

MEDIA RELEASE

22 December 2008

LONG TERM GAIN DESPITE SHORT TERM PAIN

Highlights (Median Fund)*

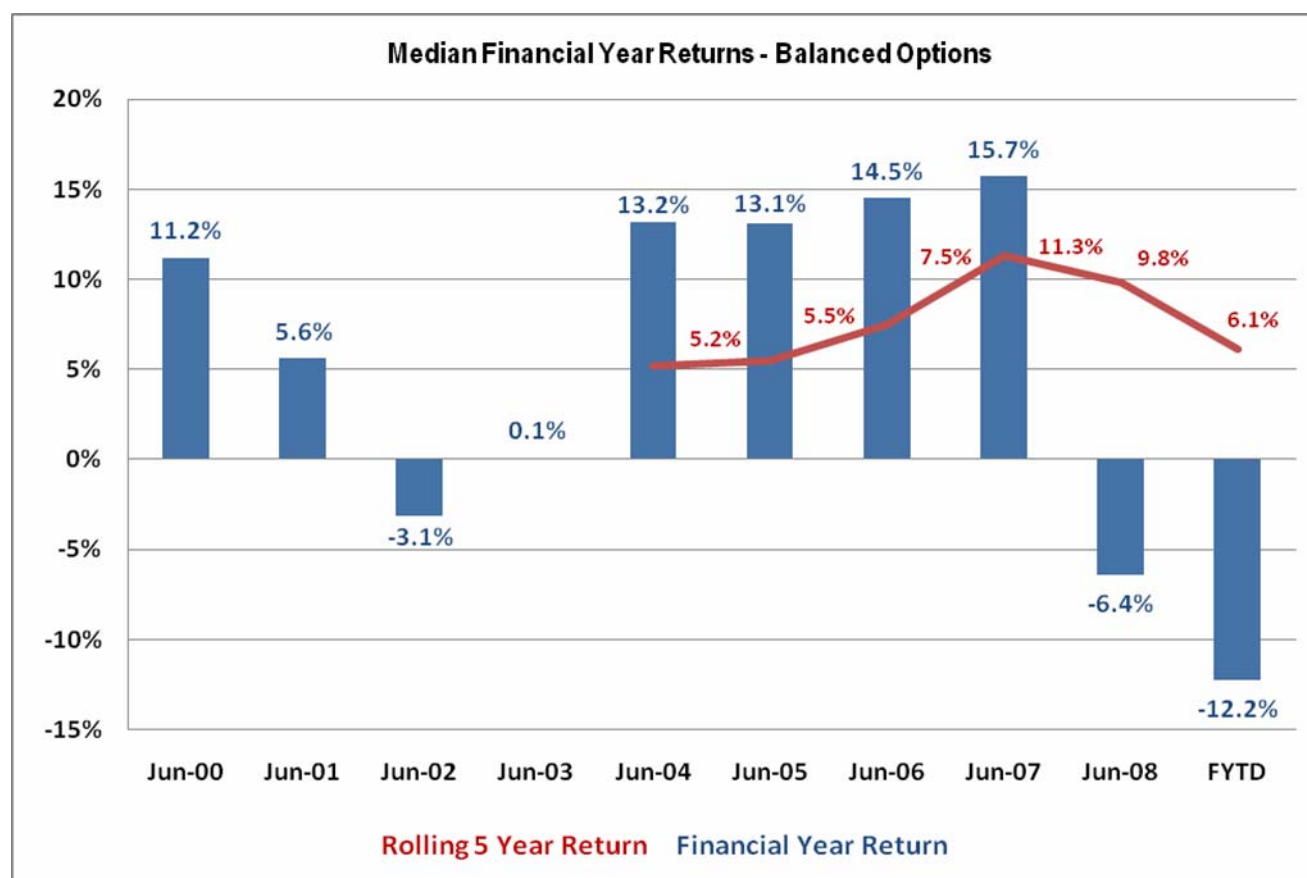
The month of November 2008	- 3.11%
3 Months ending 30 November 2008	-13.22%
Financial year to 30 November 2008	-12.21%
12 months ended 30 November 2008	-19.74%
Rolling 3 year return to 30 November 2008	▲ 0.20% pa
Rolling 5 year return to 30 November 2008	▲ 6.09% pa
Rolling 7 year return to 30 November 2008	▲ 5.14% pa
Rolling 10 year return to 30 November 2008	▲ 5.88% 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.

Despite further falls on world share markets in November, which fuelled a further 3.1% drop in superannuation fund earnings for the month, the longer term 5 and 10 year performance numbers are showing a determined resilience, underlying the strength of many funds' long term investment strategies. Whilst August remains the only positive month this financial year, and despite a 40% to 50% drop in listed asset values around the globe over the past 12 months, the median 5 year result still sits at a positive 6.1% compound annual return with the 10 year number also holding up at 5.9% per annum. This means that in what has been one of the worst ever economic meltdowns, Australians in "balanced" investment options have still seen their super go forward in real terms.

With super funds down around 12.2% this financial year, it is unlikely that they will climb back into positive territory for 2008/09, so in effect we are looking at a 3rd negative result this decade, well above the expected average. However, as the graph over page reflects, all that has happened is that some of the gains have been given back. The rolling 5 year result has never dipped under 5% per annum, reaching a peak of 12.8% per annum as at 30 September 2007 and declining since to the current 6.1% per annum. So it is clear that when members are encouraged to focus more on the 5 to 7 year numbers, their chance of a panicked reaction due to fear would be substantially reduced and the number of people moving needlessly to cash would diminish accordingly.

FINANCIAL YEAR AND ROLLING 5 YEAR RETURNS FROM 1 JULY 1999



Source: www.superratings.com.au

ADDITIONAL COMMENTARY

A little bit of analysis of our better performing super funds would indicate that they have performed admirably over this tumultuous economic period. With listed world markets down 40% to 50%, and super funds generally holding 50% to 60% in share markets, it could have been reasonably expected that Australian super funds on average would have lost around 23% over the past 12 months, after allowing for tax. So for the top 10 funds to have limited losses to around 17.5% or better, reflects sound judgment by funds in terms of various asset exposures.

But with little or no good news filtering through to consumers the greatest challenge for our super funds remains educating members that it is the long term aspects of investment performance that remains critical. As CEO of the Association of Superannuation Funds in Australia, Pauline Vamos warns, "Superannuation Funds invest in sound assets. These assets will deliver positive results in the long term. If you change your investment portfolio when the asset's value is at its lowest - you lose its benefit for ever. The current returns reflect values impacted by the global financial crisis - the value of assets in superannuation funds will rise again as the market settles but it will take time".

Managing Director of SuperRatings, Jeff Bresnahan, agrees with Ms Vamos' timely warning, adding "A number of international studies have shown that retail investors have this uncanny ability to buy near the top and sell near the bottom – thus ensuring they miss out on many of the benefits of long term investing. For anyone not considering retirement in the next five years, a longer term growth orientated super strategy would normally yield the best results and really this short term volatility is something that needs to be understood, but not necessarily acted on".



He also reinforces the need to better understand superannuation. "There must now, after such sustained exposure in the media, be some onus on consumers to take responsibility for their own super. Seeking someone to blame for losses is not the answer. Understanding that a "balanced" portfolio does hold a significant portion of assets in share markets around the world, and that negative returns are just part of the strategy's characteristics, will help people understand the long term benefits of growth orientated investing. For most, the lure of cash is a false one. Whilst cash would have been king twelve months ago, right now it is not looking as attractive with even the best funds offering post tax returns of less than 4%". The other key component of the superannuation system is the delivery of advice and this hotly debated issue needs resolution sooner rather than later. Consumers must be encouraged to seek advice and to understand that all advice comes at a cost. The key issue remains disclosure, not necessarily payment mechanisms which can be addressed further down the track.

So despite all of the screaming headlines, the better super funds continue to deliver sound long term results as can be seen below. However, as the boom years of 2003 to 2007 fall out of the five year numbers and are replaced by less impressive performance figures, it is likely that the 5, 7 and 10 year performance numbers will continue to decline and in the short term at least, many will no longer meet their stated objectives.

The best performing funds over the last 5 years are as follows:

TOP 10 BALANCED INVESTMENT OPTIONS* OVER LAST 5 YEARS

Fund and Option Description	5 years to 30 November 2008 per annum compound returns
1 MTAA Super Balanced	+ 10.1 %
2 Buss(Q) - Balanced Growth	+ 8.7 %
3 Cbus - Core Strategy	+ 8.1 %
4 HOSTPLUS – Balanced	+ 7.9 %
5 AustralianSuper - Balanced Option	+ 7.9 %
6 Westscheme – Trustee's Selection	+ 7.6 %
7 AGEST – Balanced	+ 7.5 %
8 Catholic Super - Balanced	+ 7.4 %
9 Vision SS – Balanced Growth	+ 7.3 %
10 UniSuper Accum (1) - Balanced	+ 7.2 %
Top Quartile	+ 6.6%
SuperRatings' Median Index	+ 6.1%
Bottom Quartile	+ 4.7%

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



Notwithstanding all of the above, consumers should also look to exercise choice where they do not believe their fund is offering any value. Part of this analysis includes understanding the relativity of their returns. There is a real need for consumers to understand how their fund's return compares against the comparable broader market. 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 November 2008 (taken from the respective SR Universe for each option):

Option Type	Highest	Top Quartile	Median	Bottom Quartile	Lowest
Balanced (60%-76% Growth)	- 13.0%	- 17.6%	- 19.7%	- 23.6%	- 30.7%
Growth (77%-90% Growth)	- 18.3%	- 22.8%	- 25.6%	- 29.4%	- 31.7%
Australian Shares	- 30.9%	- 34.5%	- 36.4%	- 38.0%	- 42.6%
International Shares	- 21.3%	- 24.8%	- 28.2%	- 31.3%	- 40.2%
Capital Stable	- 2.1%	- 5.4%	- 7.5%	- 10.4%	- 15.3%
Property	7.4%	- 5.1%	- 38.0%	- 46.3%	- 51.4%
Cash	7.3%	6.4%	5.5%	4.5%	3.1%

"There has been no escaping the economic meltdown for most. However, those who have been sitting in the better performing funds have clearly felt much less pain than those who have for whatever reason seen their fund under perform. It is critical that Australians regularly review their choice of super fund as the effect on one's ultimate retirement benefit can be significant. Not only do investment returns show wide variations, but fees are also a key driver of people's ultimate retirement benefit. Paying a 2% fee when you can obtain effectively the same benefits for 1% makes little sense."

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

Growth Options SuperRatings Index	- 1.3% p.a.
Australian Share Options SuperRatings Index	- 2.1% p.a.
International Share Options SuperRatings Index	- 7.2% p.a.
Property Options SuperRatings Index	- 8.2% p.a.
Capital Stable Options SuperRatings Index	+ 2.4% p.a.
Cash Options SuperRatings Index	+ 5.2% p.a.

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

Growth Option SuperRatings Index	+ 5.4% p.a.
Australian Share Option SuperRatings Index	+ 7.6% p.a.
International Share Option SuperRatings Index	- 0.1% p.a.
Property Option SuperRatings Index	+ 0.3% p.a.
Capital Stable Option SuperRatings Index	+ 5.1% p.a.
Cash Option SuperRatings Index	+ 5.0% 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
High Growth
Conservative Balanced
Australian Shares
International Shares
Capital Stable
Secure
Property
Diversified Fixed Interest
Cash

RELEASE ENDS

SUPERRATINGS

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



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More Info?? 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 31 October 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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