

# 2020 Fat Cat Funds Report



# About the Report

For most Australians, superannuation is their second largest asset after the family home. Yet most people don't understand this investment, blindly trusting the funds that are managing one of their greatest sources of wealth.

Despite our superannuation system being the fourth-largest private pension system in the world, many Australians could retire with a lot less money than they should – or even without the funds they need to support themselves. Unfortunately, many fees are hidden and misunderstood, and most super funds' investment strategies are covered up by jargon and fine print.

That's why – since 2013 – we've researched the superannuation industry thoroughly and we publish the Fat Cat Funds Report to expose the worst performing super funds. We believe in the long-term benefits of investing, so every year we name the funds taking advantage of Australians unwittingly paying away their hard-earned retirement funds in superannuation fees.

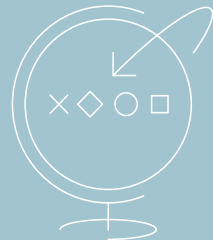
By exposing the super industry in this way, we hope to drive change and prompt the offending funds to lower their fees and improve their performance.

We want you to understand what's happening to one of your greatest sources of wealth. The Fat Cat Funds Report will help you compare super funds, find funds that have consistently done well and avoid funds with a track record of poor returns.

Most importantly, if you're not happy, we tell you what your investment options are.



**Chris Brycki**  
Founder and CEO



# Contents

|   |    |
|---|----|
| Best and Worst Performing Super Funds ..... | 4  |
| <b>Aggressive Growth Super Funds</b>        |    |
| Top 10 – Fit Cat Funds .....                | 5  |
| Bottom 10 – Fat Cat Funds .....             | 6  |
| <b>Growth Super Funds</b>                   |    |
| Top 10 – Fit Cat Funds .....                | 7  |
| Bottom 10 – Fat Cat Funds .....             | 8  |
| <b>Balanced Super Funds</b>                 |    |
| Top 10 – Fit Cat Funds .....                | 9  |
| Bottom 10 – Fat Cat Funds .....             | 10 |
| <b>Moderate Super Funds</b>                 |    |
| Top 10 – Fit Cat Funds .....                | 11 |
| Bottom 10 – Fat Cat Funds .....             | 12 |
| <br>  |    |
| How to Choose a Great Super Fund .....      | 13 |
| About Stockspot .....                       | 16 |

# Best and Worst Performing Super Funds

In this year's research, we compared 600 multi-asset investment options offered by Australia's largest 100 super funds to find the best super funds – and the worst. The funds were assessed on how they performed, after fees, compared to other super options of similar risk over 5 years.

## FIT CAT FUNDS



### UniSuper

7 Fit Cat Funds



### IOOF

5 Fit Cat Funds



### Australian Super

4 Fit Cat Funds

## FAT CAT FUNDS



### AMP

12 Fat Cat Funds



### OnePath

11 Fat Cat Funds



### Macquarie

5 Fat Cat Funds

[See our methodology](#)

# Aggressive Growth Super Funds

Aggressive growth super funds are funds with at least 80% in growth assets like shares and property and generally targeted at investors with a very long investment horizon given that they can be very volatile over the short term.

## TOP 10 – FIT CAT FUNDS

| RANK | NAME                               | 5 YEAR RETURN (p.a.) |
|------|------------------------------------|----------------------|
| 1    | Prime Super - Alternatives         | 9.0%                 |
| 2    | Unisuper - Sustainable High Growth | 9.0%                 |
| 3    | Unisuper - High Growth             | 8.7%                 |
| 4    | Hostplus - Shares Plus             | 8.0%                 |
| 5    | CBUS - High Growth                 | 8.0%                 |
| 6    | Australian Super - High Growth     | 7.7%                 |
| 7    | Unisuper - Growth                  | 7.7%                 |
| 8    | Equisuper - Growth Plus            | 7.6%                 |
| 9    | Club Plus - High Growth            | 7.6%                 |
| 10   | IOOF - MultiMix Growth             | 7.5%                 |

# Aggressive Growth Super Funds

Aggressive growth super funds are funds with at least 80% in growth assets like shares and property and generally targeted at investors with a very long investment horizon given that they can be very volatile over the short term.

## BOTTOM 10 – FAT CAT FUNDS

| RANK | NAME                                   | 5 YEAR RETURN (p.a.) |
|------|--|----------------------|
| 1    | AMP - FLS - AMP Capital Premium Growth | 0.6%                 |
| 2    | OnePath - OnePath Select Leaders       | 1.4%                 |
| 3    | OnePath - OptiMix Balanced             | 2.3%                 |
| 4    | OnePath - OnePath Active Growth        | 2.4%                 |
| 5    | OnePath - OptiMix Growth               | 2.6%                 |
| 6    | OnePath - OnePath Managed Growth       | 2.6%                 |
| 7    | OnePath - OptiMix High Growth          | 2.9%                 |
| 8    | Zurich - Managed Growth                | 3.1%                 |
| 9    | Macquarie - ING Managed Growth         | 3.3%                 |
| 10   | OnePath - OnePath High Growth          | 3.4%                 |

# Growth Super Funds

Growth super funds have 60-80% in growth assets like shares and property and generally targeted at investors with a long investment horizon given that they can be quite volatile over the short term.

## TOP 10 – FIT CAT FUNDS

| RANK | NAME                               | 5 YEAR RETURN (p.a.) |
|------|------------------------------------|----------------------|
| 1    | HESTA - Eco Pool                   | 8.6%                 |
| 2    | Unisuper - Sustainable Balanced    | 7.5%                 |
| 3    | Australian Super - Balanced        | 7.4%                 |
| 4    | Macquarie - Macquarie OneChoice    | 7.3%                 |
| 5    | Unisuper - Balanced                | 7.3%                 |
| 6    | AON - smartMonday MySuper - Age 45 | 7.0%                 |
| 7    | IOOF - MultiMix Balanced Growth    | 6.8%                 |
| 8    | Fiducian - Balanced Fund           | 6.6%                 |
| 9    | Future Super - Balanced Impact     | 6.6%                 |
| 10   | QSuper - Lifetime Aspire 1         | 6.5%                 |

# Growth Super Funds

Growth super funds have 60-80% in growth assets like shares and property and generally targeted at investors with a long investment horizon given that they can be quite volatile over the short term.

## BOTTOM 10 – FAT CAT FUNDS

| RANK | NAME  | 5 YEAR RETURN (p.a.) |
|------|---|----------------------|
| 1    | AMP - FLS - AMP Capital Multi-Asset                 | 1.2%                 |
| 2    | OnePath - OnePath Tax Effective Income              | 1.3%                 |
| 3    | OnePath - OptiMix Moderate                          | 2.0%                 |
| 4    | Zurich - Zurich Balanced                            | 2.5%                 |
| 5    | AMP - FLS - BlackRock Global Allocation             | 2.6%                 |
| 6    | Macquarie - BT Balanced Returns                     | 2.9%                 |
| 7    | TAL - Tal Performance                               | 2.9%                 |
| 8    | AMP - North Professional Alternative Balanced       | 3.2%                 |
| 9    | Perpetual WealthFocus - Diversified Growth          | 3.3%                 |
| 10   | AMP - FLS - Responsible Investment Leaders Balanced | 3.6%                 |



# Balanced Super Funds

Balanced super funds are funds with 40-60% in growth assets like shares and property and generally targeted at investors with a medium to long investment horizon.

## TOP 10 – FIT CAT FUNDS

| RANK | NAME                                       | 5 YEAR RETURN (p.a.) |
|------|--|----------------------|
| 1    | WA Local Government - Sustainable Future   | 6.9%                 |
| 2    | Australian Super - Conservative Balanced   | 6.2%                 |
| 3    | IOOF - MultiMix Moderate                   | 5.7%                 |
| 4    | Public Sector Super - PSSap Income Focused | 5.7%                 |
| 5    | QSuper - Lifetime Focus 2                  | 5.6%                 |
| 6    | ClearView - IPS Enhanced Index 50          | 5.6%                 |
| 7    | Unisuper - Conservative Balanced           | 5.6%                 |
| 8    | AMG Super - AMG Balanced                   | 5.3%                 |
| 9    | HESTA - Conservative Pool                  | 5.3%                 |
| 10   | MyLifeMyMoney - Moderately Conservative    | 5.3%                 |

# Balanced Super Funds

Balanced super funds are funds with 40-60% in growth assets like shares and property and generally targeted at investors with a medium to long investment horizon.

## BOTTOM 10 – FAT CAT FUNDS

| RANK | NAME  | 5 YEAR RETURN (p.a.) |
|------|---|----------------------|
| 1    | AMP - FLS - AMP Capital Dynamic Markets               | -2.2%                |
| 2    | OnePath - OptiMix Conservative                        | 1.7%                 |
| 3    | Zurich - Zurich Capital Stable                        | 1.9%                 |
| 4    | OnePath - OnePath Balanced                            | 2.2%                 |
| 5    | MLC - Inflation Plus Portfolios - Moderate Portfolio  | 2.4%                 |
| 6    | Macquarie - Aberdeen MA Real Return                   | 2.6%                 |
| 7    | AMP - FLS - ipac Income Generator                     | 2.7%                 |
| 8    | AMP - FLS - Professional Moderately Conservative      | 3.0%                 |
| 9    | Perpetual - Diversified                               | 3.1%                 |
| 10   | AMP - FLS - Future Directions Moderately Conservative | 3.1%                 |

# Moderate Super Funds

Moderate super funds are funds with 20-40% in growth assets like shares and property and generally targeted at investors with a short to medium investment horizon given that they are relatively stable over the short term.

## TOP 10 – FIT CAT FUNDS

| RANK | NAME                                      | 5 YEAR RETURN (p.a.) |
|------|---|----------------------|
| 1    | Macquarie – Macquarie Life Capital Stable | 5.8%                 |
| 2    | Australian Super – Stable                 | 5.3%                 |
| 3    | IOOF – MultiMix Conservative              | 4.8%                 |
| 4    | Prime Super – Conservative                | 4.8%                 |
| 5    | Unisuper – Conservative                   | 4.6%                 |
| 6    | Bendigo – Conservative Index              | 4.5%                 |
| 7    | Media Super – Stable                      | 4.5%                 |
| 8    | ClearView – IPS Enhanced Index 30         | 4.5%                 |
| 9    | Fiducian – Capital Stable Fund            | 4.5%                 |
| 10   | IOOF – MultiMix Capital Stable            | 4.5%                 |

# Moderate Super Funds

Moderate super funds are funds with 20-40% in growth assets like shares and property and generally targeted at investors with a short to medium investment horizon given that they are relatively stable over the short term.

## BOTTOM 10 – FAT CAT FUNDS

| RANK | NAME  | 5 YEAR RETURN (p.a.) |
|------|---|----------------------|
| 1    | AMP – FLS – Schroder Real Return                          | 1.7%                 |
| 2    | Macquarie – BT Conservative                               | 1.8%                 |
| 3    | MLC – Inflation Plus Portfolios – Conservative            | 1.8%                 |
| 4    | TAL – TAL Capital Protected                               | 1.9%                 |
| 5    | Macquarie – UBS Defensive                                 | 1.9%                 |
| 6    | AMP – FLS – AMP Capital Ethical Leaders Conservative Fund | 2.1%                 |
| 7    | AMP – FLS – Future Directions Conservative                | 2.2%                 |
| 8    | AMP – FLS – Professional Conservative                     | 2.3%                 |
| 9    | AMP – FLS – AMP Conservative                              | 2.5%                 |
| 10   | MLC – Horizon 2 Capital Stable Portfolio                  | 2.7%                 |

# How to Choose a Great Super Fund

Choosing the best super fund doesn't need to be hard if you know what to look for. Learn how to compare and choose the best super fund for you with these two simple steps.

## 1. Find the right type of fund based on your capacity to take risk

## 2. Choose the fund with the lowest fees

With hundreds of superannuation funds and thousands of investment options, it can be confusing to know which super fund is right for you. This is why most Australians just stick with their employer's default super fund. However, this is not always the best option and may even be a 'Fat Cat Fund'.

### STEP 1: FIND THE RIGHT TYPE OF FUND BASED ON YOUR CAPACITY TO TAKE RISK

A successful superannuation strategy starts with a mix of investments that's suitable for your investment horizon and retirement goals.

The balance between risk and return potential should be the main consideration when working out the right mix of different investments in your super fund. The further away retirement is, the greater amount of risk you can take.

For most people, we suggest the below mix of investments provides the right balance to maximise long term returns, reduce short term risk, keep up with inflation and increase financial certainty towards retirement.

|  | 20s AND 30s          | 40s AND 50s       | 60+                 |
|--|----------------------|-------------------|---------------------|
| <b>Investment mix</b>                                | High growth / Growth | Growth / Balanced | Balanced / Moderate |
| <b>Bonds and cash</b>                                | 0% to 30%            | 21% to 50%        | 41% to 70%          |
| <b>Shares, property and other growth investments</b> | 70% to 100%          | 50% to 79%        | 30% to 59%          |

You should also look for a fund with good diversification across the assets it invests in, for instance by including Australian and international shares. This helps to reduce exposure to risks associated with a particular country, company, or market sector.

Some funds also offer exposure to other assets such as direct property, infrastructure, credit alternatives and venture capital.

Historically these assets can provide some diversification benefits, however unlike bonds they generally move in the same direction as shares so should be considered part of the growth asset group.

This is particularly important for people close to retirement who want to protect against the chance of significant losses in the short-term because they need cash-flow soon.

## STEP 2: CHOOSE A SUPER FUND WITH LOW FEES

Fees are the other most important factor when choosing a superannuation fund. You can't control how markets perform, but you can control how much you pay for the management of your hard earned money.

The smaller that fee, the more money left over for you. Our research shows that lower cost super funds tend to outperform higher-cost alternatives across all categories.

Our research over the last eight years shows funds that charge less than 1% p.a. perform better in the long-term. There is a clear correlation between high fees and long-term underperformance in superannuation.

|             | LOWER FEE FUNDS<br>(UNDER 1% P.A.) | HIGHER FEE FUNDS<br>(OVER 1% P.A.) | DIFFERENCE<br>IN RETURNS |
|-------------|------------------------------------|------------------------------------|--------------------------|
| High growth | 6.42%                              | 5.50%                              | +0.92% p.a.              |
| Growth      | 5.68%                              | 4.87%                              | +0.81% p.a.              |
| Balanced    | 4.63%                              | 3.67%                              | +0.96% p.a.              |
| Moderate    | 3.88%                              | 3.27%                              | +0.61% p.a.              |

Average 5 Year Return (%) as of 30 June 2020

Index funds are the lowest cost option for investors. We found that indexing actually beats 90% of all super funds. Many superannuation funds hire so called “expert” investment consultants to pick a range of active fund managers to invest their clients’ retirement savings.

Unfortunately, these investment consultants and active fund managers take a nice big juicy fee from your super but rarely outperform a basic index which tracks the market. In fact, over the last five years less than one in 10 balanced super funds were able to beat a balanced index fund with similar risk (after fees and taxes).

Poor fund performances come predominantly from active management fees as well as higher administration and operating expenses than necessary. The impact of high fees becomes more apparent with each passing year as funds

find it more and more difficult to generate sufficient returns to make up for the drag of higher fees.

### **LOW FEES AND THE RIGHT MIX OF ASSETS – THE WINNING COMBINATION**

Australians would benefit greatly if they simply looked for a super fund with suitable risk for their age, and the lowest possible fees. A simple, low-cost indexing strategy achieved top quartile returns in each category over the past five years.

People in default super funds would benefit greatly if all money simply went into a low-cost index fund.

These two simple tips are the winning combination for choosing a super fund with the best chance of good returns.

## **Stockspot was founded in 2013 with a mission to help more Australians invest better**

Read our other research work below:

[ETF Research 2020](#)

[ETF Research 2019](#)

[ETF Research 2018](#)

[ETF Research 2017](#)

[ETF Research 2016](#)

[ETF Research 2015](#)

[Fat Cat Super Research 2019](#)

[Fat Cat Super Research 2018](#)

[Fat Cat Super Research 2017](#)

[Fat Cat Super Research 2016](#)

[Fat Cat Super Research 2015](#)

# About Stockspot

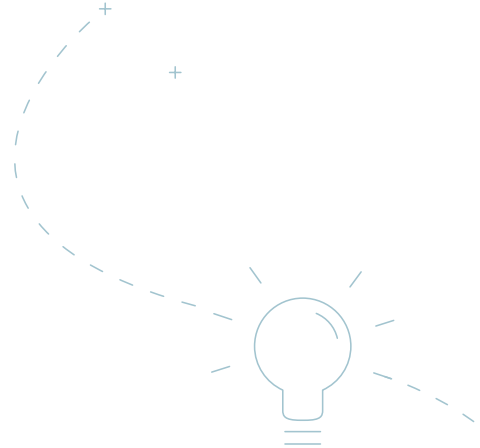
Stockspot is Australia's largest and most experienced online investment adviser. We make investing outside of your regular super funds easy and successful.

Whether you're growing your wealth, saving for a home, a family or retirement, we help you do it with the right investment portfolio and guidance.

**The Stockspot portfolios have outperformed 99% of similar risk diversified funds**, tracked by Morningstar over the 5 years to 30 June 2020.

That's one reason why Stockspot is trusted by thousands of Australians for our investment expertise.

[Learn which strategies helped Stockspot clients outperform 99% of funds.](#)



## For everyday Australians

Automated investing – proven track record of returns, lower risk than picking individual shares, low fees and completely effortless.

## For ethically conscious investors

Sustainable investing – aligns your financial goals with your personal values, without compromising returns (also available for kids).

## For parents and grandparents

Kids investing – invest for your kids or grandkids for free (up to \$10,000) or until they turn 18. Make them part-owners of businesses that they use like Bega Cheese and a2 Milk.

## For SMSF investors

SMSF investing – access a globally diversified portfolio with a proven track record of growth and income. We will keep your SMSF portfolio balanced and you can speak to a Stockspot financial adviser whenever you need.



**Our expert team of  
investment advisors are  
available to help when  
you need it.**

Visit our website to schedule a call

**[www.stockspot.com.au](http://www.stockspot.com.au)**

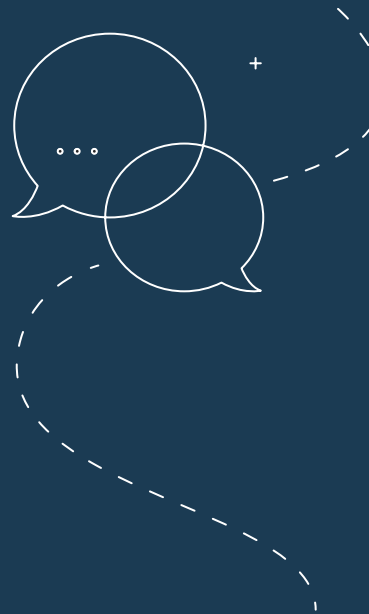
Email us with any questions

**[enquiries@stockspot.com.au](mailto:enquiries@stockspot.com.au)**

Call us to chat with one of our team

**(02) 8091 8090**

Monday - Friday, 9am - 5pm AEST



Stockspot Pty Ltd ABN 163 214 319 is a Corporate Authorised Representative (No. 453421) of Sanlam Private Wealth (AFS License No. 337927). Any advice contained in this report is general advice only and has been prepared without considering your objectives, financial situation or needs. Before making any investment decision we recommend that you consider whether it is appropriate for your situation and seek appropriate financial, taxation and legal advice. Investing into financial products involves risk. Past performance of financial products are no assurance of future performance. The actual performance of your portfolio may vary from our published returns due to the timing of investments, re-balancing and your fee tier. Please read our Financial Services Guide before deciding whether to obtain financial services from us.