



# Statistics

## **Quarterly Superannuation Performance (interim edition)**

December 2014 (issued 19 February 2015)

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## Disclaimer

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## Forthcoming issues

This publication will be released according to the timetable published on the APRA website.

## Revisions

This publication includes revisions to previously published statistics when better source data becomes available or when compilation errors are uncovered. APRA identifies and quantifies significant revisions in its statistical publications.

APRA regularly analyses past revisions to identify potential improvements to the source data and statistical compilation techniques, in order to minimise the frequency and scale of any future revisions.

Updated data for December 2011 to September 2014 quarters have been included in this publication.

## Notation

Except where indicated, amounts are expressed in millions of Australian dollars. Both the Australian dollar denominated transactions and the Australian dollar equivalent of foreign-currency denominated transactions are included.

The symbol ' \* ' indicates that the data have been masked to maintain confidentiality.

## Rounding

Details on tables may not add up to totals due to rounding of figures.

## Full time series

The PDF version of the *Quarterly Superannuation Performance* contains data from the past five quarters. The full time series from December 2004 is available in the Excel version and can be viewed by ungrouping the columns.

## Explanatory notes and glossary

A set of explanatory notes is provided at the end of the publication to assist the reader in understanding the source and definitions of the data.

## Enquiries

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## Important notice

APRA's superannuation statistics provide policymakers, regulators, trustees and the community with information to assess the overall performance of the superannuation system.

APRA's quarterly statistics provide data on earnings performance, expenses, taxes and investments.

### Interim *Quarterly Superannuation Performance* statistical publication - December 2014

On 14 November 2013, APRA released a discussion paper on proposed changes to its superannuation statistical publications and confidentiality of superannuation data. The discussion paper is available at:

<http://www.apra.gov.au/Super/Publications/Pages/Publication-super-statistics-confidentiality-superdata.aspx>

APRA proposed to revise its *Quarterly Superannuation Performance* publication and introduce a *Quarterly MySuper Statistics* report. The proposals incorporated recent changes to the superannuation reporting framework (explained further below), and meet APRA's legislative obligation to publish MySuper product-level statistics. APRA also proposed to release superannuation statistics in a new data dissemination system and make all non-confidential data accessible through this new system.

APRA has been releasing selected statistics on an interim basis for quarterly reference periods pending finalisation of its proposals following consideration of submissions received.

On 1 October 2014, APRA released a *Response to Submissions* on the proposed changes to its quarterly superannuation statistical publications and the confidentiality of some of the data submitted to APRA. APRA's response is available at:

<http://www.apra.gov.au/Super/Pages/Superannuation-reforms-2011-2013.aspx>

APRA is still finalising its position in relation to the non-confidentiality of some quarterly data items. From the September 2014 quarter, however, APRA has included 167 additional statistics in the *Interim Quarterly Superannuation Performance*. These include statistics on asset allocation, select statistics on MySuper and further breakdown of contributions that have been determined non-confidential.

APRA has also been considering feedback from industry on publication of data by industry segment. Information on APRA's plans in relation to publication of segmentation statistics and implementation of the proposed data dissemination system are available at:

<http://www.apra.gov.au/Super/Documents/1410-Stats-QRTLY-Pubs-Response-Submissions-October-2014.pdf>

### Changes in reporting framework

Since 2011, APRA has been working to implement a range of prudential requirements for the superannuation industry as part of the Stronger Super reforms. As part of these reforms, APRA released a new reporting framework in June 2013.

The final reporting requirements, which commenced progressively from 1 July 2013, replace the reporting requirements that have been in place since 2004. For most RSEs, the first quarterly forms applied from the quarter ending September 2013 and the first annual forms from the year ending 30 June 2014.

Information on the superannuation reporting framework, and the data collected under each reporting standard, is also provided on APRA's website.

The publication includes statistics based on data collected under two different reporting frameworks. From the September 2013 quarter onwards, data items are reported under APRA's new reporting framework. Data that are reported consistently under the old and new reporting requirements are comparable and are presented as a single time series. Data that were collected for the first time from September 2013, and data that are not comparable to the old reporting framework, are presented as separate time series.

## Revisions

The December 2014 edition of the *Interim Quarterly Superannuation Performance* publication includes revisions to previously published statistics, due to better source data becoming available. Of the data revised and resubmitted to APRA, the following items have changed by at least 10 per cent and \$100 million:

In correcting a compilation error from the September 2014 edition of the *Interim Quarterly Superannuation Performance* publication, the following changes occurred:

- Key Statistics continued : 'MySuper products - large employer provision' assets were revised from \$2.8b to \$3.5b in September 2014.
- Key Statistics continued : 'Number of entities offering more than one MySuper product' was revised from 9 to 5 in September 2014, 9 to 5 in June 2014, 9 to 4 in March 2014 and 9 to 4 in December 2013.

This revision did not impact any other items, totals or ratios.

A reclassification of benefit payments to outward rollovers largely by one reporting entity resulted in the following changes:

- Table 1a: 'Net benefit transfers' revised from -\$576m to -\$2,131m in June 2014.
- Table 1a: 'Net benefit transfers' revised from -\$471m to -\$1,051m in September 2014.
- Table 1a: 'Benefit payments' revised from \$14,940m to \$13,253m in June 2014.
- Table 1a: 'Lump sum benefit payments' revised from \$7,520m to \$5,790m in June 2014.

A delayed submission of data by a reporting entity for the September 2014 reference period resulted in the following change:

- Table 1b: 'Cash management trust' revised from \$1,765m to \$1,490m in September 2014.

A resubmission of currency hedging data by a number of reporting entities resulted in the following changes:

- Table 1d: 'International fixed income of which: currency hedged' revised from \$42,790m to \$48,428m in September 2014.
- Table 1d: 'International listed equity of which: currency hedged' revised from \$46,291m to \$62,933m in September 2014.
- Table 1d: 'International unlisted infrastructure of which: currency hedged' revised from \$3,180m to \$5,496m in September 2014.
- Table 2a: 'International unlisted infrastructure of which: currency hedged' revised from \$2,482m to \$4,448m in September 2014.

## Information on rate of return

The rate of return (ROR) represents the net earnings on superannuation assets and measures the combined earnings of a superannuation fund's assets across all its products and investment options.

Many trustees provide individual members with the choice of a wide range of investment options and superannuation products, with different investment goals. APRA's statistics are not designed to provide individual members with information to compare the investment options offered. The Australian Securities and Investments Commission's MoneySmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) provides guidance on how to compare superannuation investment options and links to other sources of information for this purpose.

Further, different funds have significantly different proportions of members that use the investment options that are made available by trustees. This can materially affect the overall ROR on superannuation assets for a fund and limits the comparability of the ROR between funds. For more information on ROR, refer to the August 2009 - *Response to Submissions* paper on APRA's website:

<http://www.apra.gov.au/Super/Publications/Pages/superannuation-fund-level-publications.aspx>

## Highlights

### Industry overview

Superannuation assets totalled \$1.93 trillion at the end of the December 2014 quarter. Over the 12 months from December 2013 there was a 9.3 per cent increase in total superannuation assets.

Total assets in MySuper products totalled \$395.7 billion at the end of the December 2014 quarter. Over the 12 months from December 2013 there was a 36.5 per cent increase in total assets in MySuper products.

### Entities with more than four members

The analysis and comments below are based on superannuation entities with more than four members.

### Contributions, rollovers and benefit payments

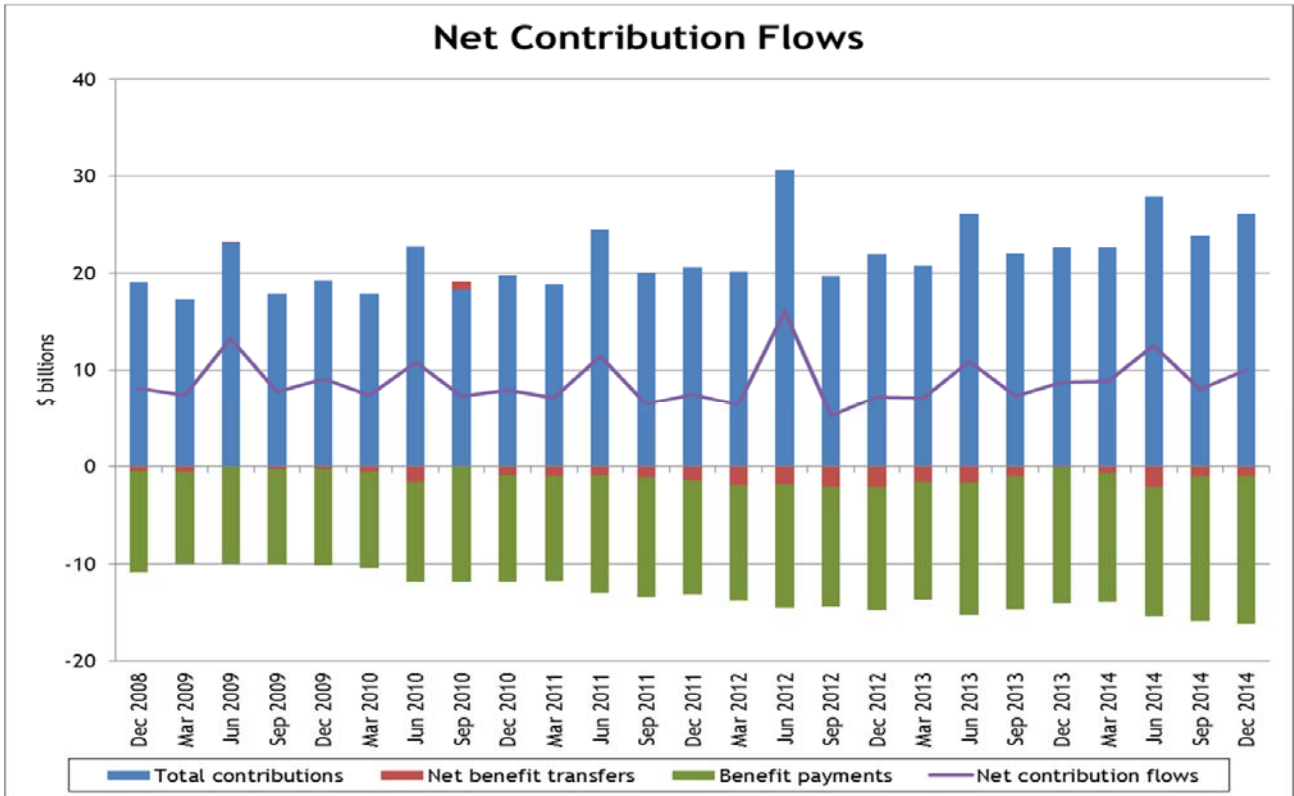
There were \$26.1 billion of contributions in the December 2014 quarter, up 15.3 per cent from the December 2013 quarter (\$22.7 billion). Total contributions for the year ending December 2014 were \$100.6 billion.

Outward benefit transfers exceeded inward benefit transfers by \$979 million in the December 2014 quarter.

There were \$15.2 billion in total benefit payments in the December 2014 quarter, an increase of 9.4 per cent from the December 2013 quarter (\$13.9 billion). Total benefit payments for the year ending December 2014 were \$56.4 billion.

Net contribution flows (contributions plus net benefit transfers less benefit payments) totalled \$10.0 billion in the December 2014 quarter, an increase of 14.9 per cent from the December 2013 quarter (\$8.7 billion). Net contribution flows for the year ending December 2014 were \$39.4 billion.

The graph below shows the composition of net contribution flows for each quarter from December 2008 to December 2014.

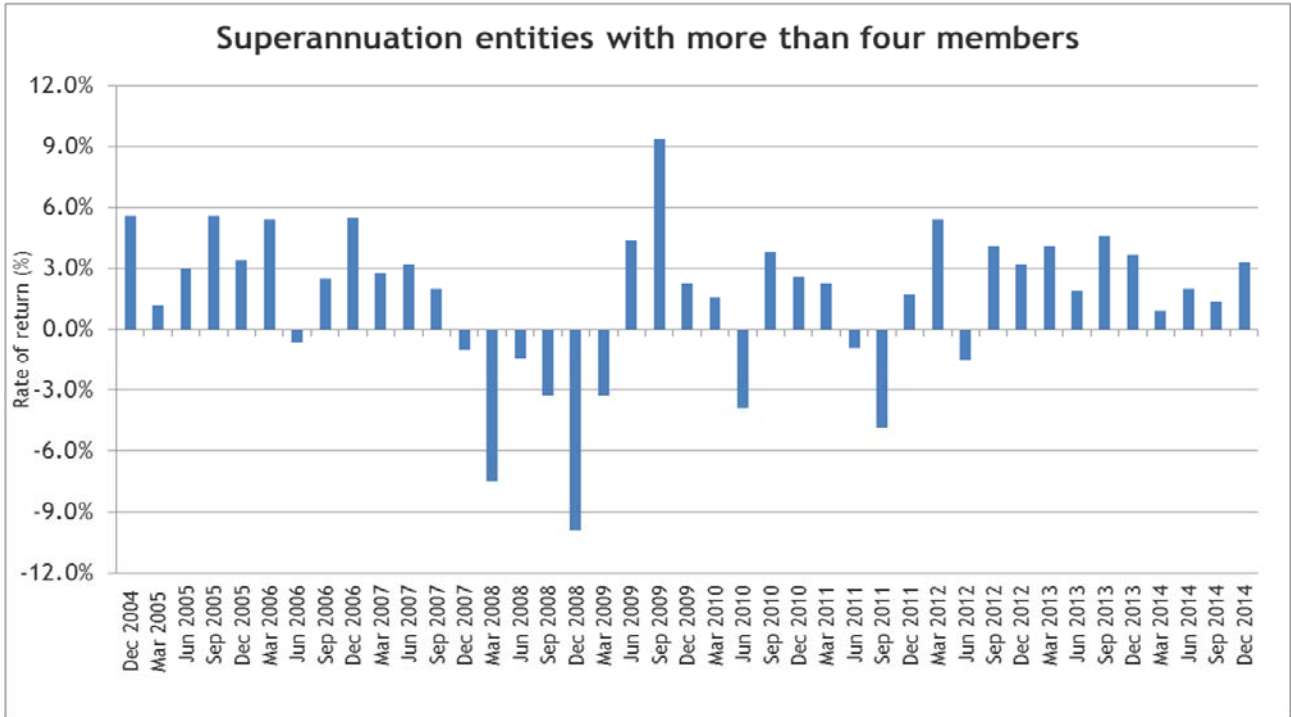


## Financial performance

The annual industry-wide rate of return (ROR) for entities with more than four members for the year ending 31 December 2014 was 7.9 per cent.

For the five-years to December 2014 the annualised geometric-average ROR was 7.1 per cent.

The graph below shows the ROR for each quarter from December 2004 to December 2014.



## Financial position

Over the December 2014 quarter, total assets for entities with at least four members increased by 3.7 per cent (or \$42.3 billion) to \$1.18 trillion.

## Asset allocation

As at the end of the December 2014 quarter, 51 per cent of the \$1.27 trillion investments for entities with at least four members were invested in equities; with 24 per cent in Australian listed equities, 22 per cent in international listed equities and 6 per cent in unlisted equities. Fixed income and cash investments accounted for 33 per cent of investments; 19 per cent in fixed income and 14 per cent in cash. Property and infrastructure accounted for 12 per cent of investments and 4 per cent were invested in other assets, including hedge funds, and commodities.



## Key statistics

### Superannuation entities

	Assets (\$ billion)				
	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014
<i>APRA-regulated</i>					
Entities with more than four members	1,074.6	1,087.6	1,114.0	1,139.0	1,181.3
<i>of which:</i> Eligible rollover funds	5.2	5.1	5.1	5.0	5.0
Single-member ADFs	0.0	0.0	0.0	0.0	0.0
Small APRA funds	2.0	2.1	2.2	2.1	2.2
Total APRA-regulated	1,076.7	1,089.8	1,116.3	1,141.2	1,183.5
Pooled superannuation trusts	111.4	113.1	108.2	111.4	129.4
Retirement savings accounts	1.8	1.8	1.8	1.8	1.8
<i>ATO-regulated</i>					
Self-managed super funds	530.8	542.6	554.8	558.5	568.3
<i>Other</i>					
Exempt schemes	116.0	116.1	118.7	121.4	126.6
Balance of life office statutory funds	47.4	48.1	49.8	51.3	56.5
<b>Total</b>	<b>1,770.9</b>	<b>1,796.5</b>	<b>1,839.6</b>	<b>1,872.4</b>	<b>1,934.8</b>
Number of entities					
	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014
<i>APRA-regulated</i>					
Entities with more than four members	290	279	274	275	258
<i>of which:</i> Eligible rollover funds	15	14	13	14	10
<i>of which:</i> Multi-member ADFs	3	3	3	3	3
Single-member ADFs	63	62	56	54	45
Small APRA funds	2,970	2,979	2,745	2,690	2,431
Total APRA-regulated	3,323	3,320	3,075	3,019	2,734
Pooled superannuation trusts	59	53	53	54	51
Retirement savings accounts	9	9	9	10	10
<i>ATO-regulated</i>					
Self-managed super funds	518,794	525,863	529,396	538,545	545,334
<i>Other</i>					
Exempt schemes	20	20	20	20	19
<b>Total</b>	<b>522,196</b>	<b>529,256</b>	<b>532,544</b>	<b>541,638</b>	<b>548,138</b>
RSE licensees	179	173	165	162	161

## Key statistics (continued)

### MySuper products and accrued default amounts

	Assets (\$ billion)				
	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014
<b>Total assets in MySuper products</b>	289.8	344.1	364.7	378.4	395.7
<i>of which:</i> MySuper products with a lifecycle strategy	90.8	94.3	108.1	114.0	120.3
Generic MySuper products	289.5	342.7	361.4	374.9	389.8
MySuper products - material goodwill provision					
MySuper products - large employer provision	0.3	1.4	3.3	3.5	5.9
Proportion of assets in a MySuper product	27%	32%	33%	33%	34%
Total accrued default amounts	130.1	87.7	73.1	72.2	72.7
Proportion of assets in accrued default amounts	12%	8%	7%	6%	6%

### MySuper products

	MySuper products				
	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014
Number of entities offering a MySuper product	103	104	103	103	103
Proportion of entities offering a MySuper product	38%	40%	40%	40%	42%
<b>Total number of MySuper products</b>	115	116	116	116	116
<i>of which:</i> number of MySuper products with a lifecycle strategy	27	27	28	28	28
Number of lifecycle stages	187	188	199	208	208
Generic MySuper products	103	104	103	103	103
MySuper products - material goodwill provision	0	0	0	0	0
MySuper products - large employer provision	12	12	13	13	13
Number of entities offering more than one MySuper product	4	4	5	5	5

**Table 1a Financial performance**

Entities with more than four members  
(\$ million)

	Quarter end					Year End Dec	Year End Dec
	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014	2013	2014
Net assets at the beginning of the quarter	1,094,131	1,140,042	1,155,676	1,188,240	1,209,987	1,094,131	1,209,987
<b>Total contributions</b>	<b>22,661</b>	<b>22,703</b>	<b>27,894</b>	<b>23,859</b>	<b>26,125</b>	<b>91,512</b>	<b>100,582</b>
Employer	18,151	18,379	20,826	17,909	19,887	72,553	77,001
<i>of which: Defined benefit contributions</i>	3,398	3,532	3,578	3,368	3,840		14,317
<i>of which: Super guarantee contributions</i>				12,100	13,238		
<i>of which: Salary sacrifice contributions</i>				1,553	1,752		
Member	4,509	4,324	7,068	5,950	6,238	18,959	23,581
Personal contributions	4,097	3,911	6,939	5,791	5,530		22,170
Government co-contributions	60	98	19	19	103		240
Low income super contributions	310	246	55	76	535		911
Other member contributions	42	69	55	64	70		259
Contribution tax and surcharge	2,208	2,313	2,673	2,273	2,471	9,328	9,730
Net benefit transfers	-152	-664	-2,131	-1,051	-979	-4,354	-4,824
<i>of which: Net rollovers to/from SMSFs</i>				-1,717	-1,588		
Inward	16,381	15,048	18,671	17,951	19,517	65,978	71,188
Outward	16,533	15,712	20,802	19,002	20,496	70,332	76,012
<b>Benefit payments</b>	<b>13,875</b>	<b>13,184</b>	<b>13,253</b>	<b>14,809</b>	<b>15,176</b>	<b>53,225</b>	<b>56,421</b>
Lump sums	7,366	7,136	5,790	7,801	8,009	28,686	28,736
Pensions	6,509	6,048	7,462	7,008	7,167	24,539	27,685
Other members' benefits flows	83	-64	8	50	47		41
Net contribution flows	8,718	8,792	12,518	8,049	10,017	34,052	39,376
Net insurance flows	-861	-911	-902	-1,086	-1,140	-3,114	-4,038
Inward	687	703	831	837	849	2,650	3,221
Outward	1,548	1,614	1,733	1,923	1,989	5,764	7,259
Investment income	44,095	12,021	26,242	19,080	43,334	160,020	100,677
Investment income after impairment expense	6,371	7,910	12,615	11,870	7,419	30,911	39,813
Total gains/losses on investments	37,724	4,112	13,626	7,210	35,916	129,109	60,864
of which: Foreign exchange gains/ losses	2,986	-1,154	534	2,759	4,713		6,852
Investment expenses	622	664	637	638	712	2,383	2,650
Operating income	101	112	119	131	130	364	492
Administration and operating expenses	1,510	1,361	1,724	1,409	1,568	5,565	6,061
Net earnings	42,064	10,109	24,000	17,165	41,184	152,436	92,458
Income tax expense/benefit	1,761	124	333	87	1,033	4,598	1,577
Net earnings after tax	40,304	9,985	23,667	17,078	40,151	147,838	90,881
Net operating performance after tax	45,952	15,553	32,610	21,769	46,557	169,448	116,489
Other changes	-41	82	-47	-22	-76	2,321	-62
Net assets at the end of the quarter	1,140,042	1,155,676	1,188,240	1,209,987	1,256,076	1,140,042	1,256,076
Number of entities	310	299	294	295	277	310	277

## Table 1b Financial position

Entities with more than four members  
(\$ million)

	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014
Receivables	4,304	4,952	11,121	5,891	4,291
Investments	1,147,554	1,159,789	1,188,468	1,220,290	1,268,674
Directly managed					
Individually managed mandates					
Unlisted public offer unit trust					
Australian wholesale trust					
Australian pooled superannuation trust					
Australian life company					
Other investments					
Directly held	424,316	423,884	437,638	447,620	457,159
Indirectly held	723,239	735,905	750,830	772,670	811,514
Cash management trust	2,391	2,210	3,291	1,490	2,175
Life company	181,637	182,821	186,408	187,431	186,796
Listed retail trust	16,438	17,875	21,169	22,364	24,106
Pooled superannuation trust	102,477	103,252	99,787	100,138	119,560
Unlisted retail trust	73,449	81,756	89,348	106,379	113,593
Wholesale trust	287,024	293,684	289,798	296,070	300,946
Other indirect investment	59,823	54,306	61,029	58,798	64,338
Securities purchased under agreements to resell and securities borrowed	0	0	0	0	0
Tax assets	1,971	1,668	1,130	1,238	1,177
Other assets	36,759	37,360	32,016	33,008	33,728
<b>Total assets</b>	<b>1,190,588</b>	<b>1,203,770</b>	<b>1,232,735</b>	<b>1,260,427</b>	<b>1,307,870</b>
Securities purchased under agreements to repurchase and securities loaned	775	991	966	1,138	1,160
Tax liabilities	7,124	7,854	8,502	9,123	9,176
Other liabilities	42,647	39,248	35,027	40,179	41,457
<b>Total liabilities</b>	<b>50,546</b>	<b>48,093</b>	<b>44,495</b>	<b>50,439</b>	<b>51,794</b>
Liability for allocated accrued benefits					
Liability for members' benefits	1,257,339	1,271,835	1,318,223	1,325,084	1,375,783
Defined contribution members' benefits	946,660	959,998	994,337	1,025,435	1,063,804
Defined benefit members' benefits	309,565	311,228	323,441	299,068	311,342
Unallocated benefits	1,114	609	445	582	637
Reserves including unallocated benefits					
Reserves	17,498	17,360	4,288	7,203	12,591
Excess/deficiency of assets					
Surplus/deficit in net assets	-134,795	-133,519	-134,271	-122,300	-131,906
<b>Net assets available to pay members' benefits</b>	<b>1,140,042</b>	<b>1,155,676</b>	<b>1,188,240</b>	<b>1,209,987</b>	<b>1,256,076</b>
<i>of which: defined benefit interests</i>				152,980	156,704
Number of entities	310	299	294	295	277

## Table 1c Performance ratios

Entities with more than four members  
(\$ million)

	Quarter end					Year End Dec	Year End Dec
	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014	2013	2014
Net assets at beginning of the period (\$m)	1,094,131	1,140,042	1,155,676	1,188,240	1,209,987	1,094,131	1,209,987
Net cash flows (\$m)	5,648	5,568	8,943	4,691	6,406	21,610	25,608
Cash flow adjusted net assets (\$m)	1,096,955	1,142,826	1,160,148	1,190,585	1,213,190		
Investment income (\$m)	44,095	12,021	26,242	19,080	43,334	160,020	100,677
Investment expense (\$m)	622	664	637	638	712	2,383	2,650
Operating income (\$m)	101	112	119	131	130	364	492
Administration and operating expense (\$m)	1,510	1,361	1,724	1,409	1,568	5,565	6,061
Income tax expense/benefit (\$m)	1,761	124	333	87	1,033	4,598	1,577
Net earnings after tax (\$m)	40,304	9,985	23,667	17,078	40,151	147,838	90,881
Rate of Return (%)	3.7%	0.9%	2.0%	1.4%	3.3%	15.1%	7.9%
Number of entities	310	299	294	295	277	310	277

## Table 1d Industry asset allocation

Entities with more than four members  
(\$ million)

	Sep 2013	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014
Cash	159,608	158,851	155,808	161,045	164,387	175,347
Fixed income	188,431	193,292	208,405	216,825	240,095	243,768
Australian fixed income	130,018	126,593	140,724	145,658	157,323	160,450
International fixed income	58,296	66,578	67,409	71,038	82,410	83,301
of which: currency hedged	29,028	31,762	31,976	29,089	48,428	52,379
Equity	582,115	623,719	622,335	632,324	624,502	647,092
Australian listed equity	269,338	282,049	289,131	288,219	284,657	301,287
International listed equity	184,032	212,945	213,092	226,951	265,215	273,748
of which: currency hedged	26,899	34,670	38,208	41,411	62,933	73,141
Unlisted equity	128,088	127,922	119,389	116,438	72,363	70,186
Property	82,856	83,439	86,092	89,844	96,567	101,449
Listed property	27,147	27,399	29,095	31,789	36,128	40,064
Unlisted property	54,046	52,610	54,801	56,270	60,045	60,959
Infrastructure	36,559	39,726	42,512	43,813	47,420	50,062
Listed infrastructure	6,259	6,511	8,130	9,745	11,542	13,305
Australian unlisted infrastructure	26,106	26,812	27,358	27,826	26,359	25,420
International unlisted infrastructure	4,099	6,045	6,521	6,006	9,444	10,749
of which: currency hedged	2,019	3,156	3,751	3,494	5,496	4,701
Commodities	331	402	436	458	671	482
Other	48,292	48,126	44,202	44,159	46,648	50,474
of which: hedge funds					20,765	23,172
<b>Total investments</b>	<b>1,098,193</b>	<b>1,147,554</b>	<b>1,159,789</b>	<b>1,188,468</b>	<b>1,220,290</b>	<b>1,268,674</b>

	Sep 2013	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014
<i>Proportion of investments</i>						
Cash	15%	14%	13%	14%	13%	14%
Fixed income	17%	17%	18%	18%	20%	19%
Australian fixed income	12%	11%	12%	12%	13%	13%
International fixed income	5%	6%	6%	6%	7%	7%
of which: currency hedged	50%	48%	47%	41%	59%	63%
Equity	53%	54%	54%	53%	51%	51%
Australian listed equity	25%	25%	25%	24%	23%	24%
International listed equity	17%	19%	18%	19%	22%	22%
of which: currency hedged	15%	16%	18%	18%	24%	27%
Unlisted equity	12%	11%	10%	10%	6%	6%
Property	8%	7%	7%	8%	8%	8%
Listed property	2%	2%	3%	3%	3%	3%
Unlisted property	5%	5%	5%	5%	5%	5%
Infrastructure	3%	3%	4%	4%	4%	4%
Listed infrastructure	1%	1%	1%	1%	1%	1%
Australian unlisted infrastructure	2%	2%	2%	2%	2%	2%
International unlisted infrastructure	0%	1%	1%	1%	1%	1%
of which: currency hedged	49%	52%	58%	58%	58%	44%
Commodities	0%	0%	0%	0%	0%	0%
Other	4%	4%	4%	4%	4%	4%
of which: hedge funds					2%	2%
<b>Total investments</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Number of entities	317	310	299	294	295	277

**Table 2a MySuper asset allocation**

Entities with more than four members  
(\$ million)

	Sep 2013	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014
Cash	11,875	25,341	29,269	34,408	33,802	38,228
Fixed income	25,463	41,961	52,970	58,355	62,000	63,409
Australian fixed income	18,044	24,873	32,685	36,502	39,707	41,082
International fixed income	7,419	17,088	20,062	21,801	22,293	22,316
of which: currency hedged	4,924	10,648	15,126	16,125	16,124	18,063
Equity	94,001	161,173	188,981	197,200	205,304	214,076
Australian listed equity	41,187	69,112	82,655	85,587	83,919	86,431
International listed equity	35,335	65,528	80,555	85,868	94,607	103,216
of which: currency hedged	12,419	18,463	28,891	31,310	35,469	38,696
Unlisted equity	17,479	26,253	25,231	25,554	26,776	24,425
Property	14,365	25,411	30,603	32,631	34,145	34,959
Listed property	2,665	3,665	4,511	5,228	5,216	6,461
Unlisted property	11,653	21,085	25,588	27,324	28,860	28,498
Infrastructure	11,733	20,022	23,128	24,849	25,710	26,529
Listed infrastructure	892	1,408	1,992	2,610	2,721	3,114
Australian unlisted infrastructure	10,002	15,835	17,134	18,895	17,140	16,356
International unlisted infrastructure	822	2,779	3,794	3,216	5,809	7,053
of which: currency hedged	158	1,318	2,667	2,053	4,448	5,436
Commodities	108	183	345	318	102	120
Other	6,261	10,441	11,806	12,957	12,357	14,265
<b>Total investments</b>	<b>163,807</b>	<b>284,532</b>	<b>337,102</b>	<b>360,719</b>	<b>373,419</b>	<b>391,584</b>

	Sep 2013	Dec 2013	Mar 2014	Jun 2014	Sep 2014	Dec 2014
<i>Proportion of investments</i>						
Cash	7%	9%	9%	10%	9%	10%
Fixed income	16%	15%	16%	16%	17%	16%
Australian fixed income	11%	9%	10%	10%	11%	10%
International fixed income	5%	6%	6%	6%	6%	6%
of which: currency hedged	66%	62%	75%	74%	72%	81%
Equity	57%	57%	56%	55%	55%	55%
Australian listed equity	25%	24%	25%	24%	22%	22%
International listed equity	22%	23%	24%	24%	25%	26%
of which: currency hedged	35%	28%	36%	36%	37%	37%
Unlisted equity	11%	9%	7%	7%	7%	6%
Property	9%	9%	9%	9%	9%	9%
Listed property	2%	1%	1%	1%	1%	2%
Unlisted property	7%	7%	8%	8%	8%	7%
Infrastructure	7%	7%	7%	7%	7%	7%
Listed infrastructure	1%	0%	1%	1%	1%	1%
Australian unlisted infrastructure	6%	6%	5%	5%	5%	4%
International unlisted infrastructure	1%	1%	1%	1%	2%	2%
of which: currency hedged	19%	47%	70%	64%	77%	77%
Commodities	0%	0%	0%	0%	0%	0%
Other	4%	4%	4%	4%	3%	4%
<b>Total investments</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Number of MySuper products	75	115	116	116	116	116

## Explanatory notes

### Structure

The *Interim Quarterly Superannuation Performance* publication comprises statistics on two different populations of superannuation entities. From September 2004 to June 2013, data are for entities that had at least \$50 million in assets in their prior year annual return and were not a small APRA fund or single member approved deposit fund. From September 2013 onwards, data are for all superannuation entities with more than four members. In the December 2014 quarter this captures 277 superannuation entities, comprising 258 APRA-regulated superannuation entities and 19 exempt public sector schemes.

However, entities with more than \$50 million in assets accounted 99.7 per cent of assets held by superannuation entities with more than four members in June 2013. The time series in this publication therefore represents a sufficiently consistent population and be used to compare data for the period from September 2004 to December 2014.

### Source

The statistics in this publication have been prepared from the following sources:

- superannuation returns submitted to APRA under the *Financial Sector (Collection of Data) Act 2001* and from exempt public sector schemes that report to APRA under a Heads of Government agreement between the Commonwealth and each of the State and Territory Governments;
- data provided by the ATO on self-managed superannuation funds (SMSFs);
- returns submitted to APRA under the *Life Insurance Act 1995* by registered life companies in Australia; and
- returns submitted to APRA by retirement savings account providers under the *Retirement Savings Account Act 1997*.

### Changes in reporting framework

APRA released a new reporting framework in June 2013. For most RSEs, the first quarterly forms applied from the quarter ending September 2013 and the first annual forms to the year ending 30 June 2014. Therefore from September 2004 to June 2013, data was collected under the old reporting framework. From September 2013 onwards data is collected under the new reporting framework.

There have been a number of additional items included in this publication based on the new reporting framework, including data on aggregate investment allocation and additional MySuper data. Items that have had significant changes to their definitions between the old and new reporting frameworks have been shown with a series break, with the old item ending in June 2013 and the new items beginning in September 2013.



## Information on expenses and tax

Information on expenses and taxes included in this publication should be used for indicative purposes only.

Expenses are generally understated by funds within this publication for the following reasons:

- indirect investment expenses are generally not reported as this information is not separately identifiable in most cases;
- not all funds are able to provide complete information on entry and exit fees; and
- current data collected does not adequately capture some expenses, such as front-end and ongoing commissions.

Funds also adopt different approaches to recognise future tax liabilities and assets.

## Other notes

Pooled superannuation trusts (PSTs) have not been included in financial aggregates because PST assets are from other superannuation funds and are reported elsewhere. Retirement saving accounts (RSAs) are not included in financial performance and positions aggregate statistics as the information is not required to be reported as part of APRA's data collections.

Unless specified, all ratios stated have not been annualised.

In tables 1d and 2a the values of the top level asset classes may not equal the sum of the detailed component level asset classes. This is because some entities have not been able to source information on the asset domicile type and/or listing type of their investments and have reported 'Not applicable' for these items.

## Glossary

**Accrued default amounts (ADA)** represents the total amount attributed by the trustee to a member is defined as an accrued default amount in section 20B of the SIS Act where either the member has given the trustee of the fund no direction on the investment option in which the amount is to be invested; or the investment option in which the total amount is invested in is one which, under the current governing rules of the fund, would be the investment option for a new member if no direction were given.

**Administration expenses** represents expenses that relate to the administration or operation of the fund. Includes: administration expenses for which administration fees are charged.

**Approved deposit funds (ADFs)** can receive, hold and invest certain types of rollovers until such funds are withdrawn or a condition of release is satisfied (depending on the preservation status of the assets). ADFs can be either single member or multi member.

**Balance of life office statutory funds** refers to assets held for superannuation or retirement purposes in statutory funds of life insurance companies, excluding the assets held in life office statutory funds by superannuation entities. The balance of life office funds includes annuities and assets backing non-policyholder liabilities. These products are regulated under the *Life Insurance Act 1995*.

**Benefit payments** represents lump sum benefit payments and pension benefits paid directly to members. Excludes: rollovers and successor fund transfers.

**Cash** represents cash on hand and demand deposits, as well as cash equivalents. Cash equivalents represent short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Reference: Australian Accounting Standards.

**Cash flow adjusted net assets** is the sum of net assets at the beginning of the period and half of net flows.

**Cash management trust** Represents a unit trust which is governed by a trust deed which generally confines its investments (as authorised by the trust deed) to financial securities available through the short-term money market. Cash management trusts issue units in the trust that are redeemable by the unit holder on demand.

**Commodities** represents natural resources that are either grown or extracted from the ground and are often used as inputs in the production of other goods or services.

**Contributions tax and surcharge** represents tax expenses in relation to taxable contributions made to the superannuation entity during the period (contributions tax) and contributions surcharge tax.

**Cost of member benefit insurance prior to September 2013** represents members' death and/ or disability insurance premiums expense less rebates received or accrued from insurers in relation to insurance premiums; from September 2013, represents outflows incurred through insurance activities. Includes premiums denoted from member accounts, reinsurance premiums charged, expenses incurred for insurance claims and changes in insurance liabilities or reinsurance assets.

**Currency hedged** represents where derivative financial instruments are used to reduce the risk of adverse currency movements.

**Defined benefit contribution** represents contributions made in respect of a member interest that is a defined benefit interest. Reference: SIS Regulations, r. 1.03AA.

**Defined benefit funds** are superannuation entities where all members are entitled to receive defined benefits. In defined benefit funds, a member's benefits are calculated based on a formula specified in the trust deed. Usually the member's final benefit depends on years of service with an employer (or years of membership of the fund) and level of salary near retirement.

**Defined benefit members' benefits** represents the present value of expected future benefit payments to defined benefit members and beneficiaries arising from membership, measured using actuarial assumptions and valuations where appropriate

**Defined contribution members' benefits** represents the present obligation to pay benefits to defined contribution members and beneficiaries.

**Directly held** represents investments made by the RSE in its own name. Includes: investments held by a custodian in trust for the RSE.

**Directly invested** assets includes investments that are made by the superannuation entity in its own name as part of the internal investment management function. It includes investments such as cash and deposits, placements and loans, equities and property holdings.

**Eligible rollover funds (ERFs)** are superannuation funds or approved deposit funds which are eligible to receive benefits automatically rolled over from other funds. ERFs typically accept superannuation monies from other funds where the member has become 'lost'.

**Employer contributions** are contributions received from employers and includes (but is not limited to) all mandated employer contributions (such as Superannuation Guarantee amounts), salary sacrifice contributions and voluntary employer contributions, less any repatriation to employer sponsors. Appropriations for major Commonwealth public sector superannuation schemes where benefits were paid directly from Commonwealth Consolidated Revenue are classified in employer contributions.

**Equity** represents an ownership interest in a business, trust or partnership. Includes: common shares, preference shares and units. Excludes: units in property trusts, units in infrastructure trusts.

**Excess/deficiency of assets** is reported by defined benefit funds when the entity has had formal actuarial valuation as at the end of the reporting period and the actuary's report is available by the reporting due date.

**Exempt public sector superannuation schemes (EPSSSs)** are public sector superannuation schemes that choose not to be regulated by APRA. However, for statutory purposes, a number of EPSSSs report to APRA under an agreement between the Commonwealth Government and each of the State and Territory Governments. Schedule 1AA of the SIS regulations contains a list of EPSSSs.

**Fixed Income** represents a loan, placement or debt security. Loans are financial assets that are created when a creditor lends funds directly to a debtor, and are evidenced by documents that are non-negotiable. Placements are liabilities of entities not described as authorised deposit-taking institutions, e.g. State treasuries. Debt securities are securities which represent borrowed funds which must be repaid by the issuer with defined terms including the notional amount (amount borrowed), an identifiable return and maturity/renewal date. Includes: short and long-term debt securities.

**Foreign exchange gains/losses** represents changes in the value of investments as a result of unrealised and realised changes in currency exchange rates which are used to translate or value investments.

**Generic MySuper products** refer to MySuper products authorised under section 29T and not authorised under section 29TA (Goodwill provision) or 29TB (Large employer provision) of the *Superannuation Industry (Supervision) Act 1993* (SIS Act).

**Goodwill MySuper product** refer to MySuper products authorised under the material goodwill provision set out in section 29TA of the SIS Act. Where the benefits of members and beneficiaries in another regulated superannuation fund (the original fund) are to be transferred to the fund; and APRA is satisfied that some or all of the persons whose benefits are to be transferred hold a class of interest in the original fund that is similar to the proposed MySuper product; and there is material goodwill in that class of interest in the original fund.

**Government co-contribution** represents contributions made by the Federal Government to the RSE under the *Superannuation (Government Co-Contribution for Low Income Earners) Act 2003*.

**Income tax expense/benefit** on earnings represents the tax associated with operating performance. It includes the tax on investment earnings but excludes contributions tax and surcharge.

**Indirectly held** represents an investment made via an investment vehicle.

**Individually managed mandate** represents an asset portfolio managed by an investment manager in accordance with a formal agreement. Excludes: derivative assets and derivative liabilities.

**Infrastructure** represents the basic physical systems of a country, state or region including transportation, communication, utilities, and public institutions.

**Investment expenses** are all expenses which are associated with the generation of income on the investment portfolio of the superannuation entity.

**Investment income** is income generated from the investment portfolio of the superannuation entity.

**Investment management fees** are expenses which relate to the management of the superannuation entity's investment portfolios.

**Investments placed with an investment manager** are those that are not directly held, such as individually managed mandates, wholesale trusts and pooled superannuation trusts.

**Inward insurance flows** represents inflows sourced from insurance activities. Includes: insurance claim benefits or proceeds credited to member accounts, reinsurance benefits, rebate income received on premiums charged, fee rebates received against insurance fees charged to members and changes in insurance liabilities or reinsurance assets.

**Inward rollovers** refer to member's benefits that have been rolled over or transferred in from another superannuation entity and may include assets transferred from life insurance offices and retirement savings accounts (RSAs).

**Large Employer MySuper product** refer to MySuper products authorised under the large employer provision set out in section 29TB of the SIS Act. The employer is a large employer in relation to a regulated superannuation fund if there are 500 or more members of the fund who are employees of the employer or associate of the employer in relation to whom the employer or associate of the employer contributes to the fund.

**Liability for members' benefits** represents the present obligation to members and beneficiaries for benefits they are entitled to receive in the future as a result of membership of the RSE. Excludes: reserves. Reference: Australian Accounting Standards.

**Life company investments** include monies associated with investment in insurance or life policies. Superannuation assets invested in life office statutory funds are sourced from life insurance returns submitted to APRA under the *Life Insurance Act (1995)*.

**Lifecycle exception** has the meaning given in section 29TC(2) of the SIS Act.

**Lifecycle MySuper product** refers to a MySuper product to which a lifecycle exception applies.

**Lifecycle stage** of a lifecycle MySuper product means a subclass of members of the RSE within which the lifecycle MySuper product is located who hold that product, determined on the basis of age or age and the factors mentioned in regulation 9.47 of the SIS Regulations.

**Low income super contribution** represents contributions made by the Federal Government to the RSE for an individual member within the purposes of the *Tax Laws Amendment (Stronger, Fairer, Simpler and Other Measures) Bill 2011*.

**Lump sum benefit payments** are benefit payments paid as a lump sum and includes (but is not limited to) retrenchment, redundancies, resignation and disability benefit payments. This item does not include lump sum rollovers or pension benefit payments.

**Member contributions** are contributions received from members and include (but are not limited to) member post-tax contributions and self-employed contributions. This item does not include rollovers or transfers from other superannuation entities.

**MySuper product** refers to a class of beneficial interest in a regulated superannuation fund that is a MySuper product if an RSE licensee is authorised under section 29T (including section 29TA and 29TB) to offer that class of beneficial interest in the fund as a MySuper product.

**Net assets** are total assets less total liabilities.

**Net assets at the beginning of the period** are assets at the end of the previous period.

**Net benefit transfers** is the difference between inward rollovers and outward rollovers.

**Net cash flows** is used in the calculation of rate of return (ROR). It is derived as net contribution flows less contribution tax and surcharge plus total proceeds on insurance policies less net cost of member benefit insurance.

**Net contribution flows** is total contributions plus net rollovers less benefit payments and are gross of contributions tax and surcharge. Some entities are unable to provide a breakdown of net contributions flows into contributions, rollovers and benefit payments. Net contribution flows is not dependent upon these breakdowns and is correct within reasonable bounds of statistical accuracy.

*Net cost of member benefit insurance* represents members' death and/ or disability insurance premiums expense less rebates received or accrued from insurers in relation to insurance premiums.

*Net earnings after tax* are net earnings generated during the period less tax expense on earnings.

*Net earnings* are the sum of net investment income and other income less operating expenses.

*Net investment income* is investment income (including unrealised gains/losses) less investment expenses.

*Net operating performance after tax* is net flows plus net earnings after tax.

*Number of entities* is the number of active superannuation entities in the period.

*Operating expenses* include expenses incurred which are not ordinarily directly associated with the generation of investment income (i.e. expenses that are not directly related to the investment portfolio of the superannuation entity, but more toward the administration of the superannuation entity).

*Other income* represents income sourced from miscellaneous operating activities. Includes: income from scrip lending; income associated with underwriting activities; fees and commissions; rebates on fees charged to members, costs, commissions and charges; and other miscellaneous income. Excludes: investment income.

*Other assets* include derivative assets, goodwill assets, reinsurance assets, property plant and equipment and other assets which do not fall into the specified asset categories.

*Other changes* are calculated using the residual of net assets at the beginning and end of the quarter and net operating performance after tax. This item includes other reconciling items and changes in the quarterly population.

*Other liabilities* include derivative liabilities, borrowings, insurance liabilities, total payables, and other liabilities which do not fall into the specified liability categories.

*Other investments* include all investments not separately disclosed in the specified investment categories. For the purpose of this publication it includes securities purchased under agreement to resell, leased assets and investments with overseas managers.

*Outward insurance flows* represents outflows incurred through insurance activities. Includes: premiums debited from member accounts, reinsurance premiums charged, expenses incurred for insurance claims and changes in insurance liabilities or reinsurance assets.

*Outward rollovers* are those monies which are transferred from the superannuation entity to another superannuation entity.

*Personal contribution* represents contributions made by a member as defined in the Member Contribution Statement, Includes: contributions which have counted toward the non-concessional and concessional contributions cap, non excluded capital gains or capital proceeds and personal injury payments, direct termination payments and contributions from another entity on the members behalf, CGT personal injury exclusions, DTPs (made by a member to an account in their own name including both deducted and non-deducted member contributions).

*Pension benefit payments* refer to benefits paid to members in the form of a pension and includes complying pensions, allocated pensions and annuity payments.

*Pooled superannuation trusts (PSTs)* are trusts in which regulated superannuation funds, approved deposit funds and other PSTs invest. Pooled superannuation trusts are not included in total assets as their assets are captured in other superannuation entity categories.

*Property* represents an investment in real estate where the earnings and capital value are dependent on cash flows generated by the property through sale or rental income.

*Rate of return* is net earnings after tax divided by cash flow adjusted net assets. Year ended rates of return are calculated by geometrically linking the quarterly RORs,

$$\text{i.e. Year ended ROR} = (1 + \text{ROR}_{t-3}) \times (1 + \text{ROR}_{t-2}) \times (1 + \text{ROR}_{t-1}) \times (1 + \text{ROR}_t) - 1$$

*Receivables* represents short term liabilities owed by debtors

*Registrable superannuation entity (RSE)* is a superannuation entity, not including self-managed superannuation funds. From 1 July 2006, all trustees operating APRA-regulated superannuation entities were required to hold a RSE Licence and register their superannuation entities with APRA.

*Reserves* relates to unallocated reserves of the superannuation entity (for example, income or losses that have not been specifically allocated against member accounts).

*Retirement savings accounts (RSAs)* are products offered by licensed authorised deposit taking institutions, life insurance companies and prescribed financial institutions that provide a capital guaranteed product for retirement savings.

*RSE licensee* refers to a constitutional corporation, body corporate or group of individual trustees that holds an RSE licence granted under s. 29D of the SIS Act.

*Salary sacrifice contribution* represents contributions via an arrangement under which an employee agrees to forego part of his or her total remuneration that he or she would otherwise expect to receive as salary or wages, in return for the employer, or an associate of the employer, providing contribution benefits of a similar value. Reference: Taxation Ruling 2001/10, paragraph 19.

*Securities purchased under agreement to resell* are assets where the superannuation entity buys/borrows securities from another party in exchange for cash. The superannuation entity agrees to return the securities to the other party in the future in exchange for the return of the cash (plus interest).

*Self-managed superannuation funds (SMSFs)* are superannuation entities regulated by the Australian Taxation Office that have less than five members, all of whom are trustees or directors of the corporate trustee. No member can be an employee of another member unless they are related.

*Small APRA funds (SAFs)* are superannuation entities regulated by APRA with less than five members.

*SMSF rollover* represents a rollover associated with a self managed superannuation fund.

*Super guarantee contribution* represents contributions made by an employer to the RSE to meet its obligations under the *Superannuation Guarantee (Administration) Act 1992*. Includes: defined contribution employers' contributions. Excludes: defined benefit contributions. Reference: SIS Regulations, r. 1.03.

*Superannuation entity* is a regulated superannuation fund, an approved deposit fund or a pooled superannuation trust.

*Tax assets* is equal to the sum of current tax assets and deferred tax assets.

*Tax liabilities* is equal to the sum of current tax liabilities and deferred tax liabilities.

*Total assets* are the sum of the resources held by a trustee on behalf of a fund. These include cash, investments and receivables.

*Total benefit payments* include lump sum benefit payments and pension benefit payments.

*Total contributions* is equal to the sum of employer, member and other contributions.

*Total investments* represents the total purchase of a financial product or other item of value with an expectation of favourable future returns.

*Total liabilities* include direct holdings of derivative financial instruments, total borrowings, deferred and current tax liabilities and sundry creditors.

*Unallocated benefits* represents contributions received but not yet allocated to specific member accounts or reserves

*Unlisted retail trust* represents a collective investment vehicle that is not listed on an Australian or international stock exchange, provides exposure to a diversified portfolio of investments and can be accessed by retail clients, at low entry levels, as defined in the *Corporations Act 2001*.

*Wholesale trusts* are collective investments established under a trust deed. They are usually only open to institutional investors and have a high entry level. An information memorandum is usually issued rather than a product disclosure statement.



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