 31 August 2016	▲ 3.0%
Rolling 1 year return to 31 August 2016	▲ 6.6%
Rolling 3 year return to 31 August 2016	▲ 8.0% p.a.
Rolling 5 year return to 31 August 2016	▲ 9.3% p.a.
Rolling 7 year return to 31 August 2016	▲ 7.9% p.a.
Rolling 10 year return to 31 August 2016	▲ 5.5% 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 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 sourced from the August 2016 Fund Crediting Rate Survey.

SUPER FUNDS SHOW MODEST RISE AS VOLATILITY RETURNS

In what has proved to be another volatile month in investment markets, the majority of Australia's superannuation funds have seen their Balanced option produce a small positive return over the month, although some small falls were recorded, illustrating the continued challenging investment landscape.

With a range of factors weighing on global markets in August and early September, the return of volatility has been evident, with ongoing questions surrounding the timing of interest rates rises by the US Federal Reserve weighing on markets. A further tumble in the oil price in late August and September have seen the prices of many oil producers and their related suppliers once again hard hit.

Overall, the local equity markets finished lower than July, with the S&P/ASX 200 Index falling 1.6% for the month of August, with the market also down a further 2.6% thus far in September. Global markets fared better but remained under some pressure in August with the MSCI World (ex-Australia) Index returning 1.3% over the month.

Slight Australian dollar weakness offset a reasonable portion of the international share market gains, however, with the Australian Dollar falling 1.1% over the month but remaining stubbornly high, in spite of the RBA's desire for a moderation in the level of the Australian Dollar.

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

Jeff Bresnahan
Founder & Chairman
Tel: 02 9247 4711
Mob: 0411 472 470

Jeff.Bresnahan@superratings.com.au

Adam Gee
Chief Executive Officer
Tel: 02 9247 4711
Mob: 0416 044 449

Adam.Gee@superratings.com.au

Kirby Rappell
General Manager – Research
Tel: 02 9247 4711
Mob: 0408 250 725

Kirby.Rappell@superratings.com.au

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LONG-TERM SUPER RETURNS REMAIN STRONG

Although recent returns have not added substantial amounts to member's nest eggs, SuperRatings Founder, Jeff Bresnahan, says that long-term returns remain robust. "Both the five and seven year returns to 31 August remain exceptionally strong, at 9.3% per annum and 7.9% per annum respectively, in spite of the recent bouts of volatility across many asset classes," said Mr Bresnahan. "The Global Financial Crisis continues to weigh on the 10-year return number, although this remains only slightly behind the long-term objective of inflation plus 3.0%, which is an amazing result all things considered."

"With a lower return environment likely to be with us for some time and volatility more pronounced, the strength of long-term returns proves that members should choose an investment option that is most appropriate for their retirement needs and stick with it through the market cycle. Chopping and changing investment strategies regularly is a folly and unlikely to deliver strong outcomes for members over the long-term," Mr Bresnahan noted.

NOT FOR PROFIT FUNDS DOMINATE IN AUGUST AND OVER THE YEAR

In contrast to July, with minimal or negative returns from equity markets in August, Not for Profit funds outperformed their Retail Master Trust competitors over the month. The returns for the year to 31 August continue to show strong performance by the Not for Profit sector. The following table shows the top 10 Balanced Options* for the 12-months to 31 July 2016:

Superannuation Fund	Return for the 12-months to 31 August
BUSSQ Premium Choice – Balanced Growth	10.1%
Energy Super – Balanced	9.6%
HOSTPLUS – Balanced	9.5%
Cbus – Growth	9.3%
Catholic Super – Balanced	9.2%
UniSuper Accumulation (1) - Balanced	9.1%
AMIST Super – Balanced **	8.6%
AustralianSuper – Balanced	8.6%
MTAA Super – My AutoSuper	8.5%
REI Super – Balanced	8.1%

*SR50 Balanced Index Investment Options with between 60% and 76% of assets in growth style investments. All results are net of fees and tax.

** indicates the interim results.

"The returns for the year to August are a far cry from where they were in June, when the median Balanced options declared a return of 2.6%. This underlines the continued strength of the returns delivered by the superannuation sector for members," said Mr Bresnahan.

"Over the rolling 12-month period, the strength of the performance of Not for Profit funds is again evident, with all of the top 10 funds coming from this sector of the market."

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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