

SuperGuard 360 SMSF performance indices, June 2017

SuperGuard 360 today released its latest self-managed superannuation fund (SMSF) performance indices that showed for the 12 months to 30 June 2017 the **SG360 SMSF reference index** returned 9.2%, underperforming the 10.4% achieved by the **SG360 default index**. The default index is based on MySuper products.

Over 10 years both the SG360 SMSF reference index and the SG360 default index returned 4.6% pa. 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 \$156,948 in their account compared to someone who invested \$100,000 in the average workplace superannuation default investment option who would have slightly less at \$155,765.

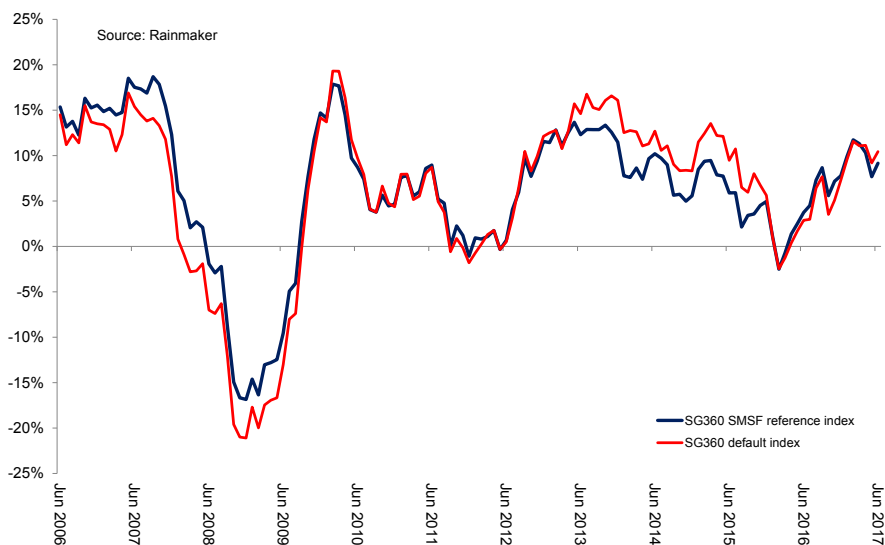
SG360 SMSF performance indices, June 2017

	1 year	3 years pa	5 years pa	10 years pa
SG360 SMSF reference index	9.2%	6.2%	8.2%	4.6%
SG360 default index	10.4%	7.4%	10.0%	4.6%

Value of \$100,000 invested 10 years ago

		Increase	Gross change
SG360 SMSF reference index	\$156,948	\$56,948	57%
SG360 default index	\$155,765	\$55,765	56%

SG360 indices - rolling 12 months



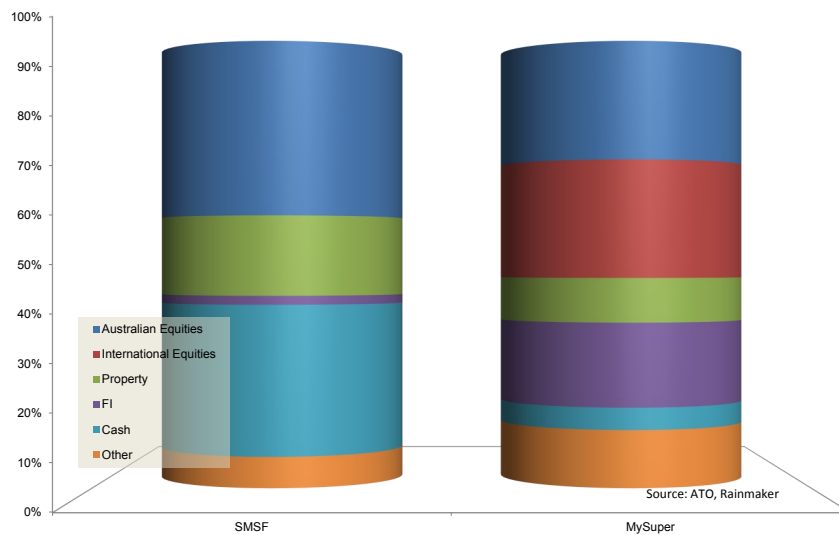
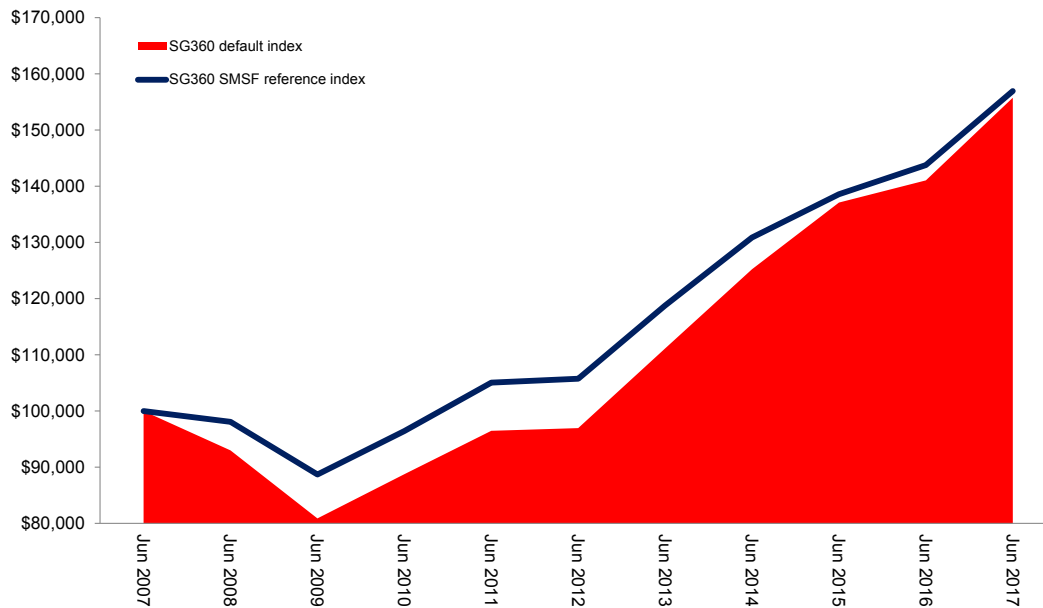
Lower returns for the SG360 reference index over the 12 months to the end of June was driven by differences in asset allocation. The main factor was the allocation to equities, both Australian and international. Over the 12 months Australian equities returned around 14% while unhedged international equities returned slightly more at 15.4%.

SMSF's tend to have lower weightings to equities (39% versus 53%), so this accounts for some of the difference. In addition, SMSFs have a higher allocations to Australian equities versus international equities. Both these factors contributed to underperformance over the 12 months.

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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

Equity markets ended June modestly higher, continuing a bull run that has lasted eight years.

Over 12 months Australian equities have returned more than 14% with the greatest contribution coming from Resources, which were up nearly 23%.

In international equities Japan rose 2.7% in June to bring its 12 month return to 31%. Japan's economy grew for a fifth straight quarter, its longest expansion in 10 years.

Emerging markets (in US dollar terms) rose 1.1% in June and more than 24% over the 12 months.

The S&P500 rose a more modest 0.6% over June. While the overall market was slightly higher, this hid a significant rotation that took place across sectors during the month.

After being one of the major contributors to the S&P500 rally so far in 2017 (rising 25%) technology stocks fell 5% in the month while financial sector stocks rose nearly 10%. This rotation was driven by changing expectations about corporate earnings and interest rates.

Financial stocks were expected to benefit from the rising interest rates that occurred over the month.

Rising yields led to negative monthly returns on high grade bond indices. The Bloomberg AusBond Composite fell 0.9% while the Bloomberg Barclays Global Aggregate fell 0.2%.

Australian listed property was the worst performing sector in June, falling 4.8%.

Over 12 months it has fallen more than 6%.

Financial market returns to June 2017

		1 year	3 years pa	5 years pa	10 years pa
Australian equities	S&P ASX 200	14.1%	6.6%	11.8%	3.6%
	S&P ASX 200 Industrials	12.6%	8.8%	15.0%	5.1%
	S&P ASX 200 Resources	22.9%	-3.4%	-0.2%	-2.0%
	S&P ASX Small Ordinaries	7.0%	7.1%	5.7%	-1.9%
International equities	MSCI All Countries ex AU Local Currencies	19.6%	8.5%	13.8%	5.0%
	MSCI All Countries ex AU in AUD	15.4%	13.6%	18.9%	5.7%
US	S&P 500	17.9%	9.6%	14.6%	7.2%
	S&P 500 in AUD	14.4%	17.5%	21.5%	8.3%
Europe	FTSE Euro 100	24.8%	7.2%	13.4%	2.0%
	MSCI Japan	31.0%	9.6%	17.6%	0.5%
China	FTSE China A Shares in USD	4.1%	14.1%	8.8%	3.2%
EM	MSCI Emerging Markets in USD	24.2%	1.4%	4.3%	2.2%
	MSCI Emerging Markets in AUD	20.5%	8.7%	10.6%	3.3%
Aust Listed Property	S&P/ASX 200 A-REIT	-6.3%	12.0%	14.1%	0.1%
Global infrastructure	FTSE Developed Infrastructure Hedged	9.6%	5.5%	10.7%	7.4%
International fixed interest	Bloomberg Barclays Global Agg Hedged	0.5%	5.1%	5.5%	7.5%
High yield in USD	iBoxx Liquid High Yield in USD	11.3%	3.6%	5.9%	6.4%
Emerging market debt in USD	Barclays Emerging Markets Debt in USD	5.6%	4.5%	5.3%	7.1%
Corporate investment grade	Barclays Global Corporate in USD	3.8%	3.6%	4.5%	6.6%
Australian Fixed Interest	Bloomberg AusBond Comp (0+Y)	0.2%	4.3%	4.3%	6.2%
Cash	Bloomberg AusBond Bank Bill	1.8%	2.2%	2.5%	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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