

SuperGuard 360 SMSF performance indices, April 2017

SuperGuard 360 today released its latest self-managed superannuation fund (SMSF) performance indices that showed for the 12 months to 30 April 2017 the **SG360 SMSF reference index** returned 10.3%, underperforming the 11.1% achieved by the **SG360 default index**. The default index is based on MySuper products.

Over 10 years the gap the SG360 SMSF reference index returned 4.9% pa versus 4.7% pa for the SG360 default index. Over the medium term the gap is in favour of the SG360 default index.

As a result, a SMSF member who invested \$100,000 a decade ago would now have an estimated \$164,632 in their account compared to someone who invested \$100,000 in the average workplace superannuation default investment option who would have \$158,808.

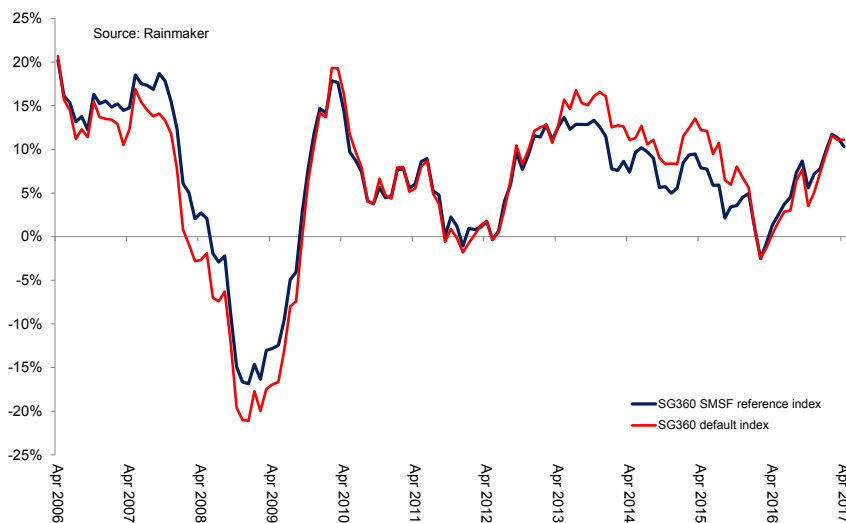
SG360 SMSF performance indices, April 2017

	1 year	3 years pa	5 years pa	10 years pa
SG360 SMSF reference index	10.3%	6.4%	7.8%	4.9%
SG360 default index	11.1%	7.7%	9.4%	4.7%

Value of \$100,000 invested 10 years ago

		Increase	Gross change
SG360 SMSF reference index	\$164,632	\$64,632	65%
SG360 default index	\$158,808	\$58,808	59%

SG360 indices - rolling 12 months



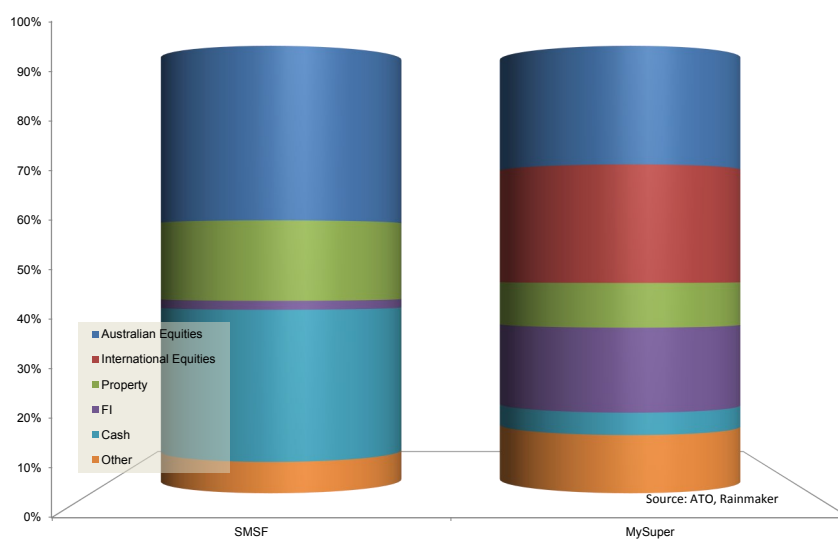
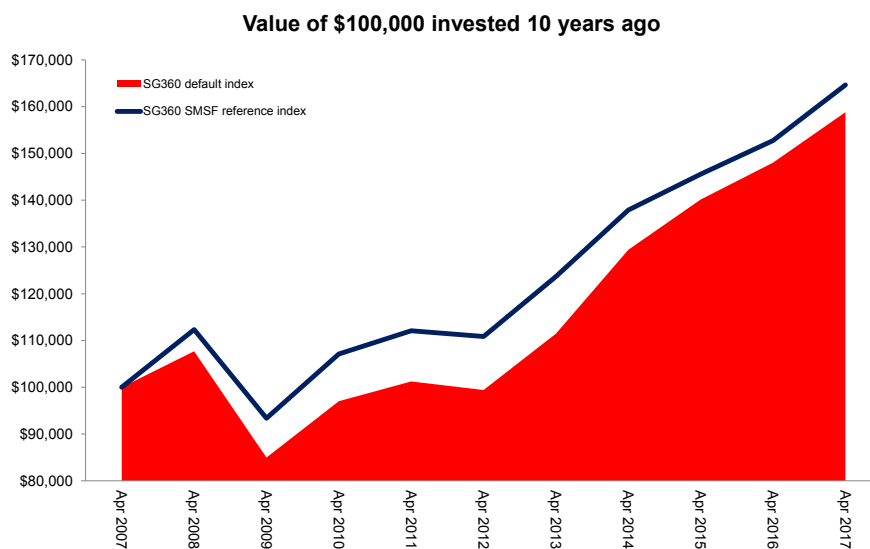
Lower returns for the SG360 reference index over the 12 months was driven by differences in asset allocation. The reference index has higher weightings to cash and property. Cash returned 1.9% over the 12 months and listed property returned 5.4%. Fixed interest, where MySuper products hold their cash/fixed interest exposure, returned 2.6%.

SMSFs asset allocation to equities is lower than for MySuper products (39% versus 53%). Both Australian and international equities returned around 18% over the 12 months. The difference in allocation made a material difference to relative returns.

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It should be noted that returns for both strategies was more than 10% for the year. This was more than four times the rate of inflation and shows how important it is to maintain a well run superannuation solution and to regularly monitor its performance.

The comparable performance of SMSFs relative to regular super funds is despite SMSFs being invested more conservatively. SMSFs are, if well managed, just as efficient at delivering investment outcomes.



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General market commentary

Investors had a lot to take in during April.

The month began with meetings between President Trump of the US and President Xi Jinping of China — with implications for trade and currencies — followed by the release of statistics showing weak US employment growth, missile and bomb strikes in Syria and Afghanistan, and rising risk of war with North Korea.

The month ended with strong corporate earnings releases and weak first quarter GDP growth. French stocks rallied on poll results showing that Emmanuel Macron, a centrist, pro-European candidate, was likely to win the May 7 runoff election for President of France (which he consequently did).

Through it all investors looked past current events to future growth and it was another solid month for equities with Australian equities rising 1% and international equities rising 3.6% in Australian dollars terms. The annual return for both Australian and international equities was nearly 18%.

The Australian gains were supported by positive returns from the Big Four banks. Some gains were offset by losses from most metals and mining companies.

Fixed interest returned around 1% in April. The higher grade Bloomberg Ausbond Composite Index returned 0.8% while Bloomberg Barclays Global Aggregate Index returned 0.7%. The yield on 10-year bonds fell around 10 basis points over the month, although they remain slightly higher over 12 months. Investment-grade bonds also posted modest gains as strong demand from investors pushed prices higher.

Financial market returns to April 2017

		1 year	3 years pa	5 years pa	10 years pa
Australian equities	S&P ASX 200	17.8%	5.8%	11.0%	4.1%
	S&P ASX 200 Industrials	17.4%	6.9%	15.1%	5.4%
	S&P ASX 200 Resources	19.9%	-0.1%	-3.3%	-0.7%
	S&P ASX Small Ordinaries	10.0%	7.6%	2.4%	-1.3%
International equities	MSCI All Countries ex AU Local Currencies	18.2%	6.4%	12.8%	5.0%
	MSCI All Countries ex AU in AUD	17.6%	8.3%	18.3%	5.7%
US	S&P 500	17.9%	9.2%	13.7%	7.2%
	S&P 500 in AUD	20.3%	12.2%	21.4%	8.3%
Europe	FTSE Euro 100	22.4%	3.9%	13.6%	2.5%
Japan	MSCI Japan	15.5%	-1.3%	15.5%	0.4%
China	FTSE China A Shares in USD	-1.5%	-18.1%	6.7%	3.0%
EM	MSCI Emerging Markets in USD	19.6%	-0.7%	1.9%	2.8%
	MSCI Emerging Markets in AUD	22.0%	2.0%	8.8%	3.9%
Aust Listed Property	S&P/ASX 200 A-REIT	5.8%	10.6%	16.2%	0.6%
Global infrastructure	FTSE Developed Infrastructure Hedged	11.8%	5.0%	10.3%	6.7%
International fixed interest	Bloomberg Barclays Global Agg Hedged	2.6%	3.9%	5.8%	7.4%
High yield in USD	iBoxx Liquid High Yield in USD	11.6%	4.7%	5.8%	5.9%
Emerging market debt in USD	Barclays Emerging Markets Debt in USD	-1.4%	-0.4%	0.0%	0.0%
Corporate investment grade	Barclays Global Corporate in USD	0.0%	0.3%	0.1%	0.0%
Australian Fixed Interest	Bloomberg AusBond Comp (0+Y)	2.6%	3.0%	4.9%	6.2%
Cash	Bloomberg AusBond Bank Bill	1.9%	2.1%	2.6%	4.0%

Source: FactSet

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About the SG360 performance indices for SMSF investors

SuperGuard 360 produces two performance indices useful for self managed superannuation fund (SMSF) investors, being trustee members of SMSFs:

SG360 SMSF reference index:	This index describes the post-fee investment return a SMSF trustee would receive in their account if they invested passively using the asset allocation represented by SMSF asset distribution published by the Australian Taxation Office.
SG360 default index	This index describes the post-fee post-tax investment return a SMSF investor would have achieved if they invested in the same way the typical Australian Prudential Regulation Authority (APRA) regulated MySuper product invests.

The generalized asset allocation used in each index is shown in the chart on page 3. Generally speaking SMSFs have a higher weighting to property than do MySuper options and a lower weighting to equities in general and international equities in particular.

Methodology

The SG360 SMSF Reference Index is derived by the following capital market indices:

- Australian shares S&P ASX 300 Accumulation Index
- International shares MSCI Global Shares AUD Index
- Property Financial Standard Direct Property Index
- Fixed interest Bloomberg AusBond Composite 0+Yrs Index
- Cash RBA Online Saving Account for \$10k Index
- Other Rainmaker Average Wholesale Balanced Index

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