



## SelectingSuper MEDIA Release

### Super funds still hog-tied to equities despite diversification

Australian shares make up just one-third of super fund assets yet drive 91% of overall default fund returns, reveals new research from SelectingSuper and their research partner Rainmaker Information.

The results are contained in the latest SelectingSuper crediting rates survey that shows the 12 month SelectingSuper default fund performance index to have again slid down in August following the worldwide share market slumps that month to 3.8% being half the 12 month return it was showing just two months earlier at end June.

The long term 10 year index shows funds achieved returns of 5.0% pa, about twice inflation. Over three years the index returned zero, meaning adjusted for inflation fund members are losing money.

According to SelectingSuper the top five Workplace Super funds (by default options) over the 12 months were Health Super with 7.7%, a 3-way tie for second place between Triple-S (SA), Catholic Super and Vision Super all on 6.0% and then local Super (SA) with 5.9%.

The top Personal super funds (by balanced options) over the 12 months were Vision Super with 6.0%, LUCRF with 5.7%, HostPlus with 5.5%, HESTA with 5.3% and BUSS(Q) with 5.2%.

Alex Dunnin, director of research at Rainmaker Information, said driving down the super fund performance index and keeping it down is again weak equity markets.

Dunnin explains this excessive influence of the Australian share market by showing that over the past 17 years there has been a 91% correlation between annual share market and super fund returns.

This is a direct challenge to the diversification strategies used by super funds, he said.

“Super funds are hog-tied into equity market performance despite Australian share making up just one-third of their assets. It is a direct challenge to super fund diversification strategies which have struggled in the face of the global economic situation.”

“Illustrating the point, returns for funds with higher exposure to alternatives like hedge funds and infrastructure have achieved better returns albeit not enough to satisfy many fund members,” he said.

For example, the SelectingSuper performance index for not-for-profit funds shows 10 year returns of 5.2% pa compared to retail funds with 3.3% pa. The results gap is significant because not-for-profit funds have much lower Australian equity exposure (29% cf 36%) and much higher alternative asset exposure (14% cf 5%).

While returns should get a kick from the share bounce back last week, it ironically reinforces the problem.

Dunnin said the poor returns should prompt fund members to question their super funds and financial advisers regarding how their money is being invested. If the answers they get aren't satisfactory, fund members should remember that they can swap investment options or super funds at any time.

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

For more information:

Alex Dunnin

Director of research, Rainmaker Information

Phone 0408 200 488

Email alex.dunnin@rainmaker.com.au



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## Top 30 super funds, 31 Aug 2011

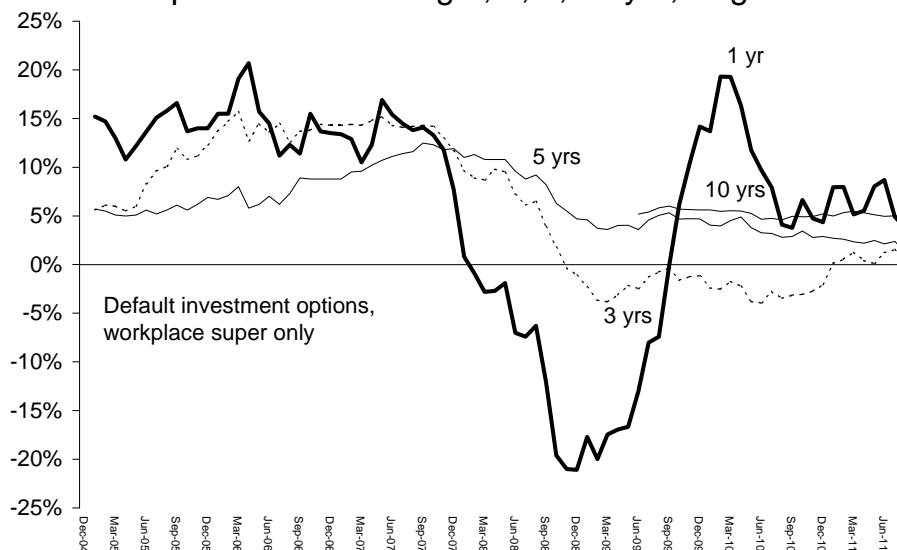
Workplace funds, defaults investment options

Fund name	Segment	Open to the public	Crediting rates, ie returns after fees and taxes							
			1 yr	rank	3 yrs	rank	5 yrs	rank	10 yrs	rank
Health Super Fund	Industry fund	No	7.7	1	1.5	13	2.2	22	5.3	21
Super SA - Triple S Scheme	Government fund	No	6.0	2	0.6	27	1.7	34	5.7	15
Catholic Super	Industry fund	Yes	6.0	3	1.6	10	3.3	5	5.9	8
Vision Super	Industry fund	Yes	6.0	4	-0.3	44	2.0	27	5.0	26
Local Super	Industry fund	No	5.9	5	1.7	7	2.7	13		
RecruitmentSuper	Industry fund	Yes	5.8	6						
CBA Officers' Super Fund	Corporate fund	No	5.8	7	3.1	1	4.3	1	6.1	5
ESSSuper	Government fund	No	5.7	8	1.7	7	2.8	11	5.8	13
LUCRF Super	Industry fund	Yes	5.7	9	-0.3	45	1.2	42	5.1	22
HOST-PLUS	Industry fund	Yes	5.5	10	0.0	40	2.3	21	5.8	11
QSuper	Government fund	No	5.5	11	1.1	17	2.4	15	5.4	18
HESTA Super Fund	Industry fund	Yes	5.3	12	0.6	27	2.3	20	5.9	9
BUSS(Q) Employer	Industry fund	Yes	5.2	13	0.1	38	2.9	9	5.9	9
AESuper	Industry fund	Yes	5.1	14						
CareSuper	Industry fund	Yes	5.1	15	1.4	14	2.9	10	6.2	4
TWUSUPER	Industry fund	Yes	5.0	16	0.5	32	1.8	32		
AustralianSuper	Industry fund	Yes	5.0	17	0.5	33	2.4	19	6.1	6
ASSET Super	Industry fund	Yes	4.8	18	1.0	18	1.0	44	3.8	40
Equisuper Corporate	Industry fund	Yes	4.8	19	1.6	12	2.4	18	6.0	7
Accountants Super	Industry fund	Yes	4.7	20						
NGS Super	Industry fund	Yes	4.6	21	1.6	11	3.2	8	5.5	17
AGEST Super	Industry fund	Yes	4.6	21	-1.8	70	1.1	43	4.5	34
ANZ Australian Staff Super	Corporate fund	No	4.6	23	0.8	23	1.3	39	4.6	30
Telstra Super	Corporate fund	Yes	4.5	24	1.3	15	2.4	17	5.8	14
Cbus Industry Super	Industry fund	Yes	4.5	25	-0.1	42	2.4	15	5.8	12
AMIST	Industry fund	Yes	4.3	26	0.9	20	2.1	26	5.6	16
AvSuper	Government fund	No	4.3	27	-1.6	66	0.6	49		
AUSCOAL Super	Industry fund	No	4.1	28	-1.1	59	0.8	48		
Maritime Super	Industry fund	No	4.1	29	-2.3	71	-0.3	62	4.5	35
EISS	Government fund	No	4.1	30	-0.7	51	0.3	54	3.7	42
Average			3.8		0.0		1.4		5.0	
Number of funds				82		78		76		50

Source: Rainmaker Information

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### Super returns - rolling 1, 3, 5, 10 yrs; Aug 2011





## Top 5 Workplace super fund options in each asset class

Crediting rates, ie returns after fees and taxes

31 August 2011

Growth	1 yr	5 yrs	10 yrs
Health Super Fund	7.7	2.2	5.3
Emergency Services and State Super	6.6	2.8	5.8
QSuper	6.3	0.3	4.4
RecruitmentSuper	6.1		
Local Super	5.9	2.7	

Balanced	1 yr	5 yrs	10 yrs
Health Super Fund	7.7	4.0	5.4
RecruitmentSuper	6.1		
Southern State Superannuation Scheme	6.0	1.7	5.7
Catholic Super	6.0	3.3	5.9
Vision Super	6.0	3.6	5.0

Aust eq	1 yr	5 yrs	10 yrs
AMP SignatureSuper	14.6	3.3	
AMP CustomSuper	13.7	2.5	6.6
Mercer Super Trust (Corporate Super Division)	13.1	3.8	6.9
OnePath Corporate Super	11.0	5.6	
Integra Super (Corporate Division)	10.4	5.1	

Int eq	1 yr	5 yrs	10 yrs
AGEST Super	11.1	-1.5	
QSuper	10.8	-2.0	
Sunsuper Corporate	9.9	-1.4	
Sunsuper Solutions	9.9	-1.4	
AvSuper	9.3		

Aust fixed	1 yr	5 yrs	10 yrs
Retirement Benefits Fund Board	7.8	6.9	
AMP SignatureSuper	6.6	5.7	
First State Superannuation Scheme	6.3		
IOOF Portfolio Service Corporate Superannuation	6.1	6.6	
AMP CustomSuper	6.0	5.1	4.2

Cash	1 yr	5 yrs	10 yrs
Maritime Super	5.2	4.7	
Southern State Superannuation Scheme	5.2	5.4	5.4
IOOF Portfolio Service Corporate Superannuation	5.1	5.2	
HOST-PLUS	5.1	5.2	6.3
TWUSUPER	5.1	5.3	

Source: Rainmaker Information

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