



SUPERRATINGS' MEDIA RELEASE

Thursday, 19 September 2013

FUNDS CONTINUE POSITIVE START TO FINANCIAL YEAR

Month of August 2013		+0.4%
Financial year return to 31 August 2013	▲	3.4%
Rolling 1 year return to 31 August 2013	▲	15.9%
Rolling 3 year return to 31 August 2013	▲	8.6% p.a.
Rolling 5 year return to 31 August 2013	▲	4.4% p.a.
Rolling 7 year return to 31 August 2013	▲	4.4% p.a.
Rolling 10 year return to 31 August 2013	▲	6.9% 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 based on closing index estimates calculated and are expressed net of all fees and taxes.

Median Balanced Fund Records 0.4% Gain for August

Australian superannuation funds have continued their positive start to the 2013/14 Financial Year, with the median Balanced option recording a 0.4% gain for the month of August. This rebound follows July's strong 3.0% gain, and the median return for the Financial Year to date now sits at 3.4%, with the return over the past twelve months at 15.9%.

In contrast to recent months, Growth assets delivered mixed performance in August. Australian equities were the key driver of returns, with the median superannuation Australian Shares option returning 2.4%, compared to a 2.5% gain in the S&P/ASX 200 Accumulation Index. International shares detracted from overall performance however, with the median superannuation International Shares option falling by -1.2% over the month.

Returns across all other asset classes were likewise mixed for the month, with superannuation fund's Diversified Fixed Interest and Property options down -0.1% and -0.3% respectively, while Cash options returned 0.2%.

As the chart below shows, super funds have delivered strong performance since January 2012, with the median Balanced option only recording a negative return in 3 out of the 20 months to August 2013. This period of positive performance comes on the back of increasingly positive news out of the US, Europe and locally, as loose monetary policy from the world's central bankers continues to buoy equity markets.

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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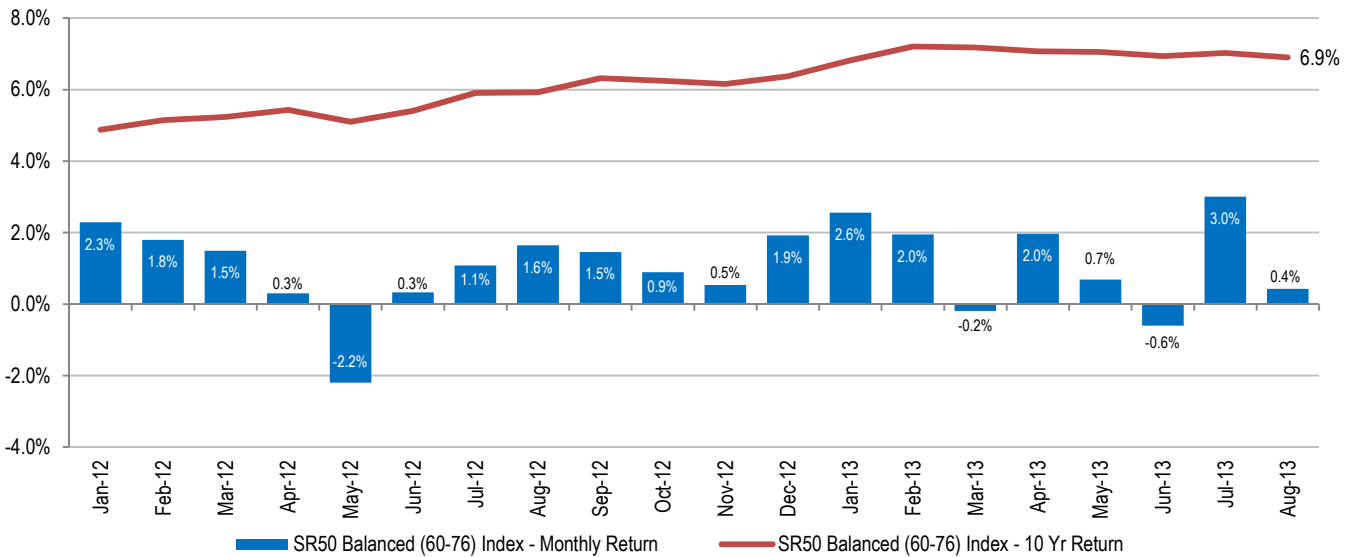
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SR50 Balanced Index Returns - Jan 2012 - Aug 2013



Source: SuperRatings

The chart below shows that from an initial \$100,000 invested 10 years ago, the median Balanced option has accumulated to \$192,066 as at the end of August. This sits some 14% above its pre-GFC peak of \$168,596. Further, despite all of the market turmoil over the past decade, Balanced options in Australia's major super funds have delivered an average return of 6.9% per annum over the 10 year period, over 4% per annum ahead of prevailing inflation. This has more than met funds' long term objectives.

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



Source: SuperRatings

SuperRatings' founder, Jeff Bresnahan, said "Short term results have no doubt been a positive for fund members, and with the ten year return sitting at 6.9% funds continue to perform strongly against their long term objectives, in spite of the significant volatility over this time."



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He went on to say “However, the change in Government earlier this month has also been a major focus for both super funds and members. The outcome of September’s election earmarked a further period of change for the superannuation industry with the Abbott-led Coalition government confirming its intention to roll back a number of the changes implemented by the Labor Government. Whilst investment returns continue to be strong in recent times, the possible removal of the Low Income Superannuation Contribution and deferral of the rise in the Superannuation Guarantee for 2-years will have a longer term impact on retirement adequacy. Of additional importance are the potential changes to the superannuation provisions within awards outlined by the Coalition, which may allow any MySuper product to be the benefactor of default contributions, reducing the stranglehold that the Not-for-Profit sector has had on these for many years”.

Jeff Bresnahan noted that “The continued tinkering with the superannuation system can only serve to reduce investor confidence in the system, particularly after many years of continual change. As an industry, we look forward to a period of consolidation, to enable funds to bed-down many of the new systems and processes implemented in recent years, in response to previous legislative amendments”.

Top 10 Balanced Investment Options* Over Last 5 Years

Fund and Option Description

5 yrs to
31 August 2013
(% p.a.)

REST - Core Strategy	6.4%
Commonwealth Bank Group Super - Mix 70	6.1%
Telstra Super - Balanced	5.8%
LGsuper – Balanced **	5.7%
CareSuper - Balanced	5.7%
equip - Balanced Growth	5.6%
UniSuper - Balanced	5.3%
ASGARD Employer Super - SMA Balanced	5.2%
First State Super - Diversified	5.2%
RBF - RBF Actively Managed	5.2%
Top Quartile	5.1%
SuperRatings Median Index	4.4%
Bottom Quartile	3.7%

*SR50 Balanced Index Investment Options with between 60% and 76% of assets in growth style investments. All results are net of fees and tax. ** indicates the interim results.



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Best and Worst Performance Over Last 12 Months

When examining cash returns, please note that these figures are after tax, while Term Deposit Rates are quoted pre-tax.

Option Type	Highest	Median	Lowest
Balanced (60% -76% Growth)	18.7%	15.9%	10.2%
Growth (77%-90% Growth)	22.4%	18.5%	13.5%
Capital Stable (20%-40% Growth)	11.5%	8.0%	4.3%
Australian Shares	27.4%	22.8%	19.6%
International Shares	36.2%	28.7%	21.5%
Property	16.3%	7.7%	4.6%
Diversified Fixed Interest	7.3%	3.6%	0.9%
Cash	3.8%	2.9%	0.9%

SuperRatings Index Returns for the Period Ended 31 August 2013

Each index is calculated based on a selected universe of funds whose asset sizes represent the largest investment options in that option space (50 or 25), hence covering the vast majority of Australians in our major super funds. It works similarly to major share indices and provides a consistent and reliable measurement for super funds and consumers.

SuperRatings Index	1yr Return	3yr Return p.a.	5yr Return p.a.	7yr Return p.a.	10yr Return p.a.
SR25 High Growth Index	21.7%	9.7%	4.1%	3.2%	6.4%
SR50 Growth Index	18.5%	9.4%	4.4%	3.8%	6.9%
SR50 Balanced Index	15.9%	8.6%	4.4%	4.4%	6.9%
SR25 Conservative Balanced Index	11.3%	7.1%	4.8%	4.3%	6.1%
SR50 Capital Stable Index	8.0%	6.5%	4.9%	4.9%	5.8%
SR25 Secure Index	3.5%	4.2%	3.9%	4.2%	4.4%
SR50 Australian Shares Index	22.8%	9.5%	5.2%	5.0%	9.3%
SR50 International Shares Index	28.7%	11.3%	2.8%	1.0%	3.2%
SR25 Property Index	7.7%	8.5%	1.2%	1.6%	5.6%
SR25 Diversified Fixed Interest Index	3.6%	5.7%	6.4%	5.8%	5.7%
SR50 Cash Index	2.9%	3.7%	3.7%	4.3%	4.4%



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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 now 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, Growth, Australian Shares, International Shares, Capital Stable, Property, Conservative Balanced, High Growth, Secure, Diversified Fixed Interest and Cash.

Release Ends

About SuperRatings

SuperRatings Pty Ltd ABN: 95 100 192 283 AFSL 311800 (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 advisers need informed opinions on the best superannuation and pension financial products to provide real value for their clients. 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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