

MEDIA RELEASE

23 February 2009

JANUARY SUPER RETURNS RESUME WHERE 2008 LEFT OFF Highlights (Median Fund)*

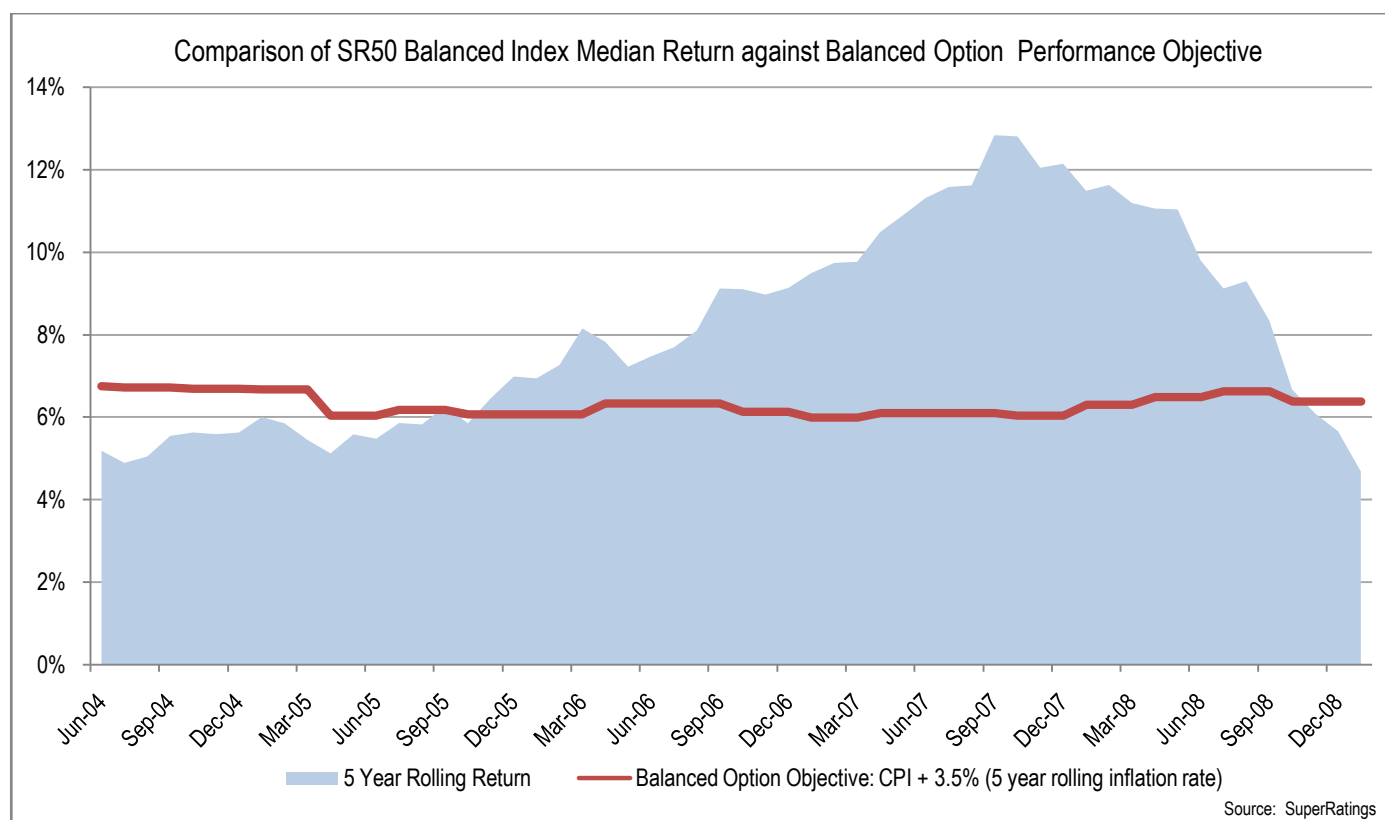
The month of January 2009	- 1.85%
3 Months ending 31 January 2009	- 5.53%
Financial year to 31 January 2009	- 15.10%
12 months ended 31 January 2009	- 17.68%
Rolling 3 year return to 31 January 2009	- 1.86% pa
Rolling 5 year return to 31 January 2009	▲ 4.68% pa
Rolling 7 year return to 31 January 2009	▲ 4.42% pa
Rolling 10 year return to 31 January 2009	▲ 4.93% 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 started the 2009 calendar year in a similar manner to the way they suffered during 2008 with the median balanced option recording a loss of 1.85% for January. Apart from some Government hand outs, there would appear to be no good news for any Australian who holds investments in other than defensive style assets like cash or fixed interest. Sharp declines in the Australian equity and listed property sectors in January led balanced super fund options backwards and assisted in dragging the rolling 3 year return for these options to a negative -1.86% per annum. Ironically, the rolling 12 month super returns improved by 2% in January as the horrific falls of January 2008 dropped out of that measurement. However, with a financial year to date median of -15.10% for balanced options, only a major financial miracle can prevent Australians from suffering their second consecutive negative financial year return this year after losses of 6.4% in 2007/08.

With all of this turmoil, there is industry wide concern of a loss in faith of superannuation as a savings vehicle. Consumers need to be reminded that superannuation is just a tax advantaged vehicle that in most cases will provide a better outcome than an identical investment in a non-superannuation environment. However, the perceived complexities of the system and general apathy by consumers have made Australian super funds an easy target. Notwithstanding our defence of the system, it is still clear that Australians are costing themselves significant amounts of money by staying put in funds which continually fail to deliver adequate benefits.

SUPER FUND MEDIAN RETURNS AGAINST OBJECTIVES OVER LAST 10 YEARS



Source: www.superratings.com.au

ADDITIONAL COMMENTARY

With little evidence in sight of an end to arguably the worst financial crisis in history, consumers are looking more and more for simple explanations on how this affects their super. The short answer is that their super fund has lost money! But this is not the first time and will not be the last. In fact it was only 7 years ago that super funds lost 3.1% and followed that by eking out a 0.1% gain the following year in 2002/03. This in turn led to super funds being unable to meet their long term investment objectives, a situation we now find ourselves in again in 2008/09. The graph above clearly depicts that balanced options experience significant variations in their 5 year performance. After failing to meet their objectives for the five year periods up to September 2005, their returns then rode the markets to be able to record an outperformance of some 6.5% per annum over five years just two years later. Over a 10 year period the variations become even lower and hug more closely the long term objective line. So in short, the average balanced option in a super fund is correlated with world share markets, but generally their portfolios have been constructed to provide some long term stability which the respective 5, 7 and 10 year performance numbers of 4.68%, 4.42% and 4.93% per annum respectively support.

So should consumers jump ship to cash – or hold on tightly for the rest of the ride? SuperRatings' Managing Director, Jeff Bresnahan believes that most people would be better off ignoring the short term pain and continue to look at the longer term results "Many Australian super funds have delivered sound long term benefits, including investment returns, to their members. It is easy for people to point the finger at super funds



and say they have failed in the current environment, but world markets have been affected in a way never before seen by not only the superannuation system but also by all financial institutions. The longer term performance of Australian super funds actually reinforces the benefits of a balanced portfolio as a long term strategy. Cash is always a great hindsight decision but unless 100 years of history is going to be reversed, then a reasonable exposure to other asset classes is appropriate for anyone with a time frame of longer than 5 years”

As can be seen below, the five year returns for the better performing funds remain well above their objectives. However, as the boom years of 2003 to 2007 fall out of the five year numbers and are replaced by less impressive performance figures, more and more funds are no longer meeting their stated investment objectives. SuperRatings is currently conducting a quarterly review of performance against objectives and this is due out in late 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 January 2009 per annum compound returns
1 MTAA Super Balanced	+ 8.7 %
2 Buss(Q) - Balanced Growth	+ 7.5 %
3 HOSTPLUS – Balanced	+ 7.0 %
4 Cbus - Core Strategy	+ 7.0 %
5 AustralianSuper - Balanced Option	+ 6.7 %
6 Catholic Super - Balanced	+ 6.5 %
7 UniSuper Accum (1) - Balanced	+ 6.2 %
8 Vision SS – Balanced Growth	+ 6.1 %
9 OSF Super – Mix 70	+ 6.0 %
10 Westscheme – Trustee’s Selection	+ 5.9 %
Top Quartile	+ 5.7%
SuperRatings’ Median Index	+ 4.7%
Bottom Quartile	+ 3.5%

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

Interestingly, despite widespread fear mongering by some, of significant negative revaluations of unlisted assets, funds appear to be experiencing both positive and negative results in this area. The quality of the asset is obviously paramount and funds holding better quality assets do not appear to be impacted at the present time. In fact those with high levels of unlisted assets continue to outperform those with little or no assets in this area and as the table over the page shows, the difference between the best and worst option is over 15% for the twelve months. This is a big number when losses are involved and reinforces our belief that a number of funds represent little value to consumers.



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 January 2009 (taken from the respective SR Universe for each option):

Option Type	Highest	Top Quartile	Median	Bottom Quartile	Lowest
Balanced (60%-76% Growth)	- 12.7%	- 15.4%	- 17.7%	- 20.2%	- 28.4%
Growth (77%-90% Growth)	- 13.8%	- 19.5%	- 23.0%	- 25.8%	- 30.3%
Australian Shares	- 26.0%	- 29.5%	- 30.7%	- 32.1%	- 35.7%
International Shares	- 15.1%	- 19.1%	- 22.3%	- 28.8%	- 38.2%
Capital Stable	- 0.2%	- 3.7%	- 5.9%	- 8.8%	- 13.8%
Property	6.3%	- 5.2%	- 30.4%	- 45.7%	- 51.2%
Cash	7.7%	6.1%	5.3%	4.2%	2.4%

“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 January 2009 include:

Growth Options SuperRatings Index	- 4.6% p.a.
Australian Share Options SuperRatings Index	- 4.9% p.a.
International Share Options SuperRatings Index	- 9.2% p.a.
Property Options SuperRatings Index	- 8.6% p.a.
Capital Stable Options SuperRatings Index	+ 1.2% p.a.
Cash Options SuperRatings Index	+ 5.1% p.a.

Other key results in respect of the rolling five year results to 31 January 2009 include:

Growth Option SuperRatings Index	+ 3.9% p.a.
Australian Share Option SuperRatings Index	+ 6.2% p.a.
International Share Option SuperRatings Index	- 1.2% p.a.
Property Option SuperRatings Index	- 0.4% p.a.
Capital Stable Option SuperRatings Index	+ 4.4% 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	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 January 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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