



SUPERRATINGS MEDIA RELEASE

Monday 21 March 2016

2016 SUPER RETURNS ENCOUNTER FURTHER CHALLENGES

	Accumulation Returns	Pension Returns
Month of February 2016	▼ 0.5%	▼ 0.5%
Financial Year return to 29 February 2016	▼ 1.6%	▼ 1.8%
Rolling 1 year return to 29 February 2016	▼ 2.3%	▼ 2.7%
Rolling 3 year return to 29 February 2016	▲ 7.4% p.a.	▲ 7.8% p.a.
Rolling 5 year return to 29 February 2016	▲ 6.8% p.a.	▲ 7.6% p.a.
Rolling 7 year return to 29 February 2016	▲ 8.7% p.a.	▲ 10.0% p.a.
Rolling 10 year return to 29 February 2016	▲ 5.1% p.a.	▲ 5.7% 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 5 pm on the 18th of March 2016.

MEDIAN BALANCED OPTION DOWN 0.5% IN FEBRUARY

Superannuation funds continued to face challenging market conditions in February, with the median Balanced Option down 0.5% in February. This is the fifth negative month for the financial year so far, with the financial year-to-date return falling to -1.6%.

Eight months into the financial year, it is becoming clearer that returns will not repeat those of the past three years, where the median Balanced option had recorded double digit returns by this stage of the financial year. A further concern will be whether we see a positive median return by the end of the financial year.

"The 2015/16 financial year has been presenting a range of challenges to superannuation funds and their members, with most funds recording a small loss for the first 8 months of the year." SuperRatings founder Jeff Bresnahan said.

"It always remains a challenge for members, as we have seen strong returns and growth in account balances in recent years, which are now being tempered by uncertain markets. The lower return environment remains difficult for funds, but members must remember that over the long term, most superannuation funds continue to perform well against their objectives."

"A key challenge for members remains growing their balances to meet their retirement needs. This involves working to maintain exposure to growth assets that have performed well over the long term, while ensuring risk is minimised." 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 FEBRUARY

Australian markets continued to face headwinds in February, with the ASX 200 Accumulation Index down 1.8% for the month. Telecommunications, Technology and Financial stocks fared poorly, while Resources and Materials stocks clawed back some of their losses in January.

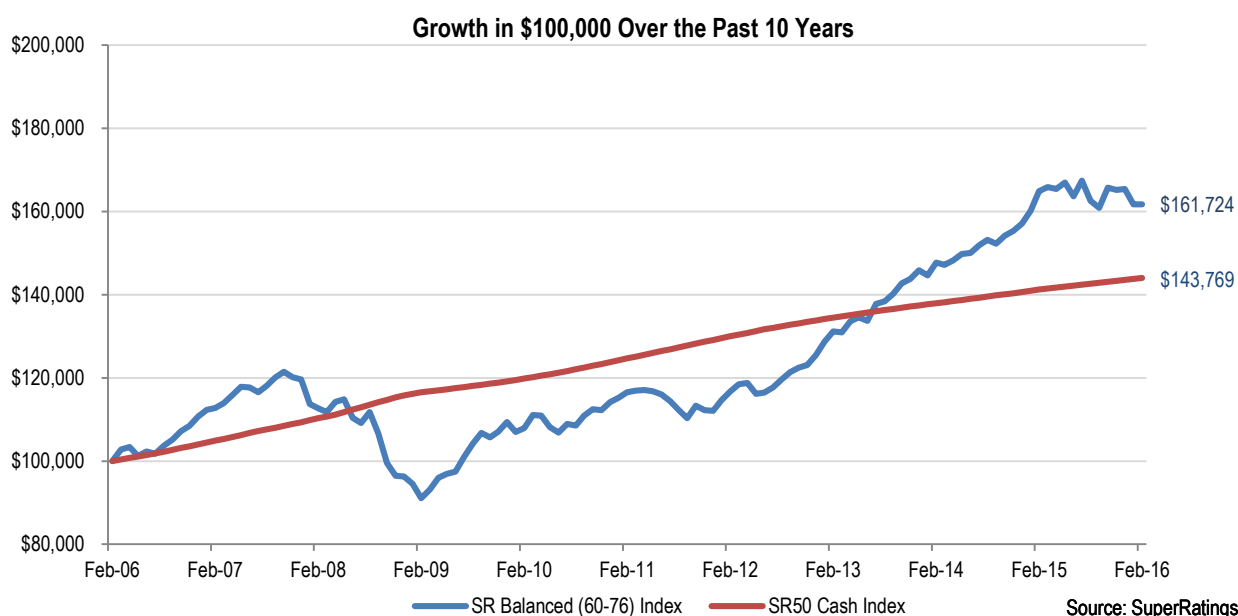
Uncertainty about global growth prospects persists, particularly in China and emerging market economies, although oil prices did halt their slide in the middle of the month. The MSCI World Ex-Australia Net TR Index was down 1.7% for the month, which was well ahead of the 5.9% fall recorded in January. However, unlike recent months, the Australian Dollar held its ground and did not have a material impact on returns. The median International Share option was down 1.3% for the month, but given the rise in the Australian Dollar in March, the currency is expected to detract from returns rather than cushion any volatility.

“Higher growth portfolios have borne the brunt of market volatility, although it is expected that most members invested in these options are earlier in their accumulation phase and have a higher ability to withstand these conditions. Capital Stable Options, which are much more likely to be used by members in and around retirement, recorded a 0.05% fall for the month but remain in positive territory for the financial year to date.”

Cash and Diversified Fixed Interest returns remain subdued, with the median Cash and Diversified Fixed Interest Options up 0.2% and 0.5% respectively, although these returns were some of the strongest for February.

LONG-TERM PERFORMANCE

The chart below summarises the growth in \$100,000 invested a decade ago, which encompasses the GFC:



Returns over the 10-year period have slipped against a CPI + 3.5% per annum target, with the median Balanced Option now returning 5.1% per annum over the 10 years to 29 February 2016. Given the recent market challenges, however, it is timely to remind members of the relative performance between Balanced and Cash options, with an investment in the median Balanced option remaining well ahead over the long term.

Release Ends



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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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