

PERIOD ENDING – 28 FEBRUARY 2021

**Managed Funds**

Fund name	Size	1 year		3 years		5 years	
	\$m	% p.a.	Rank	% p.a.	Rank	% p.a.	Rank
<b>AUSTRALIAN EQUITIES</b>							
Bennelong Australian Equities Fund	788	27.6	2	17.4	1	17.3	1
Australian Unity Platypus Aust Equities	222	14.0	13	14.5	2	15.6	3
Australian Ethical Australian Shares Fund	451	24.2	5	14.5	3	15.0	4
Bennelong Concentrated Aust Equities	1,477	22.3	6	13.6	4	17.1	2
PM Capital Australian Companies Fund	31	28.7	1	12.0	5	13.7	9
Alphinity Sustainable Share Fund	301	10.5	23	11.9	6	14.3	6
Greencap Broadcap Fund	1,081	15.3	10	11.5	7	14.7	5
Ausbil Active Sustainable Equity Fund	48	18.2	8	11.1	8		
Ausbil Australian Active Equity	1,593	14.2	11	9.8	9	13.3	12
Greencap High Conviction Fund	617	8.8	30	9.6	10	13.5	11
<b>Sector average</b>	<b>434</b>	<b>7.9</b>		<b>6.8</b>		<b>10.6</b>	
<b>S&amp;P ASX 200 Accum Index</b>		<b>6.5</b>		<b>7.4</b>		<b>10.7</b>	

**INTERNATIONAL EQUITIES**

Loftus Peak Global Disruption Fund	171	37.1	2	23.0	1		
Zurich Concentrated Global Growth	63	17.6	16	22.6	2	20.8	2
BetaShares Global Sustainability Leaders ETF	1,181	21.2	9	21.1	3		
T. Rowe Price Global Equity Fund	5,246	28.2	4	20.9	4	21.2	1
Forager International Shares Fund	234	54.5	1	19.9	5	18.3	4
Franklin Global Growth Fund	528	26.8	5	19.8	6	20.1	3
Nikko AM Global Share Fund	156	17.5	17	17.8	7	17.2	6
Evans and Partners International Fund	53	2.5	72	17.6	8	14.8	16
Capital Group New Perspective Fund	953	21.8	8	17.5	9	17.5	5
Zurich Unhedged Global Growth Share Fund	427	15.4	20	17.1	10	16.5	9
<b>Sector average</b>	<b>875</b>	<b>10.6</b>		<b>11.1</b>		<b>12.8</b>	
<b>MSCI World ex AU - Index</b>		<b>8.2</b>		<b>11.6</b>		<b>12.9</b>	

Note: The performance figures for diversified funds are net of fees, performance figures for sector specific funds are adjusted for fees.

Fund name	Size	1 year		3 years		5 years	
	\$m	% p.a.	Rank	% p.a.	Rank	% p.a.	Rank
<b>COMBINED PROPERTY</b>							
Australian Unity Diversified Property Fund	312	21.3	1	15.5	1	17.9	1
Lend Lease Aust Prime Property Industrial	1,107	9.9	2	12.1	2	11.2	3
Investa Commercial Property Fund	6,019	3.9	3	11.2	3	12.2	2
Quay Global Real Estate Fund	275	-7.4	23	10.1	4	7.4	12
Pendal Property Securities Fund	469	-7.6	26	9.5	5	7.8	8
SGH LaSalle Conc. Global Property Fund	20	-0.5	9	9.2	6	6.2	20
Resolution Capital Real Assets Fund	18	-5.1	20	8.6	7	7.7	9
Lend Lease Aust Prime Property Commercial	5,666	2.5	5	8.2	8	11.2	4
Australian Unity Property Income Fund	276	-3.2	16	7.9	9	8.5	6
Freehold Australian Property Fund	485	-0.2	8	7.4	10	6.8	14
<b>Sector average</b>	<b>1,380</b>	<b>-6.1</b>		<b>5.2</b>		<b>5.8</b>	
<b>S&amp;P ASX200 A-REIT Index</b>		<b>-12.0</b>		<b>5.4</b>		<b>4.7</b>	

**FIXED INTEREST**

Macquarie Dynamic Bond Fund	704	1.3	7	5.3	1	4.6	3
Dimensional Global Bond Trust	1,813	-0.4	20	5.1	2	4.4	6
BlackRock Wholesale International Bond Fund	64	1.6	6	4.9	3	4.3	7
Legg Mason Western Global Bond Fund	391	2.0	4	4.9	4		
iShares Core Global Corporate Bond (AUD Hedged) ETF	313	0.7	11	4.7	5	4.7	1
Perpetual Wholesale Active Fixed Interest Fund	197	-1.9	35	4.7	6		
AMP Capital Wholesale Australian Bond Fund	931	-2.0	36	4.7	7	4.0	10
QIC Diversified Fixed Interest Fund	592	1.3	8	4.7	8	4.0	12
Pendal Sustainable Aust. Fixed Interest Fund	347	-1.2	25	4.6	9		
QIC Australian Fixed Interest Fund	1,419	-1.6	32	4.6	10	3.9	15
<b>Sector average</b>	<b>943</b>	<b>-1.7</b>		<b>3.8</b>		<b>3.3</b>	
<b>Bloomberg Barclays Australia (5-7 Y) Index</b>		<b>-1.4</b>		<b>4.5</b>		<b>3.4</b>	

Source: Rainmaker Information



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# En garde, Vanguard

So, Vanguard is launching a retail super fund. Again. Frenzied super commentators convinced this new super fund is going to sweep all before it need to calm down and read some history. Early last year it was reported that Vanguard HQ had announced the manager would no longer offer low-fee, high-profile institutional mandates across Asia Pacific, shifting focus to expanding its retail business.

About the same time, Vanguard Australia announced that they're going to have another go running a Down Under super fund. They last tried this in 2001, though by 2012, triggered by the hassles of the Super Stream reforms, closed out and transferred the funds into MLC Wrap Super.

But the institutional mandate decision, if that's what it was, was a company-wide multi-country move. Reports said Vanguard would consequentially be closing its Hong Kong and Tokyo offices.

Any case, the statement attributed to Vanguard at the time said they'd no longer be offering, not necessarily cancelling, institutional mandates.

Sure, Vanguard's Melbourne office may, according to insiders, play a disproportionately influential role in Vanguard's global business. But a global money manager as big as Vanguard is hardly going to pivot the whole company to be-

come a big tadpole in the small pond that is Australia's super market.

If Vanguard has about \$60 billion in institutional super fund mandates, they'll need to build a near-\$40 billion super fund to replace the revenue.

This is based on Rainmaker's prophecy they'll charge total fees at a market leading and vapour-thin 0.5% pa, split, say, 0.3% pa to investment management and 0.2% pa or about \$2 per week to administration.

From a standing start they'll have become Australia's 12th biggest super fund and attract more contributions than AustralianSuper, Aware Super, Sunsuper, Rest and QSuper combined. This is equivalent to the entirety of contributions paid last year into all retail super funds.

And unless Vanguard wants to enter the My-Super default fund market, all this will have to be done voluntarily by members. That is, through active opt-ins.

Showing how tough this job will be, Vanguard will have to become more than 15-times bigger than the entire disruptor super fund sector.

The disruptor super product space comprises only \$2.5 billion.

And while Vanguard as an investment manager plays way above its weight among SMSFs, given contributions into SMSFs have dropped like a

stone by 60% in the past three years, it's unlikely to get much comfort from them.

Where Vanguard Super could shine, however, is if it attracts hordes of fund members disaffected by super funds likely to fail the looming APRA investment performance test.

Last financial year, while their growth ETF ranked only 20th among super funds, their balanced ETF would have easily ranked number one; and this is after Rainmaker made allowances for super taxes and administration fees.

Putting all this together, blind Freddy can tell you Vanguard Super will likely become Australia's biggest super disruptor product. But creating enough momentum to make up for foregone institutional mandate business will take longer - much longer.

But where Vanguard Super could really wreak market havoc is if it changes expectations about what a post-modern super fund should look like.

Imagine a retail Australian version of the \$850 billion US Thrift Savings Plan. Thrift serves six million US government employees and military personnel, built on lifestage products underpinned by ETFs managed by BlackRock and State Street.

It charges total fees of less than 10 basis points and in 2019-20 earned 2.5%, compared to the -0.9% earned by the Australian Rainmaker My-Super Index. Giddyup. **FS**