



Media Release

19 February 2024

Super funds off to a good start in 2024

Super funds are off to a good start in 2024, with the median growth fund (61 to 80% in growth assets) up 1% in January on the back of the strong 9.9% return in 2023.

Chant West Senior Investment Research Manager, Mano Mohankumar, says that the solid January return was mainly driven by developed international share markets, boosted by positive economic data suggesting a 'soft landing' may be more likely for the US and a healthy corporate earnings reporting season.

"Despite the positive January return, optimism was somewhat dampened towards the end of the month, with higher-than-expected inflation numbers in the US and the Federal Reserve signalling that interest rate cuts may not be as imminent as hoped. Nevertheless, over the full month, developed market international shares advanced 1.8% in hedged terms, but the depreciation of the Australian dollar against most major currencies drove the return in unhedged terms to an impressive 4.5%. And super funds, on average, have about 70% of their international shares exposure unhedged.

"While not reaching the same heights, Australian shares also had a solid month, returning 1.1%. However, emerging markets shares were down 1.6% which continued to be weighed down by China's economic struggles. Bond markets were mixed, with Australian bonds up 0.2% and international bonds down 0.3%.

"The end of January marks exactly four years since the pre-COVID high reached in 2020. Despite the challenging backdrop of market volatility over that period, the median growth fund is up nearly 23%, so members who have remained patient and resisted the temptation to switch to a more conservative option have been well-rewarded. Even more importantly, super funds are continuing to meet their long-term return and risk objectives."

The table below compares the median performance to the end of January 2024 for each of the traditional diversified risk categories in Chant West's Multi-Manager 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 January 2024)

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	10.1	6.4	10.2	8.4	9.4	8.9	8.7	9.6
High Growth	81 – 95	1.3	8.0	5.5	9.1	7.5	8.5	8.4	8.3	9.0
Growth	61 – 80	1.0	6.9	4.8	7.7	6.2	7.0	7.1	7.2	8.0
Balanced	41 – 60	0.7	5.6	4.2	6.3	4.7	5.3	5.5	5.7	6.6
Conservative	21 – 40	0.4	4.2	3.4	4.8	3.2	3.8	4.0	4.4	5.4

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 10 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 7.9% p.a. The annual CPI increase over the same period is 2.6%, 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 7.3% 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)



Source: Chant West

Note: The CPI figure for January 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.



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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