



# Media Release

17 October 2024

## Super funds up again in September, on pace for a strong CY24

Super funds had a strong September with the median growth fund (61 to 80% in growth assets) up 1.2% for the month. That propelled the return over the first nine months of CY24 to an impressive 8.6%. Given the strength of share markets this year, higher risk categories have fared even better so far.

Chant West Senior Investment Research Manager, Mano Mohankumar, says that with 25% and 30% allocated to Australian shares and international shares, respectively, those asset classes remain the primary drivers of growth fund performance. “In September, share markets globally benefitted from the US Federal Reserve officially cutting interest rates for the first time since March 2020, with more to come. While a reduction was largely already priced into markets, the 50-basis point cut was larger than usual. Markets were also boosted by China announcing a raft of stimulus measures to lift economic growth and support its struggling property market.

“Over the month, Australian shares returned an impressive 3.1%. Developed international shares were up 1.5% in hedged terms, but the appreciation of the Australian dollar (up from US\$0.68 to US\$0.69) turned that into a small loss of 0.5% in unhedged terms. Super funds on average have about 70% of their international shares exposure unhedged. Emerging markets shares outperformed developed markets returning 4.3%, led by China. Bond markets were also up over the month with Australian and international bonds returning 0.3% and 1.1%, respectively, as bond yields fell,” says Mohankumar.

The table below compares the median performance to the end of September 2024 for each of the traditional diversified risk categories in Chant West’s Super Fund Performance Survey, ranging from All Growth to Conservative. All risk categories have generally met their typical long-term return objectives, which generally range from CPI + 1.5% for Conservative funds to CPI + 4.25% for All Growth.

### Traditional Diversified Fund Performance (Results to 30 September 2024)

Risk Category	Growth Assets (%)	1 Mth (%)	3 Mths (%)	CYTD (%)	1 Yr (%)	3 Yrs (% pa)	5 Yrs (% pa)	7 Yrs (% pa)	10 Yrs (% pa)	15 Yrs (% pa)
All Growth	96 – 100	1.7	4.6	12.3	18.5	7.0	8.7	9.4	9.2	8.9
High Growth	81 – 95	1.3	3.9	10.4	15.8	6.3	7.9	8.5	8.6	8.5
Growth	61 – 80	1.2	3.5	8.6	13.4	5.4	6.6	7.2	7.4	7.6
Balanced	41 – 60	1.0	3.1	6.9	11.0	4.3	5.0	5.6	5.9	6.4
Conservative	21 – 40	0.7	2.5	5.2	8.3	3.2	3.5	4.1	4.5	5.2

**Note:** Performance is shown net of investment fees and tax. It is before administration fees.

Source: Chant West



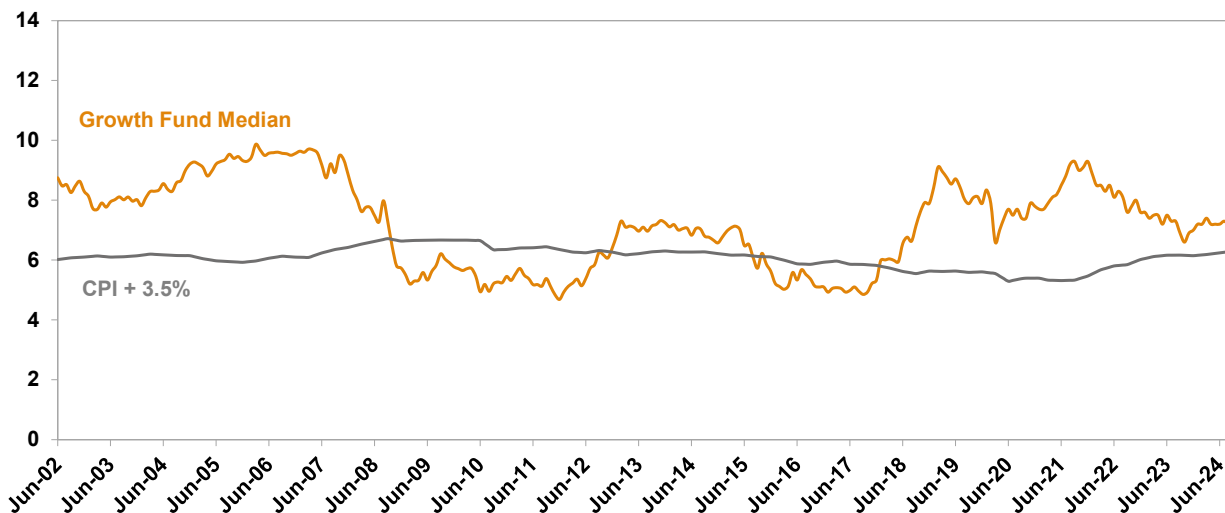
## Long-term performance remains above target

MySuper products have been operating for just under 11 years, so when considering performance, Mohankumar says it's important to remember that super is a much longer-term proposition.

“Since the introduction of compulsory super in July 1992, the median growth fund has returned 8% p.a. The annual CPI increase over the same period is 2.7%, giving a real return of 5.3% p.a. – well above the typical 3.5% target. Even looking at the past 20 years, which includes three major share market downturns – the GFC in 2007-2009, COVID-19 in 2020, and the high inflation and rising interest rates in 2022 – super funds have returned 7.4% p.a., which is still comfortably ahead of the typical objective.”

The chart below shows that for most of the time, the median growth fund has exceeded its return objective over rolling 10-year periods, which is a commonly used timeframe consistent with the long-term focus of super. The exceptions are two periods between mid-2008 and late-2017, when it fell behind. This is because of the devastating impact of the 16-month GFC period (end-October 2007 to end-February 2009) during which growth funds lost about 26% on average.

### Growth Funds – Rolling 10 Year Performance (Returns – % pa)



Source: Chant West

**Note:** The CPI figure for the September 2024 quarter is an estimate.

Source: Chant West

**Chant West philosophy:** to ensure we capture an accurate picture of the market in any given month, we publish our monthly performance data once we've received responses from at least 80% of our growth fund universe.



### About Chant West

Senior Investment Research Manager Mano Mohankumar and General Manager Ian Fryer are available to discuss this release. Please call Darlene White on 0438 041 032 to arrange a time.



#### Mano Mohankumar

Mano has over 20 years of experience in the finance industry and regularly provides media comment on superannuation and investment matters.



#### Ian Fryer

Ian has worked in the superannuation industry for about 25 years in a range of research, consulting, actuarial and administration roles.

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