

## SuperGuard 360 SMSF performance indices, July 2017

SuperGuard 360 today released its latest self-managed superannuation fund (SMSF) performance indices that showed for the 12 months to 31 July 2017 the **SG360 SMSF reference index** returned 6.4%, underperforming the 7.4% 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 4.7% 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 \$174,486 in their account compared to someone who invested \$100,000 in the average workplace superannuation default investment option who would have slightly less at \$167,692.

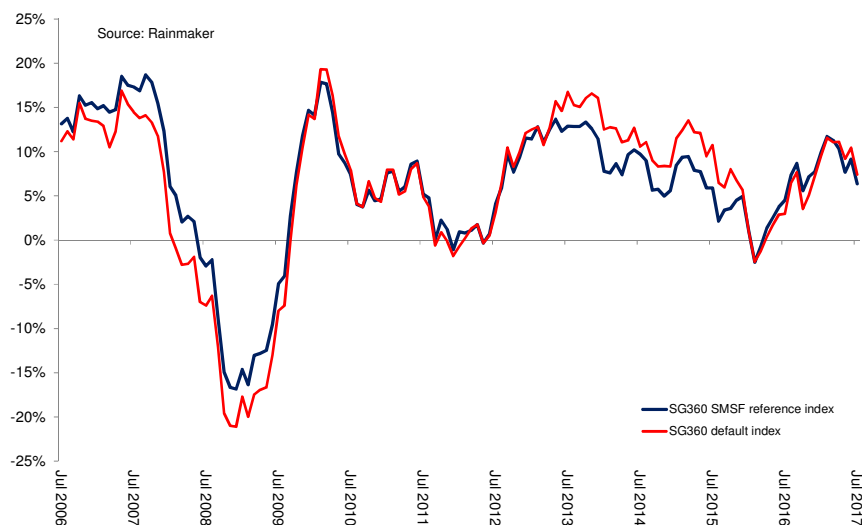
### SG360 SMSF performance indices, July 2017

	1 year	3 years pa	5 years pa	10 years pa
SG360 SMSF reference index	6.4%	5.6%	7.8%	4.7%
SG360 default index	7.4%	6.9%	9.7%	4.7%

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

		Increase	Gross change
SG360 SMSF reference index	\$174,486	\$74,486	74%
SG360 default index	\$167,692	\$67,692	68%

SG360 indices - rolling 12 months

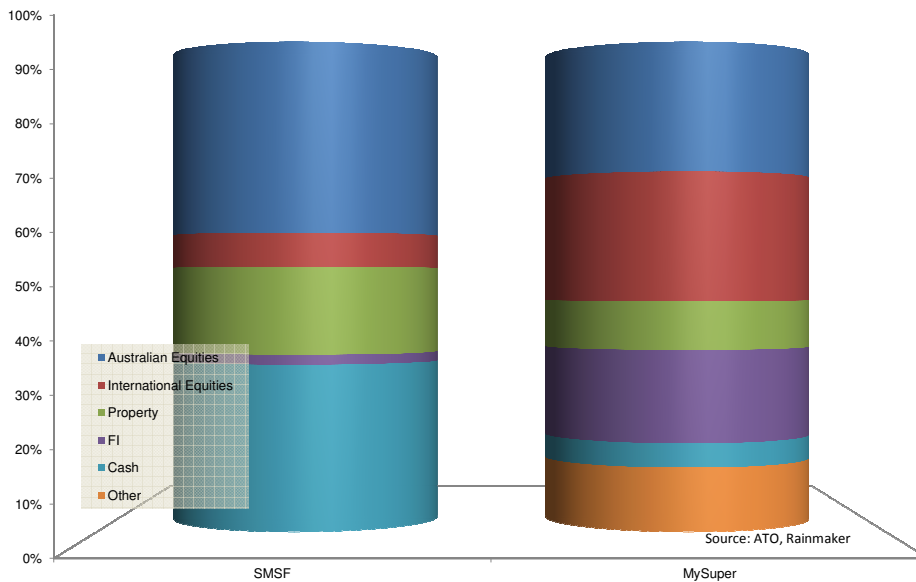
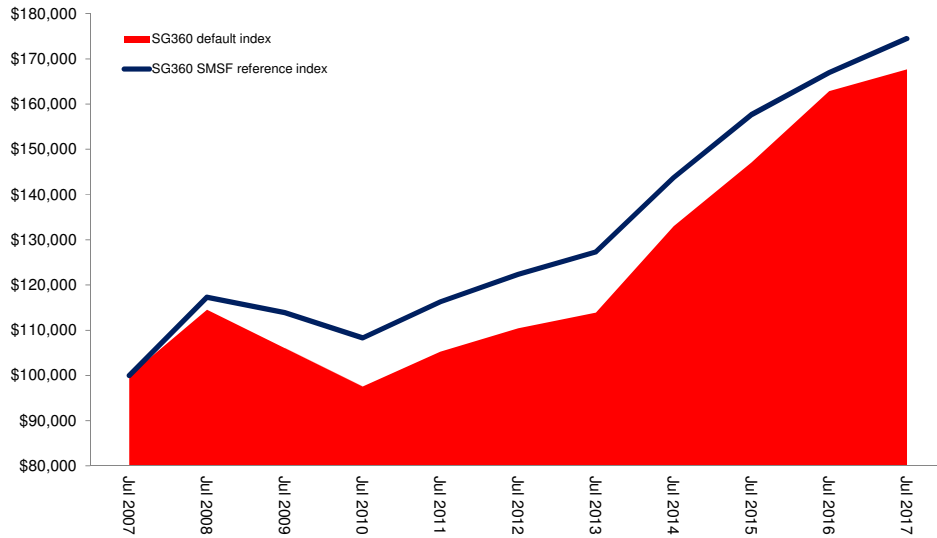


Lower returns for the SG360 reference index over the 12 months to the end of July was driven by differences in asset allocation. The main factor was the allocation to property, particularly Australian REITs, which lost more than 11% in the 12 months. SMSFs have an average allocation to property of 18% (although not all in REITs) compared with around 10% in MySuper products.

The other factor was the allocation to equities, which returned around 7% (Australian) and 16% (unhedged international). SMSFs have a lower weighting to equities of around 46% versus 53% in the default index but a higher weighting to Australian equities (39% versus 26% for the default index).

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Value of \$100,000 invested 10 years ago



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## General market commentary

Emerging markets rose strongly in July, rising 6% in US dollar terms. Investors focused on several factors that made emerging markets equities particularly attractive.

Firstly, emerging markets economies are growing above their trend rates. Secondly, emerging markets companies have shown faster earnings growth than the rest of the world. Thirdly, US dollar weakness has increased the value of assets held in the currencies of emerging markets.

US equities still rose around 2% during the month on support from better than expected earnings growth. Australian equities were flat.

With the low volatility being experienced in equities markets, many analysts are suggesting that investors are encouraged by the current investment environment of steady growth, low interest rates and low inflation.

With no policy moves from the US Federal Reserve or any other central banks bond markets bond markets were largely flat.

The 10-year US Treasury yield finished the month about where it started, at 2.3% pa. Investment grade credit yields and credit spreads over Treasuries were largely unchanged

Australian listed property continued to decline, bringing the 12-month loss loss to more than 11%.

The Australian dollar continued to rise against the US dollar, ending the month at nearly \$US0.80, up from \$US0.77 at the beginning of the month, a rise of around 4%.

## Financial market returns to July 2017

		1 year pa	3 years pa	5 years pa	10 years pa
Australian equities	S&P ASX 200	7.3%	5.1%	10.9%	3.8%
	S&P ASX 200 Industrials	5.0%	7.1%	13.5%	5.4%
	S&P ASX 200 Resources	21.2%	-3.9%	0.9%	-1.7%
	S&P ASX Small Ordinaries	-1.1%	5.6%	5.8%	-1.7%
International equities	MSCI All Countries ex AU Local Currencies	16.6%	9.4%	13.9%	5.5%
	MSCI All Countries ex AU in AUD	11.2%	13.1%	18.9%	5.8%
US	S&P 500	16.0%	10.9%	14.8%	7.7%
	S&P 500 in AUD	10.5%	16.6%	21.3%	8.5%
Europe	FTSE Euro 100	19.6%	8.5%	12.8%	2.5%
Japan	MSCI Japan	23.5%	9.0%	18.8%	0.9%
China	FTSE China A Shares in USD	5.9%	12.0%	11.1%	1.6%
EM	MSCI Emerging Markets in USD	25.3%	2.8%	5.1%	2.3%
	MSCI Emerging Markets in AUD	19.3%	8.1%	11.1%	3.0%
Aust Listed Property	S&P/ASX 200 A-REIT	-11.1%	10.2%	12.9%	0.6%
Global infrastructure	FTSE Developed Infrastructure Hedged	9.3%	6.7%	10.6%	7.8%
International fixed interest	Bloomberg Barclays Global Agg Hedged	0.1%	5.0%	5.2%	7.4%
High yield in USD	iBoxx Liquid High Yield in USD	9.9%	4.5%	5.7%	7.1%
Emerging market debt in USD	Barclays Emerging Markets Debt in USD	4.9%	4.8%	4.7%	7.4%
Corporate investment grade	Barclays Global Corporate in USD	2.9%	3.9%	4.1%	6.7%
Australian Fixed Interest	Bloomberg AusBond Comp (0+Y)	-0.2%	4.2%	4.3%	6.2%
Cash	Bloomberg AusBond Bank Bill	1.8%	2.2%	2.5%	3.8%

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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