Media Release

19 June 2025

Super funds close in on another strong financial year result

Super funds had an exceptional May with the median growth fund (61 to 80% in growth assets) up 2.7% over the month. And with markets up in June so far and less than two weeks of the financial year remaining, Chant West estimates that the median growth fund return for FY25 is sitting at about 9%.

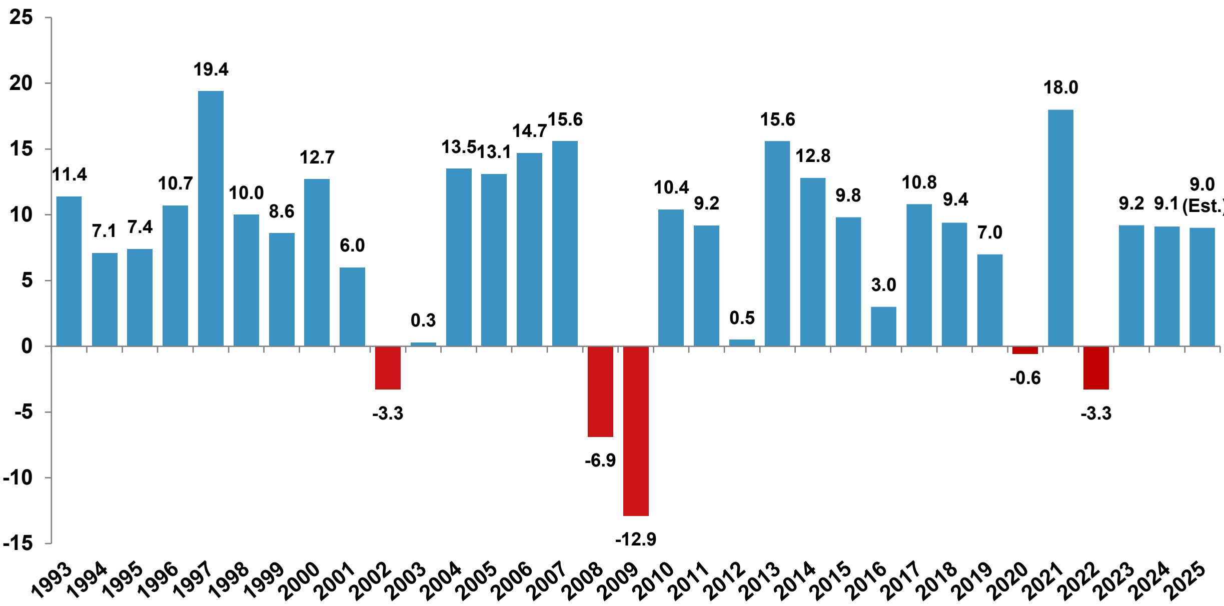
Senior Investment Research Manager, Mano Mohankumar, says that listed share markets, infrastructure and currency have been key contributors to the strong return for FY25 so far. “Indeed, all major asset classes have delivered positive returns over the period. A final return close to 9% would be an astonishing result in light of the volatility we’ve seen this past year. The FY25 experience highlights the importance of remaining patient and not getting distracted by short-term noise. President Trump’s ‘Liberation Day’ tariff announcements rocked share markets in early April, but his subsequent pause on tariffs on most countries soon after resulted in a strong share market rally that continued into June. However, we’ve seen some risk-off sentiment in recent days due to escalating tensions in the Middle East,” Mohankumar said.

“This year’s result would follow the strong returns for FY23 and FY24 when growth options returned 9.2% and 9.1%, respectively. It would also represent the 14th positive year out of the last 16. Most importantly, super funds continue to meet their long-term return and risk objectives,” he said.

For further context, Chart 1 plots the year-by-year performance of the median growth fund over the previous 32 full financial years since the introduction of compulsory super in July 1992, as well as the 2025 financial year-to-date return. Since the introduction of compulsory super, the median growth fund has returned 8% p.a. The annual CPI increase over the same period was 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 7.1% p.a., which is still comfortably ahead of the typical objective.

“On the risk side, there have only been five negative years over the entire period, which translates to less than one year in every six. Again, funds have done better than their typical long-term risk objective which is one negative return in every five years, on average,” said Mohankumar.

Chart 1: Growth Funds – Financial Year by Year Performance (Returns – %)



Source: Chant West

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

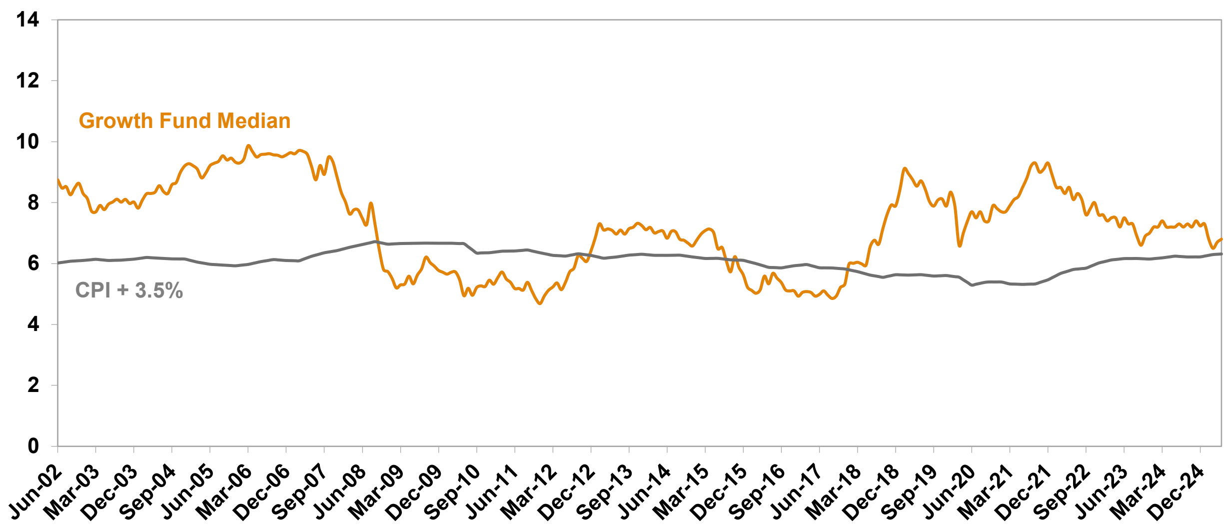
Risk Category	Growth Assets (%)	1 Mth (%)	3 Mths (%)	FYTD (%)	1 Yr (%)	3 Yrs (% pa)	5 Yrs (% pa)	7 Yrs (% pa)	10 Yrs (% pa)	15 Yrs (% pa)
All Growth	96 – 100	4.0	1.3	11.4	11.9	9.9	10.9	9.0	8.4	9.6
High Growth	81 – 95	3.4	1.3	10.0	11.0	9.1	10.2	8.3	8.0	8.9
Growth	61 – 80	2.7	1.2	8.7	9.7	7.8	8.3	7.0	6.8	7.8
Balanced	41 – 60	2.0	1.2	7.5	8.2	6.3	6.5	5.7	5.5	6.6
Conservative	21 – 40	1.2	1.0	6.3	6.9	4.9	4.5	4.2	4.2	5.2

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

Source: Chant West

Chart 2 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.

Chart 2: Growth Funds – Rolling 10 Year Performance (Returns – % pa)



Source: Chant West

Note: The CPI figures for April and May 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 25 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 over 25 years in a range of research, consulting, actuarial and administration roles.

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