

## SuperGuard 360 SMSF performance indices, March 2018

Latest results from **SuperGuard 360** show the 12 month return for the SMSF sector as a whole, as represented by the **SG360 SMSF Reference Index**, to the end of March 2018 was around 5.4% before fees and tax.

This is a full 200 basis points behind the **SG360 Default Index** which returned 7.4%. The default index is based on the returns from MySuper products.

Lower performance by SMSFs is the result of lower asset class weightings to higher perming growth assets especially international equities. Reinforcing this, the 12 month return of international equities was around 10 percentage points higher than Australian equities.

### Implications

Three quarters of all SMSFs are small having assets less than \$1 million. These funds, according to official ATO figures, have much higher weightings to cash and lower weightings to equities than larger SMSFs that typically perform better because of their more assertive asset allocations.

This means that the majority of SMSF members are in funds likely to achieve lower than ideal investment outcomes.

To ensure their retirement savings achieve the outcomes they expect and that their capital lasts as long as possible, SMSF members should review the amount they pay in fees and benchmark their portfolio to ensure it is firing on all cylinders. If they are achieving lower investment returns than expected they need to understand why.

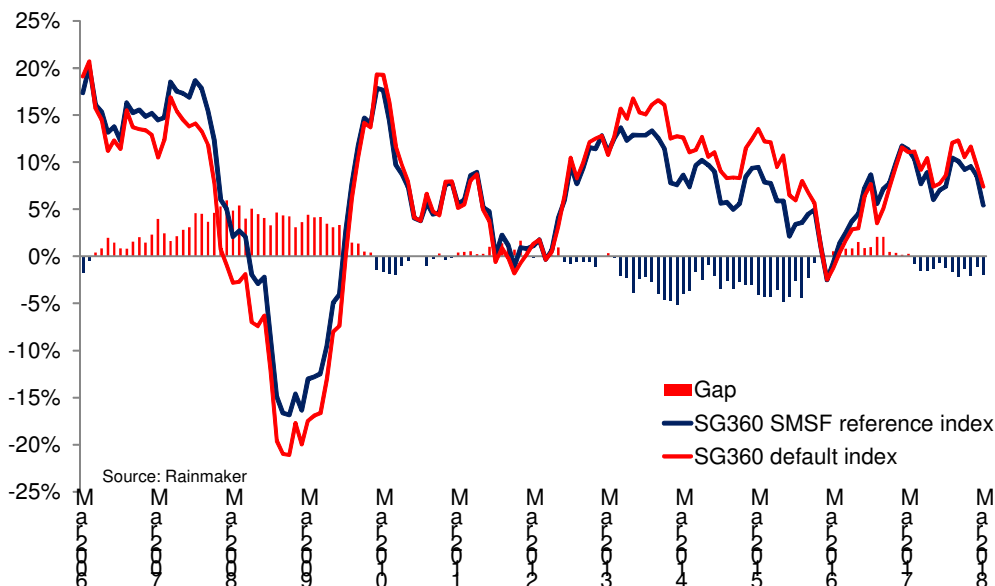
### SG360 SMSF performance indices, March 2018

	1 year	3 years pa	5 years pa	10 years pa
SG360 SMSF reference index	5.4%	5.2%	6.7%	5.3%
SG360 default index	7.4%	5.6%	8.5%	5.7%

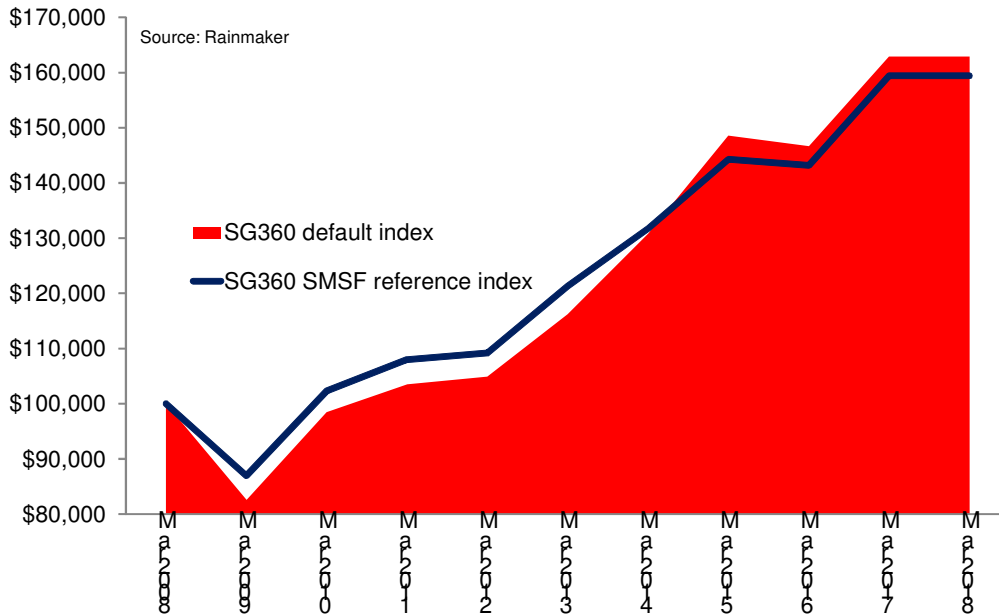
#### Value of \$100,000 invested 10 years ago

	Increase	Gross change
SG360 SMSF reference index	\$159,411	59%
SG360 default index	\$162,894	63%

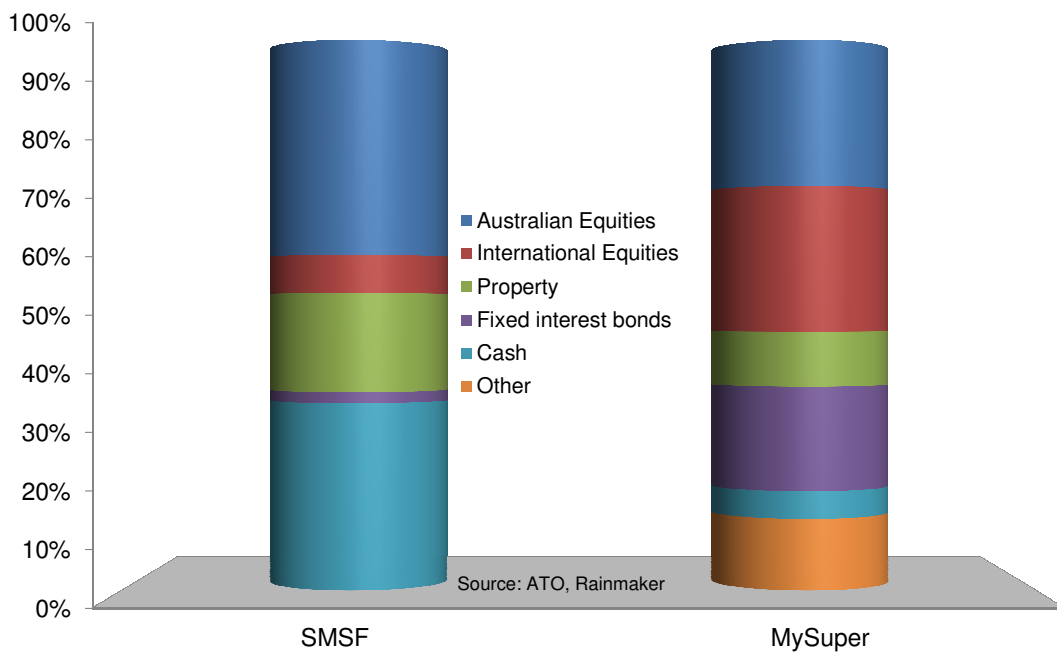
### SG360 indices - rolling 12 months



### Value of \$100,000 invested 10 years ago



### Benchmark asset allocation



## General market commentary

Fears of rising inflation and increased trade tensions between China and the US persisted in March, extending the February losses in equities markets.

The largest 2-month loss was in China A-Shares, which lost 6.7%.

The US stock market lost 2.5% in March — taking its 2-month loss to 6.1% - while the 12 month return remained strong at 14.0%.

The European stock market fell by 2.0% in March for a 2-month loss of 5.9%. Its 12-month return was the lowest of the developed markets, with a return of 1.8%.

Japanese equities returns of -2.3% took the 2-month loss to 5.9%. The 12-month return, however, was a robust 14.6%.

Emerging markets equities lost 1.8% in the month but its 12-month return remains the highest at nearly 25%.

The Australian equity market fell 3.8% in March. All sectors declined but resources was hit the hardest with a loss of 4.3%. The 12 month return is 2.5%.

Australian and international fixed interest gained 0.8% during the month. Annual returns for the sector are 3.3% for Australian fixed interest and 2.9% for international fixed interest.

The AUD fell 1.6% against the USD and closed at 76.7 at the end of March.

## Financial market returns to March 2018

		1 month	1 year pa	3 years pa	5 years pa	10 years pa
Australian equities	S&P ASX 200	-3.8%	2.5%	3.8%	7.7%	5.4%
	S&P ASX 200 Industrials	-3.6%	-0.4%	2.9%	8.8%	7.3%
	S&P ASX 200 Resources	-4.3%	17.9%	7.6%	2.8%	-0.8%
	S&P ASX Small Ordinaries	-2.3%	15.0%	10.7%	6.4%	1.4%
International equities	MSCI All Countries ex AU Local Currencies	-2.2%	10.8%	7.9%	11.4%	7.4%
	MSCI All Countries ex AU in AUD	-0.5%	13.9%	8.6%	17.6%	8.5%
US	S&P 500	-2.5%	14.0%	10.8%	13.3%	9.5%
	S&P 500 in AUD	-1.0%	13.4%	10.6%	20.5%	11.4%
Europe	FTSE Euro 100	-2.0%	1.8%	1.8%	9.8%	4.1%
Japan	MSCI Japan	-2.3%	14.6%	4.5%	12.0%	5.0%
China	FTSE China A Shares in USD	-0.9%	9.9%	-4.0%	9.8%	2.9%
EM	MSCI Emerging Markets in USD	-1.8%	25.4%	9.2%	5.4%	3.4%
	MSCI Emerging Markets in AUD	-0.3%	24.7%	9.1%	12.0%	5.2%
Aust Listed Property	S&P/ASX 200 A-REIT	0.1%	-0.8%	5.4%	10.6%	3.2%
Global infrastructure	FTSE Developed Infrastructure Hedged	1.8%	4.8%	5.1%	7.6%	7.4%
Australian equities ESG	MSCI Australia ESG Leaders	-3.9%	-4.3%	1.1%	6.9%	6.6%
International equities ESG	MSCI ACWI SRI	-1.5%	12.3%	10.3%	6.1%	3.0%
International fixed interest	Bloomberg Barclays Global Agg Hedged	0.8%	2.9%	3.2%	4.7%	6.8%
High yield in USD	iBoxx Liquid High Yield in USD	-0.6%	2.8%	4.1%	4.1%	6.7%
Emerging market debt in USD	Barclays Emerging Markets Debt in USD	0.1%	3.2%	5.1%	3.9%	6.8%
Corporate investment grade	Barclays Global Corporate in USD	0.2%	3.3%	2.6%	3.4%	6.4%
Australian Fixed Interest	Bloomberg Ausbond Composite	0.8%	3.3%	2.4%	4.3%	6.0%
Cash	Bloomberg Ausbond Bank Bill	0.2%	1.8%	1.9%	2.2%	3.4%

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 2. 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. The index is reweighted at the beginning of each financial year to reflect changes in SMSF asset allocation.

## 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

## Terms of service

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