



## SelectingSuper MEDIA Release

# Back in the black - super fund recovery fastest ever

### KEY POINTS

- Super fund returns have staged their most remarkable performance recovery ever recorded, climbing back from -21 per cent in December last year to now being on the verge of breaking into positive territory for the first time in 18 months.
- While funds overall are averaging -0.8 per cent for the year to end September, corporate master trusts are averaging +0.3 per cent and not-for-profit funds -1.4 per cent.
- The gap between the best and worst super fund default options at 30 percentage points is now twice the normal level.

As Australians celebrate their success in last week's Melbourne Cup, the great news is that their bets that really count - their superannuation investments - are starting to come good as well.

A SelectingSuper fund performance survey for returns reveals that funds have recovered so much ground in the nine months to end September that they are on the verge of breaking back into positive territory for the first time in 18 months with average twelve month returns after all fees and charges of -0.8 per cent.

Compared to the depths of end December 2008 when average returns hit rock bottom at -21 per cent, this is the most stunning recovery we have ever seen in superannuation, said Alex Dunnin, director of research at the Rainmaker group—the research group behind SelectingSuper.

“The super funds returns recovery is the fastest we have ever seen. It's so fast that it could ironically force funds to slow down their investments if they begin to feel the market is overheating again. That funds are beginning to worry about this only shows how far Australian super funds have bounced back compared to funds in other countries,” said Dunnin.

Dunnin said the strength of the recovery is illustrated in how 40 of the 87 workplace funds in the September performance survey have positive twelve month returns.

Reflecting this returns roller coaster, three year returns are already almost back to positive territory themselves at -0.3 per cent, five year returns are 5.2 per cent per annum and ten year returns are a healthy 6.0 per cent per annum.

While average returns are near positive, corporate master trusts have already crossed over and are returning +0.3 per cent compared to not-for-profit funds which are still negative at -1.4 per cent, said Dunnin.

Master trusts have taken the lead, for only the third time ever since Rainmaker and SelectingSuper began their monthly fund performance surveys. This is because they have higher proportions invested into the rallying share market and lower proportions exposed to unlisted assets like direct property which have been hit by falling valuations.

“In March this year master trusts were trailing not-for-profit funds by an average 5.3 percentage points. Six months later they are 1.7 percentage points in front, for an unprecedented 7 percentage point turnaround,” said Dunnin.

The challenge is now on for the retail sector to maintain its lead and build the gap into the longer term because over the more important three, five, ten and twenty year periods not-for-profit funds are the clear winners, said Dunnin.

Dunnin said the flipside of the bounce back in super fund performance is that the gap between the best and worst funds is now twice the long term average. This is far too high, he said.

“In normal times there is usually a gap of 15 percentage points between the best and worst funds. Today because of the dynamic investment markets the gap has blown out to almost 30 percentage points,” said Dunnin.

*-See over page for a league table and graph supporting this media release-*

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## Top 30 super funds, 30 September 2009

Workplace funds, defaults investment options

Fund name	Segment	Crediting rates, ie returns after fees and taxes									
		1 yr	rank	3 yrs	rank	5 yrs	rank	7 yrs	rank	10 yrs	rank
Progressive Superannuation Plan - Balanced	Corporate fund	9.9	1	5.1	1	9.1	1	9.3	1	8.5	1
Telstra Super - Balanced	Corporate fund	4.0	2	1.5	14	6.9	7	8.1	2	6.5	11
TASPLAN - Balanced	Industry fund	3.8	3	1.7	12	6.5	15	7.1	26	6.2	17
IAG & NRMA Super Plan - Growth Option	Corporate fund	3.7	4	-0.5	44	5.3	43	6.4	35		
CBA Officers' Super Fund - Mix 70	Corporate fund	3.4	5	3.0	6	7.5	2	7.8	12		
REST Industry Super - Core Strategy	Industry fund	3.3	6	3.0	4	7.1	5	7.8	10	7.7	2
Acumen CS - Core Strategy	Master trust	3.3	6	3.0	4	7.1	5	7.8	10	7.7	2
Aon MT Corporate - Balanced Index	Master trust	3.2	8	-1.2	59						
NGS Super - Diversified Portfolio	Industry fund	3.2	9	2.6	8	6.8	9	7.9	4	6.5	11
First State Super - Diversified	Industry fund	3.1	10	0.9	23	6.2	24	7.5	18	5.8	21
Club Plus Superannuation - Balanced	Industry fund	3.1	11	2.9	7	7.1	4				
FPS GS - Managed Portfolio Balanced	Master trust	3.0	12	0.4	34	4.5	58				
AustSafe Super - Balanced	Industry fund	2.9	13	0.4	31	5.9	28	7.2	21		
Fiducian CS - Fiducian Balanced Fund	Master trust	2.8	14	-2.0	70	4.4	60	6.0	40	5.0	32
AMIST - Balanced	Industry fund	2.3	15	0.8	26	6.3	20	7.7	15	6.5	10
Catholic Super - Balanced	Industry fund	2.3	16	2.6	9	7.3	3				
Equisuper Corporate - Balanced Growth	Industry fund	2.1	17	1.3	17	6.3	21	7.9	7		
AXA SS - Guaranteed Plus	Master trust	2.0	18	3.3	2	3.5	73				
AXA TS - Guaranteed Plus	Master trust	2.0	18	3.3	2	3.5	73				
FirstChoice ES - FirstChoice Moderate	Master trust	1.9	20	-0.9	55	4.0	68				
ING CS - Optimix Balanced	Master trust	1.9	21	-0.6	45	5.0	47	6.3	39		
VISSF - Balanced	Industry fund	1.8	22	-0.8	51	5.5	38				
Rio Tinto Staff Super - Growth	Corporate fund	1.6	23	0.4	34	5.6	33				
Integra SC - Optimix Balanced	Master trust	1.6	24	-0.8	52	4.7	54	5.9	42		
ASSET Super - Medium Growth	Industry fund	1.6	25	-0.9	53	4.7	52	5.9	42		
RBF - Actively Managed Choice	Government fund	1.5	26	1.1	22	5.8	29	6.6	33		
Mercer CS - Mercer Growth	Master trust	1.4	27	-0.1	40	5.4	40				
Suncorp ES Employer - Balanced	Master trust	1.3	28	-1.8	69	4.8	51				
Local Super - Defined Benefit and Growth	Industry fund	1.3	29	1.4	15	6.6	11	7.7	16		
UniSuper - Balanced	Industry fund	1.1	30	1.4	15	6.5	14	7.9	6	6.4	14
Average		-0.8		-0.3		5.2		6.9		6.0	
Number of funds			87		86		82		49		36

Source: Rainmaker

www.selectingsuper.com.au

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

