

MEDIA RELEASE

25 February 2010

THE HIT AND MISS GAME OF SUPER PERFORMANCE



Highlights (Median Balanced Option)*

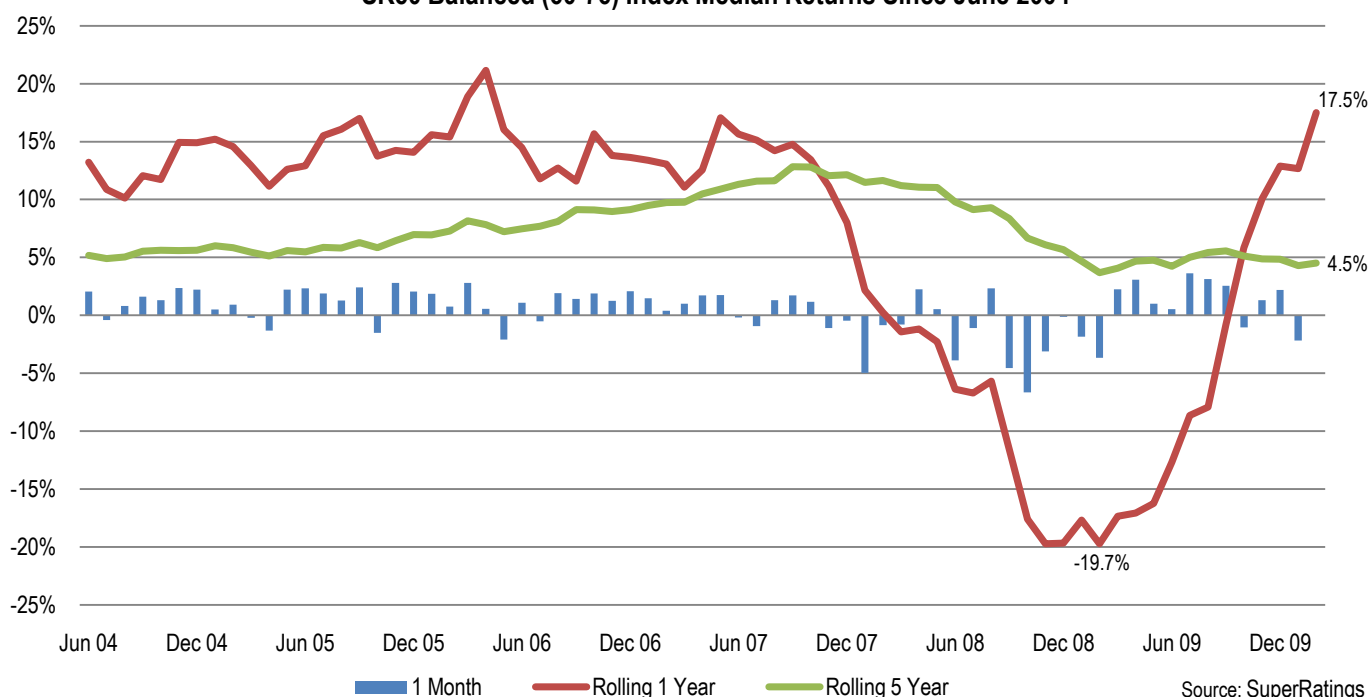
The month of January 2010	▼ 2.17%
3 Months ending 31 January 2010	▲ 1.34%
Financial year to 31 January 2010	▲ 9.78%
12 months ended 31 January 2010	▲ 12.66%
Rolling 3 year return to 31 January 2010	▼ 2.05% pa
Rolling 5 year return to 31 January 2010	▲ 4.30% pa
Rolling 7 year return to 31 January 2010	▲ 6.70% pa
Rolling 10 year return to 31 January 2010	▲ 5.28% pa

*Median Option 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.

If ever consumers were to be taught a lesson about using short term results for investment decisions, it should be based on the last twelve months. Such was the impact of the Global Financial Crisis that just 12 short months ago the median balanced option in Australia’s largest super funds was showing an annual loss of almost 20%. Fast forward twelve months later and the median balanced option for the twelve months ended February 2010 is expected to show a positive result of over 17%, a difference of over 37%. Over the same period the 5 year median return has moved from just 3.7% p.a. as at 28 February 2009 to approximately 4.5% p.a. as at the end of February 2010.

The clear message, as the graph over the page shows, is that long term performance numbers, of around 5 to 7 years, are a much better guide of a super fund’s performance. The reality is that a typical “Balanced” investment option will hold around 70% of its assets in Australian shares, international shares, property, private equity and infrastructure, all typically volatile type assets which can and will result in short term losses from time to time. So, when markets tank, as they have in 2008 and early 2009, short term performance numbers start to move right away from their longer term counterparts. Typically a five year balanced option performance number would not be expected at any time to move into negative territory, unlike the one year number which bounces around with the markets. So when determining whether a super fund has delivered value or not, consumers can effectively ignore the 12 month number whilst focusing predominately on the five or seven year numbers.

SR50 Balanced (60-76) Index Median Returns Since June 2004



So, have super funds actually delivered value over recent times? The answer to that question depends heavily on which time period you look at and obviously which fund you review.

As an industry the short answer as to whether value has been delivered over 5, 7 and 10 year periods is no, yes and no! Over a seven year period funds have definitely delivered on their promises, with a median return on 6.7% per annum over that period. This compares favourably against an inflation figure of just 2.8% per annum over the same period. A real return of 3.9% per annum means that Australians' wealth has definitely been enhanced through their superannuation fund over the past seven years. However, it is not that clean cut, with a five year median performance of just 4.3% per annum exceeding the prevailing inflation rate (of 3.0%) over the same period by just 1.3% per annum, considerably lower than most funds' five year objective of inflation plus 3.0% per annum. Over a ten year period the 5.3% return per annum starts to move back to the long term objective, although falling short by just under 1%.

Overall though, it must be said that many funds have met their objectives over the medium to long term. Interestingly though, as the table over the page demonstrates, investment option performance over five years varies between excellent and downright diabolical. So, investors in many funds do have a valid reason to ask some serious questions about long term underperformance.

To provide an understanding of the difference in balances that is caused by being in the highest and lowest balanced option over just a five year period, a \$300,000 investment in the best fund would have yielded a balance today of \$406,798 whilst making the same investment in the worst fund, your balance would be just \$314,523, a difference of over 29% or over \$90,000.

BEST AND WORST FUND OPTION PERFORMANCE OVER LAST 5 YEARS

Option Type	Highest	Top Quartile	Median	Bottom Quartile	Lowest
Balanced (60%-76% Growth)	6.3%	5.1%	4.3%	3.0%	1.0%
Growth (77%-90% Growth)	6.5%	4.9%	3.9%	2.6%	0.9%
Australian Shares	9.2%	7.3%	6.8%	6.0%	3.2%
International Shares	3.8%	0.4%	-1.5%	-2.1%	-4.0%
Capital Stable	5.8%	5.2%	4.6%	3.3%	1.6%
Property	6.6%	3.5%	-2.3%	-5.4%	-10.0%
Cash	5.5%	5.0%	4.6%	4.3%	2.8%

For 5 year period ended 31 January 2010

Overall, many Australian super funds continue to do an excellent job. The top performing balanced investment options over the past five years have been:

TOP 10 BALANCED INVESTMENT OPTIONS* OVER LAST 5 YEARS

Fund and Option Description	5 years to 31 January 2010 per annum compound returns
1 OSF Super – Mix 70	+ 6.3 %
2 Buss(Q) - Balanced Growth	+ 6.0 %
3 Catholic Super – Balanced	+ 5.9 %
4 NGS Super – Diversified	+ 5.7 %
5 Local Super – Growth Option	+ 5.6 %
6 Club Plus Super - Balanced Option	+ 5.6 %
6 Telstra Super Corp Plus - Balanced	+ 5.6 %
8 CareSuper – Balanced ^	+ 5.5 %
9 Cbus - Core Strategy	+ 5.4 %
10 AustralianSuper – Balanced Option	+ 5.3 %
Top Quartile	+ 5.2%
SuperRatings' Median Index	+ 4.3%
Bottom Quartile	+ 3.0%

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

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 "SuperRatings' Index" as shown in the tables is the median result of the largest 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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