



SUPERRATINGS MEDIA RELEASE

Thursday 18 February 2016

SUPER FUNDS OFF TO A SHAKY START IN 2016

	Accumulation Returns	Pension Returns
Month of January 2016	▼ 2.1%	▼ 2.2%
Financial Year return to 31 January 2016	▼ 0.8%	▼ 1.1%
Rolling 1 year return to 31 January 2016	▲ 1.4%	▲ 0.9%
Rolling 3 year return to 31 January 2016	▲ 8.3% p.a.	▲ 8.8% p.a.
Rolling 5 year return to 31 January 2016	▲ 7.5% p.a.	▲ 8.1% p.a.
Rolling 7 year return to 31 January 2016	▲ 8.2% p.a.	▲ 9.4% p.a.
Rolling 10 year return to 31 January 2016	▲ 5.3% p.a.	▲ 5.8% 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 5 pm on the 17th of February 2016.

MEDIAN BALANCED OPTION DOWN 2.1% IN JANUARY

Volatile market conditions continue to take their toll on superannuation funds, with the median Balanced Option down 2.1% in January. This is the fourth negative month for the financial year so far, taking the financial year-to-date return into negative territory at -0.8%.

The financial year-to-date result sits well below the financial year-to-date returns of 6.9% seen in January last year and 8.2% in January 2014. With further volatility also experienced in February, concerns exist as to whether markets will bounce back sufficiently to achieve a positive result by the end of the financial year.

"Unstable markets are making the 2015/16 financial year a challenging one for superannuation funds, with the financial year-to-date return sitting in negative territory with five months left in the year" SuperRatings founder Jeff Bresnahan said.

"Australians have enjoyed solid growth on their super balances in recent years with the median Balanced Option returning 7.5% per annum over the last 5 years. With concerns around global economic growth remaining and market volatility persisting, super funds are likely to face lower return environments in the near future."

"In-light of these expectations for subdued global economic growth and lower returns across major growth asset classes, the ability of super funds to manage volatility will be vital in protecting their members' retirement savings" 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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INVESTMENT MARKET PERFORMANCE IN JANUARY

Australian markets experienced steep declines in January, with the ASX 200 Accumulation Index down 5.5% for the month. Materials and Resources stocks continued their losses, while the Financials sector also fell sharply on the back of speculation surrounding bank profits in the coming months.

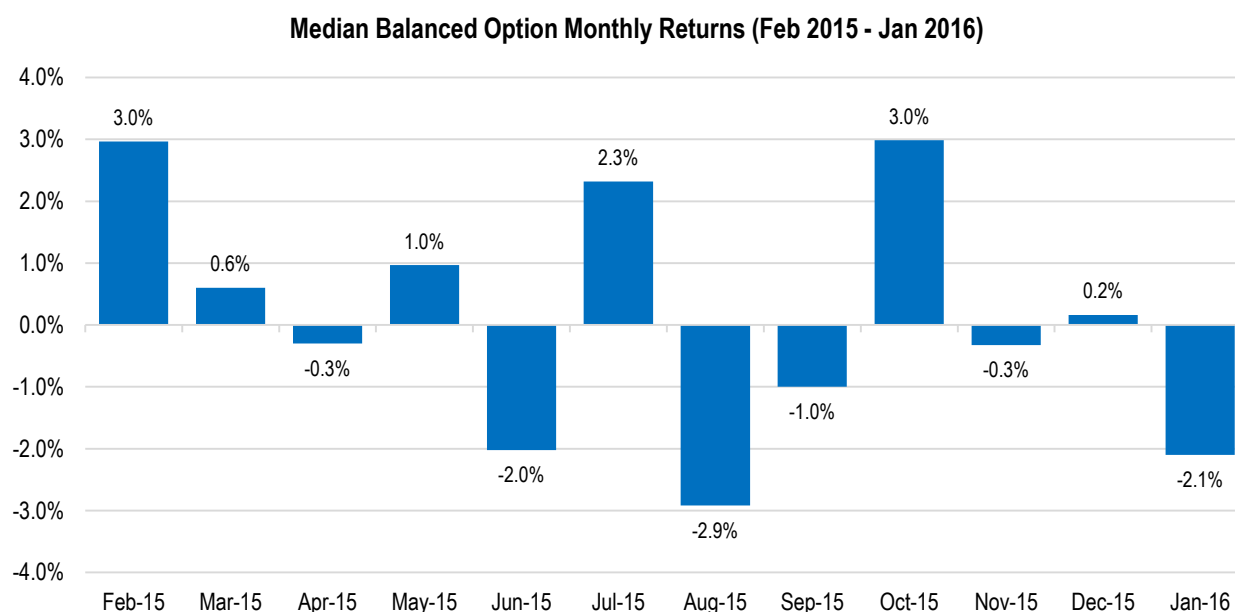
Ongoing concerns about global growth prospects and sliding oil prices added to global market volatility, with the MSCI World Ex-Australia Net TR Index down 5.9% for the month. Once again, a falling Australian Dollar helped cushion some of these losses, although returns on International Shares were negative with the median International Shares Option down 3.8% for the month.

“Negative market conditions also saw losses across more conservative option types, with the median Capital Stable Option, which has between 20% and 40% invested in growth assets, down 0.5% for the month.”

“Overall, while challenging market conditions have resulted in Balanced Option portfolios losing ground in January, the losses remain below those seen across key growth asset classes” Mr Bresnahan said.

On a positive note, the Australian Listed Property sector performed soundly, up 1.0% for the month. Cash and Diversified Fixed Interest returns remain subdued, with the median Cash and Diversified Fixed Interest Options up 0.2% and 0.5% respectively.

The chart below summarises the monthly returns for the median Balanced Option over the last 12 months:



LONG-TERM PERFORMANCE

Source: SuperRatings

Median Balanced Option returns over the 5 and 7 year periods to 31 January 2016 sit at 7.5% per annum and 8.2% per annum respectively, which remain well above a common CPI + 3.5% per annum target. Returns over the 10-year period have slipped against a CPI + 3.5% per annum target, however, with the median Balanced Option now returning 5.3% per annum over the 10 years to 31 January 2016.



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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

SuperRatings Pty Ltd ABN 95 100 192 283 AFSL No. 311880 (SuperRatings) is a superannuation research house with specialist areas of expertise that was originally established in 2002. From 1 July 2011, SuperRatings became a fully owned subsidiary of the entity currently registered as Lonsec Fiscal Holdings Pty Ltd, a privately owned and independent entity with a multi-brand strategy of providing leading financial services research and investment execution. SuperRatings believes that professional financial services institutions and members need informed opinions on the best superannuation and pension financial products. To meet this need, SuperRatings has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of superannuation financial products. No fee is paid by superannuation and pension funds to SuperRatings for reviewing and rating superannuation and pension financial products.

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