PERIOD ENDING – 31 JULY 2021

Managed Funds

Fund name	Size $m	1 year % p.a.	1 year Rank	3 years % p.a.	3 years Rank	5 years % p.a.	5 years Rank
AUSTRALIAN EQUITIES							
Hyperion Australian Growth Companies Fund	2,189	32.8	14	19.8	1	12.8	8
Bennelong Australian Equities Fund	958	44.3	1	16.8	2	16.5	1
Australian Ethical Australian Shares Fund	567	43.7	2	16.2	3	12.8	9
First Sentier Wholesale Conc. Aust. Share Fund	227	28.0	33	14.6	4	12.4	12
First Sentier Wholesale Australian Share Fund	1,074	28.4	31	14.6	5	12.6	11
Australian Unity Platypus Australian Eq. Fund	262	29.0	29	14.2	6	14.3	3
Bennelong Concentrated Aust Equities	1,729	43.4	3	13.8	7	16.2	2
Ausbil Active Sustainable Equity Fund	97	31.2	21	13.5	8		
Alphinity Sustainable Share Fund	449	32.5	17	13.0	9	13.6	4
PM Capital Australian Companies Fund	33	35.0	9	12.7	10	12.0	13
SECTOR AVERAGE	**801**	**29.7**		**8.4**		**9.5**	
S&P ASX 200 ACCUM INDEX		**28.6**		**9.5**		**10.0**	
INTERNATIONAL EQUITIES							
BetaShares Global Sustainability Leaders ETF	1,632	35.3	8	25.6	1		
Loftus Peak Global Disruption Fund	204	32.8	15	25.3	2		
Forager International Shares Fund	265	69.0	1	23.7	3	20.0	4
T. Rowe Price Global Equity Fund	5,834	34.2	12	22.7	4	22.0	1
Zurich Inv Conc. Global Growth Fund	104	28.5	35	22.7	5	21.5	2
Evans and Partners International Fund	66	38.6	5	22.7	6	17.8	13
Franklin Global Growth Fund	697	33.9	13	21.9	7	20.9	3
Intermede Global Equities Fund	315	31.2	26	20.7	8	18.4	9
Legg Mason Martin Currie Global LT Fund	13	31.7	24	20.6	9	19.1	6
Capital Group New Perspective Fund	1,224	34.3	11	19.9	10	19.0	7
SECTOR AVERAGE	**1,118**	**32.3**		**13.4**		**14.4**	
MSCI WORLD EX AU INDEX		**32.4**		**15.5**		**15.7**	

Fund name	Size $m	1 year % p.a.	1 year Rank	3 years % p.a.	3 years Rank	5 years % p.a.	5 years Rank
COMBINED PROPERTY							
Lend Lease Aust Prime Property Industrial	1,423	25.5	33	16.9	1	14.4	2
Australian Unity Diversified Property Fund	327	21.1	36	15.3	2	16.4	1
UBS Property Securities Fund	292	39.8	3	12.6	3	8.2	6
Quay Global Real Estate Fund	407	35.6	7	12.1	4	9.6	4
First Sentier Whlsle. Gear. Gbl. Prop. Sec. Fund	51	53.7	1	11.5	5	9.5	5
Pendal Property Securities Fund	497	33.0	17	11.4	6	7.2	11
UBS Clarion Global Property Securities Fund	429	37.4	5	11.0	7	6.3	20
Charter Hall Maxim Property Securities Fund	224	38.9	4	10.9	8	8.0	7
Resolution Capital Real Assets Fund	25	28.4	31	10.5	9	7.4	10
Dimensional Global Real Estate Trust	711	29.0	30	10.4	10	6.5	17
SECTOR AVERAGE	**791**	**30.1**		**6.9**		**5.3**	
S&P ASX200 A-REIT INDEX		**32.8**		**7.5**		**4.7**	
FIXED INTEREST							
iShares Government Inflation ETF	281	3.8	1	6.0	1	3.8	2
Pendal Sustainable Aust. Fixed Interest Fund	461	1.8	7	5.6	2	3.8	6
Dimensional Global Bond Sustainability Trust	377	1.0	17	5.5	3		
Schroder Fixed Income Fund	2,136	2.3	3	5.5	4	3.9	1
Dimensional Global Bond Trust	2,150	1.1	16	5.4	5	3.5	12
AMP Capital Wholesale Australian Bond Fund	954	1.8	9	5.4	6	3.8	4
Janus Henderson Aus Fixed Interest - Institutional	270	1.8	8	5.3	7	3.8	3
QIC Australian Fixed Interest Fund	368	1.4	13	5.2	8	3.7	7
Macquarie True Index Sovereign Bond Fund	602	-0.2	28	5.2	9	3.4	19
Perpetual Wholesale Active Fixed Interest Fund	192	1.7	10	5.2	10		
SECTOR AVERAGE	**1,039**	**0.7**		**4.1**		**3.0**	
BLOOMBERG BARCLAYS AUSTRALIA (5-7 Y) INDEX		**0.6**		**5.0**		**3.3**	

Note: The performance figures for diversified funds are net of fees, performance figures for sector specific funds are adjusted for fees.

Source: Rainmaker Information

Dial tones

By John Dyall
john.dyall@financialstandard.com.au
www.twitter.com/JohnDyall

Red pill or blue pill?

There's a new Matrix movie coming out, and I wanted to be the first person (in finance at least) to appropriate it for my own purposes.

Fortunately, I had just read the Future Fund's Year in Review as APRA released its list of "loser" MySuper funds.

If ever there was a red pill, blue pill scenario this was it. If you cast your mind back to the original movie, the red pill woke you up to a potentially unsettling reality full of pain and risk, but also growth and knowledge.

The blue pill meant you could go back to sleep and live a comfortable dreamlike reality within the confines of the Matrix.

Of course, the main character, Neo, chose the red pill because, you know, kung fu.

I feel that my own reality was warped by all the messages behind the performance test for MySuper products. Apparently, APRA doesn't want workers stuck in underperforming super funds. It devised a performance test to weed out those underperforming funds and, essentially, force them to merge or send their members elsewhere.

All this was on the basis that now, in direct contradiction to all the communications from everyone and their dog saying that past performance was not a predictor of future performance, past performance was a predictor of future performance. And not a single research paper to back it up, which showed real courage.

But don't blame APRA. All it is doing is implementing the legislation.

Appearing before the House of Representatives Standing Committee on Economics, APRA chair Wayne Byers said: "The methodology and the benchmark are set out in the legislation; APRA's role was to administer the test and provide the results."

Looks like they took the blue pill. And fair enough, too. If the evidence presented to the Royal Commission is anything to go by they've been taking the blue pill for quite some time.

The APRA test has some significant flaws, not the least of which is the choice of performance benchmarks which are based for the most part on highly liquid (except during moments of crisis) publicly tradeable and replicable indexes. Too bad if your super fund wants to invest in long term non-public assets such as infrastructure where they can earn what's called an illiquidity premium.

A fundamental belief in investments (and the basis of the whole history of the insurance industry) is that assets should match liabilities.

And you don't invest in government bonds when the yield is close to zero. The primary reason is not, as you might think, because the expected return is so low (although that is part of the reason). The primary reason is that long duration government bonds lose their ability to diversify the portfolio versus the equities' component because the yield is bumping against its lower bound. Diversification does not work when yields can only rise.

A modern portfolio takes this into account by investing in strategies that rise when equities fall, but overall have a positive expected return. Not one of the APRA indexes does this.

The Future Fund, which is being touted as a potential default fund for all, has no such constraints. It does not have to pass the APRA test. Its goal is, to quote the Year in Review, "investing for the benefit of future generations of Australians".

It also says: "...we don't set fixed strategic asset allocations from the top and then require those allocations to be filled across each investment sector. Prospective returns and risks change through time, so we manage the portfolios dynamically. We invest across public and private markets in the broad categories of alternative assets, cash, debt, overlays, listed equities, private equities, and tangible assets."

That sounds sensible, almost as if they took … the red pill? **FS**