

## SuperGuard 360 SMSF performance indices, January 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 January 2018 was around 9.2% before fees and tax.

This compares unfavourably with **SG360 Default Index**, which returned 11.7%. The default index is based on the returns from default MySuper products.

This is the 10th month in the past 12 where the SMSF Reference Index underperformed.

Lower performance by SMSFs is the result of lower asset class weightings to growth assets especially international equities. SMSF portfolios will continue to underperform while the equities bull market continues.

Rainmaker estimates this SMSF underperformance cost members \$17 billion this past year.

### Implications

Three quarters of all SMSFs are small having assets less than \$1 million. These funds, according to official ATO figures, have much higher weightings to cash and lower weightings to equities than larger higher performing SMSFs which hold the majority of SMSF assets.

This means that the majority of SMSF members are in funds likely to achieve lower than ideal investment outcomes. To ensure their retirement savings last as long as they do, SMSF members should review the amount they pay in fees and benchmark their portfolio to ensure it is achieving the returns they are expecting.

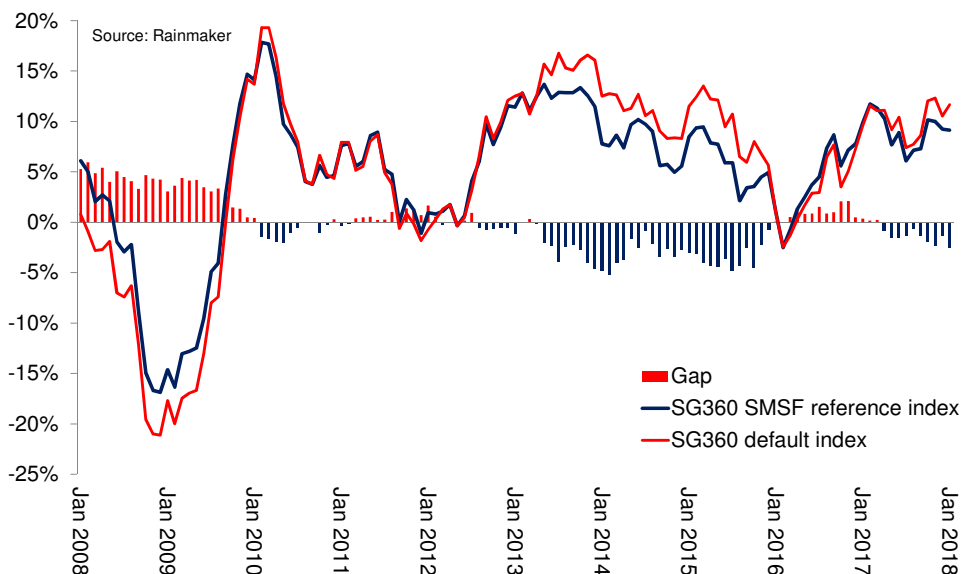
### SG360 SMSF performance indices, January 2018

	1 year	3 years pa	5 years pa	10 years pa
SG360 SMSF reference index	9.2%	6.6%	7.2%	5.3%
SG360 default index	11.7%	7.4%	9.2%	5.6%

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

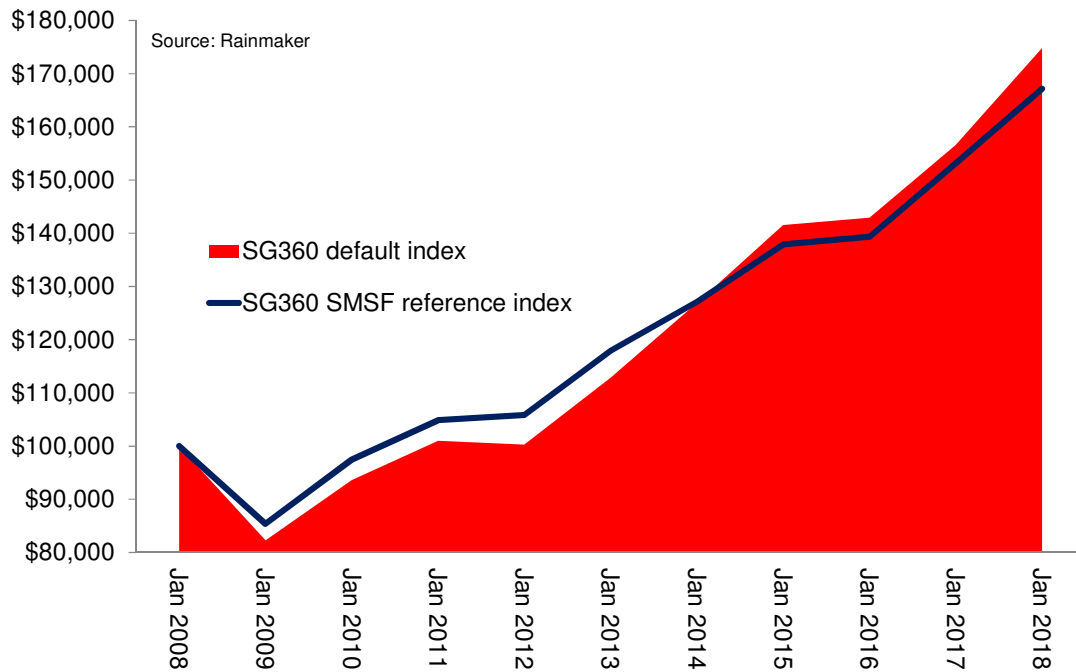
	Increase	Gross change
SG360 SMSF reference index	\$167,134	67%
SG360 default index	\$174,818	75%

### SG360 indices - rolling 12 months

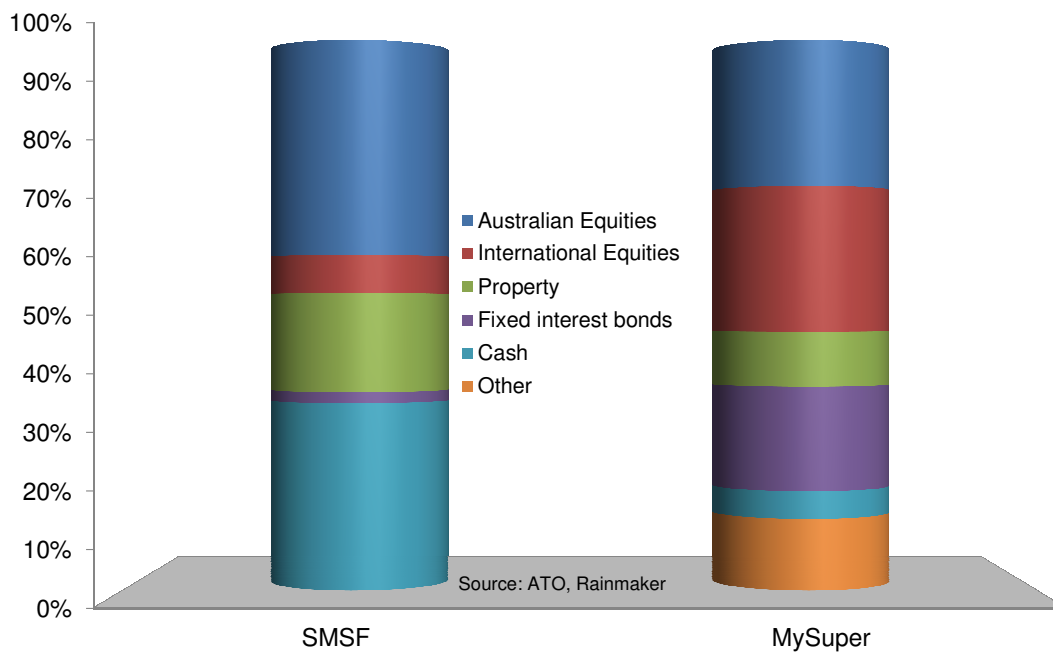




### Value of \$100,000 invested 10 years ago



### Benchmark asset allocation





Continued

January 2018 SMSF performance indices

### General market commentary

The strength of financial markets in 2017 continued in the first month of 2018 – with the exception of Australian equities.

The global economy is experiencing a rare period of synchronised growth, with employment growing and consumer and business confidence improving. This was reflected in the major stockmarkets of the world. In local currencies, the S&P 500 Index surged 5.7% in January taking its 12 month returns to 26.4%.

The FTSE Europe 100 increased 3.4% for the month and 17.5% for the 12 months. MSCI Japan underperformed other major sharemarkets in the month, returning 1.3%, but had a strong 12 months with a 21.6% return.

Due to the strong resource base of many emerging markets, MSCI Emerging Markets was the strongest performer over both the month and the 12 months. It returned 8.3% in US dollar terms in January and 41.5% over 12 months.

The Australian sharemarket was the outlier over January, it lost 0.4% in January. The 12 months return was significantly less than the major markets but was still a robust 12.2%.

The strength of the Australian dollar (or weakness of the US dollar) over January reduced the returns of overseas share significantly. The Australian dollar started the month at \$US0.782 and ended the month at \$US0.810 – a rise of 3.5%.

### Financial market returns to January 2018

		1 month	1 year pa	3 years pa	5 years pa	10 years pa
Australian equities	S&P ASX 200	-0.4%	12.2%	7.3%	9.1%	5.3%
	S&P ASX 200 Industrials	-0.7%	10.3%	6.5%	10.9%	7.0%
	S&P ASX 200 Resources	0.8%	20.7%	11.1%	2.1%	-0.1%
	S&P ASX Small Ordinaries	-0.5%	22.4%	13.8%	6.4%	1.5%
International equities	MSCI All Countries ex AU Local Currencies	3.9%	22.3%	12.0%	13.7%	7.6%
	MSCI All Countries ex AU in AUD	1.8%	18.8%	11.1%	18.4%	8.1%
US	S&P 500	5.7%	26.4%	14.7%	15.9%	9.8%
	S&P 500 in AUD	2.1%	18.5%	13.2%	21.9%	10.9%
Europe	FTSE Euro 100	3.4%	17.5%	7.4%	10.9%	4.3%
Japan	MSCI Japan	1.3%	21.6%	10.1%	15.7%	4.6%
China	FTSE China A Shares in USD	6.5%	19.4%	5.4%	10.3%	1.9%
EM	MSCI Emerging Markets in USD	8.3%	41.5%	12.2%	6.1%	4.2%
	MSCI Emerging Markets in AUD	4.6%	32.7%	10.8%	11.6%	5.2%
Aust Listed Property	S&P/ASX 200 A-REIT	-3.3%	7.5%	7.1%	11.5%	3.1%
Global infrastructure	FTSE Developed Infrastructure Hedged	-0.8%	13.1%	5.1%	9.8%	7.6%
Australian equities ESG	MSCI Australia ESG Leaders	-1.1%	8.3%	5.4%	9.3%	6.4%
International equities ESG	MSCI ACWI SRI	3.7%	23.0%	12.1%	7.1%	3.5%
International fixed interest	Bloomberg Barclays Global Agg Hedged	-0.7%	3.2%	3.1%	4.9%	6.9%
High yield in USD	iBoxx Liquid High Yield in USD	0.5%	5.7%	5.1%	4.6%	6.8%
Emerging market debt in USD	Barclays Emerging Markets Debt in USD	-0.2%	6.6%	6.1%	4.0%	6.9%
Corporate investment grade	Barclays Global Corporate in USD	-0.7%	5.9%	3.0%	3.9%	6.4%
Australian Fixed Interest	Bloomberg Barclays Australia Breakeven	-0.5%	2.4%	2.1%	4.4%	6.5%
Cash	3 Months Bank Accepted Bills	0.1%	1.7%	2.0%	2.3%	3.5%

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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For more information about this Index, please contact Rainmaker Information:

**Phone:** +61 2 8234 7500

**Email:** [info@rainmaker.com.au](mailto:info@rainmaker.com.au)

**Contact:** Christopher Page