ROY MORGAN

FOR IMMEDIATE RELEASE

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Industry funds the likely beneficiaries of proposed superannuation changes

The Productivity Commission's proposal to use the ten best performing retail and industry funds as the default options for new workers is more likely to benefit industry funds over retail funds. Apart from the already highly publicised performance tables that generally show industry funds to be the best performers, new data also shows that fund members rate satisfaction with the financial performance of industry funds higher than for retail funds. The experience of fund member need to be taken into account by those selecting the ten best funds to be listed, as they are the ones to be impacted by the final decision on choice of fund.

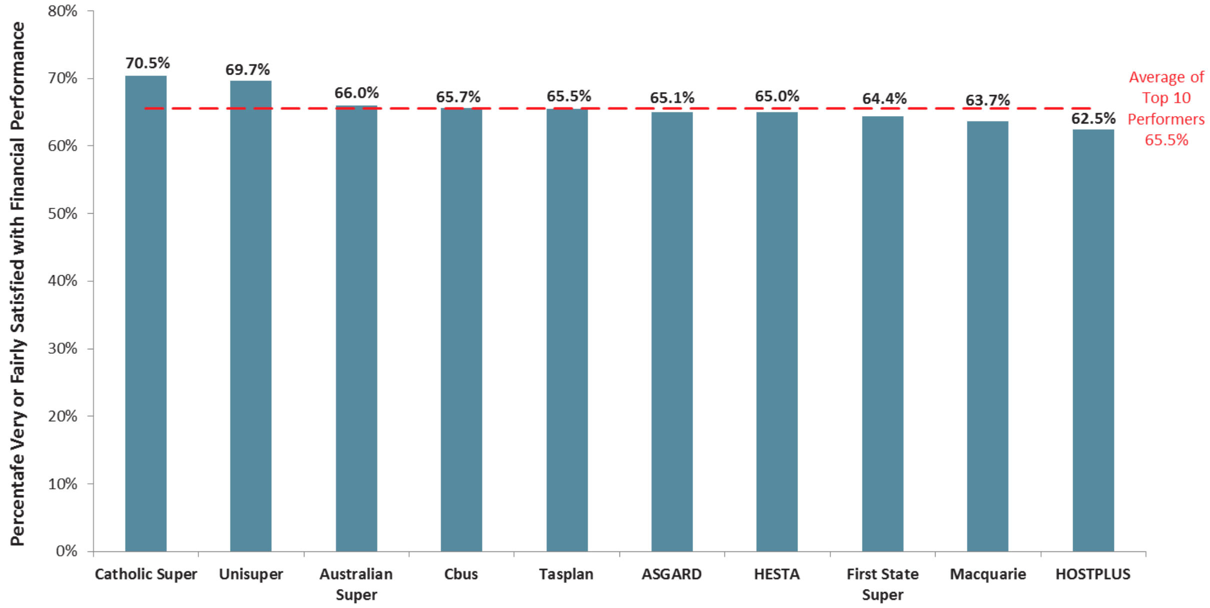
These results are from the newly released Roy Morgan 'Satisfaction with Financial Performance of Superannuation in Australia Report' November 2018. The data in this latest report represents some of the findings from Roy Morgan's Single Source survey which is based on in-depth interviews conducted face-to-face with over 50,000 consumers per annum in their homes, including over 30,000 with superannuation. Results presented here are based on interviews conducted in the six months to November 2018.

Satisfaction with Industry funds higher than retail funds

Over the six months to November, eight of the top ten performing funds, based on satisfaction with financial performance, were industry funds. The highest rating was for Catholic Super with 70.5%, followed by Unisuper on 69.7%. The only retail funds to make it into the top 10 were ASGARD with 65.1% and Macquarie with 63.7% satisfaction but both were below the average of 65.5% for the top ten.

The top ten are by no means a uniform group, ranging from 70.5% for Catholic Super down to only 62.5% for HOSTPLUS, making it unlikely for all funds in the top ten to have an equal chance of selection.

Satisfaction with Financial Performance of Superannuation Top 10 Performers Retail and Industry Funds

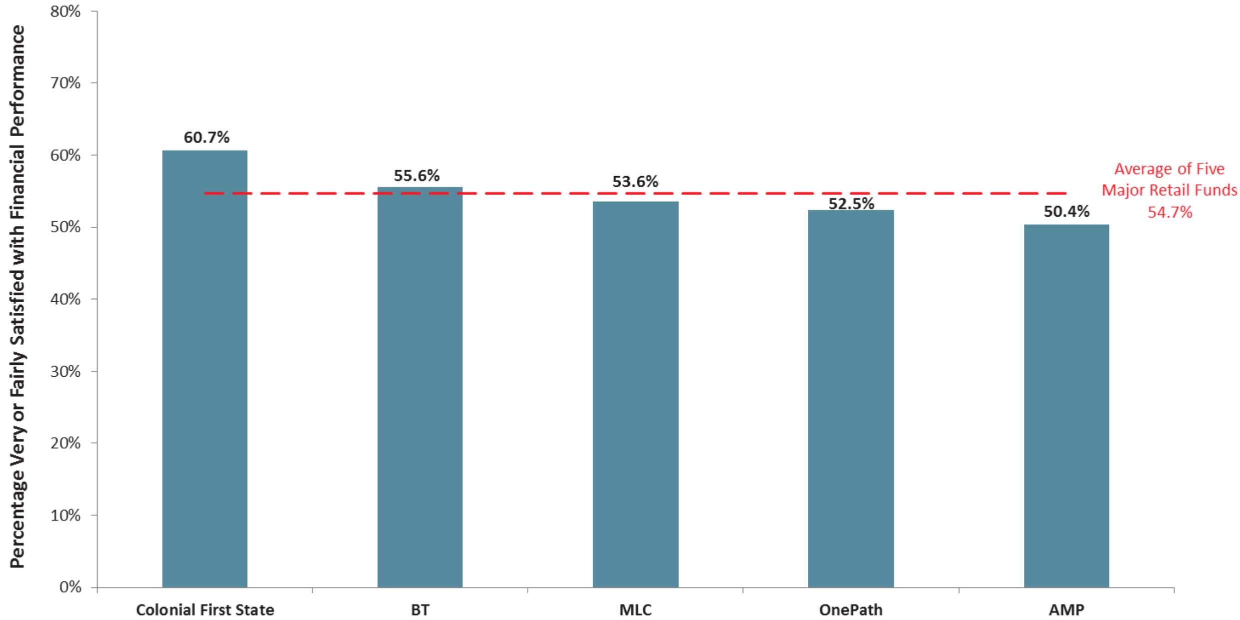


Source: Roy Morgan Single Source (Australia), June 2018 - November 2018, n = 25,430.
Base: Australians 14+ with superannuation.

Major retail funds have lowest average satisfaction

The five major retail superannuation funds have an average satisfaction rating of 54.7%, compared to the total retail fund average of 57.2% and well below the industry fund average of 61.8%.
The best performer among the majors was Colonial First State with 60.7%, well ahead of second placed BT (55.6%). The lowest satisfaction among these majors was for AMP with 50.4% and it was in fact the lowest of all the funds reported on in the 'Superannuation Satisfaction Report'.

Satisfaction with Financial Performance of Superannuation – Five Major Retail Funds

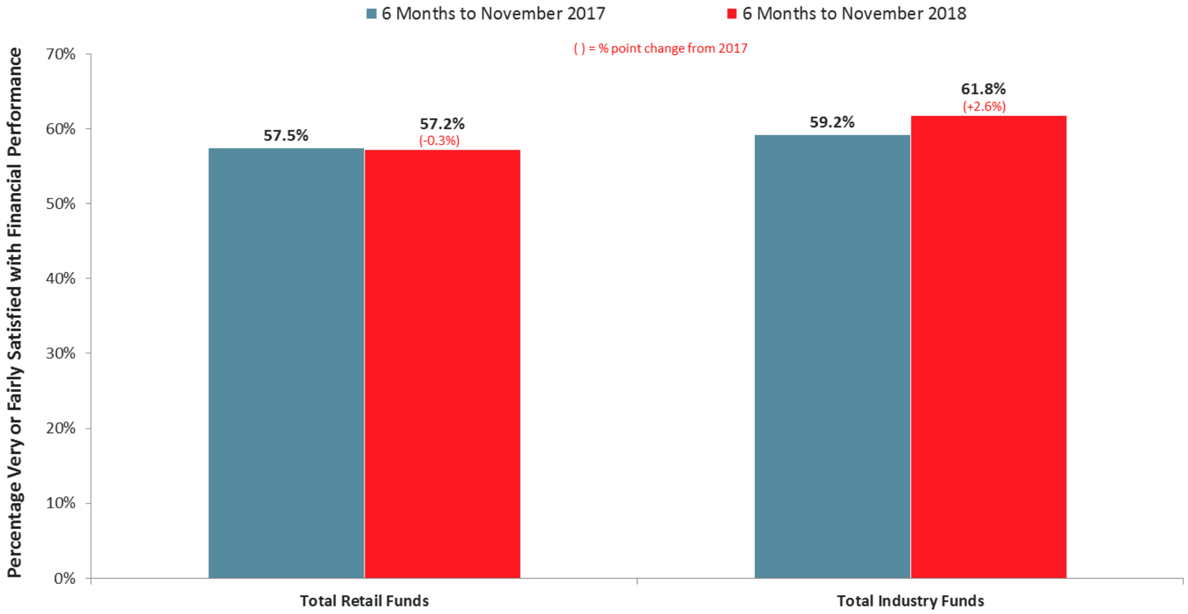


Source: Roy Morgan Single Source (Australia), June 2018 - November 2018, n = 25,430.
Base: Australians 14+ with superannuation.

Industry funds increasing lead in satisfaction

In the six months to November 2018, the average satisfaction for industry funds was 61.8%, an increase of 2.6% points from the same period 12 months ago (59.2%). Over the same period, retail funds declined by 0.3% points from 57.5% in 2017 to 57.2% in 2018.
In 2017 satisfaction with industry funds was 1.7% points ahead of retail funds and the lead has now increased to 4.6% points.

Satisfaction with Financial Performance of Superannuation - Retail Funds vs Industry Funds



Source: Roy Morgan Single Source (Australia), June 2017 - November 2017, n = 24,915; June 2018 - November 2018, n = 25,430.
Base: Australians 14+ with superannuation.

Norman Morris, Industry Communications Director, Roy Morgan says:

> *"The proposal by the Productivity Commission to produce a list of the top performing superannuation funds in order to improve on the current default system, faces a number of issues.*
>
> *"This research shows that fund member ratings of who are the best performers should be taken into account as input into determining the top 10. The reason for including what fund members think in assessing the best performers is that they have the final decision on choice of fund, so their opinion counts. The overall assessment of satisfaction with financial performance by fund members clearly ranks the industry funds ahead of retail funds, similar to the pattern seen in published performance tables but the survey has the added advantage of being able to understand more about the members behind the ratings. Detailed profiling and understanding of particular consumer segments is a major strength of our data.*
>
> *"An important consideration in determining which funds will be included in the top ten, is that with market fluctuations they are subject to regular changes or re-ranking. This means that consumers may choose the top fund one day only to have it slide down the ranking. We have seen this happen with our satisfaction ratings, where only three funds out of the top ten have remained in this group for the last three years. As superannuation is a very long term process, it is likely that over a number of decades there will be a large number of ranking changes. This is likely to cause uncertainty and confusion in member choice in an industry that already lacks member engagement. It is more likely that members want a simplified system rather than one subject to continuous change and decision making.*
>
> *"The data used in this release only covers a small part of the in-depth information we have been collecting on superannuation members over the last two decades. To understand more holistically about superannuation and how it fits in with all the other consumer financial products, ask Roy Morgan.*

To learn more about Roy Morgan's superannuation data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the Roy Morgan Online Store.

About Roy Morgan
Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	**Percentage Estimate**			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2