Chant West

Media Release

17 July 2025

Double digit super fund returns for FY25

Despite trade tensions and concerns in the Middle East, super funds posted another tremendous financial year result with the median growth fund (61 to 80% in growth assets) returning 10.5% for FY25. This follows the strong FY23 and FY24 returns of 9.2% and 9.1% respectively, meaning super funds have returned more than 30% over the past three years.

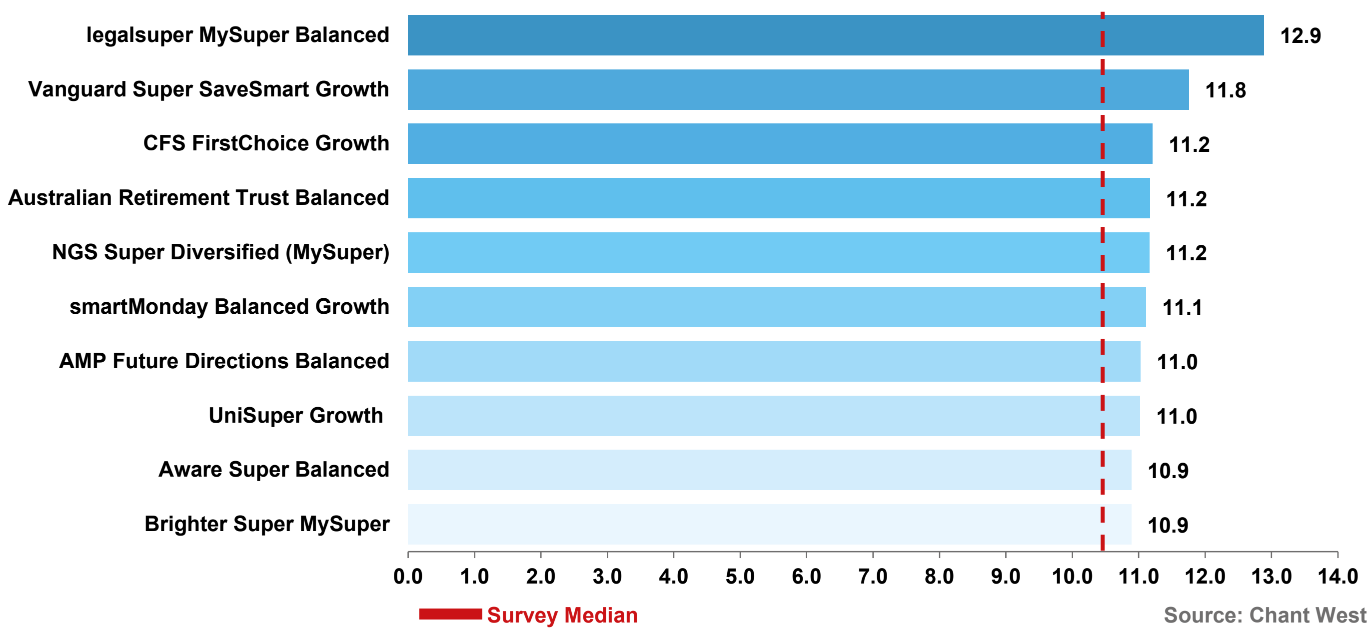
Chant West Senior Investment Research Manager, Mano Mohankumar, says that the tremendous FY25 result was again led by resilient share markets, but it also helped that all major asset classes generated positive returns over the period. “International shares and Australian shares, which have average weightings of about 31% and 24% respectively within a typical growth portfolio, both returned 13.7%. Foreign currency was also a meaningful contributor due to the depreciation of the Australian dollar, with the international shares return of 13.7% (reflected in hedged terms) translating to 18.6% in unhedged terms.

“We’re still collecting final returns for unlisted asset classes such as unlisted property, unlisted infrastructure and private equity. Infrastructure, which now makes up almost 10% of a typical growth option, was also a key contributor over the year, with returns in the low double digits. We estimate that private equity finished with gains in the 8% to 11% range and expect unlisted property, which was in the red in each of the two previous years, to finish with a positive return in the 2% to 5% range. Listed real assets were also up over the year, with international listed infrastructure returning an impressive 16.3%, while Australian listed property and international listed property posted gains of 13.7% and 8.4%, respectively. Among the traditional defensive asset classes, Australian bonds and international bonds had their best year since FY19, advancing 6.8% and 5.4%, respectively, and cash posted a return of 4.4%.

“With President Trump’s latest tariff announcements in recent days, it’s a timely reminder to super fund members that the FY25 experience highlighted the resilience of share markets and importance of maintaining a long-term focus. Riding out the storm during periods of shorter-term volatility, far more often than not, is the best course of action.”

Chart 1 shows the top 10 performing growth options over the 2024/25 financial year, together with the survey median. However, long-term performance is far more important for super fund members.

Chart 1: Top 10 Performing Growth Funds (1 Year to 30 June 2025 – %)



Notes:

1. For inclusion in the Top 10, investment options must have been in the Growth category for the full year and where an investment option is not a fund’s main option in the Growth category, it must also meet a minimum size requirement of $1 billion.
2. Performance is shown net of investment fees and tax. It is before administration fees.

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

Diversified Fund Performance (Results to 30 June 2025)

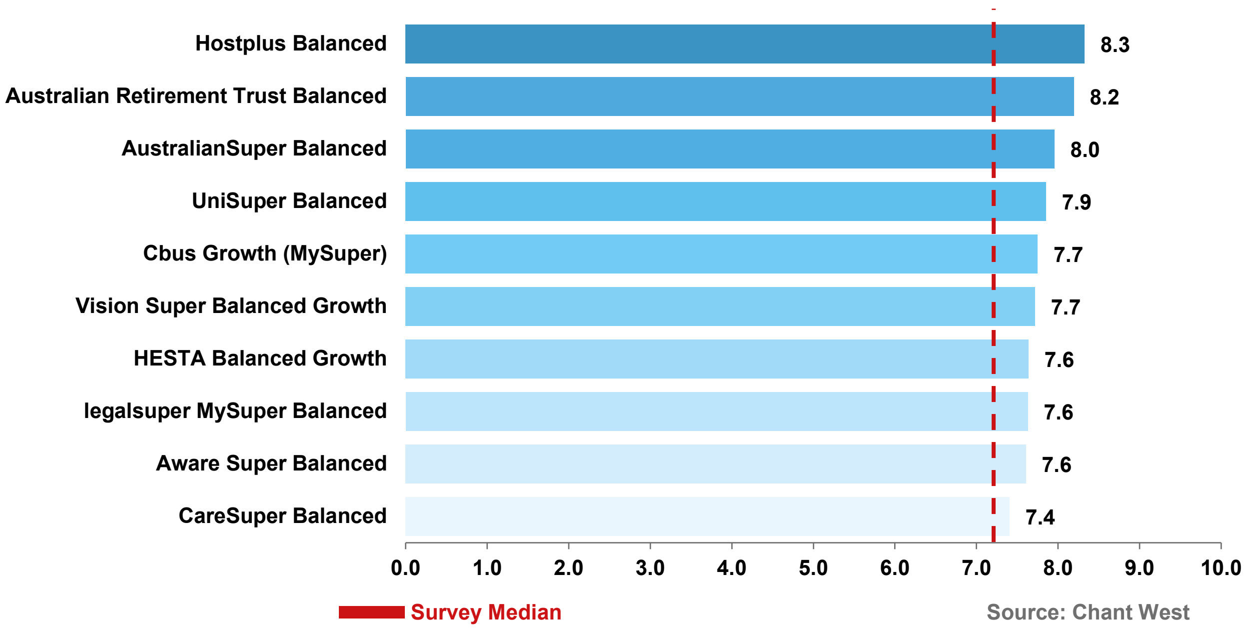
Fund Category	Growth Assets (%)	1 Mth (%)	Qtr (%)	CYTD (%)	1 Yr (%)	3 Yrs (% pa)	5 Yrs (% pa)	7 Yrs (% pa)	10 Yrs (% pa)	15 Yrs (% pa)
All Growth	96 – 100	1.8	6.4	4.6	13.5	12.6	11.2	9.1	9.0	9.9
High Growth	81 – 95	1.6	5.5	4.5	11.7	11.4	10.3	8.4	8.4	9.2
Growth	61 – 80	1.4	4.8	4.1	10.5	9.6	8.4	7.0	7.2	8.0
Balanced	41 – 60	1.2	3.8	3.9	8.8	7.7	6.6	5.7	5.9	6.7
Conservative	21 – 40	0.9	2.8	3.3	7.3	5.9	4.6	4.2	4.5	5.3

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

Source: Chant West

Chart 2 shows the top 10 performing growth options over 10 years, together with the survey median.

Chart 2: Top 10 Performing Growth Funds (10 Years to 30 June 2025 – % pa)



Notes:

1. For inclusion in the Top 10, investment options must have been in the Growth category for the full 10 years and where an investment option is not a fund's main option in the Growth category, it must also meet a minimum size requirement of $1 billion.
2. Performance is shown net of investment fees and tax. It is before administration fees.

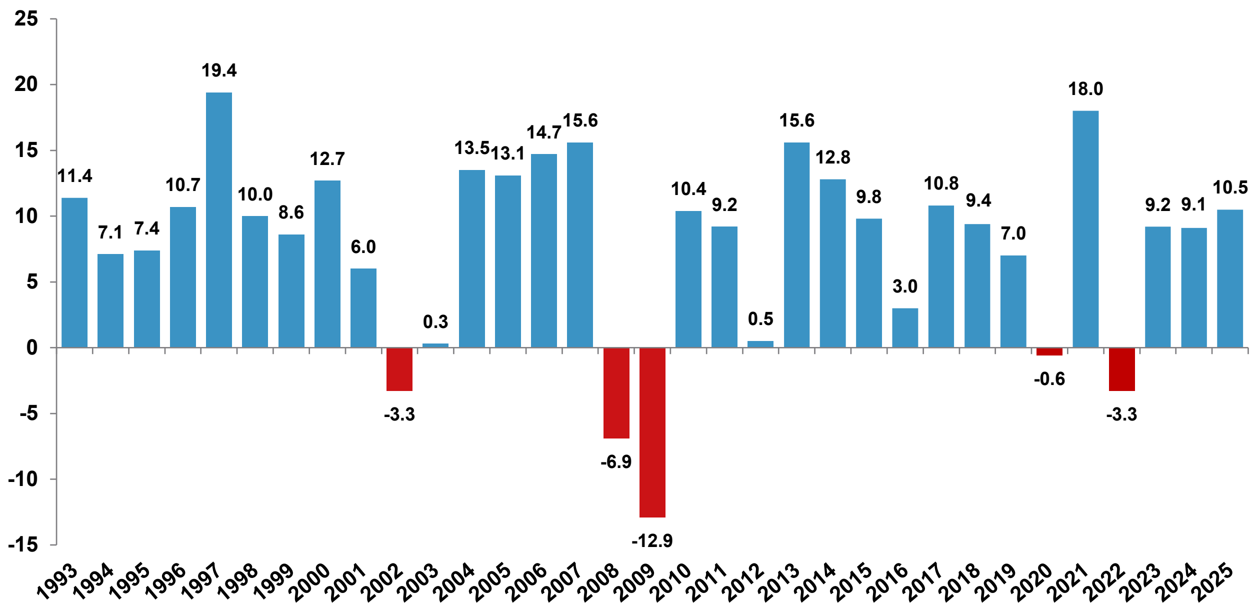
Funds continue to beat risk and return targets

While much of the focus at this time of year is on financial year performance, Mohankumar believes fund members always need to think long term. To provide further context, Chart 3 plots the year-by-year performance of the median growth fund over the 33 financial years since the introduction of compulsory super in July 1992. It shows that super funds have delivered on their risk and return objectives over the long term.

Mohankumar says that while super funds have delivered three straight years of returns of 9% or more, that level of return shouldn't be thought of as normal. "The typical long-term return objective for growth funds is to beat inflation by 3.5% p.a., which translates to roughly 6% p.a. Since the introduction of compulsory super, the annualised return is 8% and the annual CPI increase is 2.7%, giving a real return of 5.3% p.a. – well above that 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.

"Returns are important but so is risk, and most funds also set themselves a risk objective. Risk is typically expressed as the likelihood of a negative annual return, and typically a growth fund would aim to post no more than one negative return in five years on average. This objective would translate to no more than six negative years over the 33 financial years shown. As it turns out, there have only been five negative years, so the risk objective has been met as well as the performance objective."

Chart 3: Growth Funds – Financial Year Returns (%)



Source: Chant West

Note: Performance is shown net of investment fees and tax. It does not include administration fees.

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Long-term performance remains above target

Chart 4 below shows that for most of the time since compulsory super, 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 4: Growth Funds – Rolling 10 Year Performance (Returns – % pa)

Source: Chant West

Note: The CPI figure for the June 2025 quarter is an estimate.

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 (Chant West) Ian Fryer are available to discuss this release. Please call Darlene White on 0438 041 032 to arrange a time.

Mano Mohankumar

Mano has about 25 years' 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.