

Class SMSF Benchmark Report

September 2016



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Introduction

Welcome to the September Class SMSF Benchmark Report. Class Super is now used by over 1,000 accounting, financial planning and specialist administration businesses to administer more than 120,000 SMSFs, more than 20% of the estimated 587,000 SMSFs¹ in Australia as at 30 September 2016.

Class believes it is important for our customers and other participants in the industry to have access to timely benchmark data and key metrics about their industry, their peers and the SMSFs they service. Much of the data available from other sources is estimated, based on small non-representative samples or is collated many months after the fact.

The Class SMSF Benchmark Report is compiled using de-identified data extracted from across the Class Super user base*. Class Super supplies data to its customers via transaction and market data feeds which include daily balances from a wide rank of banks, brokers and wrap and other platform providers – the richness and timeliness of this data provides a unique, up to date view across a significant portion of the SMSF sector.

¹APRA Quarterly Superannuation Performance 30 June 2016

* To view the methodology used, please click [here](#).

Benchmark 1/2

The Key Stats

57



Median number of SMSFs per business

1,001



Number of Class customer businesses

122



Average number of SMSFs per business

1.9



Average number of members per fund

\$151bn



Total value of assets administered on Class Super across 122,494 SMSFs

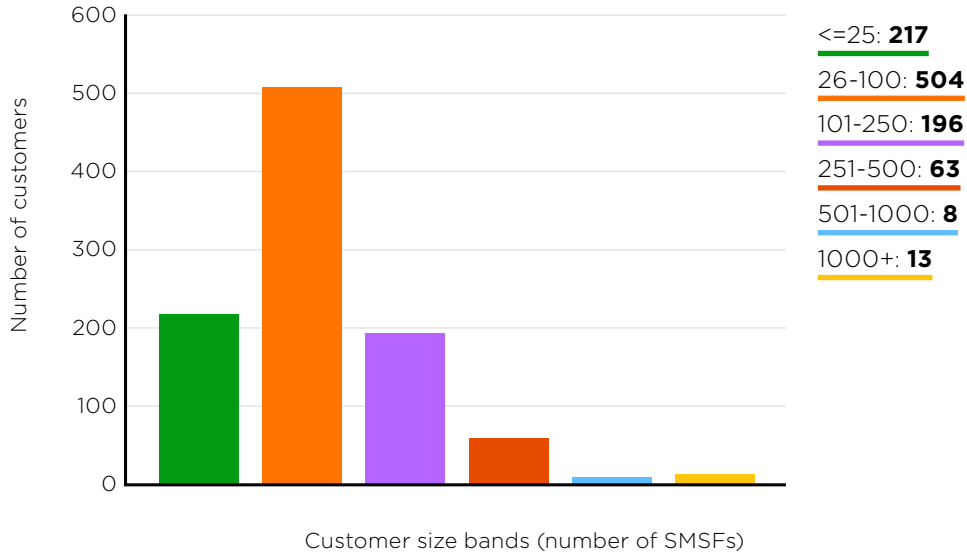
\$1.2m



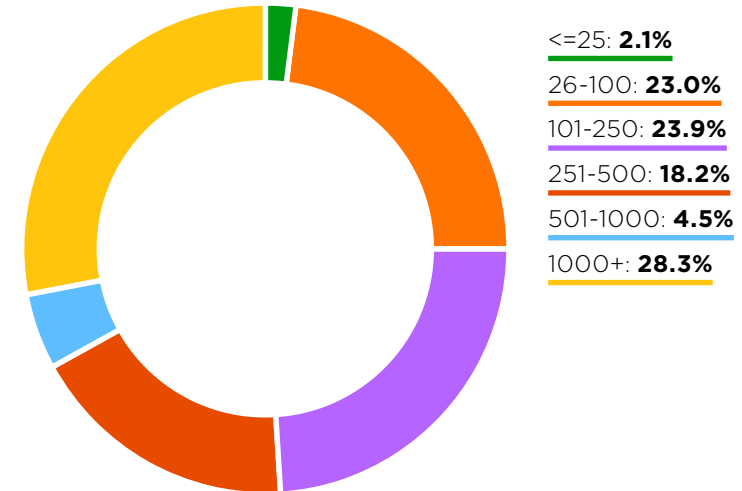
Average SMSF balance \$648,000
Average member balance

Benchmark 2/2

Distribution of Class Customers by Size



Class SMSFs by Customer Size



Size	# Firms	% Firms	# SMSFs	% SMSFs	Avg SMSFs	Class Customer Type
<=25	217	21.7%	2,595	2.1%	12	Small Practice
26-100	504	50.3%	28,151	23.0%	56	"Typical" Practice
101-250	196	19.6%	29,305	23.9%	150	Large Practice
251-500	63	6.3%	22,319	18.2%	354	XL Practice
501-1000	8	0.8%	5,475	4.5%	684	Emerging Administrator
1000+	13	1.3%	34,649	28.3%	2,665	Major Administrator

How SMSFs use platforms

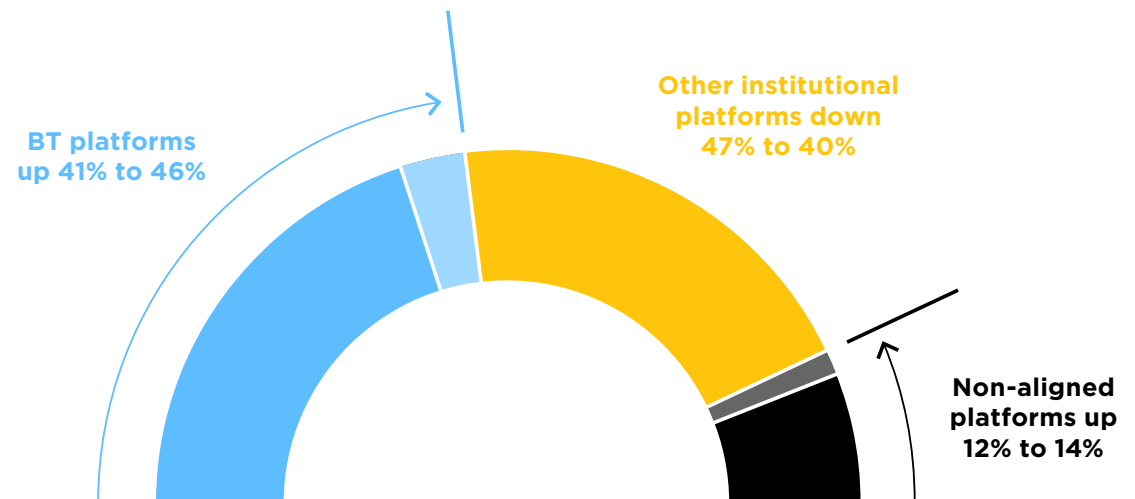
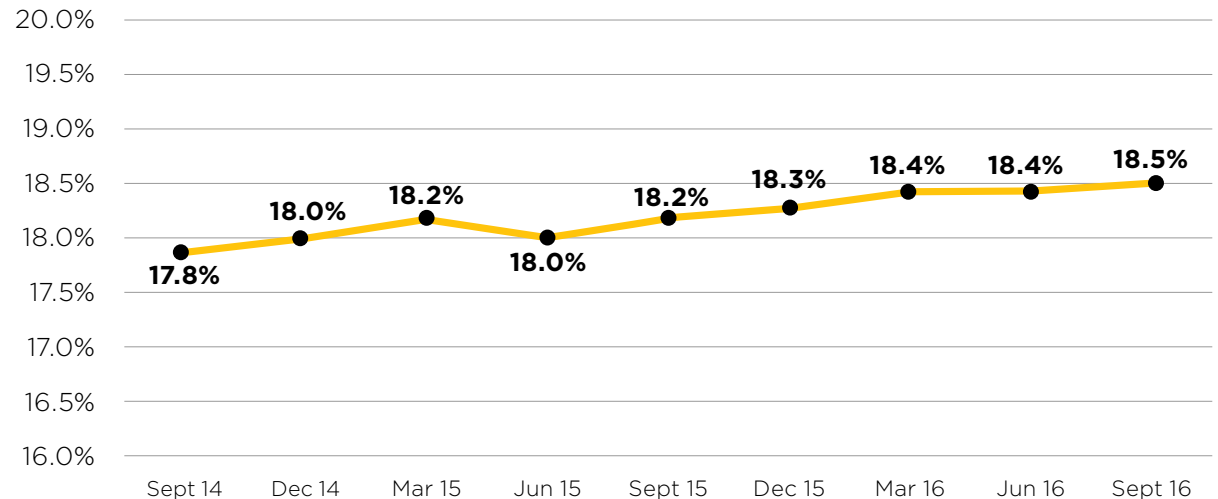
Nearly one in five SMSFs on Class Super use an investment platform via a range of products such as wraps, IMAs and SMAs.

The number of SMSFs using platforms is fairly steady, showing modest growth from 17.8% in 2014 to 18.5% in 2016.

Although small, the overall growth in platform usage was far from even across the various platform providers. All platforms gained in absolute terms, but most institutional platform providers lost ground relative to their non-aligned peers. In particular, the non-aligned platforms, notably Praemium, HUB24 and netwealth grew significantly, helping the share of non-aligned platform assets on Class Super to grow from 12% to 14% of all platform assets since 2014.

The notable exception amongst the institutional platforms was BT, which was able to build on its leading position and grow from 41% to 46% of all platform assets on Class Super. The proportion of other institutional platforms fell from 47% to 40%, despite growing in absolute terms.

Percentage of SMSFs using a platform



How SMSFs use platforms

The SMSFs that use platforms (Platform SMSFs) have an average fund balance of \$1.4m, making them somewhat larger than the industry average of \$1.2m.

These funds hold an average of \$838,000 on-platform and hold the remaining 42% of assets off-platform. They are also using platforms to hold more of their assets than they did two years ago, with the proportion of on-platform assets rising from 55% to 58% since 2014.

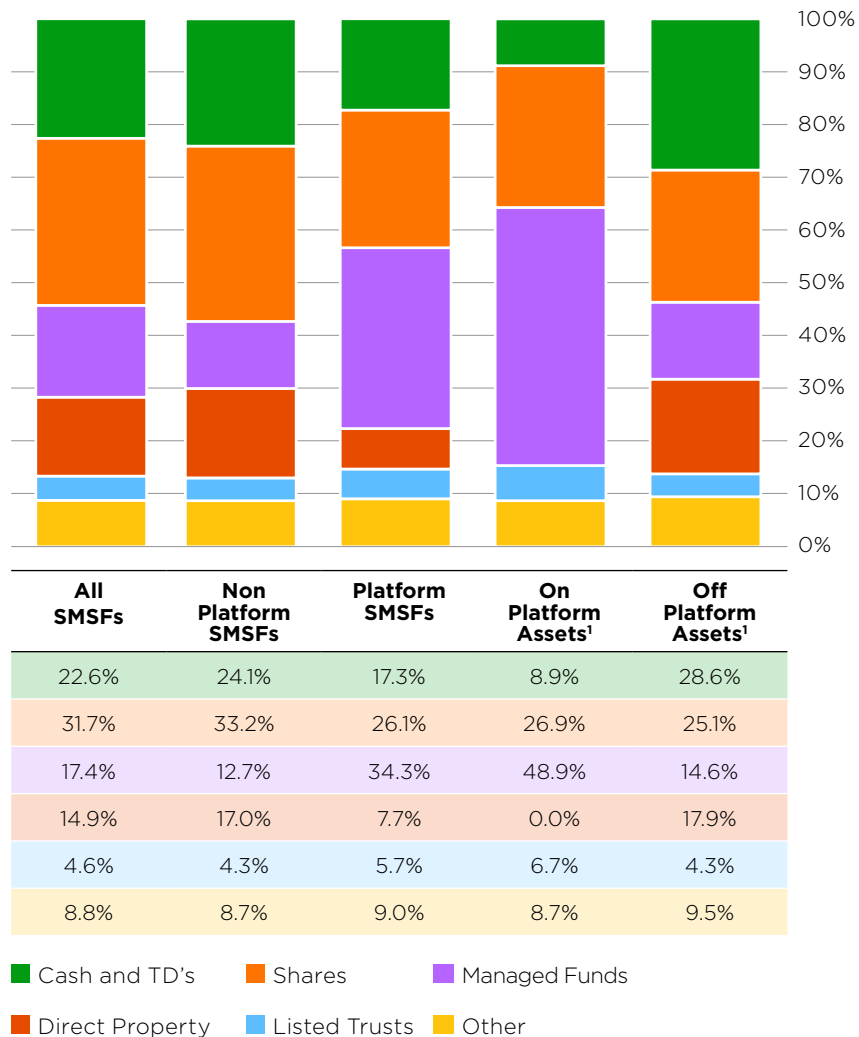
Despite increasing the proportion of their on-platform assets overall, Platform SMSFs actually reduced the proportion of their shares held on-platform, from 60% to 59% since 2014.

Platform SMSFs also have some interesting differences in asset allocation when compared with SMSFs that don't use platforms (Non-Platform SMSFs).

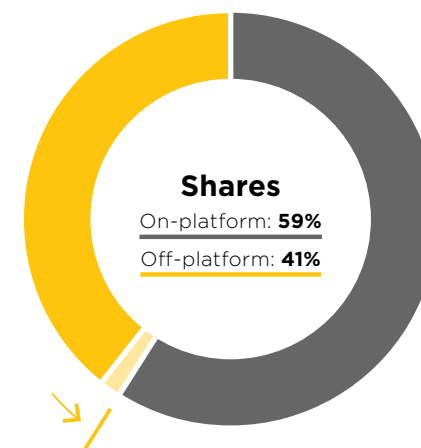
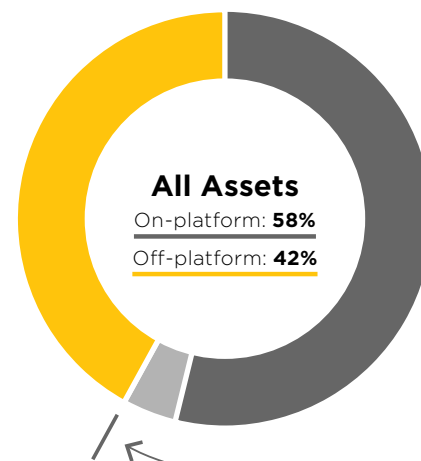
Platform SMSFs hold less cash and shares, almost three times the percentage of managed funds and much less direct property when compared to Non-Platform SMSFs.

Based on our analysis of the managed funds that SMSFs invest in (see page 10 of this report), it seems likely that Platform SMSFs, with their higher allocation to managed funds, have significantly more exposure to international shares and fixed interest than their non-platform counterparts.

The continued use of platforms by larger SMSFs, particularly in the non-aligned sector, highlights that data feeds and integration with platforms remains a critical requirement for the SMSF accounting market.



SMSFs using platforms are holding more assets on-platform overall but less shares.

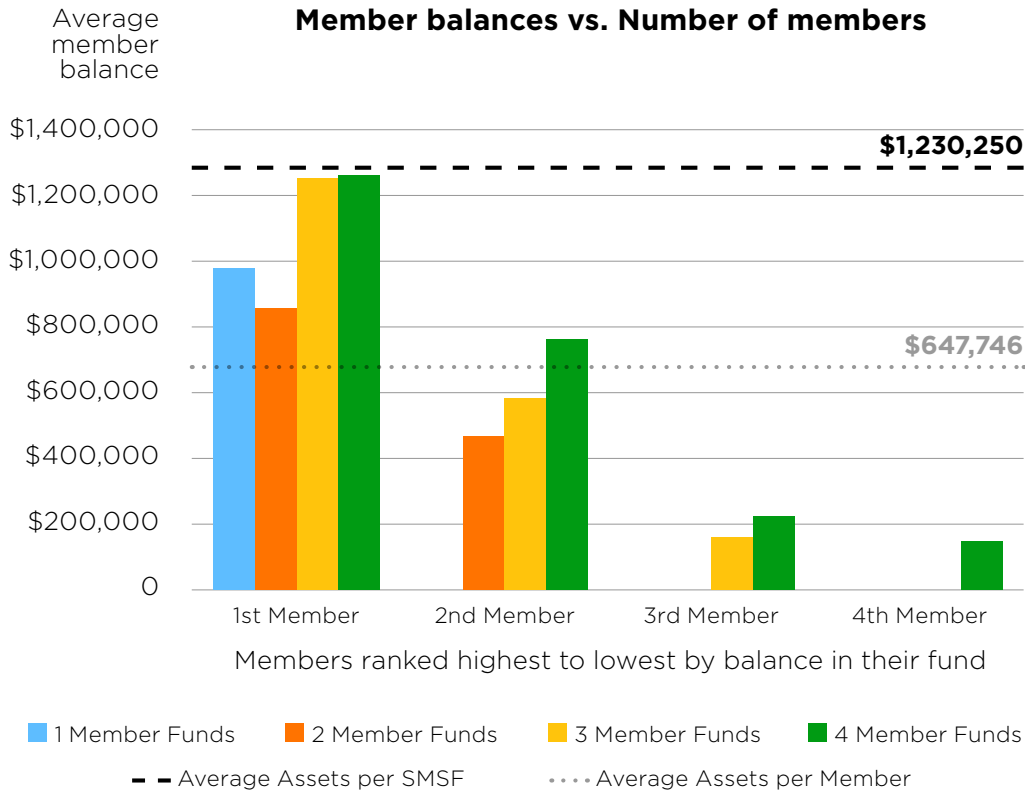


¹On/Off Platform Assets are those assets held by SMSFs which use a platform

Member Data

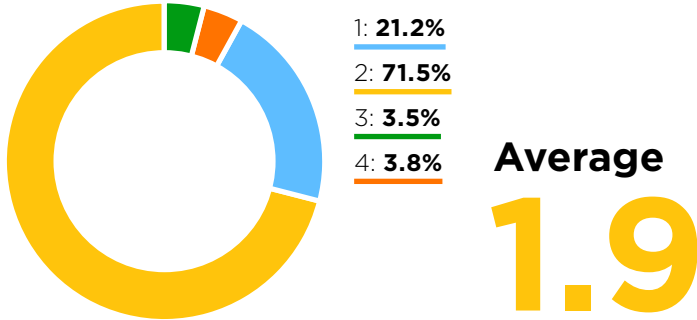
Averages can hide a lot of variability in underlying data. As shown in this member balance graph, thinking about SMSFs in terms of average member balances is not recommended because the split of assets between members is quite often skewed – for a typical two-member fund the balance of the first member is likely to be twice that of the second member.

Average balances



Membership sizes

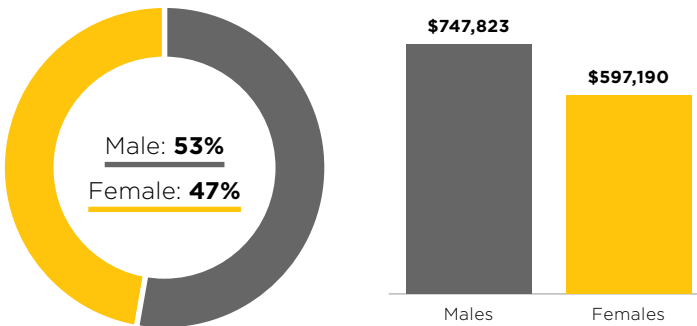
Number of members in SMSFs



Average assets per member
\$647,746

Average assets per SMSF
\$1,230,250

Gender demographics and balances across member base



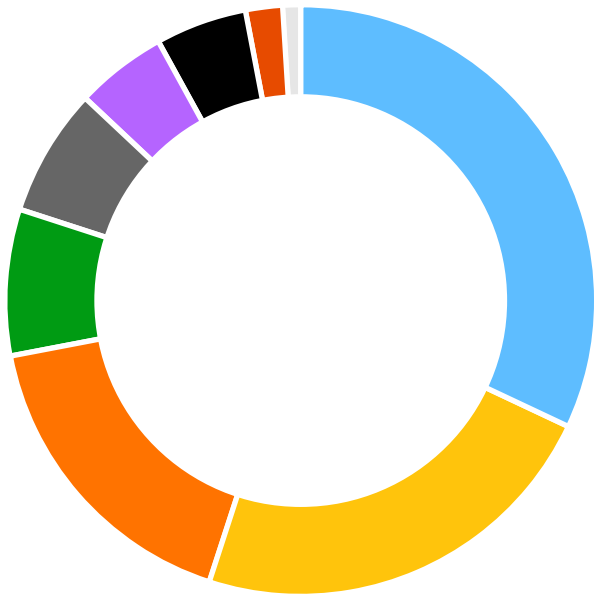
Investment Data

The following pages provide further details on the:

- Asset classes invested.
- Distribution of SMSFs by total asset value.
- Top 20 holdings for ETFs, Australian Shares, International Shares and Managed Funds.

SMSF Asset Allocation

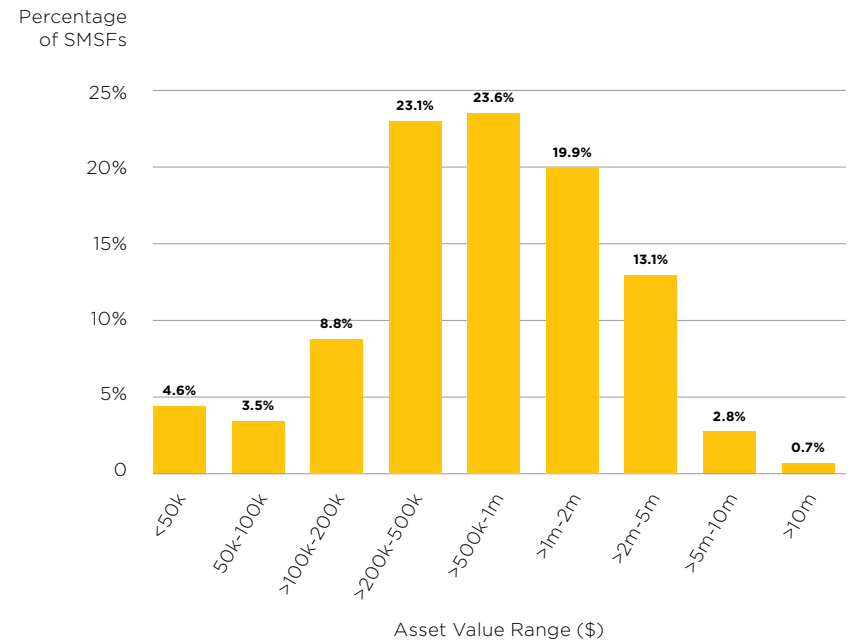
30 September 2016



Shares:	31.7%
Cash and term deposits:	22.6%
Managed funds:	17.4%
Non-residential property:	8.2%
Residential property:	6.8%
All other assets:	5.0%
Listed trusts:	4.6%
Limited recourse borrowing arrangements:	2.4%
Other managed investments:	1.3%

Fund size range

Distribution of SMSFs by total assets



Investment Data

Top 20 Investment Holdings

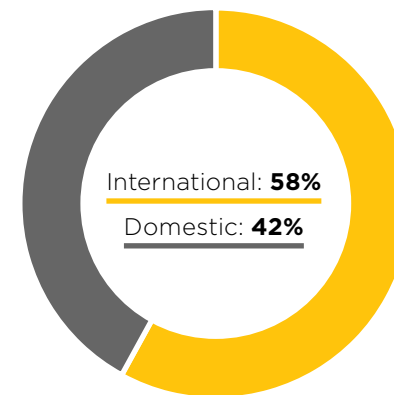
ETFs

30 September 2016

Rank	Security Code	Description	Int'l/ Domestic	% of Funds with ETFs that hold this Security	% of total SMSF ETF investments ¹
1	IVV	Ishares S&P 500 ETF - Chess Depository Interests 1:1 IshS&P500	I	23.1%	11.6%
2	IOO	Ishares Global 100 ETF - Chess Depository Interests 1:1 Ishglb100	I	16.0%	5.9%
3	STW	SPDR S&P/ASX 200 Fund - Exchange Traded Fund Units Fully Paid	D	15.0%	8.5%
4	VTS	Vanguard Us Total Market Shares Index ETF - Chess Depository Interests 1:1	I	14.1%	5.1%
5	VEU	Vanguard All-World Ex-Us Shares Index ETF - Chess Depository Interests 1:1	I	14.1%	3.9%
6	VAP	Vanguard Australian Property Securities Index ETF - Exchange Traded Fund Units Fully Paid	D	12.6%	4.3%
7	SLF	SPDR S&P/ASX 200 Listed Property Fund - Exchange Traded Fund Units Fully Paid	I	12.0%	3.9%
8	IEU	Ishares Europe ETF - Chess Depository Interests 1:1 Isheu350	I	9.1%	2.4%
9	MGE	Magellan Global Equities Fund (Managed Fund) - Trading Managed Fund Units Fully Paid	I	9.0%	3.3%
10	VAS	Vanguard Australian Shares Index ETF - Exchange Traded Fund Units Fully Paid	D	8.8%	6.3%
11	IEM	Ishares MSCI Emerging Markets ETF - Chess Depository Interests 1:1 Ishmsciem	I	8.8%	1.8%
12	VHY	Vanguard Australian Shares High Yield ETF - Exchange Traded Fund Units Fully Paid	D	8.2%	3.5%
13	IXJ	Ishares Global Healthcare ETF - Chess Depository Interests 1:1 Ishhealth	I	7.2%	2.0%
14	IAA	Ishares Asia 50 ETF - Chess Depository Interests 1:1 Ishasia	I	6.3%	1.4%
15	AAA	Betashares Australian High Interest Cash ETF - Exchange Traded Fund Units Fully Paid	D	5.7%	2.6%
16	VAF	Vanguard Australian Fixed Interest Index ETF - Exchange Traded Fund Units Fully Paid	D	5.7%	3.0%
17	YMAX	Betashares Aus Top20 Equity Yield Max Fund (Mg Fd) - Trading Managed Fund Units Fully Paid	D	4.9%	1.6%
18	IVE	Ishares MSCI Eafe ETF - Chess Depository Interests 1:1 Isheafe	I	4.5%	1.3%
19	SFY	SPDR S&P/ASX 50 Fund - Exchange Traded Fund Units Fully Paid	D	4.3%	2.2%
20	USD	Betashares U.S. Dollar ETF - Exchange Traded Fund Units Fully Paid	I	4.0%	2.1%
Total					76.6%

¹Percentage each security makes up of the total SMSF ETF investments e.g. IVV is 11.6% of the total SMSF investments in ETFs

Top 20 ETFs



The top 20 Investment Holdings make up

77%

of total SMSF Investment Holdings

Investment Data

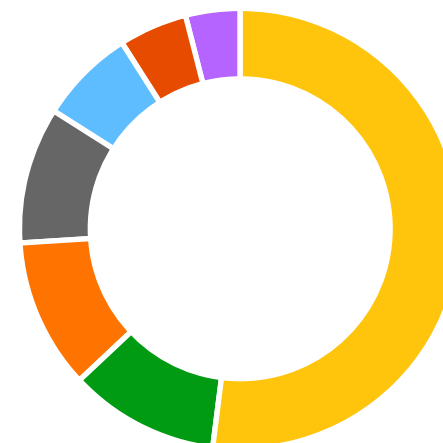
Managed Funds

30 September 2016

Rank	Security Code	Description	% of Funds with Managed Funds that hold this security	% of total SMSF Managed Fund investments ¹
1	PLA0002AU	Platinum International Fund	26.4%	4.4%
2	MGE0001AU	Magellan Global Fund	24.3%	4.2%
3	PLA0004AU	Platinum Asia Fund	11.1%	1.9%
4	FID0008AU	Fidelity Australian Equities Fund	7.9%	1.5%
5	MAQ0482AU	Winton Global Alpha Fund	7.7%	0.9%
6	ETL0032AU	Aberdeen Emerging Opportunities Fund	7.0%	0.7%
7	GSF0002AU	Grant Samuel Epoch Global Equity Shareholder Yield (Unhedged) Fund	6.2%	0.9%
8	SCH0028AU	Schroder Fixed Income Fund - Wholesale Class	6.1%	1.1%
9	MIA0001AU	MFS Global Equity Trust	6.1%	1.0%
10	MAQ0277AU	Macquarie Income Opportunities Fund	6.0%	1.1%
11	MAQ0404AU	IFP Global Franchise Fund	5.7%	0.9%
12	MAQ0410AU	Walter Scott Global Equity Fund	5.7%	1.1%
13	VAN0004AU	Vanguard W'sale Australian Property Securities Index Fund	5.3%	0.7%
14	ETL0018AU	PIMCO Global Bond Fund - Wholesale Class	5.1%	0.7%
15	IOF0145AU	Henderson Tactical Income Fund	4.9%	0.9%
16	TGP0034AU	RARE Infrastructure Value Fund - Unhedged	4.8%	0.5%
17	TGP0008AU	RARE Infrastructure Value Fund - Hedged	4.8%	0.5%
18	APN0008AU	APN AREIT Fund	4.7%	0.7%
19	CSA0038AU	Bentham Wholesale Global Income Fund	4.5%	0.5%
20	HOW0052AU	Kapstream Wholesale Absolute Return Income Fund	4.2%	0.8%
Total (Percentage that the top 20 makeup of total SMSF investments in Managed Funds)				25.1%

¹Percentage each security makes up of the total value of SMSF Managed Fund investments e.g. PLA0002AU is 4.4% of the total value of SMSF investments in Managed Funds.

Managed Funds look-through for Top 20



International Equities: **52%**

Australian Fixed Interest: **11%**

International Fixed Interest: **11%**

Cash: **10%**

Australian Equities: **7%**

Listed Property: **5%**

Other: **4%**

Investment Data

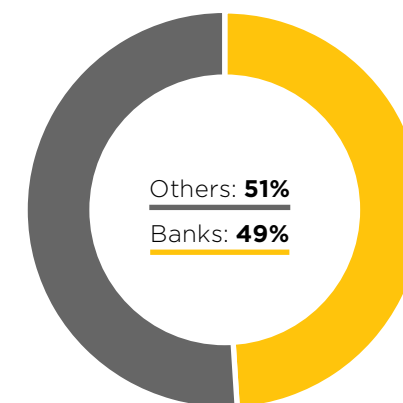
Domestic Shares

30 September 2016

Rank	Security Code	Description	% of Funds with Domestic Shares that hold this security	% of total SMSF Domestic Share investments ¹
1	TLS	Telstra Corporation Limited.	55.5%	5.3%
2	BHP	BHP Billiton Limited	52.6%	3.9%
3	WBC	Westpac Banking Corporation	51.6%	6.3%
4	ANZ	Australia And New Zealand Banking Group Limited	49.2%	5.2%
5	NAB	National Australia Bank Limited	47.6%	5.1%
6	CBA	Commonwealth Bank Of Australia	46.6%	7.3%
7	WES	Wesfarmers Limited	39.7%	3.5%
8	WOW	Woolworths Limited	34.4%	1.9%
9	S32	South32 Limited	34.3%	0.4%
10	WPL	Woodside Petroleum Limited	31.3%	1.6%
11	RIO	Rio Tinto Limited	20.9%	1.3%
12	CSL	CSL Limited	20.1%	2.5%
13	QBE	QBE Insurance Group Limited	19.0%	0.6%
14	MPL	Medibank Private Limited	16.1%	0.5%
15	AMP	AMP Limited	15.8%	0.7%
16	ORG	Origin Energy Limited	15.7%	0.5%
17	CYB	Cybg PLC - Cdi 1:1 Foreign Exempt Lse	14.9%	0.1%
18	STO	Santos Limited	14.7%	0.4%
19	TCL	Transurban Group - Ordinary Shares/Units Fully Paid Triple Stapled	14.4%	1.1%
20	MQG	Macquarie Group Limited	13.9%	1.4%
Total				49.4%

¹Percentage each security makes up of the total value of SMSF Domestic Share investments e.g. TLS is 5.3% of the total value of SMSF investments in Domestic Shares.

Bank's proportion of the Top 20 Domestic Shares



The top 20 domestic shares make up

49%

of total SMSF domestic shares investment

Investment Data

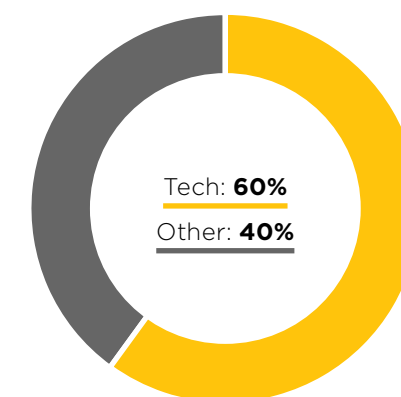
International Shares

30 September 2016

Rank	Security Code	Description	% of Funds with Int'l Shares that hold this security	% of total SMSF Int'l Share investments ¹
1	AAPL	Apple Inc	9.6%	3.8%
2	GOOG	Google Inc - Class A Shares	5.5%	2.3%
3	MSFT	Microsoft Corp	4.8%	1.1%
4	GOOGL	Google Inc - Class C Shares	4.5%	1.0%
5	V	Visa Inc	4.0%	0.7%
6	EBAY	eBay Inc	4.0%	0.5%
7	IGAS	IGas Energy PLC	3.8%	0.1%
8	LLOY	Lloyds Banking Group PLC	3.8%	0.5%
9	FOX	Twenty-First Century Fox, Inc. - Class B Voting Common Stock-Cdi	3.5%	0.6%
10	JNJ	Johnson & Johnson	3.4%	1.2%
11	WFC	Wells Fargo & Co	3.3%	0.6%
12	BRK/B	Berkshire Hathaway Inc	2.9%	1.0%
13	C	Citigroup Inc	2.8%	0.5%
14	ORCL	Oracle Corp	2.7%	0.4%
15	PFE	Pfizer Inc	2.6%	0.4%
16	AMZN	Amazon.com Inc	2.4%	0.6%
17	GE	General Electric Co	2.4%	0.4%
18	INTC	Intel Corp	2.4%	0.4%
19	BIP	Brookfield Infrastructure Partners LP	2.3%	0.2%
20	GILD	Gilead Sciences Inc	2.3%	0.3%
Total				16.7%

¹Percentage each security makes up of the total value of SMSF International Share investments e.g. AAPL is 3.8% of the total value of SMSF investments in International Shares.

Tech companies
proportion
of the Top 20
International Shares



The top 20 Int'l shares
make up

17%

of total SMSF Int'l Share
investment

About Class

At Class, we've been developing and delivering cloud software solutions for the Australian wealth accounting market since 2009.

Our mission is to deliver innovative administration solutions that automate manual workloads, driving high levels of processing efficiency and scalability.

Class software enables accountants, administrators and advisers to increase profitability, fuel business growth and deliver better client service.

Class Super is the leading cloud SMSF administration software, used to quickly and efficiently administer over 120,000 funds.

Class Portfolio is a powerful solution for accounting, administration and reporting of other investment portfolios.

Contact

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The underlying figures for the charts and tables used in this report are available by emailing [**media@class.com.au**](mailto:media@class.com.au)

