

SuperGuard 360 SMSF performance indices, May 2017

SuperGuard 360 today released its latest self-managed superannuation fund (SMSF) performance indices that showed for the 12 months to 31 May 2017 the **SG360 SMSF reference index** returned 7.7%, underperforming the 9.2% achieved by the **SG360 default index**. The default index is based on MySuper products.

Over 10 years the SG360 SMSF reference index returned 4.6% pa versus 4.5% pa for the SG360 default index. Over five years 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.

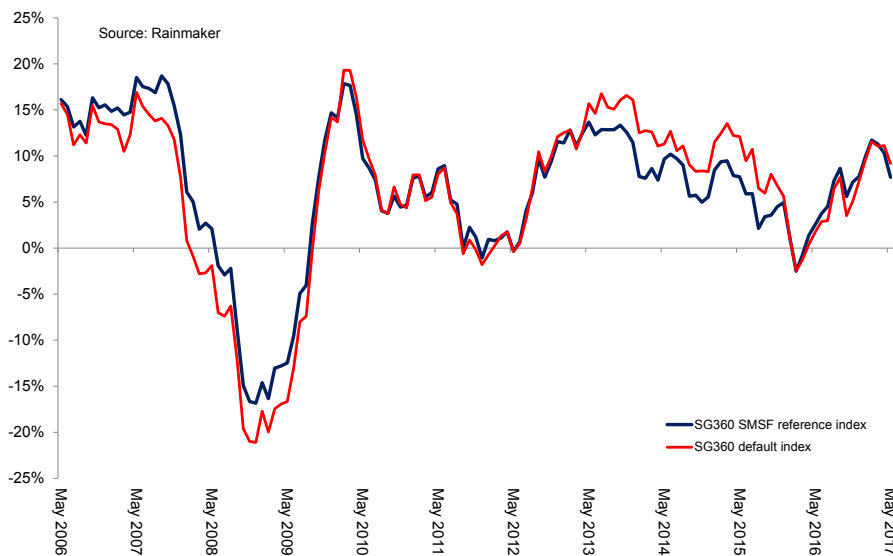
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	1 year	3 years pa	5 years pa	10 years pa
SG360 SMSF reference index	7.7%	6.0%	8.2%	4.6%
SG360 default index	9.2%	7.5%	10.0%	4.5%

Value of \$100,000 invested 10 years ago

		Increase	Gross change
SG360 SMSF reference index	\$173,211	\$73,211	73%
SG360 default index	\$168,799	\$68,799	69%

SG360 indices - rolling 12 months



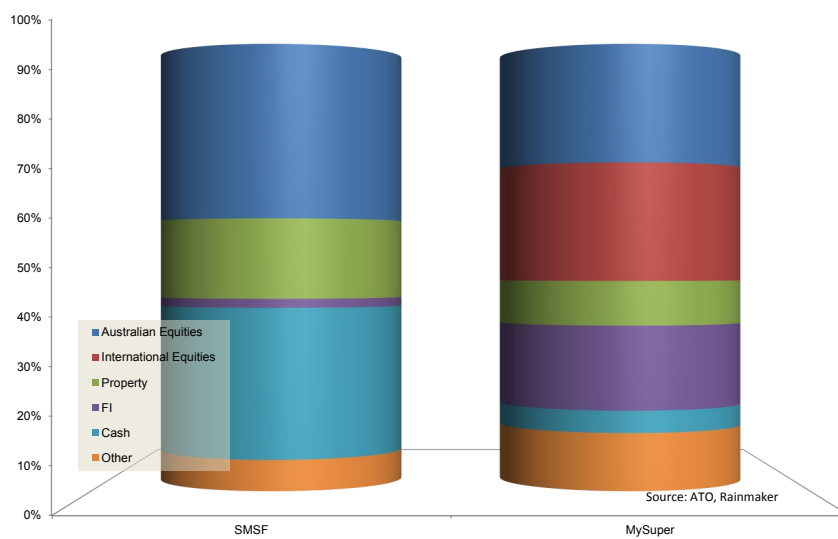
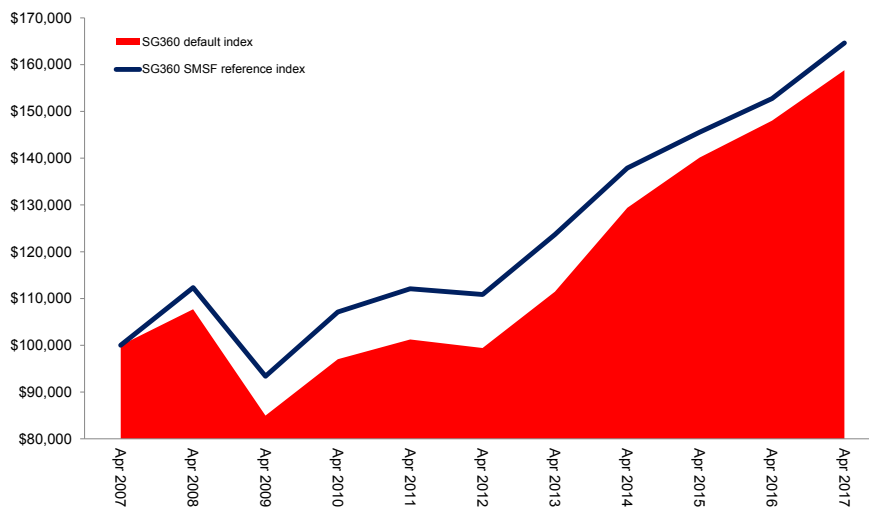
Lower returns for the SG360 reference index over the 12 months to the end of May was driven by differences in asset allocation. The reference index has higher weightings to cash and property, both of which underperformed other asset classes in the 12 months. Cash returned 1.8% over the 12 months and listed property returned 2%. Fixed interest, where MySuper products hold their cash/fixed interest exposure, returned 2.5%.

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SMSFs’ asset allocation to equities is lower than for MySuper products (39% versus 53%). In addition, SMSFs have a higher allocations to Australian equities (39% versus 26%). While both Australian and international equities had strong positive returns in the year, international equities returned 14% in Australian dollar terms versus 11% for Australian equities.

It should be noted that equities are now in their sixth year of a bull market and in the event of a downturn SMSFs appear to be more defensively positioned.

Value of \$100,000 invested 10 years ago



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General market commentary

The 12 months to May 2017 was another exceptional year for equities. This is now the sixth year of a global bull market in equities.

The most recent rises have been driven by investor acceptance of a synchronised global economic rebound and healthy corporate earnings. Several key indexes hit record highs in May as pro-European Union candidate Emmanuel Macron won the French presidential election.

Tempering this optimism are persistent questions about political stability in the US, Europe and elsewhere, along with questions about valuation levels.

For the first time in several years emerging markets led the world in equities returns. In Australian dollar terms they returned 24%, more than twice the return of the Australian market. The rest of the developed world returned around 14%.

High yield bonds, which are closely allied with corporate health, returned 12% in US dollar terms as spreads tightened between high quality corporate debt and lower quality high yield.

Australian listed property has been through a difficult 12 months. At the beginning of the year the sector lost 15% before recovering to post a 2% return for the year.

A barely changed yield curve means that most returns from fixed interest has come from yield, not price changes. International fixed income returned 2.7% and Australian fixed interest returned 2.5%. Cash returned 1.8%.

Financial market returns to May 2017

		1 year	3 years pa	5 years pa	10 years pa
Australian equities	S&P ASX 200	11.1%	4.1%	11.9%	3.6%
	S&P ASX 200 Industrials	8.4%	4.9%	15.4%	4.9%
	S&P ASX 200 Resources	28.1%	0.2%	-0.7%	-1.2%
	S&P ASX Small Ordinaries	3.5%	5.2%	4.2%	-2.1%
International equities	MSCI All Countries ex AU Local Currencies	18.1%	6.6%	14.8%	4.9%
	MSCI All Countries ex AU in AUD	14.0%	7.9%	19.4%	5.6%
US	S&P 500	17.5%	9.3%	15.4%	6.9%
	S&P 500 in AUD	14.3%	10.8%	21.7%	8.1%
Europe	FTSE Euro 100	20.9%	4.4%	15.5%	2.3%
Japan	MSCI Japan	15.1%	-2.7%	18.6%	0.3%
China	FTSE China A Shares in USD	-0.7%	-22.6%	6.4%	1.8%
EM	MSCI Emerging Markets in USD	27.9%	2.8%	4.9%	2.6%
	MSCI Emerging Markets in AUD	24.4%	4.3%	10.6%	3.7%
Aust Listed Property	S&P/ASX 200 A-REIT	2.0%	8.4%	16.3%	0.1%
Global infrastructure	FTSE Developed Infrastructure Hedged	16.2%	7.8%	11.8%	7.0%
International fixed interest	Bloomberg Barclays Global Agg Hedged	2.7%	4.4%	5.6%	7.5%
High yield in USD	iBoxx Liquid High Yield in USD	12.0%	5.1%	6.4%	6.0%
Emerging market debt in USD	Barclays Emerging Markets Debt in USD	-0.7%	-0.2%	0.3%	0.0%
Corporate investment grade	Barclays Global Corporate in USD	2.4%	1.4%	0.7%	0.3%
Australian Fixed Interest	Bloomberg AusBond Comp (0+Y)	2.5%	3.6%	4.5%	6.3%
Cash	Bloomberg AusBond Bank Bill	1.8%	2.1%	2.6%	3.9%

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 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.

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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