



SelectingSuper MEDIA Release

Returns back to pre-GFC glory days

KEY POINTS

- Super funds are now averaging 13.4 per cent over the 12 months to end December 2009, returning them to their pre-GFC glory days when returns were regularly above 10 per cent.
- Members should however focus on long term returns because every extra 1 percentage point in returns over their lifetime boosts their retirement nest egg by 25 per cent.
- Equity markets driving the super fund recovery means funds with high equities exposure are doing the best, explaining why master trusts as a group are continuing to dominate not-for-profit funds.

Super fund members who have seen their funds' returns recover 35 percentage points in the past year should take Friday's 5 per cent stock market correction in their stride after the latest SelectingSuper fund performance survey showed funds to again be posting double-digit 12 months returns of 13.4 per cent for the year ending December 2009.

"The record recovery in super fund returns takes them back to their pre-GFC glory days, showing yet again how financial markets often recover way ahead of the real economy," said Alex Dunnin, Rainmaker director of research.

The recovery is so widespread that almost all funds in the survey are posting positive returns and 64 out of the 78 funds in the survey are posting returns in excess of 10 per cent, said Dunnin.

Friday's stock market hiccup just takes some of the heat out of the market, he said.

Dunnin said the five year returns are now 4.6 per cent per annum, up from their low of 3.6 per cent reached back in April last year. Ten year returns are an even more buoyant 5.7 per cent and look set to increase further.

The extent and rapidity of the returns recovery shows how difficult forecasting long term returns can be, and it shows how precarious unduly negative long term speculation about savings rates can be.

Dunnin explained, "Every one percentage point jump in long term average returns over a fund member's lifetime will boost their retirement nest egg by about 25 per cent. This faster than expected recovery will therefore have massive impacts for long term retirement savings and boost consumer confidence in their funds' ability to weather the storms."

"This is why super fund members should always judge their funds according to medium to long term results. Short term results can of course be used as indicative guides, but members should not over-react to them," he said. It's also why the gap between best and worst performers is the bigger problem.

Australia's top performing super funds over five years are Progressive Super that is achieving 8.0 per cent per annum, followed by REST and Acumen Super on 7.8 per cent, CBA Bank Officers on 6.8 per cent, BUSS (Q) on 6.5 per cent, and Catholic Super on 6.4 per cent.

But focusing only on the last 12 months, the top performers are again Progressive Super with a return of 24.4 per cent, followed by VISSF and Holden Employees on 22.8 per cent, AustSafe on 20.2 per cent and BT Lifetime on 20.1 per cent.

Driving the remarkable returns recovery is still strong performance from the Australian share market and so funds with high equities exposures have done very well, which explains why retail master trusts make up five of the top 10 super funds - the first time the master trust sector has been so consistently dominant.

Equities continuing to lead the capital markets recovery is also why master trusts as a groups are still out-performing not-for-profit super funds by 1.4 percentage points. Over the more important 10 year period however, the tide reverses as not-for-profit funds are out-performing master trusts by a full 1 percentage point each year.

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

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Top 30 super funds, 31 December 2009

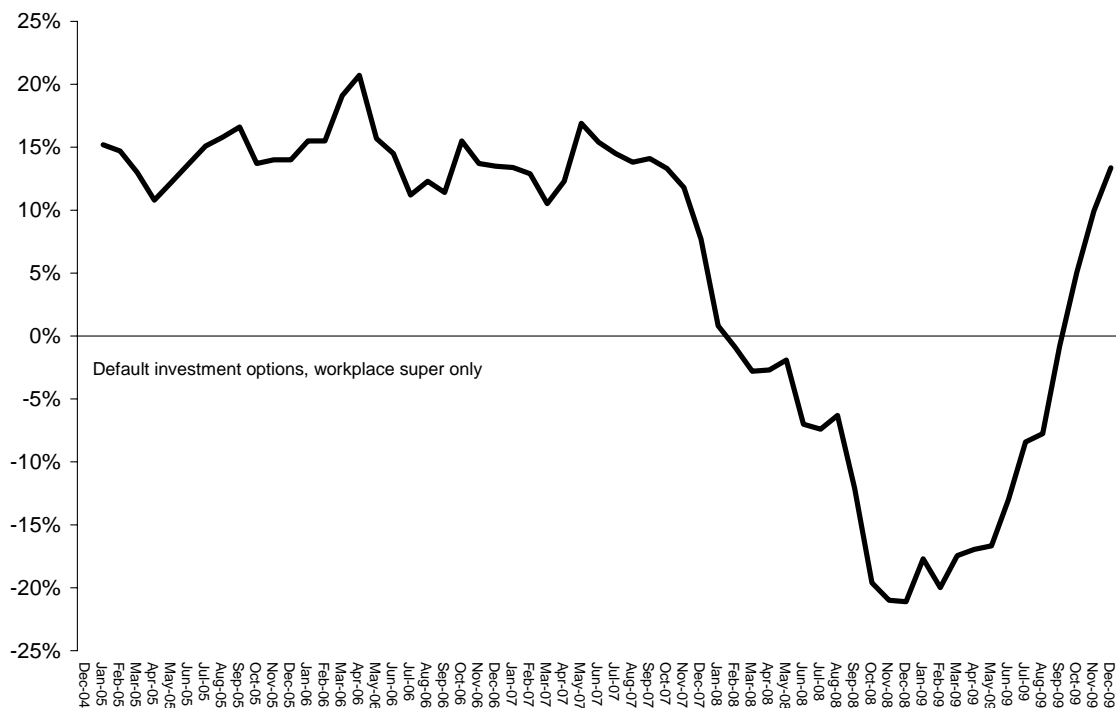
Workplace funds, defaults investment options

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
Progressive Superannuation Plan - Balanced	Corporate fund	Yes	24.4	1	3.7	1	8.0	1	9.5	1	8.3	1
VISSF - Balanced	Industry fund	No	22.8	2	-1.3	42	5.0	32				
Holden Employees Superannuation Fund - Balanced Option	Corporate fund	No	22.8	3	-1.4	43	4.6	40	6.7	33		
AustSafe Super - Balanced	Industry fund	No	20.2	4	-0.3	29	5.4	24	7.3	22		
BT Lifetime Super Emp - Multi Manager Balanced	Master trust	Yes	20.1	5	-4.9	77	1.5	75	3.8	48		
AUSCOAL Super - Aggressive	Industry fund	No	19.7	6	-2.5	61						
Russell SSC - Russell Balanced	Master trust	Yes	19.7	7	-2.4	59	3.7	55				
FirstChoice ES - FirstChoice Moderate	Master trust	Yes	19.2	8	-1.7	47	3.5	59				
Fiducian CS - Fiducian Balanced Fund	Master trust	Yes	18.8	9	-3.1	68	3.6	58	5.6	44	4.7	29
ING CS - Optimix Balanced	Master trust	Yes	18.7	10	-1.6	46	4.1	46	6.4	37		
MLC MasterKey Bus Super - Horizon 5 Growth Portfolio	Master trust	Yes	18.4	11	-3.7	73	3.2	66	5.5	45	3.4	33
Integra SC - Optimix Balanced	Master trust	Yes	18.4	12	-1.9	52	3.8	51	6.0	40		
Health Super Fund - Long-Term Growth	Industry fund	No	18.2	13	-1.2	41	5.7	16			4.6	30
AMIST - Balanced	Industry fund	Yes	17.9	14	-0.3	31	5.4	26	7.9	9	6.5	8
AXA SDB - MM Balanced Portfolio	Master trust	Yes	17.9	15	-3.5	71	2.5	69				
AMP SS - Future Directions Balanced	Master trust	Yes	17.9	16	-3.3	69	3.4	61				
Telstra Super - Balanced	Corporate fund	Yes	17.9	17	0.1	21	6.1	9	8.1	3	6.1	13
Rio Tinto Staff Super - Growth	Corporate fund	No	17.6	18	-0.7	34	5.1	31				
Super SA Triple S Scheme - Balanced*	Government fund	No	16.8	19	-2.2	55	4.9	36			5.6	17
Local Super - Defined Benefit and Growth	Industry fund	No	16.5	20	0.3	17	6.0	11	7.5	18		
Suncorp ES Employer - Balanced	Master trust	Yes	16.1	21	-3.0	66	3.9	48				
Acumen CS - Core Strategy	Master trust	Yes	16.1	22	2.4	4	7.0	2	8.1	3	7.7	2
REST Industry Super - Core Strategy	Industry fund	Yes	16.1	22	2.4	4	7.0	2	8.1	3	7.7	2
ASSET Super - Medium Growth	Industry fund	Yes	16.1	24	-1.7	49	4.1	47	6.0	41		
IAG & NRMA Super Plan - Growth Option	Corporate fund	No	15.9	25	-1.6	44	4.5	42	6.5	36		
ASGARD ESA - Model Choice Growth	Master trust	Yes	15.8	26	-4.1	74	3.0	67				
Mercer CS - Mercer Growth	Master trust	Yes	15.8	27	-1.7	50	4.3	44				
IOOF PS Corp - IOOF Multi Series Balanced Trust	Master trust	Yes	15.6	28								
TASPLAN - Balanced	Industry fund	Yes	15.6	29	1.0	11	5.9	14	7.1	24	5.9	15
CBA Officers' Super Fund - Mix 70	Corporate fund	No	15.5	30	2.1	6	6.8	4	7.9	7		
Average			13.4		-1.0		4.6		7.0		5.7	
Number of funds				78		77		75		48		34

Source: Rainmaker

www.selectingsuper.com.au

Super fund returns - rolling 12 months



Source: Rainmaker

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**RAINMAKER
INFORMATION**

INDUSTRY INTELLIGENCE

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