



SUPERRATINGS MEDIA RELEASE

Thursday 17 September 2015

Stock Market Falls Hurt Super Fund Returns

	Accumulation Returns	Pension Returns
Month of August 2015	▼ 2.9%	▼ 3.2%
Financial Year return to 31 August 2015	▼ 0.6%	▼ 0.7%
Rolling 1 year return to 31 August 2015	▲ 6.5%	▲ 6.7%
Rolling 3 year return to 31 August 2015	▲ 11.1% p.a.	▲ 12.0% p.a.
Rolling 5 year return to 31 August 2015	▲ 8.9% p.a.	▲ 9.9% p.a.
Rolling 7 year return to 31 August 2015	▲ 5.7% p.a.	▲ 6.5% p.a.
Rolling 10 year return to 31 August 2015	▲ 6.0% p.a.	▲ 6.7% 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 fund's default investment option, which in most cases is the balanced investment option. Returns are net of investment fees, tax and implicit asset-based administration fees.

*Returns in this release are based off figures available to SuperRatings at 5pm on the 16th of September 2015.

LARGEST MONTHLY LOSS SINCE FEBRUARY 2009

Volatile investment markets heavily impacted superannuation funds with the median Balanced Option recording a 2.9 per cent fall in August, the largest monthly loss since February 2009.

"On the back of concerns about China's growth prospects, falls across major stock markets have made August one of the toughest months for superannuation funds since the Global Financial Crisis" SuperRatings founder Jeff Bresnahan said.

Australian markets were in free-fall, with the ASX200 Accumulation Index down 7.8 per cent in August. The Australian Listed Property market also experienced a 4.0 per cent fall for the month.

Global markets were also highly volatile in August, with the benchmark MSCI World Ex-Australia Net TR Index falling 6.5 per cent. While a 2.0 per cent fall in the Australian Dollar against the US Dollar helped offset some of these losses, returns on International Shares remained in the red.

"While Balanced funds experienced losses in August, once again, the benefits of diversification across asset classes within these portfolios was evident, with the declines well below those experienced across most major growth asset classes" Mr Bresnahan 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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The 2015/16 financial year has experienced a shaky start, with the median Balanced Option return for the two months to August sitting at -0.6 per cent. This is well below the median financial year to date return of 2.1 per cent observed this time last year and may continue to worsen further, with returns on major sharemarkets also negative during the first two weeks in September.

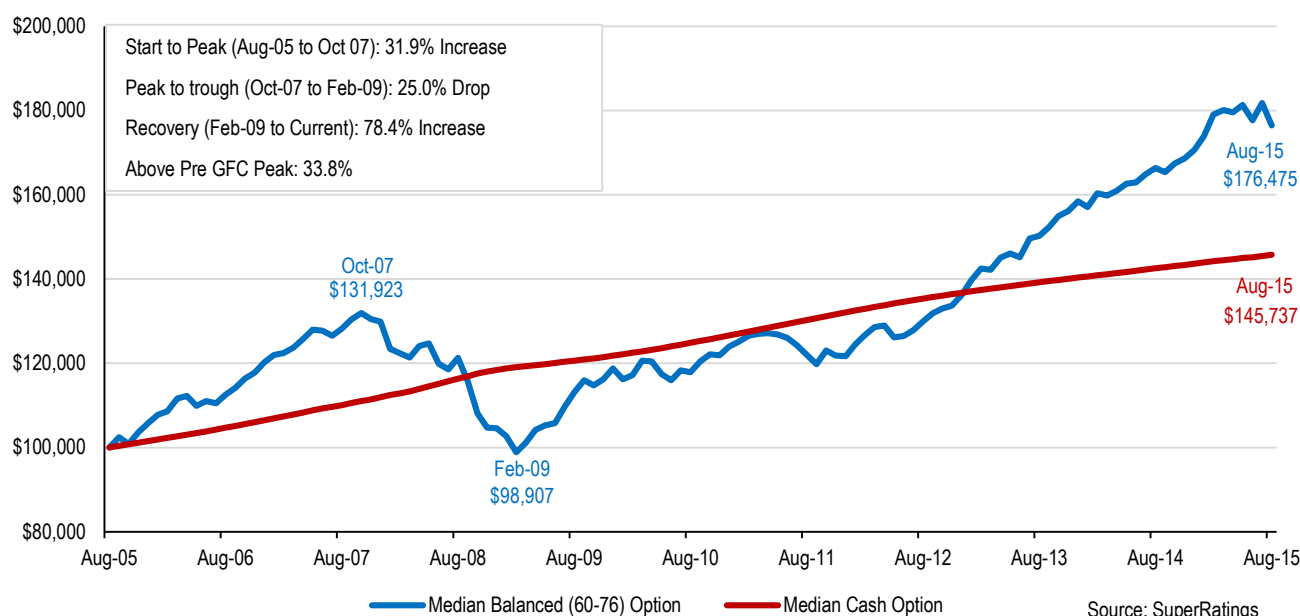
“With further market volatility expected and ongoing concerns over global economic growth in the coming year, superannuation funds ability to manage down-side risk will be crucial going forward” Mr Bresnahan said.

LONG-TERM PERFORMANCE

While recent market volatility has taken its toll on short-term returns, long-term performance still remains strong. The Median Balanced Option has returned a healthy 8.9 per cent per annum over the last 5 years and returns over the last 10 years currently sit at 6.0 per cent per annum, closely tracking a common CPI+3.5 per cent investment objective.

The chart below shows the accumulation of \$100,000 over the last 10 years.

Growth in \$100,000 Over the Past 10 Years



\$100,000 invested in the median Balanced Option 10 years ago, would have accumulated to \$131,923 before the Global Financial Crisis (“GFC”). During the GFC this would have fallen by 25% to \$98,907, however, after the GFC this would have increased by 78.4% to \$176,475. In contrast, \$100,000 invested in the median Cash Option 10 years ago would be worth \$145,737 today.

PENSION FUNDS

The median Balanced Pension Option also experienced losses in August, falling by 3.2 per cent. Generally, in positive markets, pension members benefit due to preferential tax treatment, however, in negative markets pension funds cannot take advantage of the tax breaks available for capital losses that accumulation funds receive. This can result in pension funds underperforming accumulation funds in negative markets, as is evident in August.

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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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