

MEDIA RELEASE

22 January 2009

DECEMBER FLAT FOR SUPER FUNDS AS A TUMULTUOUS 2008 FINALLY ENDS Highlights (Median Fund)*

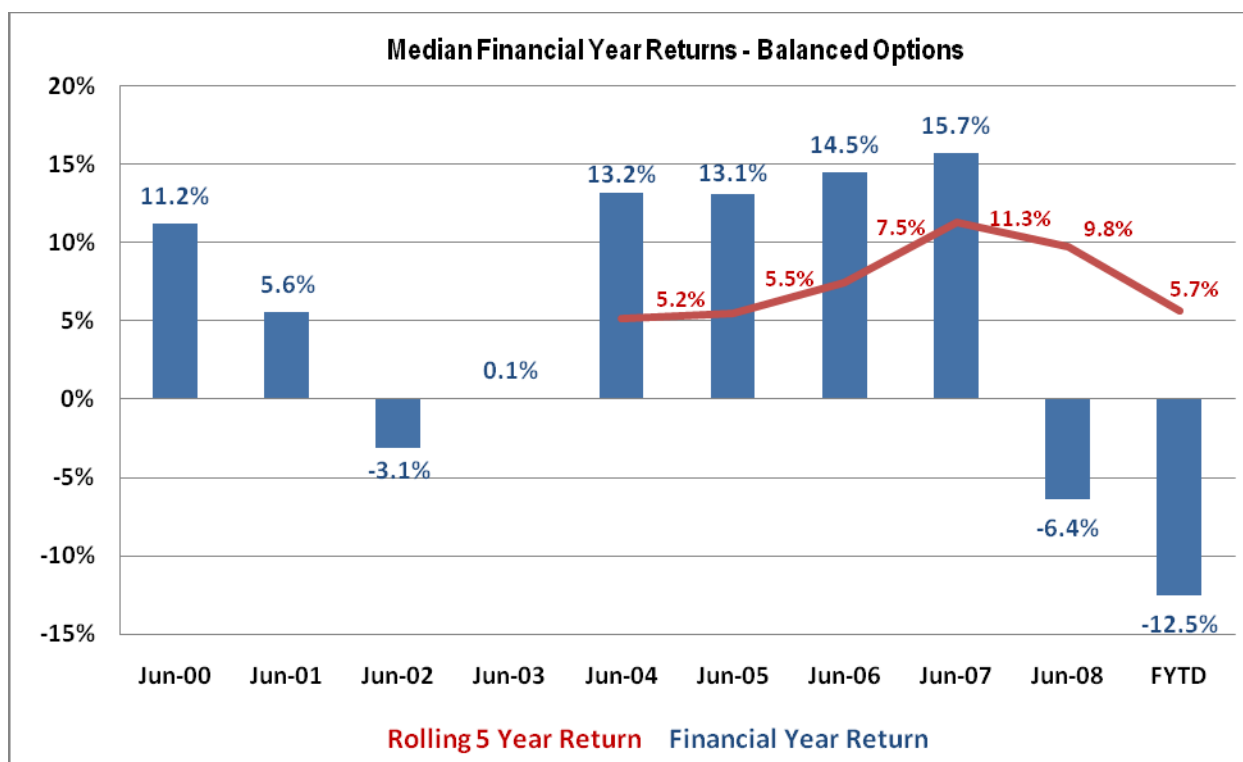
The month of December 2008	- 0.12%
3 Months ending 31 December 2008	- 9.87%
Financial year to 31 December 2008	- 12.53%
12 months ended 31 December 2008	- 19.67%
Rolling 3 year return to 31 December 2008	- 0.36% pa
Rolling 5 year return to 31 December 2008	▲ 5.66% pa
Rolling 7 year return to 31 December 2008	▲ 5.03% pa
Rolling 10 year return to 31 December 2008	▲ 5.22% 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.

Australian super funds finished 2008 on a flat note with the median balanced option recording a marginal loss of 0.12% for December. This monthly result completed a tumultuous calendar year for all Australians, with the median balanced investment option recording a loss of 19.67% over that period. That same twelve month period, the likes of which are unlikely to be repeated for many decades, has seen investment earnings since late 2005 effectively reversed. The three year performance numbers stand at just 0.36% per annum, whilst the financial year to date number of -12.53% means that Australians should most likely brace themselves for a second consecutive financial year of negative earnings from their super fund.

Despite all of this turmoil, which over the same period has seen world share markets decline by between 40% and 50%, longer term results over 5, 7 and 10 year periods for Australia's major super funds continue to hold above 5% per annum compound. This means that the average Australian in a balanced option, which accounts for approximately 4 out of every 5 superannuants, has seen their super fund balance increase through investment returns alone, by 31% over 5 years, 41% over 7 years and 66% over the past 10 years. As the graph over the page shows, a balanced portfolio will exhibit a reasonable level of short term volatility, largely because of its exposure to listed markets, but this should smooth out over a five to seven year period.

FINANCIAL YEAR RETURNS SINCE 99/00 & ROLLING 5 YEAR RETURNS SINCE JUNE 2003



Source: www.superratings.com.au

ADDITIONAL COMMENTARY

In a year in which the world was forced to come to terms with arguably the worst financial crisis in history, the Australian superannuation market has learned a lot. First and foremost the average Australian has just begun to understand the concept of risk and return in investment markets. Put simply, how strong investment gains in their super funds between 2003 and 2007 come with a degree of risk due primarily to their exposure to world share markets. This risk has since transformed itself into negative results for 2007/08 and most likely again in 2008/09.

Super funds themselves are facing their biggest challenge since the introduction of compulsory superannuation in 1992. With short term losses at an all time high, funds are faced with the challenge of communicating the effect of one of the world's biggest ever financial crisis to an, at times, financially illiterate consumer. Simultaneously, funds are having to completely rethink their short term investment strategy, with many sheltering in cash pending the onset of positive economics news, which remains scarce.

Meanwhile, many consumers have also fled to cash, many for all the wrong reasons. As Chief Executive Officer of ASFA, Pauline Vamos commented "People must remember that moving monies at this time means that the current value will be crystallized – and this may not be in their best interests. It is very important that fund members seek information, guidance and advice about their superannuation before they make any decisions". SuperRatings founder Jeff Bresnahan concurs "For most Australians a balanced or growth superannuation strategy is appropriate given the long term nature of their membership. The long term performance of many super funds is still sound and for those who



ride out this major correction, markets will eventually rebound. Those who have recently fled to cash run a real risk of missing any initial rebound”.

As can be seen below, the five year returns for the better performing funds remain impressive. 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 many funds will no longer be meeting their stated investment objectives. SuperRatings currently conducts a quarterly review of performance against objectives and this is due out in February 2009.

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 31 December 2008 per annum compound returns
1 MTAA Super Balanced	+ 9.2 %
2 Buss(Q) - Balanced Growth	+ 8.5 %
3 Cbus - Core Strategy	+ 7.3 %
4 HOSTPLUS – Balanced	+ 7.2 %
5 AustralianSuper - Balanced Option	+ 7.1 %
6 AGEST - Balanced	+ 7.1 %
7 Catholic Super - Balanced	+ 6.8 %
8 Vision SS – Balanced Growth	+ 6.7 %
9 UniSuper Accum (1) - Balanced	+ 6.5 %
10 REST – Core Strategy	+ 6.4 %
Top Quartile	+ 6.4%
SuperRatings' Median Index	+ 5.7%
Bottom Quartile	+ 4.1%

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

What will be interesting once all of this turmoil has washed through our superannuation system and the six monthly statements to members are sent out over the next three months, is the reaction of members to their own funds. It would be surprising if the level of switching did not increase as consumers became more aware of the divergence of returns between funds. As the table shows below, even amongst the “balanced” investment options, the difference between the best and worst option is over 16% for the twelve months. This is a big number when losses are involved. And spare a thought for those who may have thought property was a safe haven twelve months ago. The best fund has shown a 6% increase whilst the worst has shown a 53% loss.



The key thing for consumers is to not only understand why these losses are occurring, but also to importantly understand the relativity of their returns. Or in short, 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 31 December 2008 (taken from the respective SR Universe for each option):

Option Type	Highest	Top Quartile	Median	Bottom Quartile	Lowest
Balanced (60%-76% Growth)	- 13.8%	- 17.8%	- 19.7%	- 22.8%	- 29.9%
Growth (77%-90% Growth)	- 18.2%	- 22.4%	- 25.9%	- 29.3%	- 32.5%
Australian Shares	- 28.8%	- 33.3%	- 35.0%	- 36.1%	- 39.2%
International Shares	- 22.6%	- 26.2%	- 29.5%	- 32.1%	- 40.3%
Capital Stable	- 1.4%	- 4.4%	- 7.8%	- 10.5%	- 14.8%
Property	6.3%	- 4.9%	- 32.1%	- 47.6%	- 53.0%
Cash	7.3%	6.4%	5.5%	4.5%	2.6%

"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 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 ones ultimate retirement benefit can be significant. Australians have a need to better understand their super to ensure they maximize their benefits."

Other key results in respect of the rolling three year results to 31 December 2008 include:

Growth Options SuperRatings Index	- 2.7% p.a.
Australian Share Options SuperRatings Index	- 2.8% p.a.
International Share Options SuperRatings Index	- 8.4% p.a.
Property Options SuperRatings Index	- 6.5% p.a.
Capital Stable Options SuperRatings Index	+ 1.9% p.a.
Cash Options SuperRatings Index	+ 5.2% p.a.

Other key results in respect of the rolling five year results to 31 December 2008 include:

Growth Option SuperRatings Index	+ 4.6% p.a.
Australian Share Option SuperRatings Index	+ 7.0% p.a.
International Share Option SuperRatings Index	- 0.5% p.a.
Property Option SuperRatings Index	+ 0.2% p.a.
Capital Stable Option SuperRatings Index	+ 4.7% 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	Conservative Balanced
Growth	High Growth
Australian Shares	Secure
International Shares	Diversified Fixed Interest
Capital Stable	Cash
Property	

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 December 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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