# Media Release

17 April 2025

## Diversification comes to the fore to cushion the blow for super funds in March

Super funds retreated in March with the median super fund (61 to 80% in growth assets) down 1.9% for the month, as share markets slid on the back of ongoing concerns around Trump's tariffs and growing recessionary fears in the US. That brought the median return back to 5.5% over the first nine months of the 2024/25 financial year.

However, volatility has further escalated in April, with President Trump's so called 'Liberation Day' tariff announcements sending a shockwave through share markets and then a week later, a pause on some of these tariffs resulting in a market rally. Chant West estimates that the net effect of the rollercoaster experience in April so far is that the median growth fund is only down about 2%. This estimate could of course become stale quickly given some of the wild daily market movements.

Chant West Senior Investment Research Manager, Mano Mohankumar, says that with the heightened volatility we're seeing in share markets, it's critical that super fund members keep in mind that super is a long-term investment and there are going to be periods of market weakness through their super journey. "While we appreciate that members all have different tolerance levels for seeing their account balance going backwards, the majority can afford to remain patient, even many older members. A lot of Australians don't take out all of their super as a lump sum at retirement, so a substantial amount is likely to remain the super system in the pension phase, often for many years. Their investment horizon is longer than they may think it is.

"When markets fall sharply, there is a tendency for some people to think about moving to lower-risk options or cash, with a view to moving back later, either out of fear or as an attempt to time the market. But far more often than not, that strategy results in a worse long-term outcome than if you stay the course. Not only do you convert paper losses into real ones, but you also risk missing part, or all of the subsequent market rebound."

Mohankumar adds that super fund members need to also remember the power of diversification, which has returned to the fore in 2025. "Taking the full month of March as an example, we saw Australian shares retreated 3.3% over the month while international shares were down 5% and 4.7%, in hedged and unhedged terms, respectively. However, the median growth fund's loss was limited to 1.9%, benefitting from diversification across a wide range of growth and defensive asset classes including alternative and unlisted assets. At the same time, growth funds still have about 55% invested in listed shares on average, and are able to capture a meaningful proportion of the upside when those markets perform strongly as we saw in CY23 and CY24, when the median growth fund returned 9.9% and 13.4%, respectively.

The table below compares the median performance to the end of March 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 31 March 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 | -3.3 | -1.8 | 6.9 | 6.2 | 7.1 | 12.0 | 8.8 | 8.1 | 8.6 |
| High Growth | 81 – 95 | -2.5 | -1.1 | 6.0 | 5.8 | 6.7 | 10.9 | 8.1 | 7.6 | 8.2 |
| Growth | 61 – 80 | -1.9 | -0.6 | 5.5 | 5.5 | 5.8 | 8.8 | 6.8 | 6.5 | 7.4 |
| Balanced | 41 – 60 | -1.4 | -0.1 | 5.0 | 5.0 | 4.9 | 6.9 | 5.6 | 5.3 | 6.3 |
| Conservative | 21 – 40 | -0.7 | 0.5 | 4.3 | 4.5 | 3.8 | 4.5 | 4.1 | 4.1 | 5.1 |

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

**Source:** Chant West

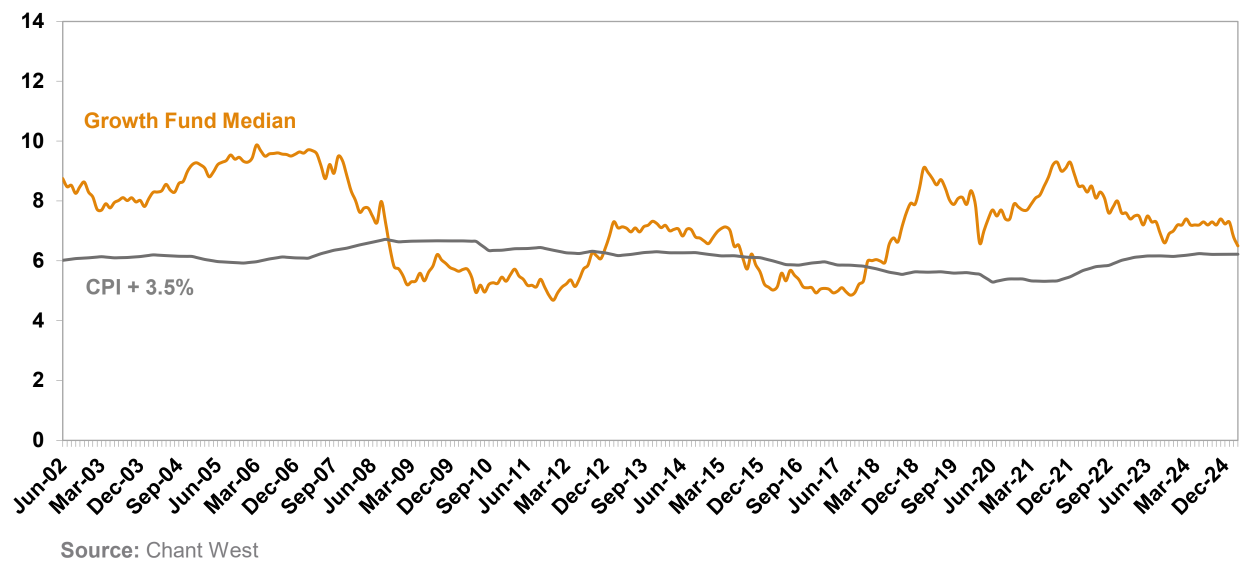
## Long-term performance remains above target

MySuper products have been operating for just 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 7.0% 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 the March 2025 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.

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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.

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