MEDIA RELEASE

12 April 2017

SuperGuard 360 SMSF performance indices, 28 February 2017

SuperGuard 360 today released its latest self-managed superannuation fund (SMSF) performance indices that showed for the 12 months to 28 February 2017 the **SG360 SMSF reference index** achieved 11.7%, slightly out-performing the 11.6% achieved by the **SG360 default index**. The default index is based on MySuper products.

Over 10 years the gap is in favour of the SG360 SMSF reference index 5.0% pa versus 4.7% pa but 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 $164,900 in their account compared to someone who invested $100,000 in the average workplace superannuation default investment option who would have $158,800.

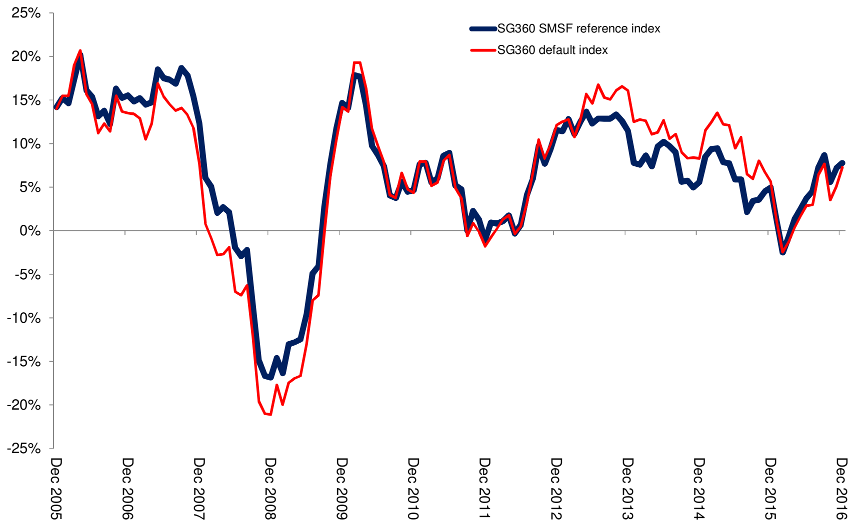
SG360 SMSF performance indices, 28 February 2017

	1 year	3 years pa	5 years pa	10 years pa
SG360 SMSF reference index	11.7%	6.0%	7.7%	5.0%
SG360 default index	11.6%	6.9%	9.2%	4.7%

Value of $100,000 invested 10 years ago

		Increase	Gross change
SG360 SMSF reference index	$164,879	$64,879	65%
SG360 default index	$158,808	$58,808	59%

SG360 indices - rolling 12 months



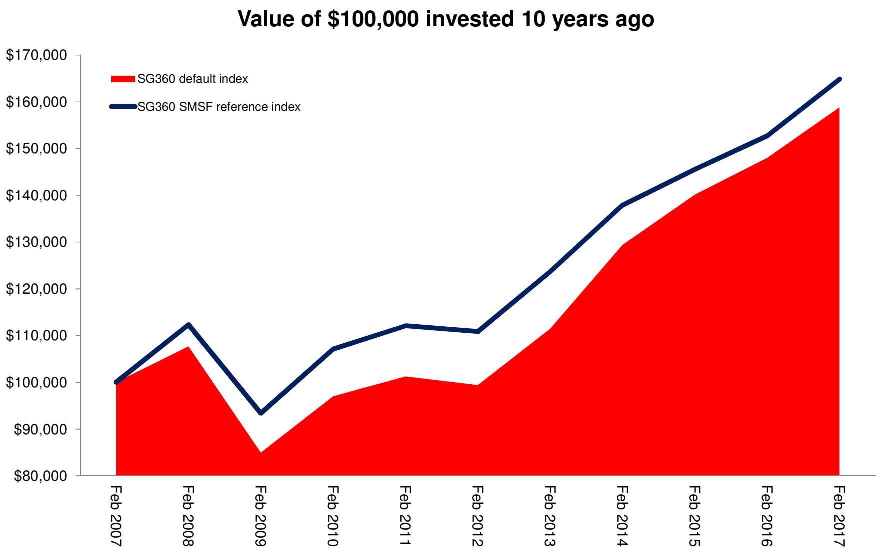
Driving these performance outcomes is that while rolling 12 month investment returns for SMSFs and MySuper options run by regular superannuation funds are currently very similar for the 12 months to end February 2017, this was still not enough to make up for the impact of the performance differential during the GFC almost a decade ago.

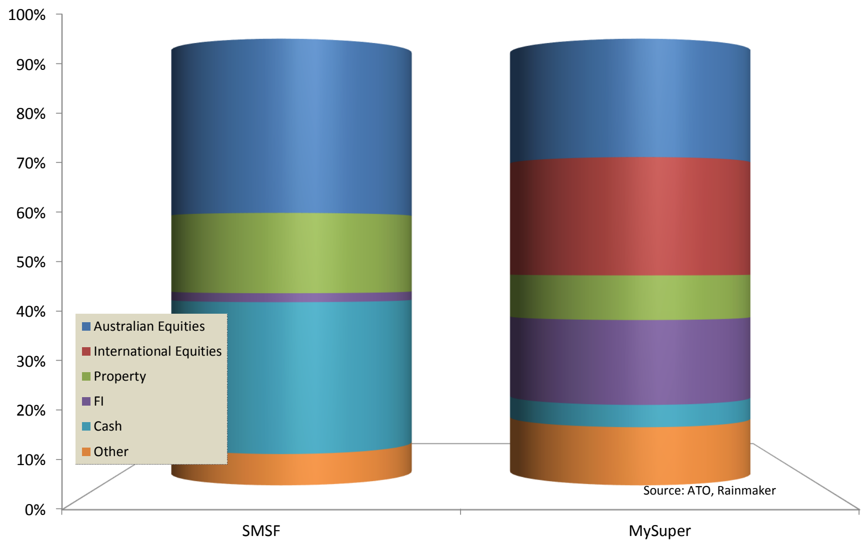
Nevertheless, these returns being almost 12% for the year to end February 2017 are more than 6-times the rate of inflation, show how important it is to maintain a well run superannuation solution and to regularly monitor its performance.

The comparable performance of SMSFs relative to regular super funds is despite SMSFs being invested much more conservatively—suggesting that SMSFs if well managed are, in broad terms, highly efficient at delivering investment outcomes.

SMSFs in overall terms hold their fixed interest and cash allocation in cash (24% versus 5% for MySuper products) while MySuper holds much more in fixed interest (19% versus 2%).

The second main difference is in the level of Australian versus international equities. SMSFs hold nearly all their equities exposure in the local sharemarket (39% of the total portfolio) while MySuper splits it evenly between Australian equities and international equities (around 26% in each).





General market commentary

The "Trump bounce" continued to effect markets in February. The US stock market hit new highs amid claims that lower corporate tax rates would be good for the economy, and holders of equities.

Meanwhile the CAPE Shiller Index reached 30 — the third time this has happened since the beginning of the index in 1881. The index, which measures the cyclically adjusted price-to-earnings ratio over 10 years on the US equities market, has proved a reliable indicator of US equity returns over subsequent 10 and 20 years.

Another major theme that is playing out is the end of the multi-decade decline in both interest rates and inflation.

Looking at the one year returns for international and Australian fixed interest, it can be seen that returns over one year and three years have been similar to the yield available over that time, meaning there has been no price appreciation or depreciation. The medium term risk is that yields will rise with the Fed beginning its tightening cycle.

The sharp rise of the Australian dollar against the US dollar in January and now February continued to make currency a critical factor in how well an international portfolio of stocks performed (from an Australian dollar perspective).

The Australian dollar rose in February by 1.3%, taking the two month appreciation to 7.6%. Over one year the difference between the return in local currencies and in Australian dollar terms was nearly 8 percentage points.

The trend of resource stocks outperforming other stocks in the Australian market was reversed in February, with resources returning –3.4% and other stocks rising 3.4%.

Financial market returns to February 2017

			1 year	3 years pa	5 years pa	10 years pa
Australian equities		S&P ASX 200	22.1%	2.6%	10.6%	4.3%
		S&P ASX 200 Industrials	18.2%	3.3%	15.1%	5.4%
		S&P ASX 200 Resources	48.6%	-0.7%	-3.9%	0.3%
		S&P ASX Small Ordinaries	16.8%	6.1%	1.8%	-0.7%
International equities		MSCI All Countries ex AU Local Currencies	22.9%	5.7%	12.4%	5.3%
		MSCI All Countries ex AU in AUD	13.0%	5.5%	18.0%	5.2%
	US	S&P 500	25.0%	8.3%	14.0%	7.6%
		S&P 500 in AUD	16.1%	9.3%	22.0%	7.9%
	Europe	FTSE Euro 100	17.4%	0.5%	10.5%	2.5%
	Japan	MSCI Japan	19.6%	1.0%	14.6%	0.2%
	China	FTSE China A Shares in USD	15.0%	-1.9%	7.4%	7.3%
	EM	MSCI Emerging Markets in USD	29.9%	-0.1%	0.0%	3.2%
		MSCI Emerging Markets in AUD	20.7%	0.8%	7.0%	3.5%
Aust Listed Property		S&P/ASX 200 A-REIT	7.9%	7.1%	16.6%	0.2%
Global infrastructure		FTSE Developed Infrastructure Hedged	18.5%	5.8%	14.7%	9.7%
International fixed interest		Bloomberg Barclays Global Agg Hedged	3.1%	3.7%	5.8%	7.3%
High yield in USD		iBoxx Liquid High Yield in USD	18.7%	4.4%	5.7%	6.0%
Emerging market debt in USD		Barclays Emerging Markets Debt in USD	-0.1%	-0.3%	0.0%	0.0%
Corporate investment grade		Barclays Global Corporate in USD	-0.1%	0.6%	-0.2%	-0.1%
Australian Fixed Interest		Bloomberg AusBond Comp (0+Y)	1.4%	2.2%	5.1%	6.1%
Cash		Bloomberg AusBond Bank Bill	2.0%	2.1%	2.7%	4.0%

Source: FactSet

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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For more information about this Index, please contact Rainmaker:

Phone: +61 2 8234 7500

Email: info@rainmaker.com.au.