



SelectingSuper MEDIA Release

June 2009 super returns show funds back from the brink

KEY POINTS

- Super fund returns are continuing to climb back from the brink with their annual returns as at June 2009 having recovered nearly 9 percentage points in six months.
- Funds are now averaging -12.3 per cent. Six months ago they were averaging -21.1 per cent.
- While returns for 2008-09 are the worst on record, long term returns are still strongly positive with average annual returns of 4.1 per cent over five years, 5.1 per cent over seven years and 5.4 per cent over ten years.

Super fund members at last have some positive news. Just as they are getting ready to confront their worst returns ever the good news is that their funds are continuing their recovery, with funds on average having recovered almost 9 percentage points in just six months - the fastest recovery on record.

Yes they still have a long way to go, but the recovery is much faster than predicted and is the best news fund members have had since super started its downward spiral in June 2007.

According to a survey of 41 super funds conducted by SelectingSuper of returns for the just completed financial year, preliminary results for the year are that average fund returns have climbed to -12.3 per cent.

These results are a stunning reversal of fortunes compared six months ago in December 2008 when super funds hit their all time low of -21.1 per cent.

"This is a stunning comeback for superannuation," said Alex Dunnin, director of research at the Rainmaker group, the research firm behind the SelectingSuper super fund information service.

"It's the best news fund members have had in more than a year. There is still a long way to go, but the positive direction seems to be locking in," said Dunnin.

"If world capital markets and business and investor sentiment continues improving, it means super funds might be in for a much faster recovery than any of us could have dared imagine," he said.

Dunnin said that the returns recovery is being driven by world share markets that are up 2 per cent this year and the Australian share market that is up 7 per cent. Equities make up nearly half of all super assets.

But it is the last few months when markets really got busy as since March the Australian share market has added 11 per cent, including the 3.5 per cent they added in June.

This may not seem much against the 24 per cent Australian shares lost during the financial year but it does show returns climbing back, and super funds being a primary beneficiary of this, said Dunnin.

"Shares bouncing back like this reinforce how rapidly markets can climb back once markets price in most of the bad news. Recent reports that economists are now lowering their unemployment forecasts only adds weight to these returns drivers," said Dunnin.

Shares recovering will put more spotlight on the writedowns now being experienced by unlisted assets. Dunnin said because retail funds usually have higher share weightings they should start to climb the league tables and challenge a few of the not-for-profit funds that are heavy in unlisted assets. This could change the mix of which funds are Australia's top performers.

Annual returns over five years are 4.1 per cent and 5.4 per cent over ten years.

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

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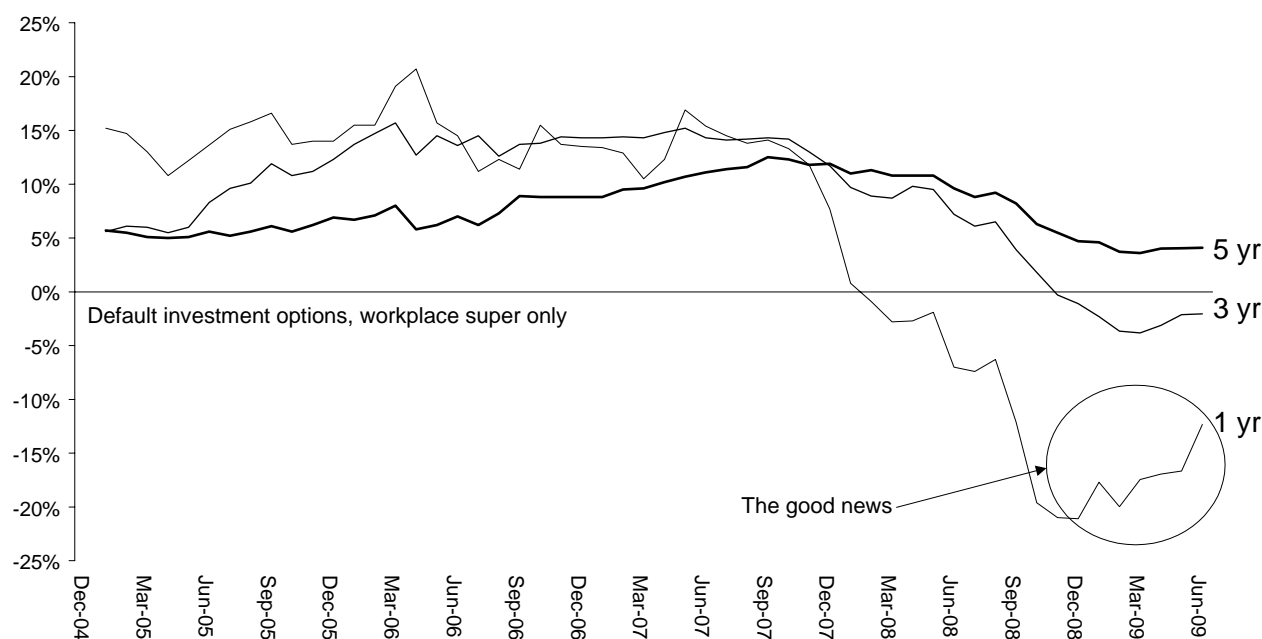
Twenty best funds so far, June 2009

Fund name	Segment	Crediting rates, ie returns after fees and taxes				
		1 year	3 years	5 year	7 years	10 years
Progressive Superannuation Plan - Balanced	Corporate fund	-5.9	2.2	7.6	7.2	7.0
FPS GS - Managed Portfolio Balanced	Master trust	-6.9	-1.5	3.0		
CareSuper - Balanced Option	Industry fund	-7.6	0.7	5.9		
First State Super - Diversified	Industry fund	-8.3	-1.1	4.8	5.5	5.0
CBA Officers' Super Fund - Mix 70	Corporate fund	-8.6	1.0	5.9	5.9	
UniSuper - Balanced	Industry fund	-9.1	-0.6	5.3	5.9	5.9
TASPLAN - Balanced	Industry fund	-9.5	-0.7	4.6	4.8	5.1
Club Plus Superannuation - Balanced	Industry fund	-9.5	0.5	5.0		
IAG & NRMA Super Plan - Growth Option	Corporate fund	-10.3	-3.2	3.3	4.2	
BT BS - Westpac Balanced Growth	Master trust	-10.3	-4.0	1.8		
State Super (NSW) - Growth	Government fund	-10.4	-1.5	4.6	4.9	4.6
RBF - Actively Managed Choice	Government fund	-10.4	-1.2	4.3	4.7	
Telstra Super - Balanced	Corporate fund	-10.6	-1.0	5.1	5.8	5.4
Sunsuper Solutions - Balanced	Industry fund	-10.9	-0.7	4.9		
Sunsuper Corporate - Balanced	Industry fund	-10.9	-0.7	4.9		
BUSS(Q) Employer - Balanced Growth	Industry fund	-10.9	1.4	6.3	7.1	6.9
Combined Fund - Balanced	Industry fund	-11.1	-2.5	4.0	4.2	4.8
QSuper - Balanced	Government fund	-11.4	-1.5	4.8	5.2	5.0
ASSET Super - Medium Growth	Industry fund	-11.5	-3.5	2.8	3.5	
Local Super - Defined Benefit and Growth	Industry fund	-11.6	-0.5	5.3	5.6	
Average		-12.3	-2.1	4.1	5.1	5.4

Source: Rainmaker

www.selectingsuper.com.au

Super returns - rolling 1, 3 and 5 years



Source: Rainmaker

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