



SUPERRATINGS MEDIA RELEASE

Monday 19 October 2015

SUPER FUNDS DOWN IN FIRST QUARTER

	Accumulation Returns	Pension Returns
Month of September 2015	▼ 1.0%	▼ 1.3%
Financial Year return to 30 September 2015	▼ 1.7%	▼ 1.9%
Rolling 1 year return to 30 September 2015	▲ 5.9%	▲ 6.0%
Rolling 3 year return to 30 September 2015	▲ 10.4% p.a.	▲ 11.1% p.a.
Rolling 5 year return to 30 September 2015	▲ 8.2% p.a.	▲ 9.0% p.a.
Rolling 7 year return to 30 September 2015	▲ 6.4% p.a.	▲ 7.1% p.a.
Rolling 10 year return to 30 September 2015	▲ 5.9% p.a.	▲ 6.5% 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 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 October 2015.

MEDIAN BALANCED FUND DOWN 1.7% FOR SEPTEMBER QUARTER

Financial market volatility continues to be a challenge for superannuation funds with the median Balanced Option down 1.7 per cent for the first quarter of the 2015/16 financial year.

It is only the 5th time a negative quarter has been recorded during the past 5 years.

The disappointing result was cemented by a 1.0 per cent decline in the month of September. This followed on from August's 2.9 per cent fall, which was the largest monthly loss since the GFC.

The quarterly loss comes despite a good start to the new year after July's strong 2.3 per cent return, which helped offset some of the losses from the past two months.

"Concerns about global growth intensified in September as investors and market sentiment remained pessimistic." SuperRatings founder Jeff Bresnahan said.

"These concerns fuelled losses across most major financial markets, making September another challenging month for superannuation funds and further pulling down the quarterly result," 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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"Because most Balanced Options have a large exposure to equities, recent falls in domestic and international share markets have been a key drag on super fund performance," he said.

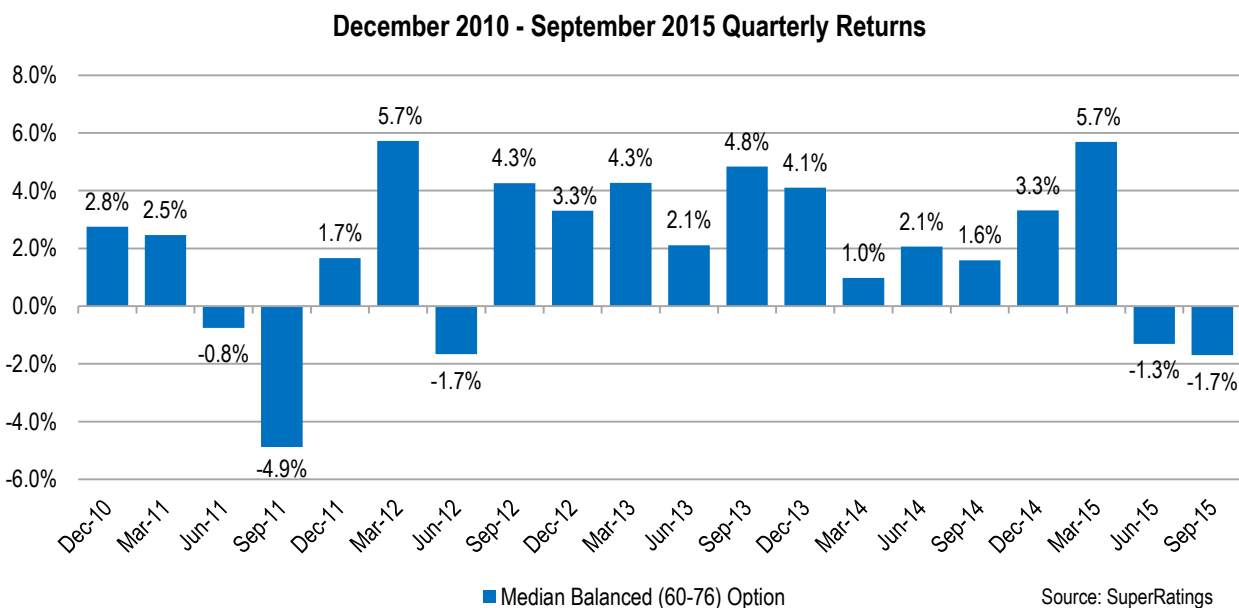
Overall, Australian investment markets continued their decline, with the ASX200 Accumulation Index down 3.0 per cent in September and 6.6 per cent for the quarter.

Australian Listed Property fell by a more modest 0.3 per cent for the month to finish up 1.1 per cent for the September quarter.

International Shares, however, also recorded large falls, down 3.7 per cent (MSCI World Ex Australia Net TR Index) in September and 8.3 per cent for the quarter. However, because most super funds hedge part of their exposure to international shares, a fall in the value of the Australian dollar against the US dollar helped shield some of these international share losses.

"Although the median Balanced Option recorded a 1.7 per cent fall during the quarter, this is substantially less than the falls seen across most growth asset classes and investment options. Once again, the diversification of a Balanced Option has helped cushion losses for the majority of superannuation members" Mr Bresnahan said.

The chart below demonstrates the quarterly performance of the median Balanced Option over the last 5 years.



LONG-TERM PERFORMANCE

Despite the disappointing quarterly performance, long term super fund returns remain strong. The median Balanced Option has provided an average 8.2 per cent per annum return during the past five years, and an average 5.9 per cent per annum return over the last 10 years.

PENSION FUNDS

The median Balanced Pension Option also fell during the quarter, down 1.9 per cent, after a 1.3 per cent fall in the month of September. Pension fund performances fall slightly more than accumulation funds during negative periods, as they cannot take advantage of tax offsets.

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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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