



## SUPERRATINGS MEDIA RELEASE

Monday 18 May 2015

# SUPER FUNDS LOSE GROUND IN APRIL

	Accumulation Returns	Pension Returns
<b>Month of April 2015</b>	▼ 0.4%	▼ 0.4%
Financial Year return to 30 April 2015	▲ 10.6%	▲ 11.6%
Rolling 1 year return to 30 April 2015	▲ 12.0%	▲ 13.1%
Rolling 3 year return to 30 April 2015	▲ 12.0% p.a.	▲ 13.3% p.a.
Rolling 5 year return to 30 April 2015	▲ 8.6% p.a.	▲ 10.0% p.a.
Rolling 7 year return to 30 April 2015	▲ 5.6% p.a.	▲ 6.5% p.a.
Rolling 10 year return to 30 April 2015	▲ 6.9% p.a.	▲ 7.5% p.a.

\*Median Balanced Option refers to "Balanced" options with exposure to growth style assets of between 60% and 76%. Approximately 60% to 70% of Australians in our major funds are invested in their funds' default investment option, which in most cases is the balanced investment option. Returns are calculated and are expressed net of all fees and taxes.

\*Returns in this release are based off figures available to SuperRatings at 5pm on the 15<sup>th</sup> of May 2015.

### BALANCED FUNDS TAKE A TUMBLE

Superannuation funds have been hit by difficult investment conditions, with the median Balanced fund falling 0.4 per cent during April. Despite the fall, the wide range of assets within Balanced funds helped quarantine even greater losses during the month.

Australian shares were down for the second consecutive month, with the ASX200 Accumulation Index recording a 1.7 per cent fall in April, while the Australian Listed Property Index also fell 1.0 per cent.

International shares, however, increased 2.4 per cent (the MSCI World Ex-Australia Net TR Index) but a 4.5 per cent rise in the Australian dollar against the US dollar wiped out the increase and pushed the result into the red.

"Despite the loss for Balanced funds, it was still a good result compared with the falls across most major asset classes in April," SuperRatings founder Jeff Bresnahan said.

"The wide range of assets in a Balanced portfolio are doing exactly the job they are designed to do, spreading the risk and protecting members savings during challenging investment conditions," Mr Bresnahan said.

"Losses across higher-risk options ranged up to 1.6 per cent during the month. Even the traditionally low risk fixed-interest markets fell during April because of a major sell off in international bond markets," he said.

SuperRatings welcome media enquiries regarding any of our research or information held in our database.

We are also able to provide commentary and customised tables/graphs for your use.

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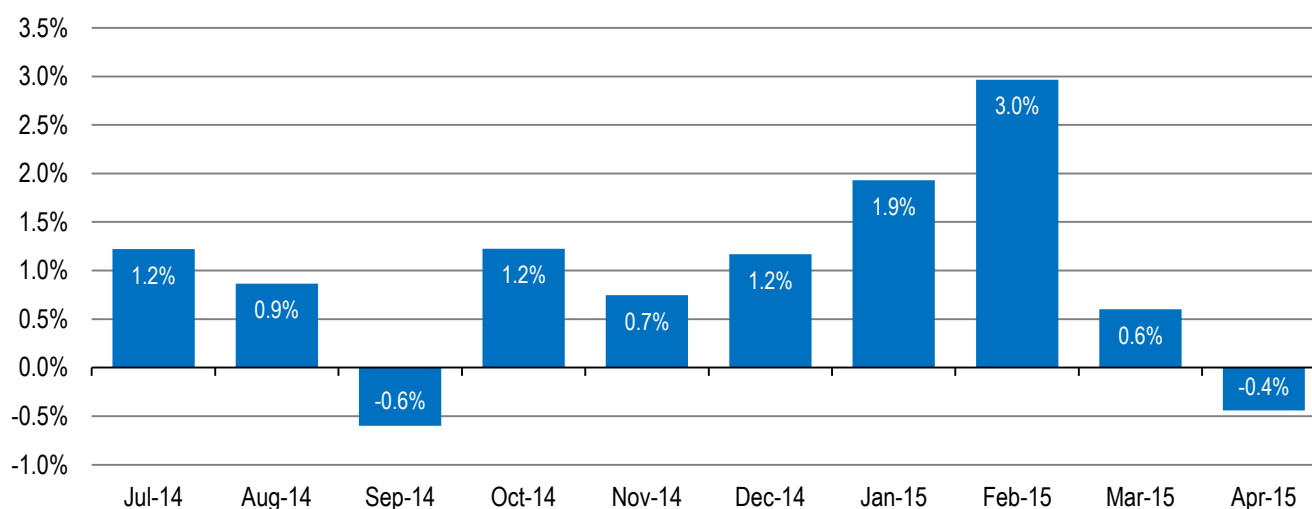
## RETURNS REMAIN STRONG FOR FINANCIAL YEAR TO DATE

The 0.4 per cent fall in April was only the second negative return for the financial year, with the other loss recorded in September 2014. Funds have produced positive returns in eight out of ten months so far this financial year.

The median financial year to date return sits at a healthy 10.6 per cent. This time last year, the median return was 11.1 per cent and went on to produce a full year return of 12.7 per cent.

The chart below summarises the monthly returns observed over the financial year so far:

**Median Balanced (60-76) Returns  
Monthly Returns for July 2014 to April 2015**



Source: SuperRatings

## LONG-TERM REMAINS POSITIVE

“While market movements can create short-term losses, it is important for people to keep in mind the performance of their fund over the longer term. Median Balanced funds have returned 6.9 per cent per annum, on average, for the past ten years, well above the target across the wider superannuation sector of 3 to 3.5 per cent above inflation (CPI + 3% to 3.5%),” Mr Bresnahan said.

## PENSION FUNDS

Pension funds also fell during April, with the median Pension Balanced fund down 0.4 per cent. Usually pension funds outperform accumulation funds because investment earnings are not taxed. However, in negative markets this means they have nothing to offset capital losses.

“This can lead to pension options underperforming during periods of negative returns and falling market conditions,” Mr Bresnahan said.

“Overall, however, the tax benefits of pension funds continue to show strong results with the financial year to date return sitting at 11.6 per cent and the longer term ten-year position at 7.5 per cent per annum.” he said.



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## OUTLOOK FOR THE FULL FINANCIAL YEAR

"A downturn on the local share market was the main reason for the April decline for most super funds, as mining and bank stocks continued to fall, the iron ore price came under further pressure and the listed property sector and bond markets also took a dip.

"However, a more positive Federal Budget and the interest rate cut by the Reserve Bank in May are expected to be more positive for investment and corporate activity.

"Most commentators are expecting Australian shares and other major asset classes to rise over the remainder of the financial year. This should underpin a return to rising investment markets and super fund balances," Mr Bresnahan said.

## Release Ends

## ADDITIONAL RETURN AND DATABASE INFORMATION

We believe our database to be the largest in Australia dealing with multi-employer superannuation funds, where the great majority of Australians have their retirement benefits invested. We update our website monthly to show the Top 10 performing funds together with the medians over all time periods for the following investment options: Balanced, MySuper, Growth, Australian Shares, International Shares, Capital Stable, Property, Conservative Balanced, High Growth, Secure, Diversified Fixed Interest and Cash.

### About SuperRatings

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