

SuperGuard 360 SMSF performance indices, October 2017

SuperGuard 360 today released its latest self-managed superannuation fund (SMSF) performance indices that showed for the 12 months to 31 October 2017 the **SG360 SMSF reference index** returned 10.2%, underperforming the 12.0% achieved by the **SG360 default index**. The default index is based on MySuper products.

Over 10 years both the SG360 SMSF reference index returned 4.4%pa, slightly underperforming the SG360 default index which returned 4.6% pa. Over five years the gap is more in favour of the SG360 default index (7.6%pa versus 9.7%pa).

As a result, over 10 years the SMSF member would have grown a \$100,000 investment into around \$154,000 and someone in the average workplace superannuation default investment option would have grown a \$100,000 investment into around \$157,000.

Implications

The SMSF performance indices underperforming the default MySuper-based indices means members of SMSFs with conservative or inactive investment strategies achieved poorer investment outcomes than typical MySuper members. In particular the returns of the past five years have benefited workplace super funds more than the average SMSF member. This is due to the continuing bull run in equities—both Australian and international—that have benefited strategies that have higher weightings to growth assets.

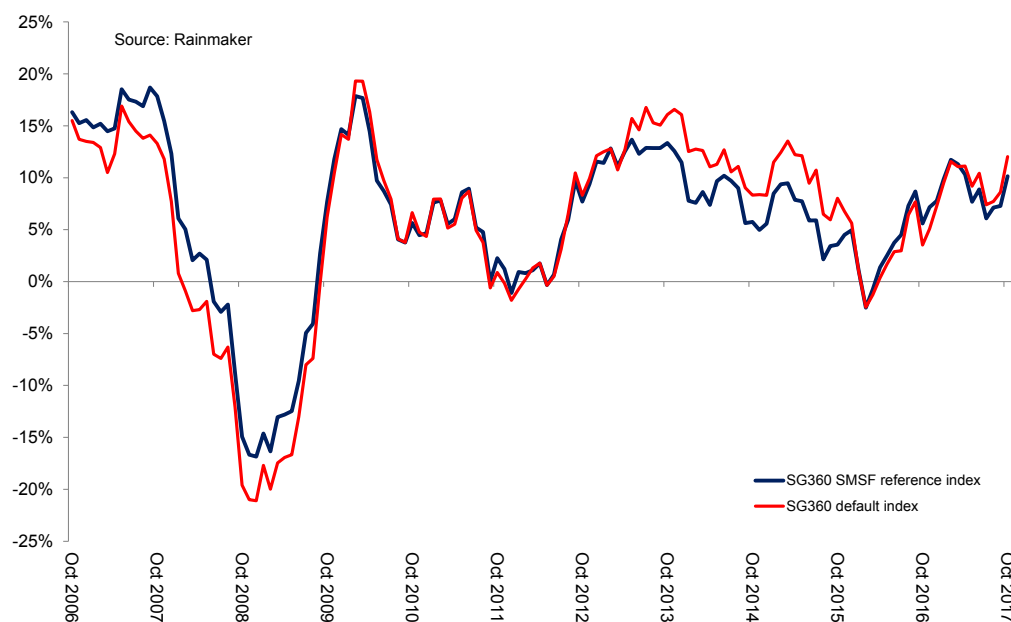
SG360 SMSF performance indices, October 2017

	1 year	3 years pa	5 years pa	10 years pa
SG360 SMSF reference index	10.2%	6.4%	7.6%	4.4%
SG360 default index	12.0%	7.8%	9.7%	4.6%

Value of \$100,000 invested 10 years ago

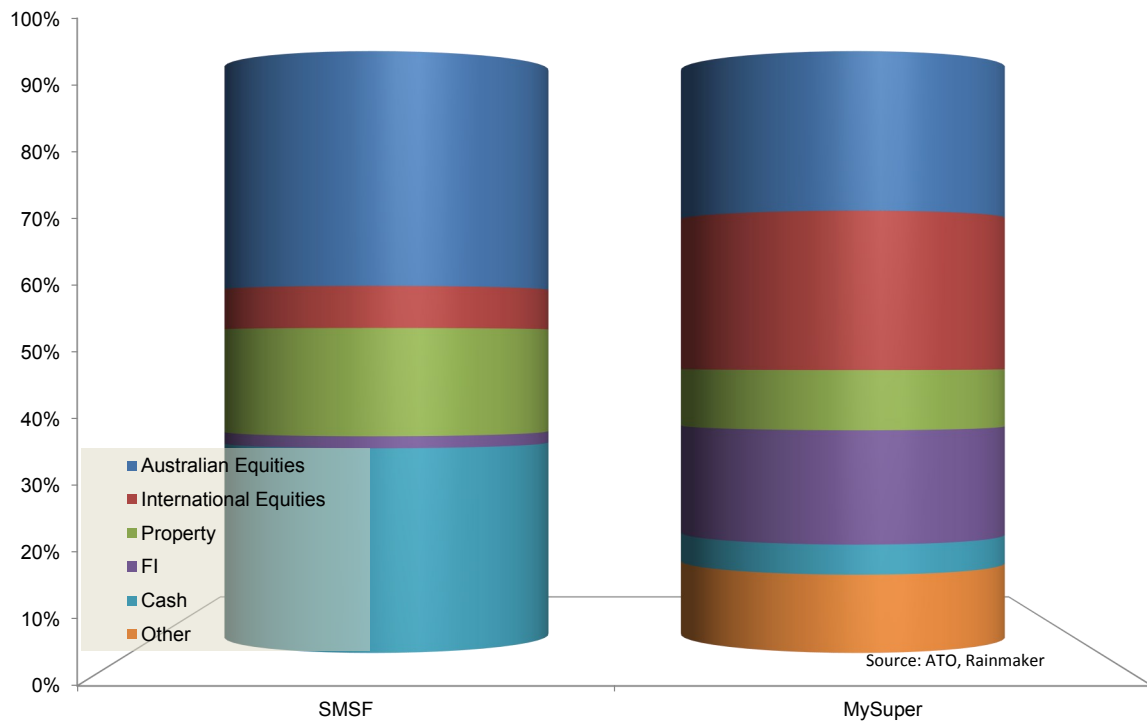
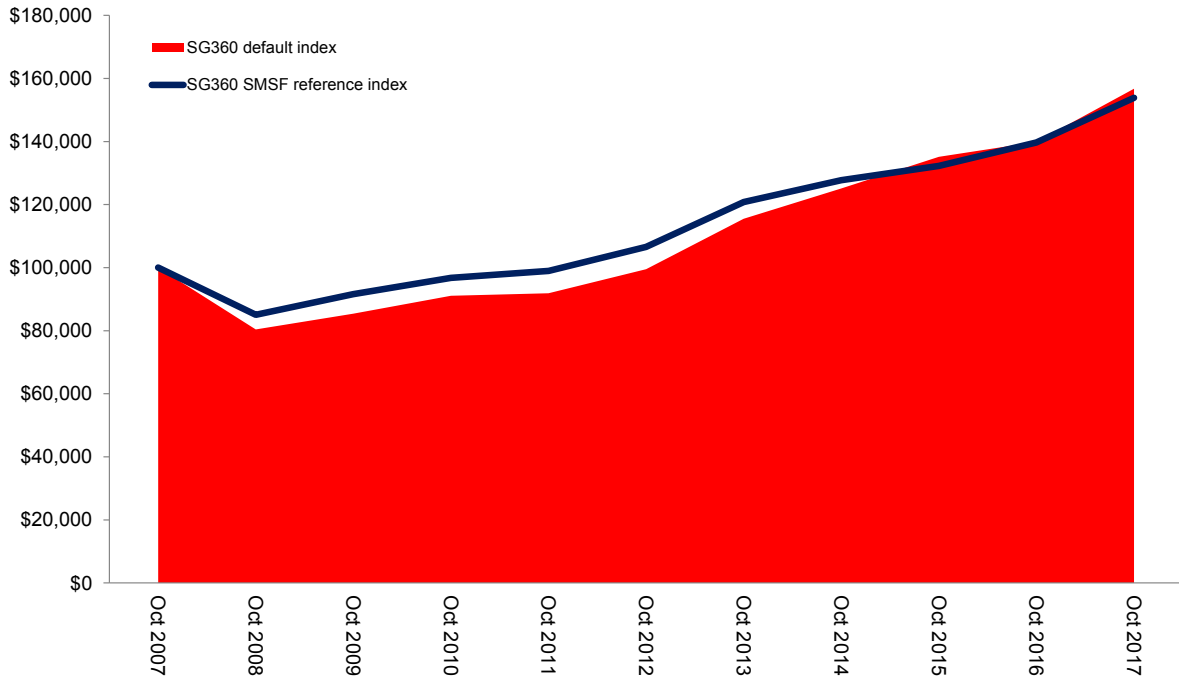
		Increase	Gross change
SG360 SMSF reference index	\$153,860	\$53,860	54%
SG360 default index	\$156,734	\$56,734	57%

SG360 indices - rolling 12 months



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Value of \$100,000 invested 10 years ago



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General market commentary

Global equities were the highlight of October with several major indices setting new record highs, while volatility reached an historic low.

US equities—which rose 2.3% - were supported by economic data that remained positive despite the disruption caused by hurricanes Harvey and Irma.

The technology sector was buoyed by strong results.

Eurozone equities gained a similar amount. The economic backdrop remained encouraging and the central bank announced that quantitative easing would be extended to September 2018 but the pace of purchases would be reduced.

In Japan, the stockmarket rose 5.6% in local currency terms as investors reacted positively to Prime Minister Abe’s general election victory late in the month.

Emerging markets posted a strong return with ongoing strength in global growth proving supportive.

Australian equities showed strong performance from all sectors. The overall market rose 4.0% over the period while small caps rose 6%.

Australian listed property returned 2.2% during the month. Australian Fixed interest returned 1.5% during the month and outperformed International fixed interest which returned 0.5%.

The Australian dollar fell against the US dollar, ending the month at nearly \$US0.76 from \$US 0.78 at the beginning of the month, a fall of around 20bps.

Financial market returns to October 2017

		1 month	1 year pa	3 years pa	5 years pa	10 years pa
Australian equities	S&P ASX 200	4.0%	16.1%	6.9%	10.3%	3.2%
	S&P ASX 200 Industrials	3.9%	14.9%	7.8%	12.8%	4.9%
	S&P ASX 200 Resources	4.6%	22.4%	2.5%	0.9%	-2.6%
	S&P ASX Small Ordinaries	6.0%	14.6%	10.5%	6.1%	-1.3%
International equities	MSCI All Countries ex AU Local Currencies	2.5%	22.5%	10.2%	14.2%	5.5%
	MSCI All Countries ex AU in AUD	4.3%	22.7%	14.0%	19.5%	6.8%
US	S&P 500	2.3%	23.6%	10.8%	15.2%	7.5%
	S&P 500 in AUD	4.7%	22.7%	15.9%	22.3%	9.6%
Europe	FTSE Euro 100	2.3%	24.1%	10.6%	12.6%	2.6%
Japan	MSCI Japan	5.6%	27.8%	10.7%	20.5%	2.3%
China	FTSE China A Shares in USD	2.4%	9.4%	10.0%	12.2%	0.2%
EM	MSCI Emerging Markets in USD	3.5%	26.9%	6.1%	5.2%	0.9%
	MSCI Emerging Markets in AUD	5.9%	25.9%	11.0%	11.8%	2.9%
Aust Listed Property	S&P/ASX 200 A-REIT	2.2%	7.9%	10.6%	12.3%	0.0%
Global infrastructure	FTSE Developed Infrastructure Hedged	1.3%	15.7%	5.6%	10.8%	7.1%
Australian equities ESG	MSCI Australia ESG Leaders	3.5%	14.7%	6.7%	11.2%	4.8%
International equities ESG	MSCI ACWI SRI	3.4%	22.4%	9.8%	5.8%	2.9%
International fixed interest	Bloomberg Barclays Global Agg Hedged	0.5%	1.9%	4.6%	5.1%	7.3%
High yield in USD	iBoxx Liquid High Yield in USD	0.3%	8.1%	4.6%	5.2%	6.4%
Emerging market debt in USD	Barclays Emerging Markets Debt in USD	0.4%	5.8%	5.3%	4.2%	7.0%
Corporate investment grade	Barclays Global Corporate in USD	0.5%	4.3%	4.0%	3.7%	6.5%
Australian Fixed Interest	Bloomberg AusBond Comp (0+Y)	1.1%	1.6%	3.9%	4.1%	6.2%
Cash	Bloomberg AusBond Bank Bill	0.1%	1.8%	2.1%	2.4%	3.7%

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. 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

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