



RESEARCH BRIEF

Performance of Super Funds in Australia:

December 2025 Update

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February 2025

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Executive Summary

This research brief updates our June 2025 analysis of Australia’s largest super funds, using data through December 2025, and expands the scope to include 11 additional funds. Together, the funds in this report accounted for around 66% of the total AUM among APRA-regulated funds. We focus on the past 10 years – the horizon used in APRA’s performance test – and evaluate whether these super funds delivered value above their liquid market benchmarks on both an absolute and risk-adjusted basis. Our findings confirm that most funds consistently outperformed custom Public Market Equivalent (PME) benchmarks over the long term, particularly on a risk-adjusted basis, though recent trends indicate a narrowing of the outperformance gap.

Key Findings

- **Excess Returns:** Over the 10 years to December 2025, 13 of the 17¹ MySuper products analysed delivered higher annualised returns than their custom PME benchmarks.
- **Scale and Performance:** Larger funds have, on average, delivered stronger benchmark-relative outcomes. We find a statistically significant positive association between fund size (AUM) and long-term excess returns over both 7- and 10-year horizons.
- **Risk-Adjusted Performance:** In the updated sample, 62% achieved Sharpe ratios higher than their benchmarks. However, the Return over Maximum Drawdown (RoMaD) metrics did not favour the majority of funds. 4 of the original 10 funds and 8 of the 11 newly added funds had lower RoMaD than their benchmarks.
- **Alpha:** Over the 10-year period, 13 of the 17 funds exhibited a positive annual CAPM alpha, with an average of around 0.71% per annum across all super funds. However, alpha has declined for most funds in recent years.
- **Relative Performance Over Time:** In the more recent environment, cumulative outperformance generally plateaued: after the strong rebound in 2020–2021, many funds’ relative return performance over benchmark continued to flatten, indicating they are neither widening nor losing their lead over benchmarks in the last couple of years. A few funds showed a mild decline in relative gains post-2021.
- **Overall Industry Performance:** The asset-weighted average 10-year excess return was 1.08% per annum, and the asset-weighted average CAPM alpha was 1.18% per annum. This indicates that, at the system level, the industry generated meaningful value-add for members, reflecting contributions beyond passive market exposure, including active management and alternative asset allocation.
- **Performance at the Tail:** The asset-weighted averages exceed the simple cross-sectional averages for both excess returns and alpha. This indicates that larger funds have driven most of the value-add, while smaller funds have, on average, delivered weaker relative to benchmark outcomes. In other words, system-level performance masks dispersion at the tail.

¹ Full 10-year benchmark return histories are available for 7 of the 11 newly added funds. Please refer to the Results section for further details.

Introduction

Australia's compulsory superannuation system, introduced in 1992, has grown into a A\$4.5 trillion retirement system. Assessing the performance of super funds is therefore a key policy issue, particularly under APRA's MySuper Performance Test, introduced as part of the *Your Future, Your Super* reforms. The test evaluates default MySuper products based on net returns relative to a benchmark over a 10-year horizon (APRA, 2022); however, it does not adjust for differences in risk, despite funds' increasing use of illiquid assets and active strategies.

Against this backdrop, our research examines whether super funds have delivered value above liquid public market benchmarks, with particular focus on risk-adjusted performance. In our earlier work, we found that Australia's largest super funds consistently outperformed their PME benchmarks over long periods and typically achieved higher Sharpe ratios and positive CAPM alpha (Ruthbah & Shankar, 2025a).

This December 2025 update extends the analysis in two ways. First, it expands the sample from 10 to 21 MySuper products, providing a broader view of performance across industry, retail, and corporate funds. Second, it incorporates data through December 2025, capturing the full 2025 calendar year.

As of June 2025, APRA-regulated super funds held A\$3.05 trillion in assets under management (AUM). The funds included in this report accounted for 66.15% of the total universe. Of this 66.15%, the original 10 funds accounted for 55.42%, while the newly added funds accounted for the remaining 10.73%.

Using customised PME benchmarks and a range of return and risk metrics, we assess whether MySuper products have added value after fees and given the risks taken, and how performance outcomes have evolved over time. The analysis complements the APRA performance test by providing a more detailed view of fund-level outcomes beyond return alone.

Methodology and Data

We assess MySuper performance relative to its customised PME benchmark that replicates each fund's exposure to liquid public markets. Benchmarks are constructed using returns-based style analysis with rolling windows, which allows benchmark risk profiles to evolve over time, and excludes illiquid and alternative assets².

Performance is evaluated using net monthly returns through December 2025, with emphasis on the 10-year horizon used in APRA's MySuper performance test. We report excess returns relative to PME benchmarks and assess risk using volatility, Sharpe ratios, maximum drawdowns, and return over maximum drawdown. Value added beyond market exposure is measured using CAPM alpha, estimated by regressing fund returns on their PME benchmarks.

Among the newly added funds, ANZ Smart Choice (ANZ SCS), AMP, and MLC offer MySuper products with a lifecycle. For these three funds, we analysed the base options for members in their early years: the 1990s, 1990s-plus, and MLC Growth options for ANZ SCS, AMP, and MLC, respectively.

² For details of the methodology, please see The MCFS white paper (Ruthbah & Shankar, 2025b).

Results

Excess Returns

Long-Term Outperformance Remains Intact: Over the 10-year period to December 2025, 13 out of the 17 funds analysed delivered positive annualised excess returns relative to their PME benchmarks (Table 1). The remaining four new funds do not yet have sufficient history to construct 10-year benchmark returns.

For the original cohort of 10 large funds, all except Telstra Super remain ahead of their benchmarks – consistent with the June 2025 analysis. AustralianSuper, ART, HOSTPLUS, Cbus, Aware Super, and others achieved 10-year excess returns ranging from 0.8% to 1.9% per year. AustralianSuper (0.98%), ART (1.88%), Cbus (1.37%), Aware Super (1.15%), CareSuper (1.22%) and Vision Super (1.06%) delivered statistically significant outperformance.

Table 1: Annualised Excess Returns over PME Benchmark

Fund	10Y	7Y	5Y	3Y	1Y
AustralianSuper	0.98%*	0.40%	0.32%	-0.63%	0.42%
ART	1.88%***	1.16%	1.88%	0.50%	0.88%
UniSuper	0.85%	0.76%	0.76%	0.31%	0.21%
HOSTPLUS	1.81%	0.89%	1.95%	1.07%	2.74%
REST	0.42%	-0.06%	0.14%	-0.25%	0.31%
HESTA	0.87%	0.20%	0.68%	-0.22%	-0.79%
Cbus	1.37%***	0.51%	0.66%	0.20%	0.73%
Aware Super	1.15%**	0.74%	0.35%	-0.01%	-0.68%
Telstra Super	-0.09%	-0.04%	0.02%	-0.93%	-0.23%
Care Super	1.22%**	0.47%	0.46%	-0.32%	-0.33%
AMP SS		-0.42%	0.01%	0.56%	0.31%
ANZ SCS	-0.60%	-0.88%	-0.31%	-0.47%	0.10%
AERS	0.10%	-0.10%	-1.06%	-1.47%	-1.36%
AFS		-0.04%	0.59%	-0.95%	-0.67%
Equip Super		0.05%	0.45%	0.40%	1.13%
Legal Super		0.13%	0.93%	0.60%	2.99%
MLC	-0.47%	-0.46%	-0.35%	-0.36%	-0.19%
NGS Super	1.12%	0.41%	0.65%	0.83%	3.09%
REI Super	-0.25%	-0.56%	0.34%	0.42%	0.11%
Team Super	0.29%	0.38%	0.97%	1.19%	-2.21%
Vision Super	1.06%**	0.65%	0.73%	0.09%	0.48%
Weighted average	1.08%	0.51%	0.74%	0.04%	0.42%

Notes: ***Significant at 1%, **Significant at 5%, *Significant at 10%. For the four newly added funds, AMP, AFS, Equip, and Legal Super, less than 13 years of return data are available. Because the PME benchmark requires a three-year window to generate the first benchmark return, we are unable to report full 10-year excess return results for these funds.

These margins may appear modest; however, when compounded over a decade, they are not. An additional percentage point per year can materially increase retirement balances. Yet expanding the sample introduces a more sobering element. Several newly included funds, such

as ANZ SCS, MLC Super and REI Super, underperformed their benchmarks by 0.60%, 0.47% and 0.25%, respectively, over the same horizon.

The Shorter Horizon: Momentum Has Plateaued: Shorter investment horizons present a more varied picture, as was the case in prior analyses (Ruthbah & Shankar, 2025a).

Seven-year excess returns have compressed for most funds. AustralianSuper's 10-year excess of 0.98% falls to 0.40% over seven years. HOSTPLUS drops from 1.81% to 0.89%, and Aware Super from 1.15% to 0.74%. Among the newly added funds, six of the eleven record negative excess returns over this horizon

Five-year performance, buoyed by the post-pandemic rebound, looks stronger. HOSTPLUS (1.95%) and ART (1.88%) stand out. But dispersion remains marked: Team Super stands out with 0.97% excess over 5 years, and legalsuper achieved 0.93%, whereas Australian Ethical Retirement Super (AERS) shows a -1.06% p.a. shortfall over 5 years.

Three-year data (2023–25) show improvement relative to the June 2025 update, reflecting recovery from 2022's drawdown. Roughly half the funds outperformed, while the other half underperformed. For example, HOSTPLUS went from -0.32% (3-year to June 2025) to 1.07% (3-year to Dec 2025), and Cbus from -0.40% to 0.20%, reflecting strong relative showings in 2023 and 2025, while AustralianSuper shows -0.63% p.a. vs the benchmark. Among the new funds, AERS lagged by 1.47% annually over three years, the worst in the set. On the other hand, Team Super achieved an impressive 1.19% excess return during 2023–25.

Finally, the 1-year period (calendar 2025) saw broadly strong absolute returns across super funds. Of the 21 funds, 13 delivered positive excess returns in 2025, while 8 fell short. HOSTPLUS beat its benchmark by 2.74%, NGS Super by 3.09%, and legalsuper by 2.99%, indicating significant value-add over 12 months. In contrast, a few funds underperformed substantially in 2025: Team Super lagged by 2.21%, and AERS trailed by 1.36%, suggesting that their investment strategies did not keep pace with the broader market rally that year.

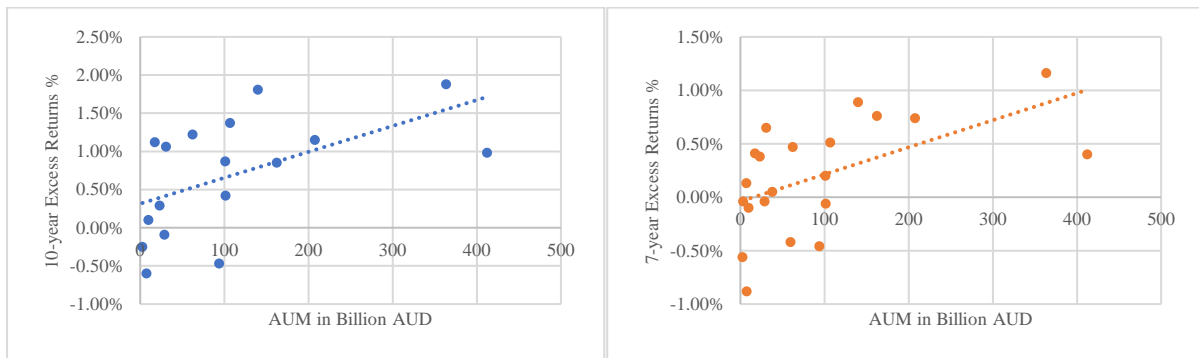
System-Level Perspective: The asset-weighted results provide a system-level view, as the sample represents 65% of APRA-regulated assets. The weighted average 10-year excess return is 1.08% p.a., slightly above the simple average. This indicates that larger funds have driven the bulk of long-term outperformance.

However, the weighted averages decline materially over shorter horizons (0.51% over 7 years, 0.74% over 5 years, and 0.04% over 3 years). This compression signals that system-level value-add has narrowed almost universally in recent years.

Relationship Between Fund Size and Excess Returns: Figure 1 shows a positive relationship between AUM and excess returns over the 7-year and 10-year horizons. The trend lines are upward sloping and statistically significant in both charts. Larger funds have, on average, delivered higher excess returns relative to their benchmarks.

It should be noted that this is correlation, not causation. The results do not imply that size causes outperformance. Other factors, such as governance, asset mix, or implementation capability, may drive the observed relationship.

Figure 1: Relationship between Performance and Size



Notes: The trend lines in both charts have slopes that are statistically significant at 5% level.

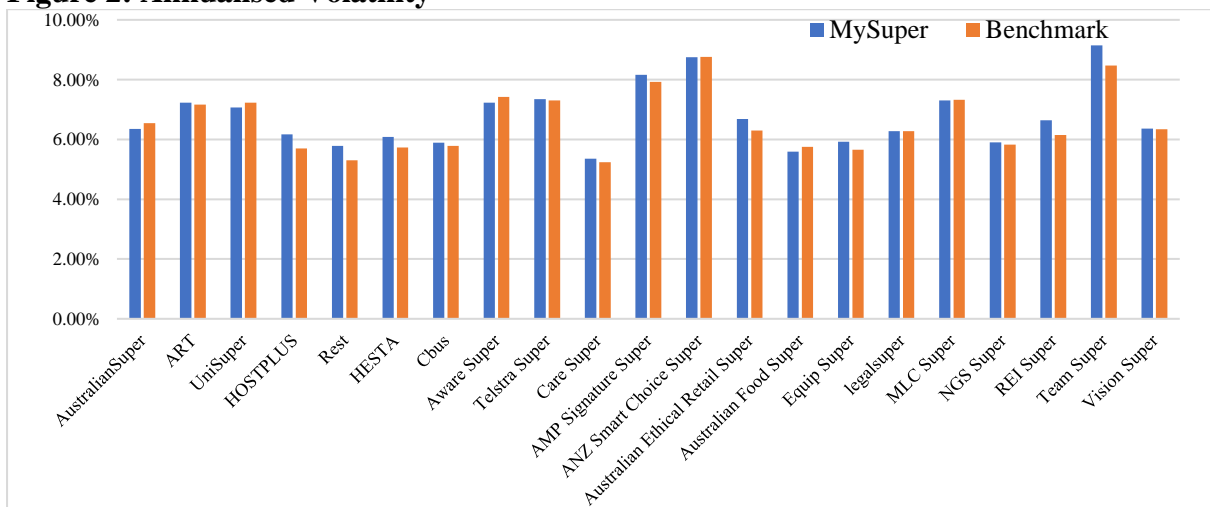
Risk and Risk-Adjusted Returns

Higher returns are only part of the story; they must be evaluated alongside the risks taken. Our analysis shows that for most super funds, outperformance was achieved without taking additional volatility risk relative to benchmarks – and in many cases, with superior risk-adjusted metrics – but there are a few notable exceptions.

Volatility: By design of the PME benchmark construction, each fund’s benchmark closely matches the fund’s own volatility (Figure 2), and the annualised volatility of returns for each MySuper portfolio was almost identical to that of its PME benchmark. For example, in the June 2025 update, we noted volatility differences ranging from -0.22% to 0.45% (MySuper minus PME); the December 2025 update shows a similarly tight alignment.

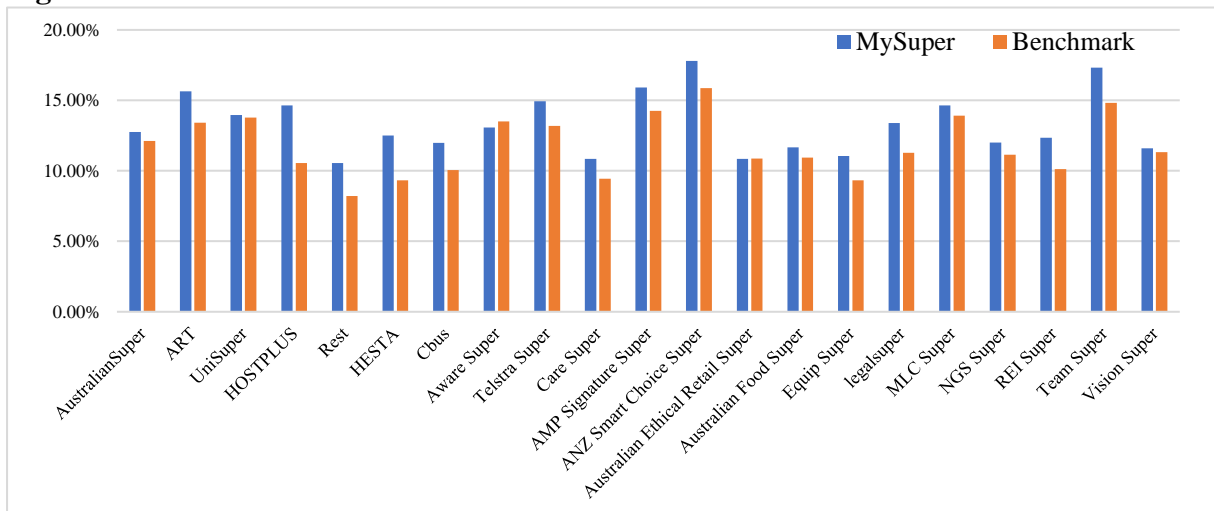
Maximum Drawdown: The maximum drawdown (Figure 3) in the last decade occurred during COVID-19 and therefore remained the same across the 10 large funds. For newly added funds, all but AERS had smaller maximum drawdowns relative to their PME benchmarks. ANZ SCS had the largest maximum drawdown among the 21 funds, followed by Team Super.

Figure 2: Annualised Volatility



Notes: AMP, AFS, Equip, and Legal Super have less than 13 years of return data available. Because the PME benchmark requires a three-year window to generate the first benchmark return, the comparison period for these funds is less than 10 years.

Figure 3: Maximum Drawdown

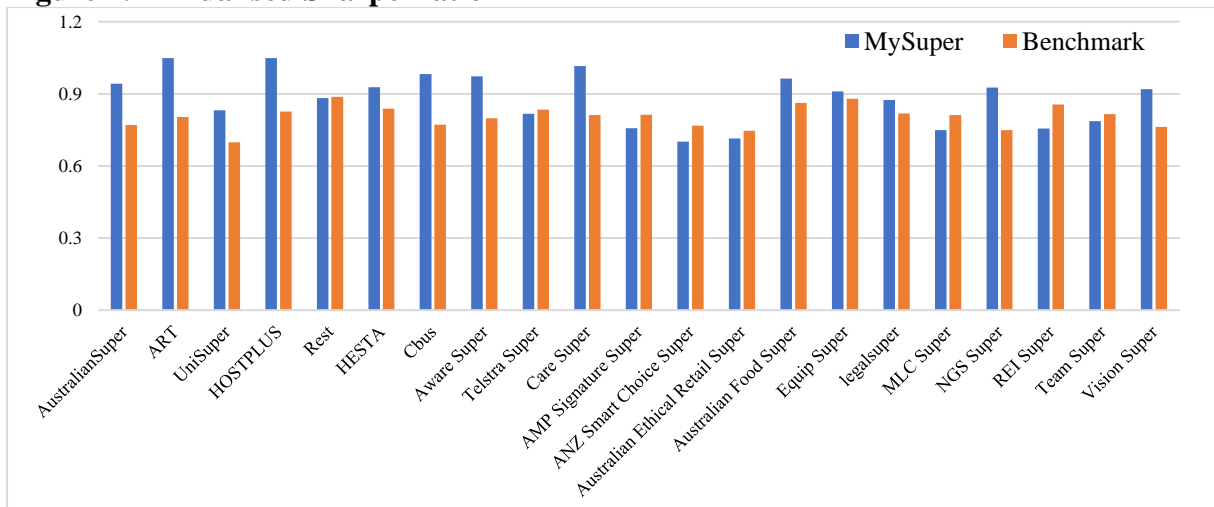


Notes: AMP, AFS, Equip, and Legal Super have less than 13 years of return data available. Because the PME benchmark requires a three-year window to generate the first benchmark return, the comparison period for these funds is less than 10 years.

Sharpe Ratio: The Sharpe ratio tells a largely positive story (Figure 4). Thirteen of 21 funds achieved higher Sharpe ratios than their benchmarks. REST and Telstra Super remain the principal underperformers among the original cohort; some newly added retail funds also trail. The range of Sharpe ratios for MySuper funds in the sample spans ~0.5 to 1.1, compared with ~0.6 to 1.0 for the benchmarks.

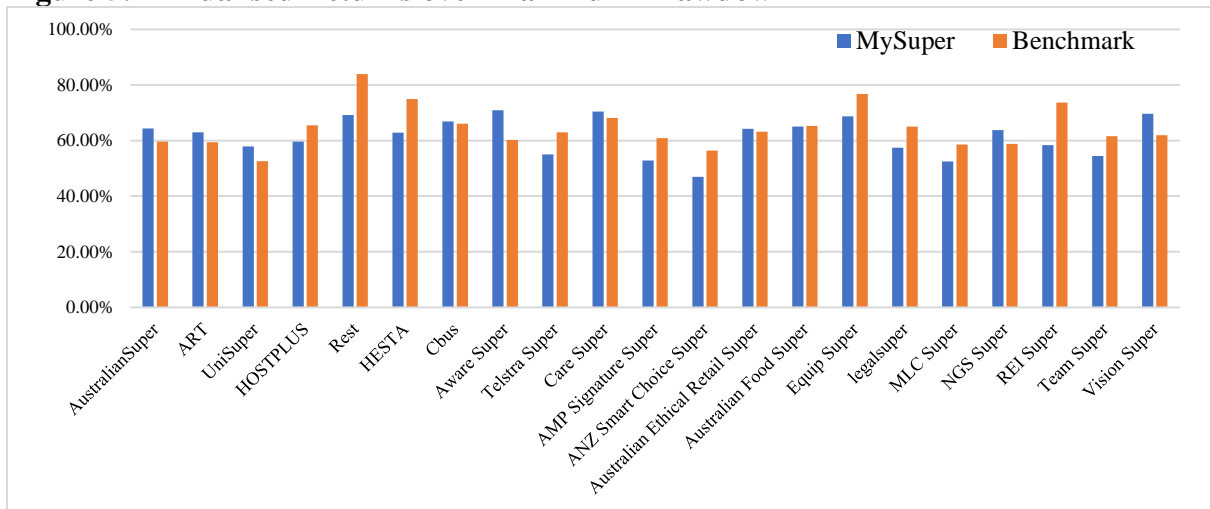
Return over Maximum Drawdown (RoMaD): RoMaD is a performance metric that combines return and downside risk, essentially asking: how much return did a fund deliver for the worst drawdown it endured? In the June 2025 brief, 6 of the 10 funds had higher RoMaD, while 4 (HOSTPLUS, REST, HESTA, Telstra) had lower RoMaD than the benchmarks. As of December 2025 (Figure 5), those four still lag on RoMaD. Of the newly added funds, 8 had lower RoMaD compared to their benchmarks.

Figure 4: Annualised Sharpe Ratio



Notes: AMP, AFS, Equip, and Legal Super have less than 13 years of return data available. Because the PME benchmark requires a three-year window to generate the first benchmark return, the comparison period for these funds is less than 10 years.

Figure 5: Annualised Returns over Maximum Drawdown



Notes: AMP, AFS, Equip, and Legal Super have less than 13 years of return data available. Because the PME benchmark requires a three-year window to generate the first benchmark return, the comparison period for these funds is less than 10 years.

APRA’s performance test evaluates only returns and does not distinguish between effective and ineffective risk-taking. Our findings underscore this limitation.

CAPM Alpha

Thus far, we have compared funds to customised benchmarks that mimic their asset allocation. The excess returns discussed are effectively the sum of alpha and beta mix differences. To further disentangle skill versus market exposure, we employ the Capital Asset Pricing Model (CAPM) framework, treating each fund’s PME benchmark as the “market” in that context.

Alpha Over 10 Years: The results in Table 2 show that most MySuper portfolios delivered positive CAPM alpha over the past 10 years, reinforcing the earlier findings. For the original 10 funds, all had positive alphas; however, only five were statistically significant, with an average alpha of approximately 1.1% per annum. In this updated dataset, 3 of the 7 new funds had positive 10-year alphas, with only 2 statistically significant. The average alpha across all funds is slightly lower (approximately 0.7% p.a.) due to the inclusion of some underperforming funds. Standout performers on alpha largely mirror those on excess returns: ART exhibited one of the highest alphas at 1.85% per year among the statistically significant ones. Other strong alphas include Cbus (1.35%), CareSuper (1.20%), NGS Super (1.26%), and AustralianSuper (1.19% p.a.).

Trends in Alpha Over Time: While long-term alpha is mostly positive, the time series of alpha reveals important nuances. In recent years, there has been a clear downward trend in alpha across all funds. Our June 2025 update noted a “sharp decline in alphas for all super funds, with some turning negative” in the latest 3-year window. Extending to December 2025, this pattern largely persists: the 3-year alphas (2023–25) for many funds were considerably lower than their 10-year and 5-year averages. Several funds still had positive 3-year alphas (ART 0.60%, UniSuper 0.81%, HOSTPLUS 1.31%), indicating that some active strategies were very

successful even in recent periods. But the trend is clearly downward for almost all. This suggests that the excess returns earned by funds have narrowed recently, potentially due to factors such as market mean reversion, greater integration and efficiency, or the drag of higher costs/fees in a low-return environment, or the relatively lower performance of private markets compared to public markets in recent years. It raises questions about whether the historically high levels of outperformance will be as easily achieved going forward.

Table 2: Annualised Alpha

Fund	10Y	7Y	5Y	3Y	1Y
AustralianSuper	1.19%**	0.68%	0.51%	-0.25%	0.66%
ART	1.85%**	1.19%	1.80%	0.58%	0.93%
UniSuper	1.02%*	0.96%	0.85%	0.55%	0.46%
HOSTPLUS	2.13%	1.33%	2.17%	1.40%	2.93%
REST	0.19%	-0.28%	-0.07%	-0.48%	0.07%
HESTA	0.74%	0.11%	0.54%	-0.29%	-0.79%
Cbus	1.35%**	0.55%	0.65%	0.26%	0.77%
Aware Super	1.29%***	0.94%	0.55%	0.30%	-0.37%
Telstra Super	0.05%	0.12%	0.13%	-0.67%	-0.05%
Care Super	1.20%	0.51%	0.47%	-0.23%	-0.25%
AMP SS		-0.47%	-0.07%	0.42%	0.23%
ANZ SCS	-0.50%	-0.74%	-0.27%	-0.39%	0.14%
AERS	0.08%	-0.11%	-1.02%	-1.35%	-1.26%
AFS		0.23%	0.75%	-0.61%	-0.42%
Equip Super		-0.06%	0.33%	0.26%	0.96%
legalsuper		0.32%	1.00%	0.75%	2.97%
MLC Super	-0.30%	-0.26%	-0.19%	-0.16%	0.01%
NGS Super	1.26%**	0.62%	0.80%	1.02%	3.09%
REI Super	-0.46%	-0.78%	0.10%	0.10%	-0.13%
Team Super	-0.05%	-0.03%	0.52%	0.61%	-2.41%
Vision Super	1.07%**	0.70%	0.76%	0.19%	0.54%
Weighted average	1.18%	0.63%	0.79%	0.20%	0.54%

Notes: ***Significant at 1%, **Significant at 5%, *Significant at 10%. AMP, AFS, Equip, and Legal Super have less than 13 years of return data available. Because the PME benchmark requires a three-year window to generate the first benchmark return, we are unable to report full 10-year CAPM alpha results for these funds.

This is also reflected in Figures 6 and 7, which show how alpha has evolved over the last 10 years. Except for HOSTPLUS among the large funds and legalsuper and NGS among the smaller ones, alphas hovered around zero in recent years.

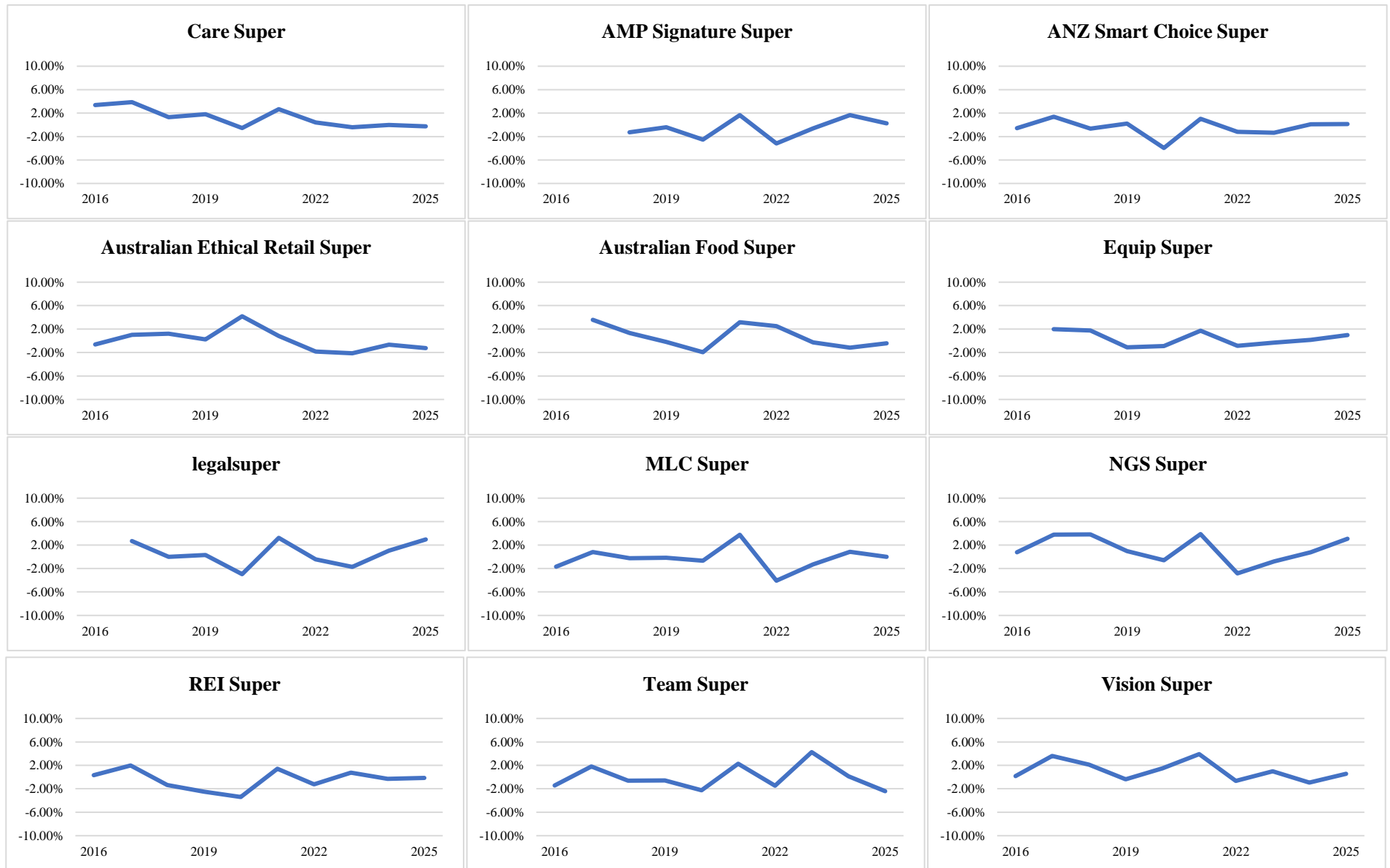
System-Level Perspective: The asset-weighted CAPM results indicate that, at the system level, funds have generated positive risk-adjusted value-add. The weighted average 10-year alpha is 1.18% p.a., suggesting that excess returns are not solely attributable to asset allocation, but also reflect active management effects and implementation decisions within the largest funds.

However, alpha declines noticeably over shorter horizons (0.63% over 7 years; 0.20% over 3 years). This pattern points to a reduction in risk-adjusted outperformance rather than to beta compression alone.

Figure 6: Annual CAPM Alpha



Figure 7 (cont.): Annual CAPM Alpha



Relative Performance Over Time

To visualise how each fund's performance has evolved relative to its benchmark, we examine cumulative relative returns – essentially the ratio of the cumulative value of \$1 invested in the MySuper fund versus \$1 in the corresponding PME benchmark, over time. This reveals when and how funds built up their outperformance (or underperformance).

Across the board, the cumulative relative return lines start at 1.0 and generally trend upward over the long run (since most funds outperform in the long term), though they exhibit notable fluctuations around major market events. Figures 8 and 9 illustrate these patterns for the cumulative performance of all funds' MySuper relative to their PME benchmarks. A few observations:

Impact of COVID-19: The COVID-19 market crash in early 2020 caused a sharp dip in relative performance for virtually all funds, as seen in previous reports. However, some of the newly added funds did not appear to add value relative to their benchmarks (e.g., AMP, ANZ SCS, and MLC) even in the pre-COVID period, unlike the large funds. When these MySuper options fell below their PME benchmarks during COVID, the cumulative relative return dropped below 1.

Plateau in recent years: Beginning around 2021 and continuing through 2022–2025, the cumulative relative return for many funds has flattened. In Figures 8 and 9, one can see a levelling off, or even a slight decline, in the lines of several funds post-2021. This coincides with the period of YFYS implementation and generally more muted market returns. Essentially, after years of steadily increasing outperformance, many funds have not added much further relative gain in the last 2-3 years.

Fund-specific differences: The spread between the best and worst performers' cumulative relative returns has widened with the inclusion of more funds. The top performers (e.g., HOSTPLUS, Cbus, AustralianSuper) have cumulative relative returns well above 1.0 over the full period. The weaker ones (e.g., those with persistent underperformance, such as ANZ SCS or AMP) have lines that hover at or below 1.0, indicating little to no relative wealth advantage for members over the long run. This divergence highlights the stakes: picking a high-performing fund versus a low-performing one can result in a sizable difference in retirement outcomes over a decade or more.

Figure 8: Cumulative Relative Returns (MySuper vs PME Benchmark)

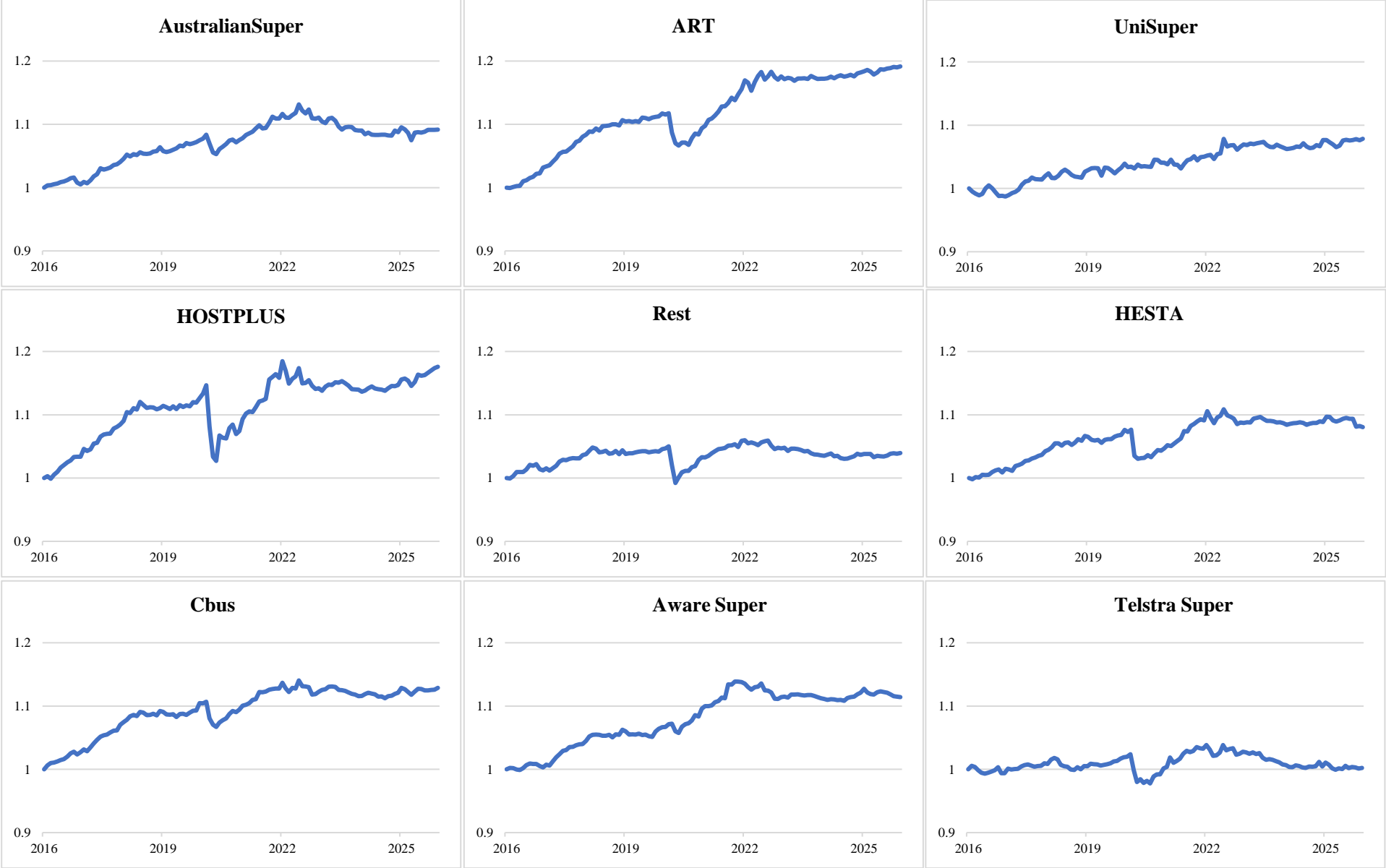
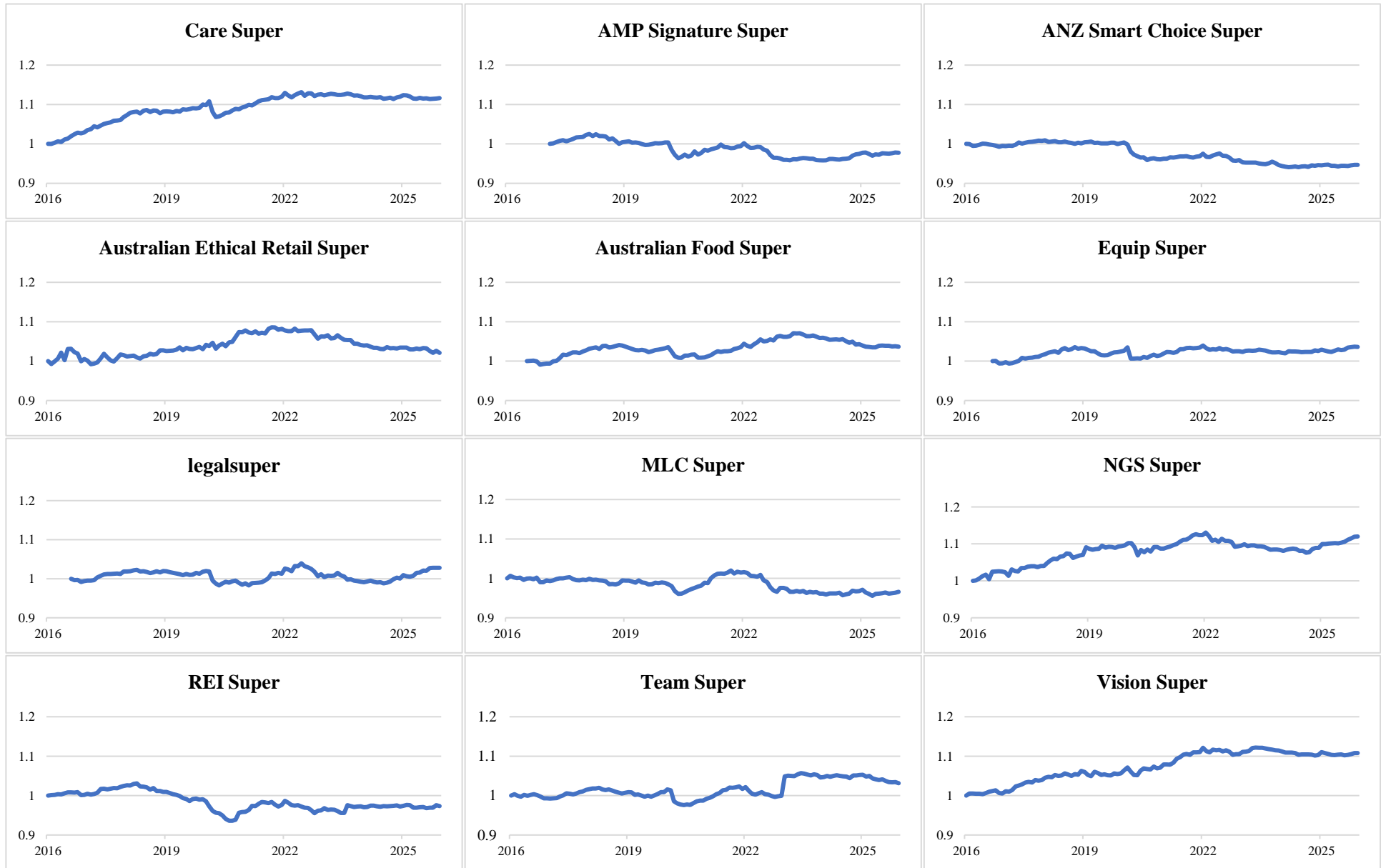


Figure 9 (cont.): Cumulative Relative Returns (MySuper vs PME Benchmark)



Conclusion

Over the past decade, the evolution of Australia’s superannuation industry—characterised by the rise of large funds and greater investment in unlisted, illiquid, and alternative assets—has brought tangible benefits to members.

However, the expanded scope of this update reveals that not all funds have benefited from this success. While most funds outperformed their PME benchmarks in total returns, a few did not, and not all of the excess returns were matched by commensurate risk-adjusted benefits.

At the system level, the asset-weighted results show that the majority of member assets have benefited from sustained value-add. However, this aggregate strength masks dispersion. The weighted averages exceeded the simple averages, indicating that larger funds have driven most of the outperformance. We also document a positive and statistically significant association between fund size and long-term excess returns. While this is correlation rather than causation, it is consistent with potential scale advantages in implementation, governance, and access to investment opportunities. This heterogeneity is critical for stakeholders to recognise. Members should not assume that every super fund will generate alpha simply because the big ones have – fund selection and oversight remain important.

Industry practitioners should keep refining their investment strategies and risk management to stay competitive as the system matures. Policymakers need to update performance assessment frameworks to focus on the quality of returns rather than just their amount. A comprehensive approach that combines the simplicity of the APRA test with in-depth analysis like this will help members and regulators distinguish genuine skill from mere risk-taking, leading to improved outcomes in the superannuation industry.

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