MEDIA RELEASE

3 May 2017

SuperGuard 360 SMSF performance indices, 31 March 2017

SuperGuard 360 today released its latest self-managed superannuation fund (SMSF) performance indices that showed for the 12 months to 31 March 2017 the **SG360 SMSF reference index** returned 11.6%, modestly out-performing the 11.1% 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's 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.

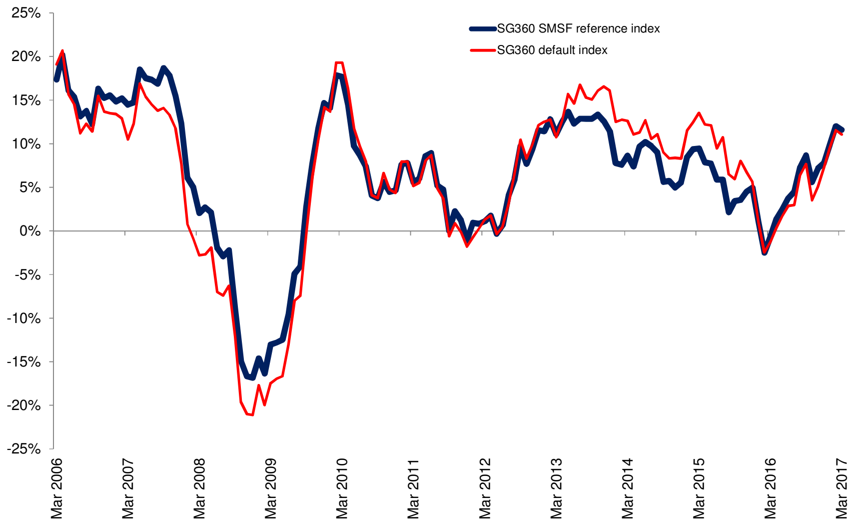
SG360 SMSF performance indices, 31 March 2017

	1 year	3 years pa	5 years pa	10 years pa
SG360 SMSF reference index	11.6%	6.6%	7.9%	5.0%
SG360 default index	11.1%	7.5%	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 March 2017, this was still not enough to make up for the impact of the performance differential during the GFC almost a decade ago.

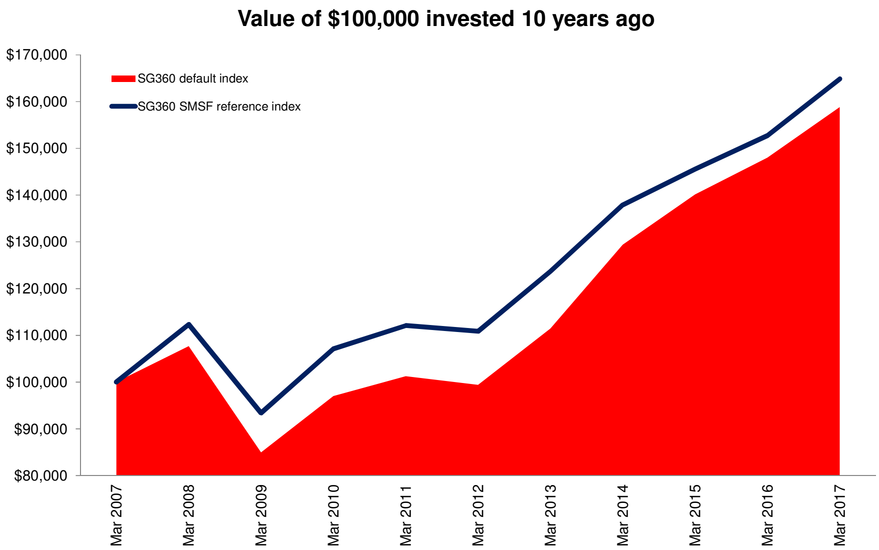
It should be noted that returns for both strategies was almost 12% for the year. This was more than six times the rate of inflation and shows how important it is to maintain a well run superannuation solution and to regularly monitor its performance.

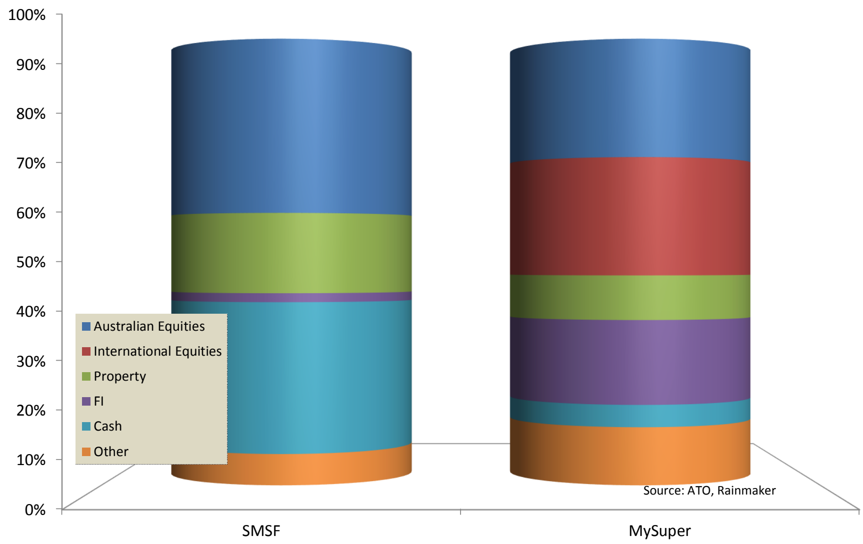
Continued

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 products hold 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 products split it evenly between Australian equities and international equities (around 26% in each).





General market commentary

While the "Trump Trade" in US equity markets slowed in March, its early year strength let investors enjoy strong first quarter returns.

In March the S&P500 returned 0.1% in US dollar terms and 0.9% in Australian dollar terms. The difference was due to the Australian dollar falling 0.8% against the US dollar over the month. Over the March quarter the S&P500 return was 6.1% in US dollar terms and 0.7% in Australian dollar terms.

Equities performance in the rest of the world was mixed in March. European equities, driven by expectations of improving global growth and rising corporate earnings, rose 5.7% in the month, 7% in the quarter and 21% over the year. Japan equities were down over the month (-0.6%), flat over the quarter and up (13.8%) over the 12 months.

Emerging markets performance was similar to Australia. In Australian dollar terms, they both had a strong March (up around 3.5%), March quarter (5.8% and 4.8% respectively) and exceptionally strong 12 months (18.6% and 20.5%).

In fixed income, the Bloomberg Barclays Global Aggregate Bond Index was flat for the month despite the Fed's decision to raise its policy rate for the second time in four months. The Bloomberg Ausbond Composite Index was dup 0.4%. Over 12 months each index has covered its running yield, being 2.2% for the international index and 2.1% for the Australian index.

The US Fed's second rate increase in four months was nearly universally expected and was almost a non-event. The response reflected in part a belief that the Fed's policy decisions would remain accommodative to growth. The Fed's accommodative signal is based on the observation that while there are signs that inflation is increasing, long-term interest rates remain low, a reflection of the market's view of inflation and growth.

Financial market returns to March 2017

			1 year	3 years pa	5 years pa	10 years pa
Australian equities		S&P ASX 200	20.5%	4.4%	11.1%	4.3%
		S&P ASX 200 Industrials	17.4%	4.6%	15.2%	5.6%
		S&P ASX 200 Resources	40.5%	2.8%	-3.0%	-0.4%
		S&P ASX Small Ordinaries	13.7%	8.6%	2.3%	-0.8%
International equities		MSCI All Countries ex AU Local Currencies	17.8%	6.4%	12.2%	5.3%
		MSCI All Countries ex AU in AUD	16.2%	6.0%	17.1%	5.4%
	US	S&P 500	17.2%	9.2%	13.3%	7.5%
		S&P 500 in AUD	18.2%	9.3%	20.5%	8.1%
	Europe	FTSE Euro 100	21.0%	1.8%	11.9%	2.8%
	Japan	MSCI Japan	13.8%	-0.3%	13.8%	0.3%
	China	FTSE China A Shares in USD	-0.9%	-10.3%	8.7%	6.0%
	EM	MSCI Emerging Markets in USD	17.7%	1.9%	1.2%	3.1%
		MSCI Emerging Markets in AUD	18.6%	2.0%	7.6%	3.6%
Aust Listed Property		S&P/ASX 200 A-REIT	6.0%	8.6%	16.9%	0.7%
Global infrastructure		FTSE Developed Infrastructure Hedged	13.8%	7.0%	14.6%	9.5%
International fixed interest		Bloomberg Barclays Global Agg Hedged	2.2%	3.3%	5.8%	7.3%
High yield in USD		iBoxx Liquid High Yield in USD	14.2%	4.7%	5.8%	6.0%
Emerging market debt in USD		Barclays Emerging Markets Debt in USD	-1.9%	-0.3%	-0.2%	0.0%
Corporate investment grade		Barclays Global Corporate in USD	-3.6%	0.5%	0.1%	0.0%
Australian Fixed Interest		Bloomberg AusBond Comp (0+Y)	2.1%	2.0%	5.0%	6.2%
Cash		Bloomberg AusBond Bank Bill	1.9%	2.1%	2.6%	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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