

MEDIA RELEASE

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Investment-grade credit a solution to recovery and returns

One of Australia's top-performing super funds this financial year (SuperRatings, financial year to 30 April 2020) is boosting member balances and helping Australian businesses prepare for coronavirus recovery by buying credit.

LGIAsuper is selling down government bonds and buying investment-grade Australian credit to secure a prime position as Australian businesses begin their recovery from the recent economic shutdown.

Investment-grade credit is a rating that identifies high quality investments that present a relatively low risk. The fund has been increasing its investment in corporate debt issued by Australian companies such as Suncorp, QANTAS and Woolworths.

These are quality Australian businesses issuing debt with much higher returns than Government bonds. Corporate debt returns also come with less volatility than share market investments, and therefore complement the Fund's other equity and bond holdings.

LGIAsuper CEO Kate Farrar said superannuation funds had a role to play in helping the Australian economy bounce back after the COVID-19 restrictions brought global markets to their knees.

"At a time when the availability of capital is a challenge for small businesses in particular, and the banks are clamping down on providing credit, super funds can help in a very important way," Ms Farrar said.

"Businesses need capital to survive through COVID-19, to strengthen their balance sheets, and position themselves for a solid recovery. This investment strategy is a way to provide Australian businesses with much-needed capital to support them through the coronavirus pandemic and beyond."

Ms Farrar said the strategy was also designed to generate returns for members.

"The interests of our members are at the heart of every investment decision we make at LGIAsuper," Ms Farrar said.

"Many people are worried about their financial security and what the future will bring, particularly retirees and pre-retirees, and LGIAsuper has a long history of delivering returns and riding out the volatility of international markets

"The opportunity in investment credit has strong benefits for all parties involved and we expect attractive, low risk returns over the coming 18 months of up to 5% above pre-pandemic levels.

"By providing capital in this way, LGIAsuper is doing well for its members and helping the economy."

LGIAsuper has ranked as one of the country's top performing super funds of the financial year (SuperRatings financial year to April 30 2020) in an independent assessment of returns by SuperRatings, demonstrating the fund's ability to manage members' money well during COVID-19.

For more information regarding LGIAsuper's investment strategy, call 1800 444 396 or visit www.lgiasuper.com.au.

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About LGIASuper

LGIASuper is a Queensland-based super fund that has provided trusted and reliable investment, advice and insurance solutions for more than 50 years. It looks after over \$12 billion in retirement savings for around 75,000 members (as at 30 June 2020).

For more information on LGIASuper, call 1800 444 396 or visit www.lgiasuper.com.au.