



SelectingSuper MEDIA Release

Super fund returns fall again to 5 per cent

Volatility is back in vogue for super fund rolling 12 month returns as they have again fallen back to 5.0 per cent for the 12 months to end March 2011.

Three and five year returns are even less impressive at just 1.3 and 2.3 per cent per annum respectively.

This time last year super funds were averaging 19 per cent, nearly four-times what they are doing today.

“The good news in this sea of gloom is that long term 10 year returns while being tolerable at 5.5 per cent per annum are 2.3 per cent per annum ahead of inflation over the past decade,” said Alex Dunnin, director of research at Rainmaker, the company that does the research for SelectingSuper.

“Hitting returns are falling rolling 12 month returns from Australian shares and international shares due the 12 per cent increase in the AUD relative to the USD,” he said.

Australian shares returned just 3.8 per cent for the past 12 months compared to 9 per cent for the year to end February, and given this asset class holds one-third of all superannuation it’s bound to slow down the entire superannuation savings pool.

International shares which make up another 22 per cent of all superannuation savings returning less than one per cent for the past 12 months is just another dead weight factor holding back returns.

Fixed interest returns of 8 per cent contain better news for super fund members, though these assets being just 12 per cent of all superannuation savings mean overall fund returns will always be driven by shares.

This creates a problem for super funds however, because Australian interest rates moving higher is going to see fixed interest investment returns fall as inflation returns to the Australian economy, meaning that not only will share returns be very poor but so will fixed interest returns.

“Unless something re-corrects in the investment markets soon, super funds are going to stay locked in their incredibly sluggish cycle. They’ll stay positive through the financial year but only just,” said Dunnin.

Cash might return to being the salvation of super fund members, at least for the 8 per cent of Australians who have their money in self-managed super funds who favour the asset class, he added.

Low share market returns explains why the gap between not-for-profit and retail funds increased to 240 basis points. This gap being more than twice the fee differential between these segments means that it’s not just fees making the difference but how fund trustees invest the money they hold on behalf of Australia’s 10 million super fund members.

Not-for-profit funds are now averaging 5.7 per cent and master trusts 3.3 per cent.

The top five Workplace Super funds (by default options) over the 12 months were Health Super with 8.7 per cent, Catholic Super with 8.2 per cent, Local Super with 8.0 per cent, CBA Officers with 7.8 per cent and HESTA with 7.6 per cent.

The top Personal super funds (by balanced options) over the 12 months were Australian Super with 7.8 per cent, HESTA with 7.6 per cent, Vision Super with 7.5 per cent and CareSuper and HostPlus with 7.2 per cent.

The top performing growth option is managed by Vision Super, the top performing balanced option is managed by the soon to merge Health Super, the top performing Australian share option is managed by AMP Signature Super, the top performing international share option is managed by AGEST, the top performing Australian fixed interest option is managed by AustSafe and the top performing cash option is managed by Club Plus.

-See following pages for league tables and a graph supporting this media release-

For more information:

Alex Dunnin

Phone 0408 200 488

Director of research, Rainmaker Information

Email alex.dunnin@rainmaker.com.au



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Top 30 super funds, 31 March 2011

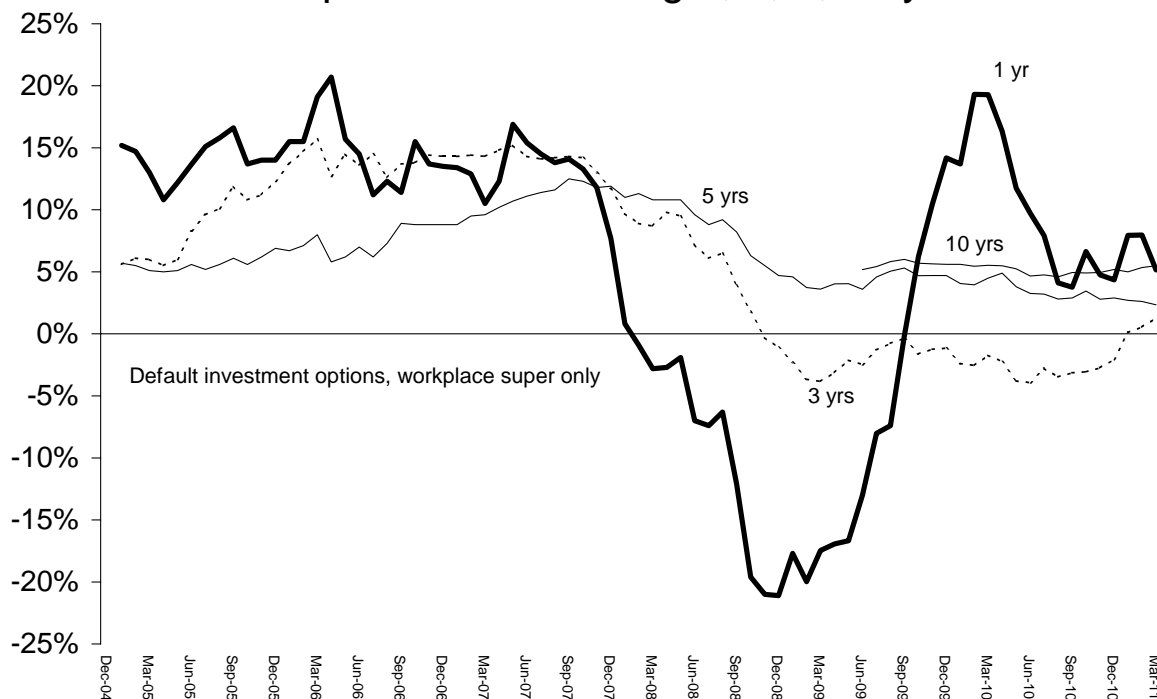
Workplace funds, defaults investment options

Fund name	Segment	Open to the public	Crediting rates, ie returns after fees and taxes									
			1 yr	rank	3 yrs	rank	5 yrs	rank	7 yrs	rank	10 yrs	rank
Health Super Fund - Long-Term Growth	Industry fund	No	8.72	1	2.3	18	3.2	21	7.4	6	5.5	27
Catholic Super - Balanced ^	Industry fund	Yes	8.20	2	2.9	7	4.4	5	7.8	3	6.4	8
Local Super - Defined Benefit and Growth	Industry fund	No	8.03	3	2.6	12	3.5	12	7.4	7		
CBA Officers' Super Fund - Mix 70	Corporate fund	No	7.84	4	3.9	2	4.9	4	7.9	2	6.5	7
HESTA - Core Pool	Industry fund	Yes	7.60	5	1.7	28	3.4	14	6.7	23	6.2	14
Vision Super - Balanced Growth	Industry fund	Yes	7.5	6	0.5	56	2.6	35	6.0	34	5.2	29
NGS Super - Diversified Portfolio	Industry fund	Yes	7.5	7	3.1	6	4.2	6	7.2	9	6.3	12
Super SA Triple S Scheme - Balanced*	Government fund	No	7.3	8	1.2	42	2.1	41			6.0	20
ESI Super - Balanced	Industry fund	Yes	7.2	9	1.6	31	2.7	33	6.3	29	5.6	25
CareSuper - Balanced^	Industry fund	Yes	7.2	9	2.4	16	3.7	9	7.1	13	6.8	4
HOSTPLUS - Balanced	Industry fund	Yes	7.2	11	0.6	49	3.2	20	6.9	17	6.3	11
ANZ Australian Staff Super - Balanced Growth	Corporate fund	No	7.1	12	1.2	42	2.1	41			5.1	32
Telstra Super - Balanced	Corporate fund	Yes	7.1	13	2.7	10	3.5	11	7.2	9	6.3	9
AustralianSuper - Balanced	Industry fund	Yes	6.9	14	1.5	32	3.3	17	7.3	8	6.6	5
AUSCOAL Super - Aggressive	Industry fund	No	6.8	15	0.7	48						
TWUSUPER - Balanced Option	Industry fund	Yes	6.7	16	1.7	29	3.0	25				
Maritime Super - Growth	Industry fund	No	6.7	17	-1.8	74	0.8	62	5.8	39	5.0	34
AMIST - Balanced	Industry fund	Yes	6.5	18	1.5	33	2.9	28	7.0	16	6.2	16
VISSF - Balanced	Industry fund	No	6.5	19	2.6	13	2.3	39	6.5	25		
ESSSuper - Growth	Government fund	No	6.3	20	2.4	17	3.4	13	6.9	19	6.0	18
Rio Tinto Staff Super - Growth	Corporate fund	No	6.1	21	1.8	27	2.6	34			5.1	31
REST Industry Super - Core Strategy	Industry fund	Yes	6.1	22	3.7	3	5.3	1	7.6	4	7.3	2
Acumen CS - Core Strategy	Master trust	Yes	6.1	22	3.7	3	5.3	1	7.6	4	7.3	2
LUCRF Super - Balanced	Industry fund	Yes	5.9	24	-0.1	66	1.7	46	5.9	38	5.1	33
BT Lifetime Super Emp - Multi Manager Balanced	Master trust	Yes	5.9	25	-0.1	67	-0.3	71	3.7	55		
EquiSuper Corporate - Balanced Growth	Industry fund	Yes	5.8	26	2.7	11	3.3	16	6.8	22	6.6	6
State Super (NSW) - Growth	Government fund	No	5.8	27	1.9	24	2.8	32	6.7	23	5.0	35
TASPLAN - Balanced	Industry fund	Yes	5.8	28	3.3	5	3.7	8	6.9	18	5.6	24
Cbus Industry Super - Growth ^	Industry fund	Yes	5.7	29	1.1	44	3.1	22	7.1	13	6.3	9
QSuper - QSuper Balanced	Government fund	No	5.6	30	2.4	15	3.0	23	6.8	20	5.8	22
Average			5.2		1.3		2.3		6.5		5.5	
Number of funds				79		78		76		55		52

Source: Rainmaker

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Super returns - rolling 1, 3, 5, 10 yrs





Top 5 Workplace super fund options in each asset class

Crediting rates, ie returns after fees and taxes

31 March 2011

Growth	1 yr	5 yrs	10 yrs
Vision Super	19.8	6.2	5.0
Health Super Fund	8.7	3.2	5.5
Non-Government Schools Superannuation Fund	8.5		
Electricity Supply Industry Superannuation (Qld)	8.2	3.6	6.1
Local Super	8.0	3.5	

Balanced	1 yr	5 yrs	10 yrs
Health Super Fund	8.7	4.3	5.5
Catholic Super	8.2	4.4	6.4
Commonwealth Bank Officers' Superannuation Fund	7.8	4.9	6.5
AustralianSuper	7.8		
HESTA Super Fund	7.6	3.4	6.2

Aust eq	1 yr	5 yrs	10 yrs
AMP SignatureSuper	22.1	5.1	
AMP CustomSuper	21.1	4.3	8.1
Mercer Super Trust (Corporate Super Division)	18.9	5.7	8.5
Colonial First State - FirstChoice Employer Super	15.6	4.0	
Fiducian Corporate Superannuation	12.2	3.8	11.5

Int eq	1 yr	5 yrs	10 yrs
AGEST Super	11.1		
QSuper	11.0	-0.9	
AMP SignatureSuper	10.2	-1.3	
Mercer Super Trust (Corporate Super Division)	9.8	-3.5	-3.5
Sunsuper Corporate	9.7	-1.5	

Aust fixed	1 yr	5 yrs	10 yrs
AustSafe Super	8.8	6.8	
Retirement Benefits Fund Board	8.2	6.2	
Telstra Superannuation Scheme	7.3	4.6	
Commonwealth Bank Officers' Superannuation Fund	7.3	5.4	
AMP SignatureSuper	6.2	4.7	

Cash	1 yr	5 yrs	10 yrs
Club Plus Industry Division	5.8	5.8	
TWUSUPER	5.3	5.3	
Electricity Supply Industry Superannuation (Qld)	5.0	4.7	
Non-Government Schools Superannuation Fund	5.0	4.7	4.6
Maritime Super	5.0	4.7	

Source: Rainmaker

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