GROWTH

Top funds

1 YEAR	Return
UniSuper Growth	17.5%
First State Super High Growth	15.6%
Intrust Super Fund Growth	15.6%
MTAA Super Growth	15.6%
Health Super Long Term Growth	15.5%
REST High Growth	15.1%
CARE Super Growth	15.0%
Catholic Super Aggressive	15.0%
FuturePlus Super High Growth	14.5%
SERF Growth	14.5%
AMP Custom Super High Growth	14.3%
Telstra Super Growth	14.0%
HOSTPLUS Shares Plus**	14.0%
Print Super Challenge	13.9%
Sunsuper Growth	13.8%
Asset High Growth	13.8%
Median	13.8%

3 YEARS	Return pa
REST High Growth	11.2%
MTAA Super Growth	11.1%
UniSuper Growth	10.9%
Intrust Super Fund Growth	10.4%
Sunsuper Growth	10.2%
SERF Growth	9.9%
CARE Super Growth	9.7%
HOSTPLUS Shares Plus**	9.7%
First State Super High Growth	9.7%
Telstra Super Growth	9.5%
Health Super Long Term Growth	9.3%
Master Super Fund Growth	9.0%
ING Corporate Optimix Growth	8.6%
Connelly Temple Intech Growth	8.5%
Median	8.5%

5 YEARS	Return pa
REST High Growth	9.2%
MTAA Super Growth	7.8%
UniSuper Growth	7.1%
Sunsuper Growth	6.9%
CARE Super Growth	6.7%
Intrust Super Fund Growth	6.1%
SERF Growth	5.9%
Combined Fund Balanced	5.9%
HOSTPLUS Shares Plus**	5.7%
Telstra Super Growth	5.6%
Citigroup Growth Trust	5.5%
Print Super Challenge	5.0%
First State Super High Growth	5.0%
Median	5.0%

Source: www.superratings.com.au

** Interim results subject to confirmation
+ No tax on earning rate under constitutional protection

RETAIL EMPLOYEES SUPERANNUATION TRUST

CORE STRATEGY

Photo: Rob Homer

1-year return: 12.2 per cent
3-year return: 9.85 per cent
5-year return: 8.6 per cent

The REST Diversified fund might be among the top 25 per cent of funds in independent surveys but it is REST's Core Strategy fund that attracts 98 per cent of its 1.5 million members. The Core Strategy's 12.2 per cent return puts it in the third quartile of funds for the past year. But it is in the top 25 per cent over the past three and five years.

The lower-than-average one-year return is the result of a conservative investment strategy. The fund has a 60 per cent exposure to growth assets, compared with 75 per cent for the more aggressive Diversified fund, says REST chief executive Neil Cochrane.

The $8.4 billion fund has grown an impressive $1.7 billion over the past year thanks to an investment dividend of $886 million and a higher level of member contributions than ever before.

Cochrane says the Core Strategy portfolio aims to deliver returns that are 3 per cent higher than inflation. He says most members are happy to select this fund because it is a little on the conservative side and is constantly monitored by the trustees and its investment adviser, JANA.

Keeping members focused on the long-term performance of superannuation is the principal goal of the trustees, along with capital protection. If the REST trustees think financial markets or other assets are overvalued, they are not shy about accumulating cash.

The Core Strategy annual returns over the past five years are 12.2 per cent, then 13.6 per cent, 4 per cent, 3.5 per cent and 10 per cent.

MTAA SUPER BALANCED

1-year return: 15.5 per cent
3-year return: 11.5 per cent
5-year return: 8.5 per cent

MTAA Super attributes its top quartile performance over the past five years to the fact that it has been able to avoid negative returns by maintaining a sizeable exposure to unlisted alternative investments.

Some 43 per cent of its money is currently committed to investments like direct property, private equity and infrastructure assets such as airports and toll roads. It is a direct investor in the Sydney, Adelaide and Brisbane airports, for instance.

The solid performance of the sharemarket over the past couple of years has also helped. But it uses an enhanced indexing strategy to buy shares for its 260,000 members. This is a cheap and predictable strategy.

Its deputy chief executive Paul Watson says the fund expects its outperformance to come from its alternative assets and, as a result, it focuses most of its energy in this area. It believes these investments are ideal for super because members have a long time, sometimes four decades, to build capital. "They are terrific assets for the long-term patient investor," he says.

Canberra economic think tank Access Economics is the fund's investment consultant. While the fund's members are mainly from the motor trades, MTAA Super has been a public-offer fund open to the general public since 1998. Watson says outside membership is growing rapidly, probably at a faster rate than its core membership.

It accepts personal super contributions from individuals.

Some 96 per cent of members have their super in the balanced fund and there are nine other investment choices for those who want to create their own investment mix. MTAA Super prides itself as being a low-cost fund, Watson says, with administration costs of $1.15 per member per week and annual managed investment expenses of less than 0.5 per cent.

Watson says that despite the fund's good performance he is not an advocate of judging a fund by its most recent returns but rather by its three-year and five-year performances. For each of the past five years its annual returns have been 15.5 per cent, 17 per cent, 2.6 per cent, 2 per cent and 6.5 per cent.

MTAA's deputy chief, Paul Watson

STABLE

Top funds

1 YEAR	Return
GESB WSS Conservative	11.4%
Zurich Managed Stable Blended	11.4%
CARE Capital Stable	11.3%
MTAA Super Conservative	10.8%
Health Super Short Term	10.5%
First State Super Capital Guarded	9.9%
QSuper Cash Plus	9.9%
Master Super Fund Capital Stable	9.9%
HOSTPLUS Capital Stable**	9.8%
Sunsuper Conservative	9.7%
Unisuper Capital Stable	9.7%
Asset Stable Growth	9.6%
SERF Capital Stable	9.5%
Combined Fund Capital Stable	9.3%
Navigator Super Pre-selected	9.3%
Print Super Preserver	9.3%
REST Capital Stable	9.3%
Catholic Super Conservative	9.3%
Mercer Super Conserv Growth	9.1%
Health Industry Capital Stable	9.0%
Telstra Super Conservative	9.0%
Median	9.0%

3 YEARS	Return pa
MTAA Super Conservative	8.8%
CARE Capital Stable	8.4%
GESB WSS Conservative+	8.2%
HOSTPLUS Capital Stable**	7.9%
REST Capital Stable	7.9%
First State Super Capital Guarded	7.7%
Aon Master Trust Stable	7.7%
Master Super Capital Stable	7.2%
Health Industry Capital Stable	7.2%
Equipsuper Capital Stable	7.2%
Telstra Super Conservative	7.1%
Intrust Super Fund Stable	7.0%
QSuper Cash Plus	6.8%
Health Super Short Term Conserv	6.8%
Asset Stable Growth	6.7%
Print Super Preserver	6.7%
Mercer Super Conserv Growth	6.6%
Combined Fund Capital Stable	6.6%
Connelly Temple InTech Conserv	6.6%
Median	6.6%

5 YEARS	Return pa
REST Capital Stable	7.9%
MTAA Super Conservative	6.8%
HOSTPLUS Capital Stable**	6.5%
Health Industry Capital Stable	6.4%
First State Capital Guarded	6.4%
Equipsuper Capital Stable	6.1%
Combined Fund Capital Stable	5.9%
Telstra Super Conservative	5.7%
Mercer Super Conserv Growth	5.6%
Intrust Super Fund Stable	5.6%
Print Super Preserver	5.5%
Aon Master Trust Stable	5.5%
Navigator Pre-selected Conserv	5.5%
Master Super Fund Capital Stable	5.5%
Christian Super Stable	5.3%
Median	5.3%

Source: www.superratings.com.au

** Interim results subject to confirmation
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SMART MONEY

INTERNATIONAL SHARES

Top funds

1 YEAR	Return
Catholic Super	8.2%
GESB WSS+	7.5%
*REST	6.6%
Telstra Super	6.0%
AGEST	5.9%
HOSTPLUS**	5.8%
FuturePlus Super	5.3%
Navigator Super Pre-selected	5.3%
Master Super Fund	4.3%
Finium	4.2%
Zurich I_super Blended	3.9%
CARE International Shares	3.0%
ING Corporate Super	3.0%
MTAA Super	2.9%
Intrust Super Fund	2.8%
Equipsuper	2.6%
Median	2.4%

3 YEARS	Return pa
*REST	5.2%
Telstra Super	5.0%
GESB WSS+	4.9%
HOSTPLUS**	4.7%
FuturePlus Super	3.1%
Equipsuper	2.9%
Master Super Fund	2.6%
Finium	2.4%
Intrust Super Fund	1.7%
Aon Master Trust	0.6%
Westscheme**	0.2%
CARE	0.2%
Mercer Super Trust	0.0%
Median	0.0%

5 YEARS	Return pa
Combined Fund	-4.3%
Mercer Super Trust	-4.2%
Finium	-4.4%
FuturePlus Super	-4.8%
Intrust Super Fund	-4.8%
MLC MasterKey	-5.7%
Citigroup	-5.9%
United SMF Spectrum Plan	-6.0%
IOOF	-6.5%
Connelly Temple InTech	-8.7%
Median	-5.9%

Source: www.superratings.com.au

** Interim results subject to confirmation

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AUSTRALIAN MEAT INDUSTRY SUPERANNUATION TRUST

BALANCED OPTION

1-year return: 16%
3-year return: 10.7%
5-year return: 8.1%
(Provisional returns only)

Photo: Roger Cummins

When deputy chief executive of meat industry fund AMIST Paul Cahill saw media reports last week that rated funds with 15 per cent returns as the top performers over the past year, he could not resist making his fund's 16 per cent gain public, even though the result is still to be confirmed.

Cahill says the fund's excellent performance is a result of the expertise of its share fund managers, especially the mid cap stock selection skills of Sydney-based manager Ausbil Dexia.

Beyond delivering above average performance over the last two years, this manager has been a star performer for the past seven years, he claims.

AMIST is a super fund with 55,000 members that covers corner store butchers to abattoir workers. It limits its service to the meat industry but Cahill says it has applied for a licence that will allow it to open its products to the general public if it desires.

AMIST divides its $522 million capital between 13 different managers and during the past financial year 10 of them exceeded the benchmarks set by the fund's asset consultant JANA, a specialist industry fund adviser. Sixty per cent of the assets are in growth assets, mainly shares and property.

Cahill mentions the fund's low cost as another performance-enhancing feature. It has an administration fee of $1 a week and an annual investment expense of 0.5 per cent. "We are absolutely zealous about cost control," he says. Avoiding negative annual returns is another important goal. Its annual returns for each of the past five years are 16 per cent, 15.2 per cent, 0.8 per cent, 0 per cent and 8.3 per cent.

Cahill says a year when you don't lose money, as rivals record losses, can be as good as years when you make 15 per cent.

SUNSUPER BALANCED

1-year return: 14 per cent
3-year return: 9.5 per cent
5-year return: 6.9 per cent

Record highs in the Australian stockmarket plus investments in infrastructure and unlisted property helped Sunsuper's balanced investment option make the top 25 per cent of all super funds in the past year, despite holding an underweight position in Australian shares and listed property trusts.

Most of the fund's 10 per cent property allocation is unlisted, both in trusts and direct holdings. The investment return from the property portfolio was about 11 per cent, well below the 18 per cent return by listed property trusts.

A big part of the fund's strategy is overlay management – a process that uses specialist managers in areas such as currency to add value.

The Sunsuper balanced option employs about 15 fund managers to look after $6.5 billion of assets but it does not crimp on their fees and is happy to pay a performance fee to managers that do well.

There are 33 different investment choices for members. The fund employs Russell Investment Group as its main asset consultant and Sovereign Research as adviser for its portfolio of alternative assets.

Its current allocation to alternative assets is about 6 per cent but this will grow, says chief executive Don Luke.

Its balanced fund is quite aggressive compared with some of its rivals, allocating as much as 70 per cent of its capital to growth assets. Still, more and more of its members opt to use the other investments offered by the fund. The proportion choosing its balanced fund has dropped from 95 per cent to 85 per cent over the past two years.

The broader aim of the balanced fund, says Luke, is to outperform in down markets and accept slight underperformance in strong up markets. The reason behind this strategy is to encourage members to stick with their growth strategy during bear markets, at least until things improve.

The balanced fund annual returns for each of the past five years are 14 per cent, just under 14 per cent, 1.5 per cent, minus 0.9 per cent and 7 per cent.

UNISUPER BALANCED

1-year return: 15.1 per cent
3-year return: 9.9 per cent
5-year return: 6.4 per cent

Sizeable investments in infrastructure and private equity were the principal drivers that delivered Unisuper's top-10 ranking over the past year. These assets account for about 10 per cent of the 70 per cent allocation by its balanced fund to growth assets.

Unisuper is one of Australia's biggest super schemes with $15.3 billion under management, including $3.7 billion in its balanced option.

Its alternative investments have included the Blair Athol coalmine and the Queensland Gold Coast airport. But the strength of the sharemarket has also boosted performance, says chief investment officer David St John. He also says that a number of its external fund managers outperformed their market benchmarks.

Overall, the fund spread its money across 90 investment managers and products in the year to June 30. Its outperformance – or return above market indices – has been quantified at $300 million. The best results came from Australian midcap specialist Ausbil Dexia and State Street Global Advisers.

Overseas shares specialists like Fidelity Investments, Alliance Bernstein, GMO and Mondrian Investment Partners also did very well. Unisuper's global share portfolio also got a boost from its above average allocation to emerging market shares and a flexible policy of currency hedging.

A mid-year tactical decision to switch from listed property trusts to listed toll roads also added value. Fund chief executive Anne Byrne says the year was exceptional for Unisuper but, like many, cautions members against basing future expectations on the latest returns.

FAQ

?

What should I do if my super fund is not among the top performers?
Check out its long-term returns. If its five-year returns are below average, think about swapping to a new fund. New laws from July 1 mean that an estimated 4.8 million employees now have that option.
Just make sure that you are comparing apples with apples. If your money is invested in a conservative superannuation option with a relatively low exposure to Australian shares, there is no way it could have returned the same as a balanced fund over the past year.
In that case, it could be that you need to swap to a more aggressive investment strategy within your existing fund. Think about how much longer you will work before retirement and whether you can afford short-term capital loss – the answers to these questions will determine the best investment strategy for you.
And remember that super funds are not obliged to include their returns in performance league tables like those in this section.
Your fund may well be excellent even if it is not in a public list of returns. The Australian Meat Industry Superannuation Trust, for example, returned around 16 per cent in the year to June 30.
So if your fund is not included in tables, compare its return with the median gain in the appropriate category to gauge how it is travelling.

How do I know if I am eligible to swap to a new fund?
Your employer was required to give you a form by Friday (July 29) if you were eligible to move. If you did not get a form, double check your eligibility with your boss. You do not have to give the form back straightaway – so take some time to find a new fund.
If you are not strictly eligible for choice, try negotiating privately with your employer who may be able to offer you choice of fund, even if not required to do so by law.

Can I swap part of my super to a new fund?
The new law requires only that an employer redirect future super contributions to a new fund. It is unlikely that a company would split those contributions between two or more funds. But you could opt to move a portion of your existing capital to another scheme, leaving some of it behind in the old fund.
But is this is a worthwhile strategy? You would be paying two sets of fees and insurance. It may be a strategy that works if you want a do-it-yourself fund but also to leave some money in the hands of professionals.

How much will it cost to swap funds?
Not much. Few employer funds charge exit fees greater than $30 to $80. Exorbitant exit fees tend to be charged only by old-fashioned personal super plans – not to the employer funds covered by the new laws.

AUSTRALIAN SHARES

Top funds

1 YEAR	Return
Intrust Super Fund	29.8%
ING Corporate Super	28.0%
Catholic Super	26.3%
Zurich I_super Blended	26.2%
CARE	26.0%
Equipsuper	26.0%
REST	25.7%
Westscheme**	25.7%
GESB WSS+	25.5%
AMP Custom Super	25.5%
Telstra Super	25.0%
MTAA Super	25.0%
Sunsuper	24.8%
Mercer Super Trust	24.7%
Perpetual Wealthfocus	24.6%
BT Lifetime	24.2%
Combined Fund	24.0%
Median	23.9%

3 YEARS	Return pa
Intrust Super Fund	17.7%
Equipsuper	17.1%
REST	17.1%
Perpetual Wealthfocus	16.0%
Telstra Super	15.5%
Master Super Fund	15.5%
HOSTPLUS**	15.1%
Westscheme**	14.8%
CARE	14.7%
GESB WSS+	14.6%
Citigroup Equity Trust	14.6%
Mercer Super Trust	14.4%
Aon Master Trust	14.2%
IOOF	14.0%
ING Corporate Super	14.0%
Median	14.0%

5 YEARS	Return pa
Intrust Super Fund	12.7%
Citigroup Equity Trust	11.6%
Combined Fund	10.5%
IOOF	10.3%
Navigator Super Solution Pre-selected	10.1%
ING Corporate Super	9.9%
Mercer Super Trust	9.5%
AMP Custom Super	9.4%
Finium	9.1%
MLC MasterKey	8.7%
Median	9.4%

Source: www.superratings.com.au

INFORMATION

- **www.superratings.com.au** r fund returns and sells profiles of funds from $19.95.
- **www.selectingsuper.com.au** Has a checklist for assessing funds and offers to compare two funds of an investor's choice for $169.
- **www.chantwest.com.au** Has tips on selecting super funds and a service comparing key features of three different super funds for $55.
- **www.superannuation.asn.au** The Association of Superannuation Funds of Australia free guide to super funds and super choice. Has a useful retirement savings calculator called the Super Smart Planner.
- **www.superchoice.gov.au** Government website with information about super choice laws.
- **www.fido.asic.gov.au** Australian Securities and Investments Commission site with a calculator that shows the impact of fees and investment strategies.
- **Smarter Super** A 48-page booklet explaining how super works and different funds on offer, published by three industry groups.