

## SuperGuard 360 SMSF performance indices, April 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 April 2018 was around 6.6% before fees and tax. This compares with the **SG360 Default Index** (based on MySuper products) which returned 7.8%.

As a result, the SMSF sector underperformed the MySuper default investment strategy sector by 1.2 percentage points in the past 12 months. This underperformance is estimated to have cost the SMSF sector \$8 billion in lost investment income or \$13,000 per SMSF over the past year.

Lower investment performance outcomes by SMSFs is the result of lower asset class weightings to growth assets especially international equities. For example, the 12 month return of international equities was around 6 percentage points higher than Australian equities.

### Implications

Dollar for dollar, the SMSF sector over the past year has underperformed the regular super fund MySuper sector. But if we focus on actual SMSF funds and their members, because according to the ATO three quarters of all SMSFs are small having assets less than \$1 million and these smaller SMSFs generally underperform larger ones due their different asset allocation, the average SMSF member is highly likely to have experienced even weaker returns.

As we approach the end of the financial year, SMSF trustees should take the opportunity to benchmark their investment portfolio, their returns, the fees they are paying, the financial advice they are receiving and especially review their fund’s service providers.

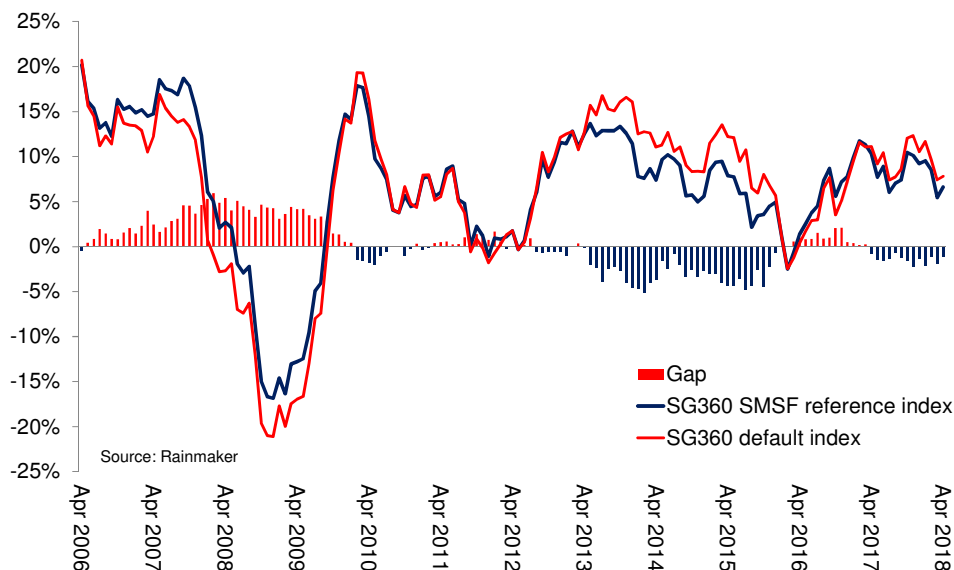
### SG360 SMSF performance indices, April 2018

	1 year	3 years pa	5 years pa	10 years pa
SG360 SMSF reference index	6.6%	6.0%	6.7%	5.3%
SG360 default index	7.8%	6.3%	8.5%	5.7%

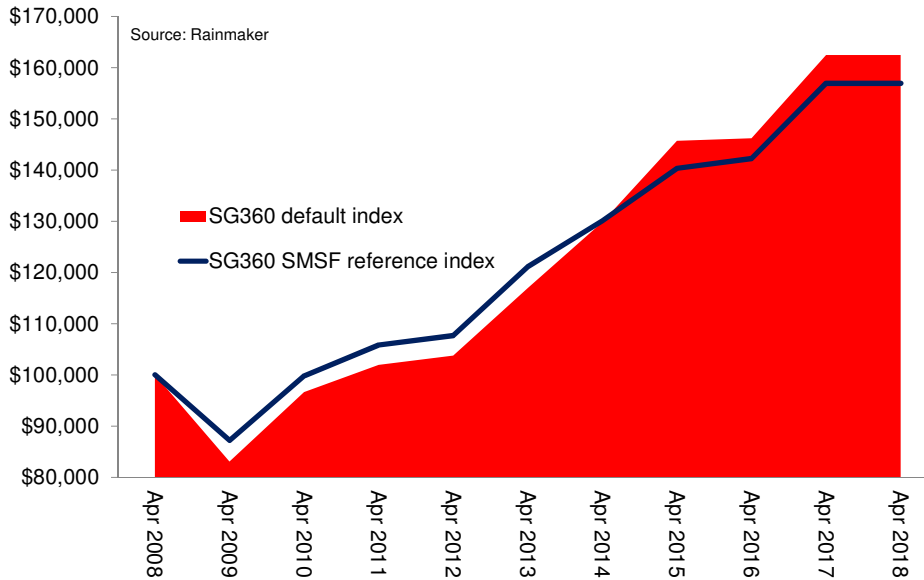
#### Value of \$100,000 invested 10 years ago

	Increase	Gross change
SG360 SMSF reference index	\$156,951	57%
SG360 default index	\$162,504	63%

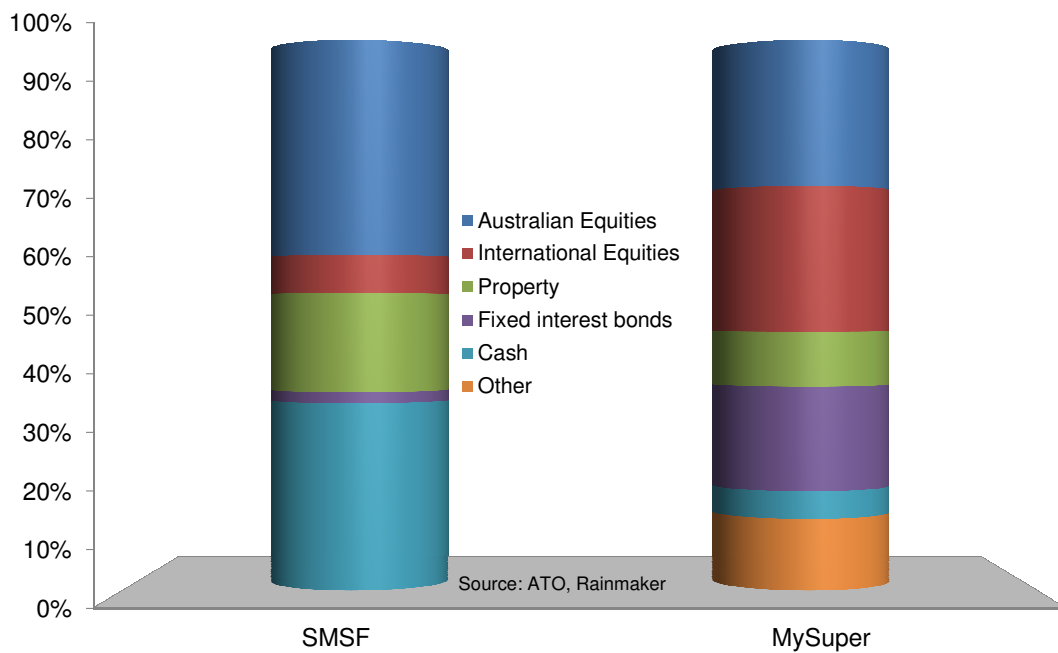
**SG360 indices - rolling 12 months**



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



**Benchmark asset allocation**



## General market commentary

After two months of generally negative returns in equities markets in the developed nations, these equities markets staged a recovery in April.

While trade tensions between the US and China had boosted market volatility earlier in the year, the news that they had agreed to work on a wider agreement gave confidence to investors. Ironically, US equities was one of the more modest performers, returning only 0.4% in local currency terms, while China A-shares in US dollar terms went backwards 4.8%.

Over 12 months the S&P500 Index returned 10.6% while China A-shares did the complete opposite, losing 10.4% in US dollar terms.

Australia's equities rose 3.9% in April (5.5% over 12 months). The FTSE Euro 100 rose 5.4% (4.9% over 12 months) and MSCI Japan rose 3.6% (17.4% over 12 months).

Australia's resource companies sector was one of the best performing in the world in April returning a solid 9.8% during the month. The one year return of the S&P/ASX 200 Resources Index was a remarkable 31.5%. The S&P ASX 200 A-REIT index meanwhile rose 4.5% in the month with a one year return of just 1%.

Higher yields led to fixed interest suffering a moderate loss. The Bloomberg Ausbond Composite Bond Index lost 0.3% and the Barclays Global Aggregate Index (hedged) lost 0.4%. One year returns remained positive for both. Australian fixed interest returned 2.2% and international fixed interest returned 1.7%.

The US dollar strengthened around the world, with the Australian dollar ending the month at 75.3 US cents, compared to 77.0 US cents at the end of March, a fall of 2.2%.

### Financial market returns to April 2018

		1 month	1 year	3 years pa	5 years pa	10 years pa
Australian equities	S&P ASX 200	3.9%	5.5%	5.7%	7.5%	5.3%
	S&P ASX 200 Industrials	2.5%	0.6%	4.8%	7.9%	7.4%
	S&P ASX 200 Resources	9.8%	31.5%	9.5%	5.5%	-0.9%
	S&P ASX Small Ordinaries	2.8%	18.4%	11.1%	8.0%	1.3%
International equities	MSCI All Countries ex AU Local Currencies	2.0%	11.6%	8.1%	11.3%	7.0%
	MSCI All Countries ex AU in AUD	2.8%	13.0%	9.9%	17.4%	8.5%
US	S&P 500	0.4%	13.3%	10.6%	13.0%	9.0%
	S&P 500 in AUD	2.0%	12.2%	12.2%	20.4%	11.5%
Europe	FTSE Euro 100	5.4%	4.9%	4.2%	10.2%	4.1%
Japan	MSCI Japan	3.6%	17.4%	4.5%	10.1%	4.1%
China	FTSE China A Shares in USD	-4.8%	7.5%	-10.4%	9.1%	2.1%
EM	MSCI Emerging Markets in USD	-0.4%	22.1%	6.4%	5.1%	2.5%
	MSCI Emerging Markets in AUD	1.2%	21.0%	8.0%	12.0%	4.8%
Aust Listed Property	S&P/ASX 200 A-REIT	4.5%	1.0%	7.3%	9.8%	3.2%
Global infrastructure	FTSE Developed Infrastructure Hedged	2.2%	5.4%	5.2%	7.0%	7.2%
Australian equities ESG	MSCI Australia ESG Leaders	2.2%	-3.7%	3.0%	6.1%	6.5%
International equities ESG	MSCI ACWI SRI	2.1%	13.0%	11.1%	6.5%	3.2%
International fixed interest	Bloomberg Barclays Global Agg Hedged	-0.4%	1.7%	3.2%	4.3%	6.8%
High yield in USD	iBoxx Liquid High Yield in USD	0.8%	2.6%	4.0%	3.8%	6.4%
Emerging market debt in USD	Barclays Emerging Markets Debt in USD	-1.0%	0.9%	4.1%	3.2%	6.6%
Corporate investment grade	Barclays Global Corporate in USD	-0.9%	1.1%	2.5%	2.8%	6.2%
Australian Fixed Interest	Bloomberg Ausbond Composite	-0.3%	2.2%	2.7%	3.9%	6.0%
Cash	Bloomberg Ausbond Bank Bill	0.2%	1.8%	1.9%	2.2%	3.3%

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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