Media Release

20 March 2025

Super funds experience small pull-back in February on tariff fears

After a strong January, super funds experienced a small pull-back in February with the median growth fund (61 to 80% in growth assets) down 0.9%, as volatility crept back into share markets on the back of weaker US economic data and concerns around the potential impact of Trump's tariff announcements.

Chant West Senior Investment Research Manager, Mano Mohankumar, says that in February, both Australian and international shares were down. "Over the month, Australian shares were down 3.8%. Developed market international shares were down 0.9% and 0.4% in hedged and unhedged terms respectively, led by the falls in the US market. Emerging markets shares fared better, returning 0.8%. Over the same period, bonds played their traditional diversifier role with Australian and international bonds returning 0.9% and 1.2% respectively, as bond yields fell.

"With share market volatility continuing into March, and an uncertain economic and geopolitical backdrop, it's an important time to remind members that superannuation is a long-term investment and that throughout their superannuation journey, there will be periods of choppiness. We caution members who may be thinking about switching from a growth fund to cash or a more conservative option with the intention to switch back later. More often than not, it results in poorer long-term outcomes than if they ride out the ups and downs. And we know that over the long term, there are far more ups.

"Members also need to be reminded that super funds' portfolios have time and time again successfully weathered periods of market volatility. Most Australians have their super invested in well diversified portfolios with their exposure spread across a wide range of growth-orientated and defensive asset classes. That diversification helps limit the damage during periods of share market weakness as we saw in February and March to date. However, with 55% still allocated to listed share markets, growth funds are able to capture a meaningful proportion of the upside when those markets perform strongly, as we saw in each of the past two calendar years when the median growth fund returned 9.9% and 13.4% in CY23 and CY24, respectively. It's important to see things in context."

The table below compares the median performance to the end of February 2025 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 28 February 2025)

Risk Category	Growth Assets (%)	1 Mth (%)	3 Mths (%)	FYTD (%)	1 Yr (%)	3 Yrs (% pa)	5 Yrs (% pa)	7 Yrs (% pa)	10 Yrs (% pa)	15 Yrs (% pa)
All Growth	96 – 100	-1.7	0.8	9.7	12.7	9.2	9.9	9.0	8.5	9.4
High Growth	81 – 95	-1.3	1.2	8.5	11.3	8.2	8.7	8.3	8.0	8.8
Growth	61 – 80	-0.9	1.0	7.5	9.6	7.0	7.1	7.0	6.9	7.8
Balanced	41 – 60	-0.4	1.2	6.1	8.1	5.6	5.5	5.7	5.5	6.5
Conservative	21 – 40	0.1	1.2	5.1	6.6	4.1	3.8	4.2	4.2	5.2

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

Source: Chant West

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Long-term performance remains above target

MySuper products have been operating for just over 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 2.6%, giving a real return of 5.4% 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 7.1% 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)

Note: The CPI figures for January and February 2025 are estimates.

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.

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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.