



## SelectingSuper MEDIA Release

# Super funds begin slow climb to recovery

### KEY POINTS

1. Super funds might be averaging -17.5 per cent but they have improved 3.5 percentage points in four months
2. Regardless of poor current returns, we still have to save for our retirement.
3. Improving returns are being driven by improving Australian shares and booming bond funds.

Super fund returns are slowly but surely beginning the long climb out of depression, according to the March 2009 SelectingSuper performance figures that have just been released.

Sure the news is still grim with average super funds returning -17.5 per cent in the year to end March. But compared to November 2008 when super funds reached their all time low of -21 per cent, the latest figures represent a 3.5 percentage point improvement.

"At this rate it would take funds 18 months to get back to ground zero. But if markets turn up sooner the recovery could happen faster than we think, particularly since share markets almost always recover ahead of the general economy," said Alex Dunnin, director of research at Rainmaker.

Longer term figures are more upbeat with super funds having achieved returns of 3.6 per cent per annum over the past five years and -3.8 per cent per annum over the past three years.

"The double down side of super fund returns being so low is that its really shaking the confidence of fund members, which is part of the reason behind why the government has announced a fundamental review of how superannuation operates in Australia," said Dunnin.

"But we need to remember that GFC or not, we still need to save for our retirement, especially as it's becoming clear how stretched the government is in trying to find the money to keep topping up the age pension."

Driving the improvement in returns is the 8 per cent growth in prices of Australian shares during March, the biggest monthly rise in 15 years. The huge monthly lift is however unlikely to be sustained.

Australian share returns are so important to super funds because 25 per cent of all super is invested in local shares while international shares make up 27 per cent. Eight per cent is held in Australian fixed interest.

"The real surprise is how well fixed interest investments are performing right now, earning 6 per cent in the last twelve months, driven by bond prices climbing as interest rates fall," said Dunnin.

The top performing super funds for the twelve months to end March 2009 were AXA Simple Super and AXA Tailored Super which both scored 3.6 per cent. Behind AXA was Military Super with -6.8 per cent. Making up the top five was Future Plus and BUSS(Q) which tied on -11.2 per cent.

Not for profit funds dominated the SelectingSuper top 50, taking out 43 places.

Over the more important three year medium term, the top funds were again AXA Simple Super and AXA Tailored Super with 3.8 per cent pa, BUSS(Q) with 1.1 per cent pa, Military Super with 1.0 per cent pa and REST with 0.3 per cent pa.

"Master trusts however made up 25 of the Australian share top 50 performers," said Dunnin.

The top Australian share super funds were ING Integra, HOST-PLUS, Mercer, Acumen and REST.

The top fund option overall is the BT Lifetime Super Global Bond option posting a 24 per cent return.

*See over page for tables supporting this media release.*

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## SelectingSuper Benchmark Indices

Index Names		Performance to 31 March 2009		
		1 yr	3 yrs	5 yrs
SelectingSuper Default Option Index (workplace super only)	98	-17.5%	-3.8%	3.6%
SelectingSuper Growth Index	237	-22.9%	-6.9%	2.3%
SelectingSuper Balanced Index	214	-18.0%	-4.8%	2.7%
SelectingSuper Capital Stable Index	220	-7.3%	-0.3%	3.4%
SelectingSuper Capital Guaranteed Index	21	3.2%	4.7%	4.9%
SelectingSuper Australian Equities Index	226	-28.3%	-7.7%	4.5%
SelectingSuper International Equities Index	149	-28.0%	-13.7%	-2.7%
SelectingSuper Property Index	93	-35.1%	-11.5%	-2.8%
SelectingSuper Australian Fixed Interest Index	59	6.0%	3.6%	3.8%
SelectingSuper International Fixed Interest Index	18	-1.3%	2.1%	3.1%
SelectingSuper Cash Index	110	4.9%	4.8%	4.6%
SelectingSuper Global Fixed Interest Index	49	3.5%	3.4%	4.0%
SelectingSuper Global Equities Index	83	-26.9%	-10.8%	0.1%

Total number of investment options	1491
Total number of superannuation funds	121

## Default investment choices - workplace super

Fund name & investment option name	Segment	Pub offer	Crediting rates to 31 March 2009					
			1 yr	Rank	3 yrs	Rank	5 yrs	Rank
AXA Australia Simple Super - Guaranteed Plus	Master trust	Yes	3.6%	1	3.8%	1	3.7%	36
AXA Australia Tailored Super - Guaranteed Plus	Master trust	Yes	3.6%	1	3.8%	1	3.7%	36
BUSS(Q) Employer - Balanced Growth	Industry fund	Yes	-11.2%	5	1.1%	3	7.2%	2
Military Super - Growth	Government fund	No	-6.8%	3	1.0%	4	6.9%	3
Acumen Corporate Super - Core Strategy	Master trust	Yes	-13.2%	10	0.3%	5	5.3%	11
REST Industry Super - Core Strategy	Industry fund	Yes	-13.2%	10	0.3%	5	5.3%	11
MTAA Super Fund - Balanced <sup>^</sup>	Industry fund	Yes	-17.4%	36	-0.6%	7	7.2%	1
HOST-PLUS - Balanced	Industry fund	Yes	-14.6%	19	-0.7%	8	6.0%	4
Club Plus Superannuation - Balanced	Industry fund	No	-13.3%	13	-0.7%	9	5.1%	14
Catholic Super - Balanced	Industry fund	Yes	-13.9%	14	-0.7%	9	5.9%	7
<b>Funds</b>			<b>77</b>		<b>75</b>		<b>72</b>	
<b>Average</b>			<b>-17.5%</b>		<b>-3.8%</b>		<b>3.6%</b>	

<sup>^</sup> interim result

## Australian equity investment choices - workplace super

Fund name & investment option name	Segment	Pub offer	Crediting rates to 31 March 2009					
			1 yr	Rank	3 yrs	Rank	5 yrs	Rank
Integra Super (Corporate) - ING Select Leaders	Master trust	Yes	-20.0%	1	-0.8%	1		
HOST-PLUS - Super Select - Australian Shares	Industry fund	Yes	-22.2%	6	-3.3%	2	7.5%	4
Mercer Super Trust (Corporate) - Mercer Australian Shares Plus	Master trust	Yes	-21.5%	2	-3.8%	3		
Acumen Corporate Super - Tailored Australian Shares	Master trust	Yes	-23.5%	10	-3.9%	4	7.3%	5
REST Industry Super - Australian Shares	Industry fund	Yes	-23.5%	10	-3.9%	4	7.3%	5
Equisuper Corporate - Sustainable Responsible Investment (SRI)	Industry fund	Yes	-24.0%	16	-4.0%	6	8.6%	2
ING Corporate Super - ING Sustainable Investment - Australian Shares	Master trust	Yes	-26.3%	51	-4.3%	7	6.5%	11
Combined Fund - Australian Shares	Industry fund	No	-23.7%	12	-4.4%	8	6.1%	22
CBA Officers' Super Fund - Australian Shares	Corporate fund	No	-24.1%	17	-4.4%	8		
Integra Super (Corporate) - ING Sustainable Investments - Aust Shares	Master trust	Yes	-26.6%	59	-4.6%	10	6.4%	14
<b>Funds</b>			<b>125</b>		<b>115</b>		<b>90</b>	
<b>Average</b>			<b>-27.7%</b>		<b>-7.3%</b>		<b>4.7%</b>	

[www.selectingsuper.com.au](http://www.selectingsuper.com.au)

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