

MEDIA RELEASE

27 OCTOBER 2008

SUPER FUNDS RECORD FOURTH SUCCESSIVE QUARTER OF NEGATIVE RETURNS

Highlights (Median Fund)*

The month of September 2008	-4.57%
3 Months ending 30 September 2008	-3.42%
Financial year to 30 September 2008	-3.42%
12 months ended 30 September 2008	-11.59%
Rolling 3 year return to 30 September 2008	▲ 4.28% pa
Rolling 5 year return to 30 September 2008	▲ 8.35% pa
Rolling 7 year return to 30 September 2008	▲ 7.18% pa
Rolling 10 year return to 30 September 2008	▲ 7.14% pa

*Median Fund refers to "balanced" option with exposure to growth style assets of between 60% and 76%. Approximately 80% of Australians in our major super funds are invested in their fund's default investment option which in most cases is the balanced investment option. Returns are net of fees and tax.

Superannuation funds continue to take a battering from the listed Australian and International share markets with the median fund posting its fourth successive negative quarterly return of -3.4% for the quarter ended 30 September 2008. This brings the 12 month median return for a balanced option to -11.6%, the worst rolling 12 month return since the introduction of compulsory super in July 1992. With markets even more volatile since 30 September, the 12 month rolling return is expected to fall further by the close of October. Notwithstanding this, and despite the doom and gloom enveloping those in and around retirement, the median balanced option's long term performance still continues to hold up extremely well relative to inflation, giving an endorsement to the long term strategy of those funds that sit above SuperRatings' median fund return. The respective 7.18% per annum over 7 years and 7.14% per annum over 10 years median returns are almost exactly in line with long term expectations of CPI plus 3.5% per annum. However, even these may come under pressure in the coming months.

The era of double digit per annum returns over a five year period appear to be at an end with just two funds able to make this claim as at 30 September 2008. Come 31 October 2008 it is doubtful any balanced investment option will be able to lay claim to this for quite some time. The best performing funds over the last five years are as follows:



Top 10 Performing Funds over last Five Years

BALANCED INVESTMENT OPTIONS

Fund and Option Description	5 years to 30 September 2008 per annum compound returns
1 MTAA Super Balanced	+ 12.3 %
2 Buss(Q) - Balanced Growth	+ 10.5 %
3 Cbus - Core Strategy	+ 9.9 %
4 Westscheme - Trustee's Selection	+ 9.8 %
5 AustralianSuper - Balanced Option	+ 9.8 %
6 HOSTPLUS - Balanced	+ 9.6 %
7 QSuper - Balanced	+ 9.6 %
8 AGEST - Balanced	+ 9.3 %
9 Catholic Super - Balanced	+ 9.3 %
10 UniSuper Accum (1) - Balanced	+ 9.1 %
Top Quartile	+ 9.0%
SuperRatings' Median Index	+ 8.4%
Bottom Quartile	+ 7.3%

Balanced Fund Options with between 60% and 76% of assets in growth style investments.
All results are net of fees and tax.

COMMENTARY

Australian super funds are facing their biggest challenge since the introduction of compulsory superannuation in 1992 due to the fallout of the international financial crisis affecting nearly all institutions. With short term losses at an all time high, funds are being forced to try even harder to engage members to ensure panic reactions are avoided.

Notwithstanding this there is clear evidence that higher than average levels of members are moving to cash. Members are flocking to seminars being run by funds in an effort to understand the current markets and to search for any information that can make them better understand the potential effect these markets may have on their superannuation. A common theme from speakers at SuperRatings' Day of Confrontation last Wednesday concluded that funds need to communicate more simply and on a more personal basis. Many funds are guilty of maintaining the one message fits all process and for complicating the investment message with economic jargon. The traditional generic paper based communications do not work in this environment and funds need to get on the front foot in providing simple English explanations as to what is happening within their fund. The same message is also not going to work when given to both a 30 year old and a 60 year old, whose requirements differ markedly. The overall message was now is the time members really need their funds to communicate, not when things are cruising along!



The table below reflects the effects of not only asset allocation but the range of returns for similar allocations within each option type by showing the highest and lowest results for the 12 months ended 30 September 2008 (taken from the respective SR Universe for each option):

Option Type	Highest	Top Quartile	Median	Bottom Quartile	Lowest
Balanced (60%-76% Growth)	- 6.6%	- 9.6%	-11.6%	-14.0%	-20.9%
Growth (77%-90% Growth)	- 9.7%	-13.6%	-16.4%	-18.5%	-22.3%
Australian Shares	-20.0%	-21.8%	-23.2%	-24.3%	-26.7%
International Shares	-14.5%	-18.2%	-19.8%	-22.1%	-26.6%
Capital Stable	0.7%	- 0.8%	- 3.1%	- 4.8%	- 9.0%
Property	11.2%	5.0%	-18.7%	-34.7%	-43.6%
Cash	7.0%	6.2%	5.4%	4.6%	2.9%

“The above shows that no-one has been immune from this turmoil over the last twelve months, except those who have been nestled happily in cash. However, those who are seeking refuge in cash now run a real risk of missing any sudden market turnaround. It is decisions made in panic that have the real potential to seriously affect people’s ultimate retirement benefit.”

Other key results in respect of the rolling three year results to 30 September 2008 include:

Growth Options SuperRatings Index	+ 3.2% p.a.
Australian Share Options SuperRatings Index	+ 4.0% p.a.
International Share Options SuperRatings Index	- 1.4% p.a.
Property Options SuperRatings Index	+ 2.3% p.a.
Capital Stable Options SuperRatings Index	+ 4.4% p.a.
Cash Options SuperRatings Index	+ 5.3% p.a.

Other key results in respect of the rolling five year results to 30 September 2008 include:

Growth Option SuperRatings Index	+ 8.2% p.a.
Australian Share Option SuperRatings Index	+11.8% p.a.
International Share Option SuperRatings Index	+ 2.9% p.a.
Property Option SuperRatings Index	+ 6.8% p.a.
Capital Stable Option SuperRatings Index	+ 6.3% p.a.
Cash Option SuperRatings Index	+ 4.9% p.a.

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 5 performing funds together with the medians over all time periods for the following investment options:

Balanced
Growth
Australian Shares
International Shares
Capital Stable
Property
Cash

RELEASE ENDS

SUPERRATINGS

To encourage and where necessary create disclosure within the Superannuation industry.



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Simply go to our website
www.superratings.com.au

Click on "Latest Investment Returns" to view the various tables.

The website will be updated with all 30 September results this week. The "SuperRatings' Index" as shown in the tables is the median result of all funds. We welcome any Media enquiries regarding any of the information held on our database and where possible we will provide customised tables/graphs for your use.

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