Most awarded super fund in the Best of the Best Awards 2021

Change your super
Change the future

HESTA

An Industry SuperFund

YOUR ULTIMATE GUIDE TO AUSTRALIA'S BEST FINANCIAL PRODUCTS

CREATING FINANCIAL FREEDOM

Money

DECEMBER 2020/JANUARY 2021 AUS $10.95 NZ $12.95 ISSUE 240

www.moneymag.com.au @MoneyMagAUS

BEST OF THE BEST 2021 BEST OF THE BEST 2021 BEST OF THE BEST 2021

Money MAGAZINE AWARDS 2021

THE BEST OF THE Best 2021

126 GOLD WINNING PRODUCTS

HOME LOANS, CREDIT CARDS, ETFs, CAR LOANS, BANK ACCOUNTS, SUPER, FUNDS, BROKERS, INSURANCE, PHONE PLANS & ESG PRODUCTS

NEW: HOW TO GET THE MOST OUT OF THESE AWARDS

ANNETTE SAMPSON

BUDGETING TIPS TO AVOID A DEBT HANGOVER

PAUL CLITHEROE

INVEST $400k AND STILL GET A PENSION

VITA PALESTRANT

DON'T MAKE THIS MISTAKE WITH SUPER

PROPERTY SHOULD I BUY NOW OR LATER?

SHARES TOP TIPS TO HANDLE THE MARKET CHAOS


V

CONTENTS

ON THE COVER

UPFRONT

MY MONEY

SAVINGS & GIVEAWAYS

SUBSCRIBE & GET A 2021 COLLINS MANAGEMENT A5 DIARY VALUED AT
$28.99
PAGE 52

FOR THE LATEST FINANCE NEWS VISIT **MONEYMAG.COM.AU**

CONTENTS BEST OF THE BEST AWARDS

INVESTING 58

BANKING 102

SPENDING 130

BONUS

In a world of change, go for the best

Money magazine was launched in July 1999. To my adult kids' amusement, I keep the first cover shot on my study wall, showing a much younger Paul Clitheroe. Not a trace of grey hair! The headline was "Shares – Getting it Right". Mind you, if you invested back in 1999, it was pretty hard to get it wrong.

CBA was around $9.50, BHP $11.50, Woolworths $5.50 and so on. Sure, there will always be a few bad performers in any portfolio, which is why at *Money* we always suggest you spread your risk by owning a number of companies, or invest via a fund, ETF or your super. But as history would lead you to expect, despite the GFC and now Covid-19, patient, diversified shareholders have been well rewarded with capital growth and juicy dividends.

We have always been aware of the complexity of the financial world we live in, so we regularly debated how we could make things a bit simpler for our readers.

On both the *Money* TV show and in the magazine, we had a wide range of information and details on all sorts of financial products. But it seemed like a great idea to give our readers an annual guide to the best products across many categories and so the Best of the Best concept was launched.

This presented an enormous logistical challenge to our team, but with the help of research houses, a set of criteria was developed and, in 2002, we did our first awards presentation, immediately followed by the Best of the Best issue, which runs over December and January.

Now, if you are thinking this gives the team a break over Christmas by having a two-month issue, you would be spot on. But putting together this huge issue with so much content is exhausting and a break is well deserved. But equally, we know that it takes you, our readers, a fair bit of time to absorb the information and check out how much money you can save through a better mortgage, credit card, insurance, loans and so on.

I know that our readers are more likely to be on top of their money than most, but to my frustration I am still finding that the typical Aussie family can save some $4000 a year just by having competitive products. This is a stack of money, so please make sure you are reaping the benefits of your hard work and your investment income, and not donating it to a large institution.

Interestingly, you can also see how the world is changing in our award categories. In 2002, we were very excited about the all-new "e-accounts", which have developed into everyday banking. DSL broadband has disappeared due to NBN and in 2021 we're looking at green loans. The world keeps changing, but we'll do our best to keep you in tune with what is happening and save you time and money.

I do hope you enjoy this year's Best of the Best.

Paul Clitheroe
Founder and editorial adviser at *Money*

EDITOR'S DESK

Keep saving

If I could rewind to the start of 2020, I would have said, hang on to your hats, it's going to be a hellish ride ahead. But we survived. If you got through 2020 with your wallet intact, well done. If you had to turn your saving and spending habits upside down, we can relate – and we hope our featured articles in the past six issues, all devoted to swimming in unchartered waters, have helped you get there.

Looking back, I am particularly grateful to our editorial team and contributors for finding us the answers to those important questions, including how to avail of government assistance if you're a small business, how to invest if you're starting from scratch, and how to handle those curly situations where family and finance collide.

Looking ahead, we want to empower you even further with our annual Best of the Best issue. With interest rates at record lows, it's a great time for homeowners. For savers and investors, returns are harder to get so make sure you're with the financial institution that will give you the highest rate and that charges the lowest fees. This issue is designed to be read and re-read through the summer, hopefully working as a handy tool as you go through your list of financial resolutions.

There are some changes to our editorial team as we usher in 2021. I would like to thank our managing editor, Darren Snyder, for his contribution since taking on the role in March 2019. He is a consummate professional and his dedication to readers came to life on the pages of the magazine. Before taking on the editorship, Darren was already a seasoned finance journalist and editor at the *Financial Standard*, a publication owned by Rainmaker Group (publisher of *Money*). After almost six years with the business, Darren has decided to take on a new challenge and we wish him well.

Once again, a big thank you to readers for supporting this magazine. If this year is anything to go by, we can expect the unexpected. But no matter how tough it gets, there will always be a way to build your wealth, regardless of market cycles. And we'll be here to help you figure it out.

Michelle

Michelle Baltazar,
Editor-in-chief

Feedback

Letter of the month

Topics that are well worth exploring

Firstly, thanks for such an informative magazine. I just have a couple of suggestions for future articles.

1. Rental property sales. There have been many articles on deductions for rental properties and all mention depreciation – such as building depreciation – but most neglect to mention that such deductions have to be considered when you sell the property and need to calculate capital gains. An article to address things that need to be included when working out capital gains (losses) would be useful so that appropriate records are kept.

2. Performance of portfolios. There are many published tables, articles and advertisements mentioning performance of shares, managed funds, trusts, exchange traded funds, etc. It would be useful to know how these are calculated so that individual investors can compare like with like. Are things like imputation credits included and are any capital gains deducted (eg, for managed funds, property trusts, ETFs). If so, how are the figures adjusted for different tax scales?

Keep up the good work.

Jim

Support for mental illness

I must admit I laughed when I read about the cost of mental ill health to the economy (November issue, page 12). As an unlucky working Aussie with a mental health diagnosis, I feel I must "apologise" for the $10 billion-$18 billion it is costing the Australian business sector!

Speaking with the voice of those who work, invest, save and spend into the Australian economy, who just happen to have a health diagnosis in the mental health area, I would prefer our illness to be treated as just that, an illness that requires ease of access to sick leave and medical care.

Our esteemed medical experts and scientists are successfully providing the latter. What the corporate and business sector can do is support the first aspect (sick leave, medical leave, recovery leave) and fund research into even more affective and successful treatment options, and the expansion of care options.

Susan

When estranged children are left out of a will

I've been reading *Money* for a while now and appreciate advice that's easy to understand on a range of topics.

Something you touched on briefly in August (cover story) was the issue of estranged children not being provided for in a will. Sometimes children have chosen to have nothing more to do with an abusive parent. What are their chances of successfully challenging a will and how would they go about it? It would be great if you could address this issue in more detail.

Anna

Financial plans to suit various age groups

Would it possible to run a series of financial plan case studies for different age groups in one of your upcoming issues?

For example, what would a viable financial plan look like for a retiree? A person would have to look at both income and asset sources for, say, a five- to 10-year plan to be reviewed annually. As a retiree you may have to include annual reviews of your will, power of attorney and active health directive. You may also have to include how you would fund home care services or an aged care facility.

Or maybe a financial/life plan checklist might be more appropriate, for example:

- Income sources (pension, work, interest, dividends, rent, etc.).
- Insurance – do you need private health, life or funeral insurances; and do you have you sufficient home and contents insurance or car insurance?
- Review your phone/internet/streaming service and other subscriptions, as well as other direct debit expenses.
- Review your medical expenses.
- Where do you want to be in five years and how will you achieve it?

Rob

Prize worth winning

Each month we'll award one letter a 12-month subscription to *Money* magazine.

Write to:

Letters, Money, Level 7, 55 Clarence Street, Sydney, NSW, 2000 or email money@moneymag.com.au

REG'S TOON

SUBSCRIBE

Contact us

To send a letter to the editor, write to: Money, Level 7, 55 Clarence Street, Sydney NSW 2000 or email money@moneymag.com.au

For all inquiries and letters, please include name, address and phone details. Letters may be edited for clarity or space. Because of the high number of letters received, no personal replies are possible.

How to get *Money*

Subscribe to the print or digital edition, as well as our free weekly email newsletter via the *Money* website or:

Online: magshop.com.au/money-magazine

Call: 136 116

The Money team

EDITORIAL
Founder & editorial adviser
Paul Clitheroe
Editor-in-chief
Michelle Baltazar
(02) 8234 7500
michelle.baltazar@moneymag.com.au
Managing editor
Darren Snyder
Editor-at-large
Julia Newbould
julia.newbould@moneymag.com.au
Art director
Ann Loveday
Design & production
Tim Verrender
Senior sub-editors
Bob Christensen, Debbie Duncan
Senior writers
Susan Hely, Pam Walkley
Staff writer
David Thornton
Digital editor
Sharyn McCowen

CONTRIBUTING WRITERS
James Carlisle, Mark Chapman, Peter Dockrill, Greg Hoffman, Mickey Mordech, Anthony O'Brien, Benjamin Ong, Marcus Padley, Scott Phillips, Vita Palestrant, Annette Sampson, Phil Slade

CONTRIBUTING ARTISTS
Hayden Brotchie, Reg Lynch, John Tiedemann

PHOTOGRAPHS
Getty Images

PRE-PRESS
Peter Suchecki

ADVERTISING
Director – head of media sales
Stephanie Antonis
(02) 8234 7547
stephanie.antonis@rainmaker.com.au
Account manager
Sam Starrat
(02) 8234 7531
sam.starrat@rainmaker.com.au

MARKETING
Marketing manager
Julian Clarkstone
julian.clarkstone@rainmaker.com.au

MANAGEMENT
Managing director
Christopher Page
Executive director
Alex Dunnin

Syndication inquiries:
money@moneymag.com.au
ISSN 1444-6219

What gifts will you be giving this festive season?

BOB CHRISTENSEN
Bob, a senior sub-editor at *Money*, says: "Sorry kids, but this is going to be a low-frills, minimalist gift-giving festive season. Our family has been fortunate, but the terrible impact of the pandemic generally has reminded many of us that we have far too much unnecessary stuff in our lives, and that there is a big difference between needs and wants. Less is okay, even at Christmas!"

SHARYN MCCOWEN
Sharyn, our digital editor, says: "My nephews are old enough to read so if I don't write LEGO, I'm in trouble. My dog is still learning to read but I can reveal that Santa is bringing her a new stash of Kong tennis balls, which endure better than most the affections of a real-life Bluey. As for my wonderful husband, we bought a new unit this year and I know he has his eye on a couple of things to help make the garage a home."

ANN LOVEDAY
Money's art director Ann says: "Christmas traditions need to be maintained so in memory of my darling mother I'll be making gifts of her 'melting moments' biscuit recipe. For my lovely lithe girlfriend, I always make a generous bowl of brandy butter. She often has to buy a second pudding to accompany the over-supply. Christmas day, like my mother, I love feeding family, friends and festive season orphans."

DEBRA DUNCAN
Money senior sub-editor Debra says: "I tend to suffer from gift-giving anxiety so this time of year can be a bit of a challenge for me. But Christmas 2020 will be a little different. I plan to embrace the 'buy from the bush' sentiment and spread the love – a thoughtful gift for friends and family with the bonus of giving a helping hand to those doing it tough in regional areas due to the bushfires and the pandemic."

Follow *Money* on Facebook
facebook.com/MoneyMagAUS

Follow *Money* on Twitter
twitter.com/MoneyMagAUS

Visit *Money* online
Check out our website and while you're there sign up for our free weekly email newsletter. You'll get our top money stories plus exclusive finance tips.
moneymag.com.au

RAINMAKER INFORMATION
INDUSTRY INTELLIGENCE

Money is published by Rainmaker Information Pty Ltd (ABN 86 096 610 996), Level 7, 55 Clarence Street Sydney NSW 2000.
The trademark *Money* is the property of Rainmaker Information Pty Ltd and is used under licence. Printed by Ovato Warwick Farm - 8 Priddle St, Warwick Farm NSW 2170

Focus on the big picture

To end a challenging year on a brighter note it's important to recognise what matters most to you

And now, the end is near, and so we face the final curtain ... apologies to Frank Sinatra. We're nearing the end of 2020 – a year that presented us with some big challenges. But like anything else, it too will pass. When I reflect back, I can see that as difficult as it was, 2020 made me take stock of what I'm fortunate to have in my life: savings, investments, a job, friends and family.

It got me thinking about my super, too. I remember back in March, when the market went down, the first thought that popped into my head was, "What's happening to my super?" In fact, it had dropped more than 20%. Even though I knew it would rebound eventually, I was afraid it might fall further and not recover by the time I retire. Thankfully, that didn't happen, but it did make me realise that if I was so sure that markets would rebound, a smart move would be to invest more into the sharemarket. So I did, and I topped up my super, too. It's lifted a little and will lift more in time – this is a small example of one of the positive outcomes I experienced in a challenging year.

Property, on the other hand, has been a source of confusion for me, with prices dropping markedly in some areas but not in others. Rents in my neighbourhood are down by about 30%.

When the current yield is less than 3%, and with property markets predicted to remain depressed for some time, what to do with property is a fascinating topic. I've put these bigger decisions on hold for the time being, at least until I have greater clarity. This has freed up more time to look within and make other changes to help prepare for a comfortable future and focus on what is within my control.

Money's 2021 Best of the Best awards are a great place to start. Simply by switching to the best-value winner in a category, you stand to make significant savings. Whether it's your insurance, mobile, home loan or credit card, with a little research (and we've done the work for you) you can shave off unnecessary costs and put those savings to good use.

> **It's a good time to think about what you want 2021 to look like**

October and November were all about *Money*'s Super Booster campaign, which aims to raise awareness of the importance of keeping an eye on your retirement savings by checking, consolidating and contributing.

You can start simply by making sure you're receiving employer contributions, that you're happy with your fund, and that you consolidate your accounts (if you have more than one) – you certainly don't want to be paying more fees than necessary.

It's also important to opt out of any default insurance if it doesn't apply to your time in life. Then think about contributing a small percentage of your salary to further boost your balance. There are benefits to doing this beyond simply saving for your retirement, such as a favourable tax treatment. Finally, check that you have nominated a beneficiary for your super in the event of your death.

On that important but confronting topic, at the start of the pandemic there was an increase in the number of people wanting to update their wills and sort out their estate planning. This is something people tend to do before heading overseas and it's certainly a good idea to look at updating your will when big life changes take place, such as marriage, children, divorce and bequests. Now is as good a time as any to think about updating your will.

Christmas 2020 will look different on many levels. Spending time with those friends and family who we couldn't visit freely for part of the year, thanks to the pandemic, will take on a whole new meaning.

The end of the year is a good time to think about what you would like 2021 to look like and to start making plans. Write down any goals and set up accounts to help you squirrel away some extra savings to achieve those goals down the track.

"... I planned each chartered course, each careful step along the byway, but more, much more than this I did it my way."

Julia Newbould is Money*'s editor at large.*

NEWS & VIEWS

THE BUZZ

Working remotely cuts costs but there are losers

As I write this column in early November, Covid-19 case numbers are heading in the right direction – at least in Australia. There are positive signs of borders re-opening across all states and territories but mass international travel remains a pipedream.

How Australia recovers economically from this pandemic is something that I cannot foretell. But there's plenty of research filtering through the *Money* email inbox that suggests in the longer term we'll be overall financially better off for living through this experience.

From a study of 1500 workers in August and September this year, the NSW Innovation and Productivity Council suggests that working remotely has increased productivity by an average of 13%.

When NSW workers don't commute, they have an extra one hour and 17 minutes every day (on average) and a portion of that time is used for working. According to the council's report, if you work remotely two days a week, it's equivalent to 3.3 weeks of leave a year and saves $860 a year in travel costs.

In July, personal finance comparison website Mozo said that from its study of more than 1000 Australians, working from home did present cost increases such as higher energy and broadband bills. However, on the whole, Aussies were saving money. The report says 64% of remote workers were saving as they didn't spend on commuting, eating out or buying coffee.

These studies also come to the conclusion that more employees will have more flexibility to work remotely, as least some of the time.

Once the pandemic is declared over, 78% of Australians are set to ask their employer for more flexibility to work from home, says Mozo. It estimates that seven million Aussies will request to work full time from home once the pandemic ends.

This is an interesting development and if it plays out in full there are economic risks, too. The NSW Innovation and Productivity Council report notes that remote workers will miss opportunities to collaborate as well as incidental interactions with peers. However, people working in retail, hospitality and health may not be able to share the benefits of remote working as many tasks must be done on site.

Comparison website Finder says while the transition to remote work arrangements was a hurdle for many workplaces during the pandemic, employees can look for some benefits now and into the future.

"If you aren't able to negotiate a salary increase this year, additional perks like flexible working arrangements or increased annual leave are reasonable alternatives to fall back on," says Finder insurance specialist Taylor Blackburn.

ON MY MIND

Make it a low-debt season

If you haven't budgeted for Christmas, be honest with yourself about what you can spend, set a limit and spend within your means. Then think about what you're likely to give up in January to pay for it.

When buying gifts, look online. You can compare prices easily while also avoiding the temptations that come along with going to a shopping centre.

You can go into debt and spend the rest of the year trying to pay it off, or you can be creative. You could make a gift, share an experience or write a thoughtful message in a card. Your time is a gift and could mean more than a physical present.

If you use a credit card, and you're not going to pay it off in full, get one with a low interest rate. Know the interest-free period and payment cycle, and pay it off as soon as possible.

You'll see special offers – for example, spend $300 and receive a $30 gift card. This just encourages you to overspend. Don't fall for it.

Buy now, pay later schemes fill a gap, but they also encourage impulse buying. Some stores offer incentives to sign up – don't fall for that either. You'll get lots of help to sign up for debt this Christmas, but nobody is going to help you pay it off in the new year.

Dawn Thomas is a senior financial adviser with Wealthwise, based in Perth.

CALENDAR OF EVENTS

Thursday, December 3
Balance of trade

Thursday, December 10
NAB business confidence

Sunday, December 13
Westpac consumer confidence index

Thursday, December 17
Unemployment rate

NEWS BITES

Sydney-based boutique investment manager Loftus has listed its flagship global equities fund on the ASX (LPGD) as an active ETF. According to Rainmaker Information, the Loftus Peak Global Disruption Fund is the top-performing large-cap global equities fund, with 24.2% annualised returns for the three years ending September 2020.

Formal complaints about financial services are on the rise. According to the Australian Financial Complaints Authority, complaints in 2019-20 rose to 80,546 from 47,223. Most were levelled against the banking and finance sector (58%), followed by general insurance (24%), super (9%) and financial advice (6%).

TAL, a group insurer for large super funds, has released a white paper calling for an increased industry focus on mental health. It says the importance of maintaining mental health has been brought into the spotlight over the past year.

Life's a beach, so stay safe

As people flock to the beach, surf lifesavers encourage all beachgoers to enjoy themselves safely by swimming between the red and yellow flags. With 300 million beachgoers visiting the Australian coastline every year, Surf Life Saving Australia president Graham Ford points out that our surf lifesavers performed 10,000 rescues last season.

Surf lifesaving is the largest volunteer movement of its kind in Australia, with more than 170,000 members across 314 clubs.

A Deloitte report shows that for every $1 invested into Surf Life Saving Australia, a return of $20 is achieved. It demonstrates the significant social and economic value volunteer surf lifesavers provide to the community.

Lifesavers exist through community donations, fundraising, corporate sponsorship and government grants. To support our volunteer surf lifesavers and clubs this summer, visit slsfoundation.com.au/donate. For safety information go to beachsafe.org.au.

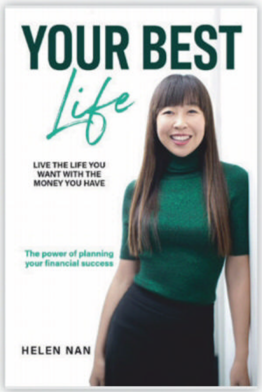
Adam Weir is the chief executive officer at Surf Life Saving Australia.

75%

of Aussies would like to see the superannuation guarantee increase to 12%, according to a survey of 1375 Australians commissioned by the Association of Superannuation Funds of Australia. By contrast, only 12% of respondents wanted the rate to remain at the current 9.5%.

NEWS&VIEWS

BOOK OF THE MONTH



YOUR BEST LIFE
By Helen Nan
Wealth and Life Planning, RRP $31.90

Written more as a novel than a self-help guide, *Your Best Life* is designed to walk you through the journey of financial advice but without dramatic storylines or thrill-seeking action. The characters are fictional, but they represent scenarios that author Helen Nan has experienced over the past decade working as a financial adviser.

We meet Richard and Lisa, a couple in their 30s who are smart with many aspects of their lives – but not money. The book shows how they achieve financial freedom with the help of a trusted adviser. And there are other characters in different circumstances.

Ten readers can win a copy.
In 25 words or less tell us what famous fictional character you would play in a novel about money and why. Enter online at moneymag.com.au/win or send entries to Money, Level 7, 55 Clarence Street, Sydney, 2000. Entries open on November 30, 2020 and close on January 25, 2020.

APP OF THE MONTH

YNAB
COST: FREE
(IN-APP PURCHASES)
OS: IOS 12.0 OR LATER; ANDROID 6.0 AND UP

If you would prefer not to share or link your personal banking details with a budgeting app, but still want to track your daily spending, then YNAB is a solid choice.

The US-based app only links personal banking details with US finance institutions, meaning you'll have to enter your budgeting information manually if you're using the app with Australian banks in mind.

One of the interesting features is real-time access to the app across multiple devices, so you can budget alongside family and friends easily.

Another YNAB feature is that it continually comes back to the business's "proven method", which is four budgeting rules: give every dollar a job, embrace your true expenses, roll with the punches and age your money.

The app is free for the first 34 days before in-app purchases begin. It also offers a 100% money-back guarantee if you're not satisfied with the product.

DARREN SNYDER

TAX TIP

Small business gets a welcome break

The highlight of the recent federal budget for small businesses was without doubt the announcement of "full expensing" for capital asset purchases. Businesses with aggregated annual turnover of less than $5 billion will be able to deduct the full cost of eligible capital assets acquired from 7.30pm AEDT on October 6, 2020 (budget night) and first used or installed by June 30, 2022.

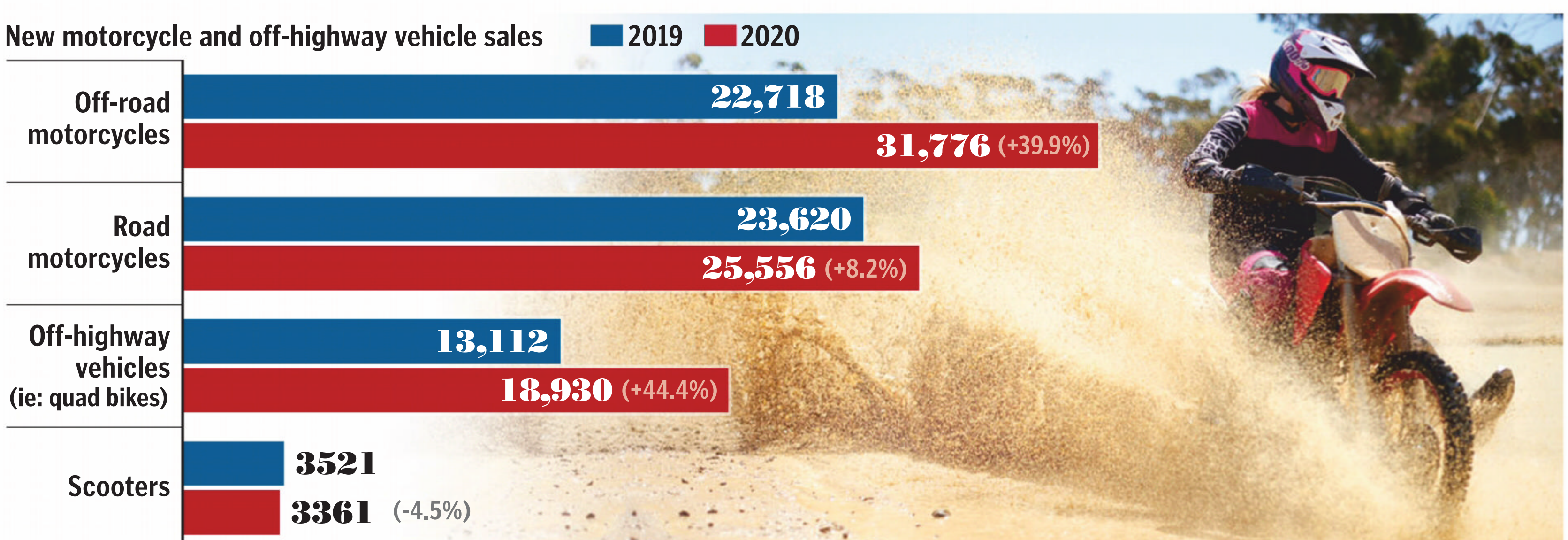
As well as new assets, small and medium businesses (with aggregated annual turnover of less than $50 million) will be able to fully write off purchases of second-hand assets also.

In a nutshell, this means that businesses can now immediately deduct the full cost of all purchases of items such as: plant and machinery, tools and equipment; fixtures and fittings (such as shop fitouts); technology such as laptops, computers, EFTPOS systems and security equipment; motor vehicles such as utes, vans and most cars (excluding cars costing more than $59,136).

In practical terms, this measure offers the same tax benefits to smaller businesses as the existing instant asset write-off. The big difference is that "full expensing" runs until mid-2022; the existing instant asset write-off will end on December 31, 2020.

MARK CHAPMAN, DIRECTOR OF TAX COMMUNICATIONS AT H&R BLOCK. MCHAPMAN@HRBLOCK.COM.AU

SNAPSHOT What we're riding or driving



Source: Federal Chamber of Automotive Industries (FCAI), Sep 30, 2020

CASE STUDY

Looking to the future ... Nathan and partner, Sarah

Paul's verdict: Buy the home you would like to live in and rent it out

With your own subsidised rent, you will build wealth more quickly

Home can be an investment too

Should my partner and I purchase our first home as our primary residence? I'm 25 and my partner is 26; we have $80,000 in savings in the bank, as well as $10,000 invested in shares. My partner's work supplies subsidised rent for us, leaving us paying $90 a week. We are living in a smaller country town, but would be looking to invest in a capital city. My partner works full time in education and I work FIFO in the mining industry.

Do we buy an investment property this year or wait to purchase our primary residence first?

Nathan

Your question very much reflects the world we live in, Nathan. Your situation is typical of the work environment that has developed over the past couple of decades. The good news, though, is that this presents some powerful wealth-creation opportunities and I believe you are in a sweet spot for this.

I am not a fan of our overly complex tax system. One of my least favourite rules relates to negative gearing of residential property. Sure, I've used it as part of my own wealth-creation plans and I encourage others to do the same. However, I still don't like it.

I suspect that *Money* magazine readers are all over the rules around negative gearing, but let's recap. The interest on money borrowed to buy an investment can be offset against the income produced by the investment in excess of expenses. So if interest is in excess of income, it becomes a tax deduction. That all seems reasonable, so why don't I like its application to residential property?

Every other first-world country does this differently. They want as many people as possible to own their home. So they make the interest on a home mortgage deductible, not the interest on investment properties. In some moment of madness a long time ago, our forebears decided to make your home mortgage interest non-deductible, but the interest on an investment property in excess of after-expenses income tax deductible.

Pretty obviously, this makes it harder to own a home but easier to own an investment property – or, in fact, a truck-load of investment properties. I used to be pretty agitated about this, but the climate has changed dramatically around interest rates. Back in the early 1990s, interest rates on a mortgage were running at above 18% and rates above 10% persisted for more than a decade. This was murderous for homeowners, but as it was deductible on an investment property, the pain was much less for investors.

Today low rates of interest have greatly diminished the value of negative gearing. Personally, I think this makes it a great time to do away with the rule, but no government will do it as it is simply too popular.

So what does this mean for you? You ask, "Do we buy an investment property this year or wait to purchase our primary residence first?" My answer is you do both.

In your shoes I would be preparing my budget, looking at surplus income, considering things like job security and family plans and heading off to some lenders to check out my borrowing capacity. My view is that you should buy the future home you would like to live in, but rent it while you live in your partner's work-subsidised home.

Our tax system also has a "six-year rule" where you can buy a principle residence and, providing you live in it for a period of time, have your personal belongings in it, have your mail delivered there, it is your electoral address and you have things such as power and gas connected and have no other principal residence, it is deemed to be your "main residence". If you then moved out for work or other such reasons, the property would be CGT exempt if you sold it for up to six years.

I wanted you to know about this, but I think it is a bit of a distraction. The primary point here is that while you have subsidised rent and you are happy to live there, it gives you a wonderful opportunity to buy a home where you would like to live in the future, but gain the benefit of renting it and offsetting all running and maintenance costs, plus interest on your loan, against the rent. I reckon this is a cracking strategy. You can use your current subsidised rent and rent from the property you buy to make the purchase that much easier to manage and allow you to keep building your wealth more quickly.

Q

ASK YOUR QUESTION

If you have a question, email money@moneymag.com.au or write to Level 7, 55 Clarence Street, Sydney NSW 2000. Questions need to be 150 words or less and you must be willing to be photographed. Readers who appear on this page will receive a six-month subscription.

MY MONEY

▶ MORE MONEY STORIES ON P30-35

SPENDING

Shoppers pull out the plastic

Consumers are increasing their use of plastic for payments ahead of Christmas, with the Citi Australia Monthly Credit Card Index forecasting a 3% increase in its most recent monthly analysis for October.

"The credit card industry continues its path to recovery with spend increasing month on month," says Choong Yu Lum, head of credit cards at Citi Australia.

"Customer spend patterns reflect a trend towards leisure time and holiday seeking, with behaviour showing consumers are on board with the easing of isolation restrictions and ready for a break."

Rewards spending has also changed due to Covid-19 (see table below).

"If we look back to research we conducted in 2019, over half of loyalty members stated they prefer to receive travel-related rewards," says Yu Lum. "Most consumers who normally save points for travel have not been able to use them, and so today no travel benefits have made our top three spend categories."

Citi also notes that customers are shifting towards redemptions that allow them to stretch their dollar more.

"Vouchers, gift cards and Select and Credit [a feature of Citi rewards] are all options that allow consumers to be smart with their money and use their rewards points to make a purchase they would have made anyway that little bit more affordable," it says.

Top 3 – credit card spend on rewards points

CATEGORY	% SHARE OF SPEND
E-vouchers	39.06%
Gift cards	24.72%
Citi Select and Credit	12.96%

Top 3 – credit card spend by industry

CATEGORY	% SHARE OF SPEND
Supermarkets	10.3%
Household goods retailing	8.85%
Business services	7.06%

Smaller banks win customer trust

Aussies are increasingly putting their trust in smaller banks, according to the latest quarterly Banking Brand and Trust Index published by research platform Glow.

"The study was designed to make it easier to obtain this competitor information and measure and track key metrics of brand success, including brand awareness, trust and customer engagement," says Glow chief executive Tim Clover.

The study, which looked at 31 banks, found that small institutions such as Bendigo Bank, P&N Bank, Greater Bank and Bank of Sydney lead the way when it comes to winning the trust of customers.

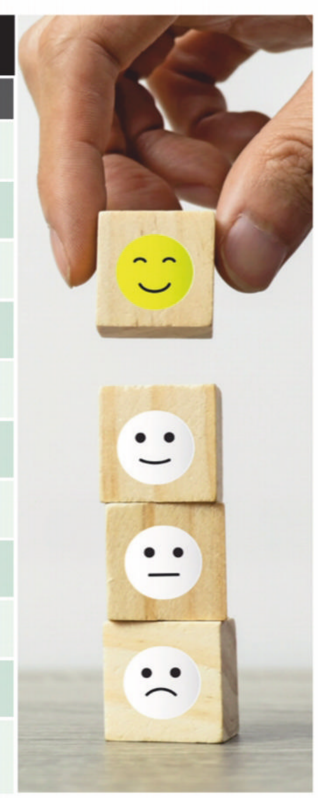
Bank of Sydney enjoyed the greatest improvement during October, but the same cannot be said for Bank of China, which trails its peers with a negative score of 23.

However, when it comes to brand awareness, the big players still dominate the space.

Our most trusted banks

BANK	RANK	SWITCHING*
Bendigo Bank	1	17%
Greater Bank	1	2%
P&N Bank	3	2%
Bank of Sydney	4	2%
Heritage Bank	5	4%
ING	6	18%
RACQ Bank	6	3%
Up Bank	8	2%
CUA	9	5%
Beyond Bank	10	3%

Source: Glow. *Survey question: Which of these banks would you consider if you were looking to switch your main bank?



COMPILED BY DAVID THORNTON

PROPERTY

BUILDING TRENDS

Big houses are back

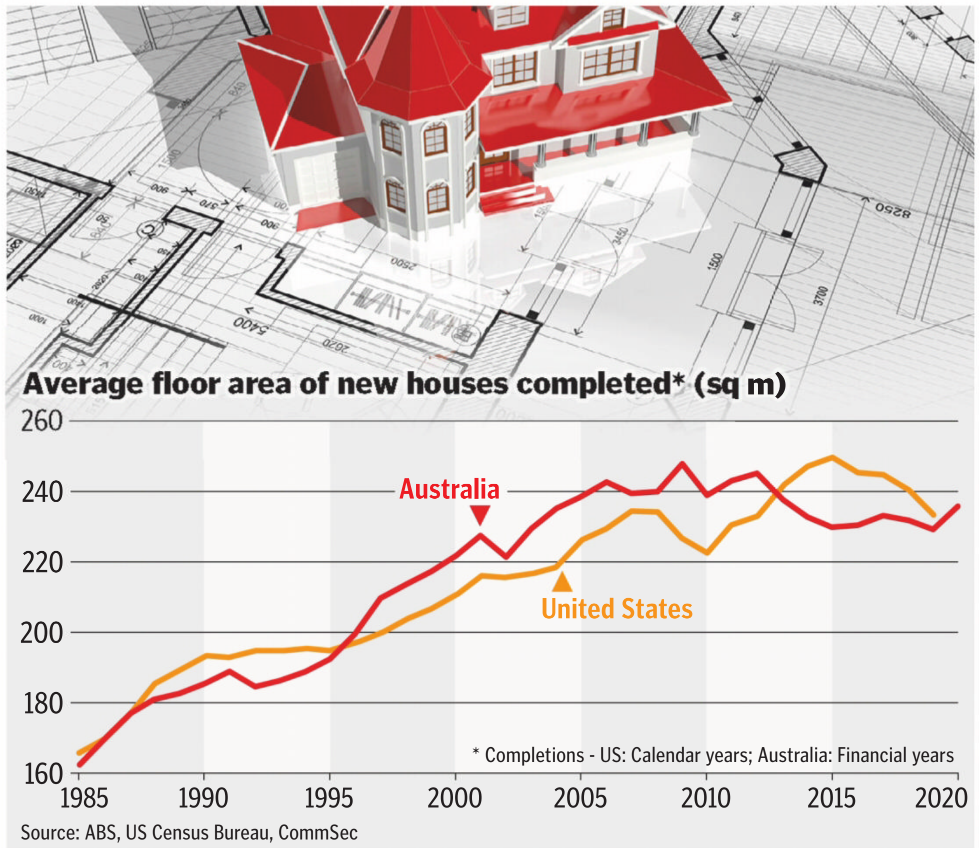
Aussies are back to building the world's biggest houses, says CommSec, quoting data it commissioned from the Australian Bureau of Statistics. The average new house built in 2019-20 was 235.8 sq m, an increase of 2.9% compared with the previous year.

But it's not just houses. The average apartment size has also grown 6% in the past year, hitting a decade high of 136.8sq m.

Australians were building the world's biggest houses in 2013, but lost the title in 2013 to the US.

"There have been major moves in home size over the past year," say CommSec economists Craig James and Ryan Felsman.

"Across all states and territories except Northern Territory the average house built in 2019-20 was bigger than the previous year. In fact, the size of the average NSW house lifted by 6%. Across Australia the average house size lifted by 2.9%."



Source: ABS, US Census Bureau, CommSec

Covid-19 has prompted more Aussies to reconsider what they need in a house. "With more time spent at home for both leisure and work, some Aussies are looking for bigger homes. Others are coming to the belief that the layout of their home needs changing," they say.

MORE PROPERTY STORIES ON P36-37

Byron is tops for working from home

Covid-19 lockdowns have forced many people to work from home. For some, getting back to the office will be sweet relief. For others, the home office is where they'd prefer to stay.

According to Propertyology's head of research, Simon Pressley, Byron Bay was the country's most suited work-from-home location even before the pandemic. "A significant 13.4% of Byron's workforce nominated 'home' as their primary work address at the 2016 census. That is three times the national average of 4.7%," says Pressley.

While Byron is considered a rural getaway, it's within a one-hour drive to the Gold Coast and a two-hour drive to Brisbane, while its local airport, at Ballina, can take residents to the other major cities around the country.

Coupled with this, Byron Bay boasts the highest median house price in the country – $995,000 in June 2020. "Over the last 20 years, no Australian location, capital city or region had a higher average annual rate of capital growth than Byron. One shouldn't underestimate the role that work-from-home played in this outcome," says Pressley.

COMPILED BY DAVID THORNTON

INVESTING

▶MORE INVESTING STORIES ON P40-41

ECONOMY

Future belongs to a smart country

Australia needs to invest in its knowledge economy if it is to compete in the global economy, says the former head of the federal Treasury's budget and revenue groups, Greg Smith.

"Australia cannot rely on the mining industry as its sole economic advantage in the long run," he told the Tax Summit: Project Reform.

Rather than rely on the resources, manufacturing or services, Smith believes Australia needs to turn to its knowledge-based part of the economy such as information technology, media, research and development, and knowledge-based services including education, consultancy and financial planning.

"At the moment, only 10% of our total investment is going into intellectual property, whereas in most of the rest of the advanced world, it's 20%-30% of investment going into that sector," says Smith. "A country that invests mostly in the primary sectors and in property I don't think is going to be able to cut it in the 2030s and 2040s without shifting investment as well."

Making this switch will require a radical increase in the level and focus of public and private investment. "What we need to recognise is we're not remotely clever at the moment," says Smith. "That is very much an aspirational stretch and somehow Australians have to wake up to the fact that it requires a combination of public and private investment to actually deliver it. Every other country in the world which is delivering on these fronts is delivering through that combination."

Emerging markets can boost income

Generating income from investments is getting harder and harder. A new white paper from VanEck suggests investors look to emerging market (EM) bonds to bolster their income.

"Interest rates are going to be low for a long time and investors need to consider income alternatives," says VanEck managing director Arian Neiron. "Emerging markets bonds are an alternative for investors to enhance income."

EM bonds used to be viewed by investors as risky and volatile, typified by the 1977 Asian financial crisis, the 1998 Russian debt crisis and Argentina's default in 2001.

Fast-forward to 2020 and it's a different picture, with emerging markets dealing with the economic fallout from the coronavirus as well as, or better than, developed markets. "With Australian and global developed markets' bond yields extremely low and expected to stay low for a long time, the higher yields offered by emerging markets bonds demand consideration for investors seeking to enhance their income," says Neiron.

"Emerging markets bonds can improve the returns of diversified portfolios as part of a fixed-income allocation. They can also improve the risk-adjusted returns of diversified portfolios that treat emerging markets bonds as a separate asset class. Investors are rewarded for emerging markets bonds because they pay a higher premium for the same fundamentals as developed market debt. Yet most Australian investors do not have an allocation to emerging markets bonds."

COMPILED BY DAVID THORNTON

SHARES

▶MORE SHARES STORIES ON P42-49

ESG GROWTH

Question mark over ethical ETPs

Responsible investing is riding the wave of growth seen in exchange traded products (ETPs). But is investing in ETPs truly the most responsible way to invest in companies? The jury is out.

According to research by Zenith Investment Partners, these two themes are moving in lockstep. But is investing in stocks and other assets with an environmental, social and governance (ESG) focus genuine responsible investing?

"Defining responsible investing is, by its nature, highly subjective and reliant on a framework of judgements on issues, implementation and stewardship," says Dugald Higgins, Zenith's head of real assets and listed strategies.

"As a result, the debate is increasing from pundits on all sides. Is true responsible investing possible via an index-based approach?"

Higgins warns that responsible ETPs may have difficulty in capturing companies that are emerging in this space or transitioning to stronger ESG overlays.

"The flow of ESG-related data means that ETPs can be somewhat backward-looking in choosing securities and tend to reflect more developed opportunities or exclusions," he says. "If investors are looking to identify companies that are improving in this space, ETPs may have more difficulty in capturing those opportunities."

BUY Frontier Digital Ventures (ASX: FDV)

The Intelligent Investor Nathan Bell

RECOMMENDATION

BUY	HOLD	SELL
below $1.50	up to $3.00	above $3.00

SPEC BUY at $1.26

Source: Intelligent Investor; price as at 28 October-20 close of business

Frontier Digital has reported a maiden operating profit for the third quarter. Its portfolio companies have recovered swiftly from Covid-19 restrictions and cost cutting has increased profits despite revenue not yet recovering to pre-pandemic levels.

Third-quarter revenue across the portfolio increased by 55% from the previous quarter and was around 10% higher in local currencies due to the stronger Australian dollar. Pakistan online property classifieds leader Zameen and online auto classifieds business PakWheels both recovered rapidly.

While Zameen produced an operating profit, PakWheels is still loss-making, though it should break even soon.

In October, Frontier paid online classifieds giant Adevinta $56 million for Fincaraiz, Avito and Tayara, the online classifieds leaders in Colombia, Morocco and Tunisia respectively. Fincaraiz will likely end up as part of Frontier's South American business, which recently combined forces with OLX, a subsidiary of internet giant Naspers.

Covid-19 aside, the excellent developments this year suggest Frontier could be worth over $3 in time, or perhaps $4 if Frontier's portfolio companies perform well or are sold at a high price to Naspers

We're delighted with its progress and it remains a speculative buy.

Nathan Bell is an analyst at Intelligent Investor.

COMPILED BY DAVID THORNTON

STORY JULIA NEWBOULD

Relishing a seat at the big table

Fact file

Belinda Hutchinson

University of Sydney chancellor; age 67; married to Roger Massy-Greene; she has four children and five grandchildren whom she regards as her greatest achievements.

In her own student days women were a minority, whereas today they are the majority of graduates. She has a passion for learning, paddle-boarding and kayaking. Her reading spans books by friends in fashion to those who have the best scientific brains in the country. Favourite splurges are a coffee in the morning and a wine at night.

Belinda Hutchinson assumed the role of University of Sydney chancellor as a labour of love. It's an unpaid position which, right now, has evolved from around one-and-a-half days a week to nearly four as the university faces the dire effects of the pandemic, a reduced international student base, dealing with sweeping changes to government funding and fees, as well as the impending loss of vice-chancellor Michael Spence, who is set to take up a position in London early in 2021.

Losing international students has cost the university millions of dollars in revenue, and while many people believe the university to be well endowed, Hutchinson says the reality is that it is a public institution and most of the funds are allocated to support debt accrued by building on campus and providing for staff and students.

However, undaunted by the challenges, Hutchinson has just signed up for another four years in the role.

"I really feel I want to continue. We've done so much good work I don't want to lose the momentum and we've got to get through this Covid-19," she says.

Hutchinson moved into a portfolio career more than 20 years ago and was working as a non-executive director on boards when she got the phone call about the Sydney Uni gig.

"I said it sounds to me like an enormous role and I was told it was only a day and a half a week," she says.

In thinking about it, she considered it as something of a family institution, especially in light of the fact that she, her father, sisters, brothers and children had all attended Sydney University, .

A university chancellor is the equivalent of a board chair, with the board being the university senate. There's the addition of a significant ceremonial load: speaking at graduations, working with alumni, dealing with donors and meeting with students and staff.

"I thought you can be chair of a public company or chancellor of Sydney Uni where you can make a better long-term difference if you get it right. I met with Michael Spence, liked him and realised he needed support to bring change and I thought I'd jump in," she says.

"I'm actually really glad I did. It's been the most challenging role I've undertaken and also the most rewarding. You meet the most amazing young people who are the best and brightest and know they are going to do great things with their lives if they have a great education, and you see our researchers and they're mind-blowing.

GEORGE FETTING

Moving on up ... Hutchinson believes in taking advantage of opportunities when it comes to building a successful career.

"To see what we're doing in robotics, AI, medicine, health, paediatric and vaccines for Covid-19 – what we're doing in terms of the pandemic response and treatment regimes – every day I find it truly inspiring."

Hutchinson is well connected and regularly catches up with her chancellor peers, David Gonski (University of NSW), Martin Parkinson (Macquarie University), Catherine Livingstone (UTS) and Peter Shergold (University of Western Sydney).

Making the most of opportunities

When Hutchinson started her studies she was unsure of what she wanted. She began in architecture but within two weeks realised she was not artistic and transferred to economics. On graduating, she joined Arthur Andersen Consulting (now Accenture) and her career took off from there.

Hutchinson says she didn't know what she wanted to achieve in business but wanted to prove to her father that as a woman she was able to do more than just get married and have children.

"I wanted to work hard and get a career and show him! He never thought of daughters having careers; he thought the wife stays at home and looks after the children and the husband brings home the money. I wanted to be independent and maybe it was because I saw my mum being reliant on my dad for money," she says.

"I've been quite good at looking at opportunities that came along and saying, 'That looks interesting, I might give that a go.'

"My career's not been a carefully planned path but something someone's offered. You've got to build a network of friends and colleagues. Think outside the box – in fact, there is no box. You have to have an idea of what you like, what you have competency in and what you have a passion for and then take advantage of opportunities."

After three years in Australia she was sent to the US.

"I put my hand up to go to Chattanooga, Tennessee. They had the biggest project and no one wanted to go because they preferred London, New York, wherever, so I went for 12 months," she says.

Hutchinson was then poached by a senior partner to work in Chicago before returning to Sydney.

When a friend suggested that she consider a career in finance and banking and introduced her to a senior banker at Citi, she was hired, trained and spent 11 years with the company.

Her next opportunity came unexpectedly when she was five months pregnant and was tapped on the shoulder by then Macquarie Bank chief executive Tony Berg and told that she was wanted when she came back from maternity leave.

One month after giving birth, she was hired. She started three months later, working there for five years before moving into her board career.

"By this stage, I had four kids and decided a portfolio career was easier to manage – especially after one kid had a broken back, one had open heart surgery and one had a fractured skull!" she says.

Moving from management positions to board roles carries its own challenges.

"On a board, liability, reputational issues and compliance are very challenging and people shouldn't underestimate that," says Hutchinson.

"You're not running the business and all you can do is be an adviser and if the management team doesn't want to take your advice they don't have to – you have to make your point and decide to stay or leave. I like the strategy, operations and working around a boardroom table with good people where you admire the chief executive and management team. It's a career not for the faint-hearted."

She says she is fortunate to be at a stage in her career when she can afford to give time to making a contribution to the community and "that's where I can provide some skills and experience".

"I never would have thought that when I left university I would be the chancellor of Sydney University or that there would be a female chancellor," she says.

Hutchinson is actually the third woman in the role, following Marie Bashir and Leonie Kramer.

Mentoring played an important part in her career progression. At Citibank, she was

mentored by former chief executive Mike Cannon-Brookes snr during her time there as chief of staff. Initially uncertain about taking on the role, she was lured by the promise of gaining experience, which included operational information in strategy, financial management, tax and accounting.

Ian Stanwell, then AMP managing director, then helped her with her non-executive director career.

"He would talk about why you do it, how you do it and what companies I'd be good at and what skills I still needed to develop," she says.

Hutchinson is also on the board of Qantas and is chair of Thales Australia and the Future Generation Global investment company.

Thales is a French-owned company that is an advanced manufacturer and major employer around Australia. It is responsible for projects such as the new air traffic control system for Australia for both civil and airforce use; vehicles for the army; and a through-life support contract for the navy to run Garden Island and other naval ports around Australia. It's also responsible for control systems provided for the Sydney Metro Northwest and now the Southwest and City metros.

Future Generation Global is Australia's first internationally focused investment company with the dual objectives of providing shareholders with diversified exposure to selected global fund managers and the opportunity to support young Australians affected by mental illness.

"It's a great model, giving away close to $20 million so far on youth mental health research and services. Global equity partners all give their time and expertise gratis," she says.

> "When my husband sold his business we decided we'd put a significant amount into a family foundation."

Role model for women

As well as volunteering her time at the university, Hutchinson says it's important to be a role model for other women. She says she felt she had to work harder than the men around her to prove herself.

"Particularly in my era, I think women had to work harder and I hope they don't now. I think the world has changed and I'm much more positive given the improvement in the diversity statistics. When I started on boards I was the only woman, and now most of my boards have close to equal numbers with really capable women," she says.

"It's not a walk in the park. I still feel uncomfortable in some circumstances, but that's life and I think we have to be open and honest and transparent – and if you have to fake it till you make it that's okay."

Hutchinson wrote the foreword (in Australia) to Sheryl Sandberg's book *Lean In*, and believes she was right in having a "jungle gym" of careers and in being prepared to speak up and to sit at the table, not at the back of the room.

Philanthropy began early in the Hutchinson household. Her father would sit the family down in June and December to say they were going to give to the Salvos and Smith Family because they were fortunate and they needed to do the best they possibly could to help others.

Hutchinson and Massy-Greene set up the Eureka Benevolent Foundation 13 years ago; it also involves their four children.

"It's been a real joy. When my husband sold his business we decided we'd put a significant amount into a family foundation. We wanted to look at philanthropy as social impact investing and wanted to set it up for life and it was also an opportunity to work with the kids. We had a strategy session with an external adviser and board, which includes our children, and there is a rotating chair. It's a good way to engage the family," she says.

The foundation has a strategic plan focused on overcoming social disadvantage in early childhood, in education and in the developing world. The fund tends to give grants for three to five years in each area, which it monitors carefully.

"Hopefully it will continue after we die; more money will go in and the kids will bind together and continue their work. We've given to the Hunger Project in Malawi for over 12 years involving five projects to make sustainable change. After our first project finished there, the community no longer needed monetary handouts. We went to Malawi to congratulate the community and celebrate with them – we had an amazing time. It was great for all of us to see, on the ground, what was being done and achieved." ***M***

GEORGE FETTING

Q&A

In reviewing his insurance cover in super, Mark needs to be aware that …

TPD can be a nightmare

Q Hi Paul. I have just done a review of our super and changed providers. But I am wondering how to evaluate what insurance amounts (TPD, income protection, death cover) we need. Do you have any guidelines to work from?

Yep, let's run an unbiased eye over this important issue. Pretty obviously the key is not to have too little or too much.

Let's do the hard bit first, Mark. TPD, or total and permanent disability, is complex. It should not be, but we get down to the definition of exactly what this is defined as. TPD fine print can be a nightmare. Some policies I have seen come with a shipping container amount of detail, most of it trying not to pay you. I appreciate that an insurance company makes money by collecting premiums and not paying out too much, but that is of little interest to you. So, you need to know under what condition you will be paid. Here a really good broker can help.

The worst of all scenarios is that you are severely disabled, and in need of constant medical help, changes to your home, home assistance and so on. I am not sure you can ever have too much cover for this. But the actual cost is really hard to calculate. It all depends on the nature of your disability. It is as much hope as science. The critical factor is a plain-English policy so you get paid if it is needed.

Income protection is a bit easier; it will generally be around 80% of your salary, plus CPI, to around age 60 or 65. You need to understand under what conditions you will be paid and what your insurer can insist you do. For example, is "any job you can do" in the policy or is it "the exact job you were working in". Again, a professional broker could be helpful here.

Death insurance is a lot easier. If we are dead, we are dead. Not too many arguments here! Just take a look at any debts and your family's cost of living and I think you will pretty quickly come up with a sensible number. At your age, death insurance is cheap, so a little too much is a pretty safe plan.

The key parts of TPD and disability, though, are the policy terms. This needs your time and attention. If you do go to a broker, go to an independent one who can run you through various policy conditions.

Finally, good on you for your question. Too few of us take insurance seriously enough.

NEED PAUL'S HELP?

Send your questions to:
Ask Paul, *Money* magazine, Level 7, 55 Clarence Street, Sydney NSW 2000 or money@moneymag.com.au.

Sorry, but Paul can't personally answer your questions other than in the Q&A column. By submitting your question to *Money*, you consent to having your question and the response you receive from Paul published in the print and digital edition of *Money*.

After a bad experience with an adviser, John wants to know …

How to invest $400k without losing pension

Q Years ago I had money I thought was invested by a financial adviser with a big-four bank in a portfolio that I had discussed with him at the time. He did not comply with what we both had discussed and instead put 40% in American shares. This happened around 9/11 in 2001 and I lost $55,000 when the stock exchange was down for a week.

I took my money out of his hands and since then have managed it myself. The first years were good years, with interest high, but now, in 2020, the interest in term deposits is 1% or less. The government's deeming rate of 2.25% and the banks' low rates leave me way behind the eight ball.

I have $400,000 left; I am 77 years old and on a pension. Health seems okay at the moment but that can change quickly. I would like to maximise this capital without affecting my pension. What do you suggest I do? I live in a lifestyle village where I own my house but pay $7500 in maintenance rent each year.

John, I am very disappointed to hear about your poor experience with a financial adviser. I don't see how any Australian investor would have 40% of their portfolio in US shares. I hope you have taken this up with the bank and received some compensation.

There is a surprising amount of complexity around investment and pensions. Here I need to take a cautious approach as I really only know a few key facts about your situation. I am strongly in favour of your strategy not impacting your pension. Clearly, increasing your actual investment earnings up to the deeming rate should put you in a better situation. This, as you say, is easier said than done.

It sounds as if you are holding your $400,000 in term deposit-type investments. One option would be to consider investing part of your money in a conservative income-type fund. Appropriate investments for you could be a fixed-interest fund, an equity income fund or an income fund with a mix of assets. Examples include Vanguard's Australian Fixed Interest Index Fund and Perpetual's Diversified Income Fund, but there are a lot of similar funds. The returns in 2019-20 were pretty close to the deeming rate. Unlike a term deposit, these returns will fluctuate in line with interest rate and market movements, but over time they have historically offered better returns.

As a self-directed investor, you would have to do your own research, but it seems to me that your best chance for capital preservation is diversification.

When building a house, Shen should …

Avoid cost of mortgage insurance

Q Is it a good time now to buy land and build a house when you don't have access to the benefit of the $25,000 HomeBuilder grant? Will the housing market soften after December 31, 2020, when the benefit ends? Should I wait and observe the market longer or go into it with a loan-to-value ratio of more than 80%?

Shen, first up, I suggest reading my response to Sam's question on the next page. In terms of timing your purchase, that describes my view. Frankly, in the short term, I have no idea. But in the longer run I believe in continued population growth and economic recovery.

But one thing I really dislike is insurance that benefits the lender, not you. So putting aside the very strange times we are living in, I would be reluctant to see you take on a debt with less than a 20% deposit. This removes lenders insurance and a bigger deposit provides more security for you.

Where you buy is also important. Property values are driven by population growth. People will live where there is infrastructure, jobs, medical facilities, entertainment and a decent coffee!

Q&A

Gabrielle is keen to reduce a $380k investment debt, but …

Super should be left alone

Q I am a self-funded retiree aged 61. I have a mortgage on one of my properties ($380,000) and about $60,000 in a super fund (I've been contributing $5000 a year for the past seven years). Should I withdraw all funds in super and put them into the mortgage? I have had to discount the rent for the tenants and also I pay land tax. I'm also thinking of selling a unit in Queensland ($250,000) to pay off the mortgage or at least reduce it. I also have $250,000 in a term deposit.

The answer lies in relative returns, Gabrielle. I imagine your term deposit is returning under 1%. Any good super fund will have been averaging around 5%-8%, depending on the investment option you chose. You will have a good feel for returns on the Queensland unit, but my guess is that your term deposit is likely to be your most secure but lowest-returning investment.

Personally, superannuation is the last asset I would touch. If you want to reduce or remove debt and keep the security of the term deposit, I think that takes us to selling a property. Pretty obviously you would go with your worst performing property.

This is a major decision for you. I would suggest you do your research and clearly set out the returns on the assets you hold and take a view on the outlook for them. My view is that our economy will recover. If you share that view, would you hang onto your properties? The interest rate on your mortgage will be low.

A fair bit of the right answer will be personal to you, your situation and your attitude to risk. Once you have all the facts in front of you, don't hesitate to discuss this with an independent professional, such as your accountant or a professional, fee-charging adviser.

It's a difficult time and Sam is unsure whether …

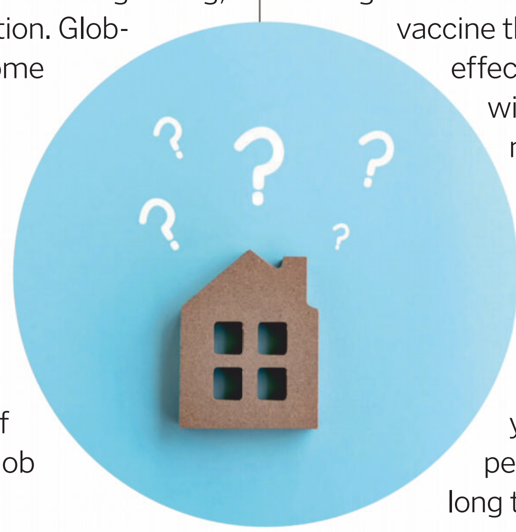
Buy a property now, or wait until the mortgage holiday ends?

Q Paul, I know you don't have a crystal ball, but based on your expertise and unmatched financial wisdom can you please let me know is this a good time to buy a standalone property in one of the middle-ring suburbs of Melbourne, or should I wait until March 2021 when the mortgage holiday ends?

That made me laugh, Sam. I had a flashback to my only purchase in Victoria, where in about 1982 a bunch of mates and I bought a $21,000 property in the Victorian alps, selling it for $11,000 five years later. So much for financial wisdom! I can only say that it seemed like a good idea at the time and it led to one of my investment rules: "never make investment decisions while at a pub with mates."

zIn your case, though, I feel much safer. Buying close to any growing, major city is unlikely to be a poor decision. Despite the incredibly unusual situation, our population is still growing, as is the world population. Globally we will grow by some 90 million people this year and Melbourne is expected to reach a bit over eight million in around 30 years.

In your shoes, if I had the capacity to fund a property without a ridiculous level of debt, plus reasonable job security, I would do my research and if a well-located property came up at a reasonable price I would buy it. I think it is fair to say that interest rates will be low for a long time, and while Covid-19 is incredibly difficult for so many, we will learn to manage and live with it. Presumably, a vaccine that is at least partially effective, like a flu shot, will be with us in the not-too-distant future.



I am an optimist and so I believe in recovery. Add this to a growing population and I would argue a property as you describe should do perfectly well over the long term.

At 58 Ray has lost his job and is trying to pay the bills, but ...

Don't touch savings, and shop for a cheaper loan

Q Hi Paul. I have found myself out of a job due to budget cuts. I have been working on a casual basis the past 2½ years for the one company and qualify for JobKeeper. I am turning 58, which is my preservation age. I have $840,000 in AMP SignatureSuper, of which $45,000 is non-preserved and unrestricted. We owe $280,000 on our house and are $117,000 in advance, with monthly repayments of $2000 on a rate of 3.84%. My wife does not work and we have three school-age kids at home.

Should I supplement my JobKeeper by drawing on the $117,000 or should I use the $45,000 in my super non-preserved and put it in a mortgage offset account with my credit union?

Ray, I am really against people dipping into super. It is a high-performing asset over the longer term in a low-tax environment. My advice is to leave it alone until you really need it in later life. My first thought would be to have a chat to your lender because 3.84% is not a great rate. Don't do this until you check out a couple of refinancing options.

I appreciate you are on JobKeeper at the moment, but with a mortgage of $280,000, a big pot of super and $117,000 in savings, I suspect you would be very attractive to a new lender. I think you'll find rates under 3%. Take that back to your lender and negotiate a better interest rate. Also, $2000 a month on your mortgage, or $24,000 a year, is a big repayment. Equally, you could discuss lowering this until your job returns or you find new work as the economy recovers.

My view is to chase a better interest rate and a lower loan repayment schedule. Then, yes, I would dip into the $117,000 in savings. While you are at it, check the returns from your super fund and also the fees. You have a very big super balance and you need low fees and high returns, not high fees and low returns. Also ensure you do not have too much or too little insurance cover in your fund.

I am always looking at the returns on different assets and also the costs involved. I suspect your $117,000 savings are earning under 1%, unless in a mortgage offset account, where they should effectively earn the interest rate on your mortgage. With good, low-cost super funds delivering, over time, much higher returns that this, I am loath to see you access super at this stage.

Vanessa wants to help ...

Son who lost $34k

Q My son and his girlfriend lost $34,000 as a result of the STA Travel collapse, with no hope of getting any of it back. I would really like to dip into my super for $10,000 (I am 52 and fortunately have still kept my job through Covid-19) to help my son out with his half of the lost money. Is it at all possible to access any super to do this if I'm currently working?

That is terrible news, Vanessa. $34,000 is a stack of money for any of us, but for youngsters like your son and girlfriend it is a mountain of money. About the only positive thing I can say is that they are young and have decades to recover.

I am very pleased that you have kept your job and it is really lovely of you to want to help your son. But the $10,000 access to super means you need to be unemployed, receiving JobKeeper, have been redundant or your working hours have reduced by 20% or more, among other criteria.

I think your best chance here is a drop in working hours by more than 20%, but if this is not the case, then I am sorry to say that you may not qualify for the special Covid-19 rules providing limited access to super.

If you don't have any other savings, would it work for you to put aside what you can each month and help your son with a cash gift?

Again turning to a positive note, don't forget that the $10,000 you do not take out of super will historically turn into around $20,000 when you are 62 and $40,000 when you are 72 – the power of compound returns!

Please pass on my best wishes to your son and girlfriend. They must be devastated and while words are cheap the truth is they will recover from this awful collapse.

WHAT IF? Annette Sampson

I spend too much at Christmas

'Tis the season to be jolly ... and to be careful to avoid a debt hangover in the new year

LET'S GET PRACTICAL

After the tough year we've had, the temptation to throw caution to the wind and make this Christmas an extra-special celebration is understandable.

But Christmas can lead to a financial hangover in the best of years. The website finder.com.au estimated earlier this year that 37% of Australians, or more than seven million of us, kicked off 2020 with a Christmas debt hangover. Most of this was racked up on credit cards with their accompanying high interest rates and low minimum repayments, which can see purchases being carried into the never-never.

As we now know, this was not the time to be carrying unnecessary debt. As the pandemic took its toll on the economy, it was a rare household that didn't take some form of economic hit.

So the focus needs to be on making this Christmas special with a wary eye to any further financial surprises that could be around the corner.

A survey of 577 people by Pureprofile recently found many people already intend to spend less this year. Around 10% said they wouldn't buy presents at all (almost double last year's 6%) while only 20% planned to spend more than $500 on gifts – down from 30% last year.

But it works both ways. More respondents also said they didn't want gifts this year and there was a widespread preference for practical gifts such as money and gift cards over luxuries.

For many of us, being locked down this year has shown us it is the non-financial things we miss most – spending time with friends and family, going to the park or the beach or just chilling at the local cafe – rather than expensive possessions.

BUDGETING TIPS

The other good news is that the federal government has already chipped in its Christmas present in the form of tax cuts. If you haven't allocated those extra dollars to paying down debt, why not channel them into a special bank account to buy Christmas treats. Are there discretionary expenses that you can give up between now and Christmas to boost your savings?

Impulse buying is the big danger to Christmas budgeting, so prepare early. Work out what you need to buy and look around for discounts. With retailers keen to make up for lost business, competition for your spending will be fierce, so take the time to shop around. Many of us would like to support

THE CHALLENGE Julia Newbould

Where do our charity dollars go?

Check that your donation reaches the right people

When entertainer Celeste Barber set up her bushfire fund at the peak of the bushfires last year, she did it in the name of the Rural Fire Service (RFS). Her fund raised over $50 million for the charity, although it was later revealed that while the RFS was a worthy cause, donors weren't aware exactly where their money was going. Instead of directly helping people who had lost family, homes and property, the registered charity for the donations was specifically the RFS.

local businesses after a tough year, so talk to them in advance so you can budget for what you need.

We're all guilty of buying frivolous gifts that the recipient neither wants nor needs. So how about agreeing within your family gift circle to buy just one gift (chipping in with other family members to pay for it if appropriate) that will truly be appreciated. Can you defer it until the post-Christmas sales or give them a voucher to buy it during this period?

The same philosophy applies to Christmas expenses such as decorations and food. Treats can make the day special if you can afford them, but why blow the budget on huge volumes of goodies that won't be eaten? Make a list and stick to it. Encourage other family members to share the cost of your family meal by bringing items on the list.

With the growth of Afterpay, the temptation is even greater to spend now and worry about paying later. But try to avoid using it for spending that you haven't budgeted for as those late payment fees can really add up.

HOW TO DEAL WITH DEBT

There's no doubt many Australians have already gone deeper into debt to get through 2020. And even with disciplined Christmas spending, many will go into the new year with a debt hangover.

But there's another silver lining to come from Covid-19. Interest rates are at record lows. Finder reports that more than one in three Australians with a home loan (surveyed in October) intend to refinance in the next 12 months. Insights manager Graham Cooke says a borrower with the average $400,000 mortgage at 3.99% could save around $5000 a year by switching to a mortgage with a rate of around 2.15%.

Lenders have also been offering cashback deals and other incentives to entice borrowers to switch.

Consolidating expensive credit card and personal loan debt into your mortgage can also help to get the debt paid off faster (so long as you increase your repayments) and strategies such as switching to a zero interest balance transfer card can also help to get debt under control (see our Best of the Best Awards for the best cards on offer).

A tried-and-true piece of advice is to always pay off your most expensive debt first (most likely a high-interest-rate credit card) before directing extra cash into lower-cost loans such as the mortgage.

And if you are still struggling, talk to your bank or financial provider sooner rather than later. It may have hardship policies or be prepared to restructure your loans so that you can repay them.

DID YOU KNOW

Around one in four Australians "re-gifts" unwanted presents. Now there's a money-saver!

BEST-CASE SCENARIO

As the economy starts to recover, consumers should have more confidence and cash to get on top of debt, reducing the harm of any silly season overspending.

WORST-CASE SCENARIO

Until we have a widespread vaccine or treatment for Covid-19, the economy will be vulnerable to economic shocks caused by the pandemic. The last thing anyone needs is to be eye-deep in debt if another downturn comes.

THE WILD CARD

2021 can't be another 2020. Can it?

Annette Sampson has written extensively on personal finance. She was personal finance editor with The Sydney Morning Herald*, a former editor of the* Herald's *Money section and a columnist for* The Age. *She has written several books.*

The lesson for us is that while we want to do the right thing, we need to keep an eye on where our charity dollars are going.

Earlier in 2020, a study by the consumer organisation Choice revealed that some charities receive only around 10% of the money raised at fundraising events (after costs are deducted). But it also found examples where 100% of the donations went directly to the cause, usually when running costs are subsidised.

If you're attending an event or buying an item where a percentage of the takings are given to a charity, consider doing a rough calculation of how much the event might cost and how much money is likely to reach the charity and its beneficiaries. If you're only attending the event to support the charity, consider that a direct donation is likely to have a greater impact.

The government website Australian Charities and Not-for-Profits Commission (acnc.gov.au) provides information to help you understand where your money goes.

Start by checking that your chosen charity's name is on the ACNC Charity Register and that it is registered as a deductible gift recipient (DGR). This way, your dollars go further.

Bear in mind, however, that not all charities are DGRs and you may not be able to make a claim on your donation come tax time. If you are not donating directly, ask to see identification from anyone collecting funds. If you are donating online, make sure you can see the charity's own website. The website should also provide information on where it allocates donations – how much is spent on running the charity and how much reaches its intended recipients.

Aussies are known for being generous and eager to donate money to those in need, but it's important to be on the lookout for scams. Where there's money to be had, there are often scammers ready to take advantage.

Play the smart card in giving

At a time when many people are worried about the future, there's no need to overspend on a "feel-good" gift

When I was a kid I loved presents, especially from my grandma. Every year an envelope would arrive and I would excitedly open it to find a card that had a $5 or $10 note inside. It was the best. It didn't matter that I had presents worth much more given to me – this was my money and I could spend it however I wanted. I was rich!

I can't remember what I bought with the money (no doubt a lot of 20¢ lolly bags and hours on the arcade game at the corner store), but that didn't matter. The joy was in the moment of getting something that was mine, something I could control. The problem is that as we get older and wiser, the joy of small amounts of cash becomes significantly less, and it takes a great deal more of it to induce the same level of rapturous excitement.

It also becomes a problem for the giver. Gift giving is supposed to demonstrate care and function in the building or deepening of a relationship. Giving someone a gift should not be about the monetary value of the gift itself, but cash has inherent value, which is why it's impossible to decouple it from the value we ascribe to one another.

There is another problem with cash, particularly in the current economic climate. When given $100 cash, many adults will have an attack of rationalism and put a large portion towards food or bills, and spend only a fraction on themselves, irrespective of their financial position. Recently, nearly half of all shoppers surveyed by WSL Strategic Retail said they'd begun to avoid even entering stores where they might be tempted to overspend. When we're panicking about our future, we become more frugal and are less likely to feel good about spending on ourselves.

We know we all have a rational, sensible side that wants to get up early, exercise and lose weight. We also have another side that just wants to eat chocolate and watch movies in bed. The two sides are always in conflict, something we behavioural economists call the "intimate contest for self-command". In normal times, spending it all on ourselves feels better, so we tend do that. But in the face of high uncertainty, we panic about the future and tend to neglect our current emotional self altogether because the relief of anxiety feels better than the pleasantness of any personal indulgence.

In this climate gift cards are probably more appropriate because you're more likely to spend the whole amount on yourself as a "gift" and still feel good about it. You haven't had to decide what the "best" way to spend it is, you just have to decide what to spend it on. Someone else has already spent the money for you, and it's just up to you to go and collect the bounty. Now that's a lot more fun—both for the gift giver and receiver.

There is an inherent problem with gift cards, as articulated in Joel Waldfogel's 1993 article "The Deadweight Loss of Christmas", which estimated that poorly received gifts created up to $13 billion in economic waste. Many gift cards that are given simply aren't used because they're lost or they expire. It's almost like making a donation to the store. However, receiving the gift card and the guilt-free spending associated with it seems to outweigh the greater freedom and control of a cash gift.

I always think real gifts are ultimately better than cash or gift cards. At the last minute we often overspend on real gifts to account for not putting much thought into it. This is where gift cards come into their own. Thoughtful enough to be a gift, but still likely to keep your budget in check. So, for last-minute gifts, cash might be better for kids, but gift cards are better for adults.

Phil Slade is a behavioural economist, psychologist, and co-founder of decision architecture firm Decida.

Three tips for buying a gift card:

- Decide on your budget before you go shopping. If you anchor yourself to a $50 spend before you go, you are less likely to grab the $200 gift card that is also on the rack. Our brains will make an incorrect judgement about what is an appropriate spend if we aren't settled on an amount before we are influenced by the choice architecture of the shop.
- Think about what makes the recipient unique or special and how you want the gift to signal how well you know someone. Don't be afraid of taking a risk.
- Go to the store, website or shopping centre you are buying the gift card from directly. Third parties sometimes add extra fees on cards.

Life with 'boomerang' kids

Adult children who still live at home are a growing challenge for parents

When should adult children move out of home? This is a question that parents often grapple with.

There are many reasons why adult kids are living at home longer today than any other generation did. Even before Covid-19 "boomerang" adult kids were returning to the family home, but now the trend has sharply increased.

Around 57% of men and 54% of women aged 18 to 29 lived with one or both parents in 2017, up from 47% and 36% in 2001, according to the long-running Housing Income and Labour Dynamics (HILDA) survey that tracks 17,500 people in 9500 households over almost 20 years.

"Of course, the cost of housing is a big factor, and it's been rising faster than inflation and incomes," says Roger Wilkins, deputy director of research, and Esperanza Vera-Toscano, senior research fellow at the University of Melbourne, as mentioned on The Conversation.

The other setback for adult kids is that it is getting harder to secure full-time, ongoing secure jobs, and part-time work is more common, say Wilkins and Vera-Toscano. Young people tend to work in sectors where jobs have been wiped out, including travel, retail and hospitality.

With so much uncertainty around jobs and the economy, not surprisingly, adult kids are reluctant to move out for the first time or to return to the rental market.

While many cultures embrace multi-generational living in the one home, others want their kids to be self-sufficient.

I know plenty of compassionate parents whose children show no sign of leaving the nest, long after they finished their tertiary study. They say that their working kids are saving for a home deposit by living at home. But the problem is that house prices are so expensive that the deposit can take years to accumulate. The years can slip by and the kids are still living at the family home, often cocooned from the real world and its financial challenges.

Kids often assume their parents are well off, but this isn't always the case. The cost of raising kids is relentless, extending well into their mid-20s. Parents have to consider their own needs, such as retirement savings. Do you really think your kids are going to support you in your old age?

When I moved out of home I rented a rundown inner-city house with others. The bathroom didn't have a door and there were cracks everywhere, and we set it up with old furniture. But finding a cheap house these days is hard. Many have been renovated and rents are correspondingly high. We kept our costs low, belonging to a food co-operative to buy in bulk. We didn't eat out, let alone buy takeaway coffee. It was a financial wake-up call for me. I had a miserable job in a rough bar.

Moving out isn't always a joyful experience. A shared house can be tricky, sometimes diabolical. Leases can be difficult to escape. But if your kids have a bad experience, they work out pretty quickly what makes a good flatmate.

If your kids are working and living at home, you want them to be saving hard. Otherwise they may become addicted to their higher disposable income. Some of my friends' kids earning good salaries have great wardrobes and take expensive holidays but aren't saving.

Paying rent is a worthwhile habit for them to get into. One canny friend asked her son for rent that was about half a commercial rent. Unbeknown to him, she saved it in a separate account and handed it over when he and his wife were buying a home.

Some parents who have money to spare and are eager to launch their kids contribute to their rent so they can get them out of the house. But you have to think it through. When will you turn off the tap? I know parents who are helping out adult kids well into their 30s.

The Bank of Mum and Dad (BOMAD) helps kids buy a home by either going guarantor on the deposit or lending or gifting them some money as an advance on an inheritance. But it has taken a bit of a hit as parents worry about the effect of volatile markets on their own finances.

I do recommend being fair to all your children. If you help one child, let the other kids know and tell them that you will adjust any payments to them in your will. If you give to a child for certain life milestones, such as marriage or grandchildren, be aware of any feelings of anger and resentment in siblings who don't marry or can't have children.

Susan Hely has been a senior investment writer at The Sydney Morning Herald. *She wrote the best-selling* Women & Money.

Step up to the next level

It's been a tough year but this seven-point plan can help your SME recover and prosper in 2021

For small to medium enterprise owners struggling to grow their businesses, there is some light at the end of the tunnel.

In October, research from Australia Post showed that while revenue fell up to 67% for some industries at the height of the pandemic, the shift to additional online activity saw non-store revenue for the average small business increase by between $105,000 and $708,000. This news followed hot on the heels of the federal government's decision to extend the $150,000 instant asset write-off until June 30, 2022, which was mostly well received by the SME community.

Notwithstanding these green shoots of positivity, 2020 has been a challenging year for many SMEs, which took significant revenue hits as the economy went into meltdown. However, as many have discovered, if you knuckle down, clear your mind and be open to new opportunities, it's still possible to grow.

Here are some strategies that will help take your business to the next level in the year ahead:

1 Revise the business plan

To give your growth ambitions a chance, be sure to have a plan. Although the idea may sound overwhelming, it doesn't need to be the length of *War and Peace* – a few pages will do the job nicely. A business plan is a roadmap that outlines your goals for your SME and how you intend to make them happen.

As part of the process, identify your target markets and include them in your plan. If you can understand everything about your target market and what its needs are, it will make it a lot easier to grow your business fast.

If you need some help with starting the planning process, business.gov.au offers a planning template as well as some tips to get you started.

2 Monitor the opposition

Once you have settled on your target market for 2021, it's often a wise move to check out the competition. Luke Maddison, a director of sales at the marketing consultancy Sintoro, agrees. "It's always useful to know what the competitors are doing. But copying them isn't necessarily going to deliver you a result, it's just another input to consider."

There are subscriber tools such as SEMRush (semrush.com) and Ahrefs (ahrefs.com) that allow you to monitor your competitor's landing pages, ad copy, content, links and more.

However, Maddison recommends using Google, which is free. "Google Alerts is a straightforward tool that can send you reports about your competition every time they are mentioned online."

3 Automate your lead generation

Whether it's Atlassian, Wesfarmers or a candlestick maker, the aim of any marketing activity is to create leads that can be converted to sales. Maddison says lead conversion involves understanding the journey customers take with your SME, and investing in a suitable customer relationship management (CRM) tool to manage this journey is usually a smart move.

He says many SMEs still try to manage their sales process on a spreadsheet, which is never a great idea. There are ample cloud-based CRMs that are perfect for small business, such as HubSpot (hubspot.com), which you can start using at no cost. Another option is Insightly (insightly.com), which costs from $29 a month, although you can see how it works in a free trial.

A suitable CRM also adds rigour to your sales process if it's integrated with other systems such as Xero, MYOB and other accounting packages, as well as your marketing platforms like Mailchimp and your website. Maddison says you can think of a CRM as the "glue sticking your sales and marketing efforts together".

4 Keep your customers

Research shows it can cost five times more to attract a new customer than it does to retain an existing customer, according to Anne Nalder, founder and chief executive of the Small Business Association of Australia.

"Increasing customer retention rates by 5% can also improve profits by 25% to 95%. It is easier to sell to an existing customer as they have trust in you, your business and what you sell."

Maddison suggests that staying in contact with your clients is the best retention method. "Find out what their challenges are and how you can help them through these tough market conditions," he says.

Also, be quick to resolve complaints. "Ensure your communication channels are open with the client during [the complaints] process. There is nothing more infuriating for clients than trying to resolve issues that take forever, or [worse] the client doesn't hear from anyone," says Nalder.

5 Look for new opportunities

That's not to say you should close yourself off to new opportunities in 2021. In terms of entering new markets, Maddison advises there is commonality across all industries, "so pivoting into another space may not be as difficult as you think".

He recommends looking for industries that perhaps have similar challenges to those sectors where you're strong or "at least the value of what you provide is relatable to them". For example, you might be working with IT firms, and this experience could translate well to the emerging fintech sector.

"Ultimately, if you have a strong product or services and the right people to target a new industry, there is nothing stopping you from having a crack," says Maddison.

6 Manage your cash flow

Your cash flow is only as good as your accounting and reporting. Therefore, ensure your accounts are updated regularly to give you a full view of the health of your business and its cash flow at a glance.

Also, don't be too lenient on tardy payers in 2021. Xero research shows payment times for small businesses worsened during the dark days of Covid-19. Between February and May, average payments blew out by about a day, to 26½ days. This one-day increase in payment times equates to an extra $600 million in trade credit extended by small businesses.

Mark Calleja, from Mark Calleja Accounting, recommends charging clients upfront as the best way to prevent debtor problems. "The world has changed, and even window cleaners are asking for a 50% payment when you book their services," says Calleja. "Then you have to pay the cleaner the balance two days in advance of the work."

Calleja recently commissioned some consultants to help in his business. "As soon as I accepted their proposal, my bank account was debited immediately. So, the consultants have their payment even before I have received their services."

This transaction was facilitated by the client engagement and payment software Practice Ignition (practiceignition.com), which costs from $99 a month – although there is a 14-day "try for free" period.

"Practice Ignition allows you to send a proposal with your payment terms, and a business can adjust the software to bill the client on acceptance of the proposal or the completion of the work," says Calleja.

7 Don't be afraid of social media

Despite opinions to the contrary, social media is not complicated and should be part of your marketing arsenal in 2021, recommends small business entrepreneur Richard Williams, who is a co-partner in the skincare manufacturer CameLife.

Based on the NSW Central Coast, CameLife produces a range of restorative serums, day and night creams and eye creams from camel milk sourced from farms around Australia. According to Williams, since Covid-19 hit more than 95% of CameLife's turnover is derived from website sales.

The manufacturer uses a combination of Facebook marketing, Google AdWords, search engine optimisation and email marketing to attract traffic to its digital shopfront.

"Social media marketing was new to me, and I decided to do it myself after using a few agencies unsuccessfully," he says. "Early this year we were right down on online revenue, so I took over the marketing and our online revenue started to rebound, even before Covid-19 hit. We had our best month in September."

For those new to social media marketing, there are some great apps that can manage all your SME's social media ad buying, while also providing excellent metrics, says Williams.

"We use AdEspresso [adespresso.com], which is part of the Hootsuite range. The app costs just $US69 ($97) a month and allows us to easily test multiple variations of social media advert content. It takes the complexity out of Facebook and Google advertising," he says.

"In addition, AdEspresso comes with some great tutorials that are helpful for those new to social media ad buying and it offers an online community that can help you with any queries very fast."

Another valuable social media advertising app worth exploring is Madgicx, suggests Williams. "You can't place ads through Madgicx [madgicx.com], but it's great for managing ads that are up and running."

Anthony O'Brien is a small business and personal finance writer with 20-plus years' experience in the communication industry.

Turn your family home into a cash cow

A spare room or other space can help top up your income

Buying a home is likely to be your biggest investment, so why not try to make some extra money from it, especially if cash is tight. Maybe work is scarce because of the fallout from Covid-19 lockdowns.

If you have a spare room, you can turn this unused space into a cash cow. This usually involves sharing your home with other people, but not always. You could rent out the room as storage on a person-to-person (P2P) site such as Spacer (spacer.com.au). You list your space, set the rules, including a timeframe and price, and people will hire it to store their possessions. Spacer provides some rough guides on pricing – a spare bedroom could make about $150-$200 a month and an average shed about $100-$150.

It is free to list on Spacer and you can rent out a range of “spaces”, from your spare room to your empty driveway. Spacer collects a fee from the renter for each transaction. Payments are made in the first week of every month into your nominated Australian bank account.

If sharing your home is not a problem, you’re likely to make more renting out a spare room as short-term accommodation, especially if it has an ensuite bathroom. For example, you could become an Airbnb host, essentially offering travellers an alternative to a hotel room. Rates vary widely depending on location and facilities but, for example, at the time of writing, a private room with shared bathroom in the Newcastle suburb of Waratah was available for $81 a night. This has the potential to make the host a tidy sum of $12,636 gross by renting it out three nights a week for a year.

Airbnb charges a host service fee, generally 3%, but this can be higher depending on location and other factors. If you’re going to have guests regularly staying in your property, you may need to liaise with your body corporate or neighbours.

If you would prefer to have a regular house guest, you could rent out your spare room permanently. This will not bring as high a rate as having casual visitors, but it does give you certainty over how much you will earn. A spare room with a shared bathroom in Waratah could bring you about $210 a week, according to flatmates.com.au, one of several websites where you can list your spare room. Over a year this would add up to $10,920.

Of course, money isn’t the only consideration when it comes to having someone living in your home full-time. You’ll likely need to consider what type of person you would like to share your home with and their lifestyle (for example, are they a shift worker?) and how this will fit in with your lifestyle. Factors such as their cleanliness, the division of responsibilities, utility bills, use of facilities and how you will resolve conflicts are important to consider and agree on upfront.

The flatmates.com.au site lets you list your spare room at no cost, but you can upgrade your listing for a fee.

Another popular site is flatmatefinders.com.au. It charges a fee to list, depending on how long the listing is up – for example, $27.99 for a month.

If you have a spare building such as a granny flat, you can score the best of both worlds – a regular income without sharing your personal space. The amount of money you can earn varies markedly, depending on location and facilities. For example, a one-bedroom, one-bathroom flat with lounge, kitchenette and laundry facilities in Newcastle’s Waratah West was listed for $350 a week at the time of writing, giving an annual gross income of $18,200.

Of course, earning money from your home has tax implications. You need to declare any income, but you’ll also have deductions, depending on how you lease out your space, so it’s probably worth consulting an expert to help with this. The family home is also usually free of any capital gains tax when you sell – but not if you have used part of it to earn income. The amount of CGT you’ll pay when you sell is normally calculated by taking into account the portion of your home that was leased out and for how long.

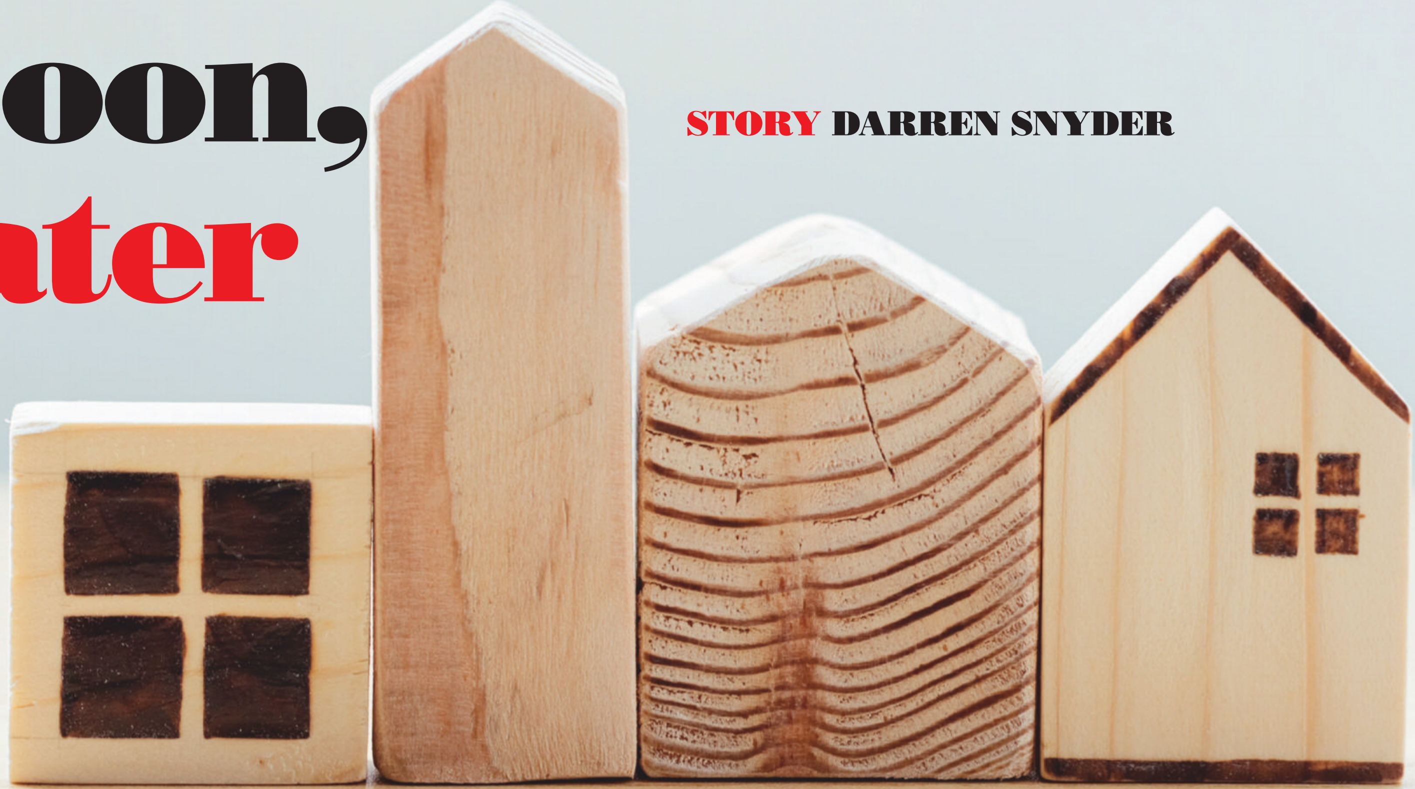
The 2020-21 federal government budget announced a CGT exemption for granny flats that are occupied as a family arrangement – where there’s a formal agreement in place defining the responsibilities of both landlord and tenant – to support an ageing or disabled relative, or “people with other personal ties”. This is expected to start in July 2021.

Pam Walkley, founding editor of Money *and former property editor with* The Australian Financial Review, *has hands-on experience of buying, building, renovating, subdividing and selling property.*

Buy soon, pay later

STORY DARREN SNYDER

Would-be home buyers are being advised to make their move before government support dries up and prices rise too much



The first week of November brought us the Melbourne Cup and the Reserve Bank's official cash rate cut to 0.10%. While it was great news for those with a mortgage (provided your lender passed on the cut), astute housing market followers will know of other data released during that week that wasn't so rosy.

According to several economic experts polled by comparison website Finder, sentiment around housing affordability has dropped rapidly to almost pre-Covid-19 levels. The consensus is that Australia's economic recovery from the pandemic will be faster than in other countries, meaning house prices will continue to climb nationally for at least another two years and put home ownership out of reach for many Aussies.

Momentum for this upward trend in house prices already exists. CoreLogic data shows house prices across Sydney, Melbourne, Brisbane, Adelaide and Perth have collectively increased 3.1% in the 12 months up to that first week in November.

Graham Cooke, insights manager at Finder, says although most experts think house prices in some of these capital cities are overvalued, continued low interest rates combined with government financial support for home buyers is enough to prop up those markets.

He notes there may be "some [downward] pressure from emergency house sales once the mortgage holiday period ends in March 2021", but a more robust economic recovery will overcome it.

What's most concerning to Cooke, though, is that time is running out for first home buyers to nab the best opportunities while government support is available and before prices become too high.

Can I afford a home in 2021?

In the three months to November, the median sale price in capital cities was: Adelaide $475,000, Brisbane $550,000, Canberra $718,750, Darwin $468,750, Hobart $521,000, Melbourne $724,000, Perth $476,000 and Sydney $915,000.

More than half of the economic experts interviewed by Finder say Melbourne and Sydney are particularly overpriced. And while you can find better bargains in regional centres, you're now also competing with people who want to escape from the city.

Piers van Hamburg, an agent at Di Jones Real Estate in Sydney, says Covid-19 has made Aussies rethink what is essential in the home. "Our Southern Highlands team in regional NSW has seen an exponential increase in buyer demand for the area, as flexible working arrangements become the norm."

He says the changing nature of work will also have an impact on what suburbs are popular and the types of property that people buy.

Customer-owned bank CUA says that from its survey of more than 1500 adults in late September, one in five believes they are now in a better position to buy or invest in a property than before the virus. CUA chief customer officer Megan Keleher says 46% are thinking about buying in the next 12 months.

A separate September study of 1000 adults aged 18-39 by ME Bank says among those aiming to buy their first home before Covid-19 hit, 57% indicated they would now delay or downgrade their plans.

When asked what the new "great Australian dream" meant with the pandemic in mind, the responses were straight to the point.

A Gen Yer living in NSW is "resigned to the fact that you need to be content with renting a decent enough apartment in the larger cities where more jobs may be found". Another Gen Yer in the Northern Territory says it's "finding a stable job and being able to afford the basic necessities". And "as the title suggests, it's just a dream," says another Gen Yer in NSW.

Get a leg-up where you can

Federal and state government incentives for first home ownership can take $50,000 off the cost provided you meet all the criteria. Being on JobKeeper or JobSeeker payments shouldn't deter you from applying for a loan.

If you already own a home and paying off the mortgage is becoming more difficult, consider whether you can afford to refinance. CUA has seen a 23% jump in refinancing applications since May 2020.

"Refinancing can be one way to potentially save thousands of dollars over the term of your loan, and with interest rates at record lows it may be a good time to consider refinancing," says Keleher. "However, you need to consider more than just the interest rate. Fees and product features like redraw or offset facilities can make a big difference to the cost of your loan over time, so it's important to do your research." *M*

Emerging markets: an active approach pays

GAINING ACCESS TO SOME OF THE WORLD'S FASTEST GROWING ECONOMIES SPELLS "OPPORTUNITY" FOR INVESTORS. BUT THE REAL REWARDS CAN COME WITH AN ACTIVE MANAGEMENT APPROACH. **FIDELITY WRITES.**

When it comes to growth potential, it's hard to go past emerging markets. These are the developing economies of India, Brazil and China together with smaller nations like Thailand and the Philippines – all of which are experiencing rapid growth.

Already, emerging market economies account for over half of global growth. By 2022, that figure is expected to rise to 62%.

This growth makes emerging markets an exciting asset class for investors with a long-term view. There are other benefits, too. Emerging markets also bring valuable diversity to a portfolio.

Covid-19 makes active management a must

While the nations that make up emerging markets each have their own characteristics, there are common threads such as rising household incomes and a burgeoning middle class, and government regulation that's helping to bring stability to the journey of development.

However, amid a global pandemic, it's becoming clear that some emerging market economies will head out of the Covid-19 crisis in better shape than others.

North Asia, led by China, has rebounded sharply compared with South Asia. In Latin America, a number of economies are struggling to contain the coronavirus, and their governments don't always have the resources needed to compensate for the economic impact of the pandemic.

This difference in regional responses highlights the importance of an active management strategy. "The case for emerging markets remains strong; however it is important for investors to be selective," says Alex Duffy, portfolio manager of the Fidelity Global Emerging Markets Fund.

Identifying where the opportunities lie

Active management gives investors key advantages. Chief among them are the insights of a skilled investment team able to identify those emerging economies best-placed to chart a course through Covid-19.

The advantages of active management apply to individual stock selection, too. Emerging markets are home to some of the world's fastest growing and most innovative companies, and professional investment teams have the resources to analyse the impacts of Covid-19 on industry sectors and individual companies – and select from the best.

"The pandemic has highlighted the value of investing in high-quality names," says Duffy. "That means looking for companies with solid balance sheets that enable them to chart a course through volatility and emerge stronger, while always aiming to grow shareholder value over time."

An active management approach can add a further layer of diversification as investment managers are able to select from an array of options that extend beyond the market index.

The best of both worlds

The bottom line is that emerging markets offer an attractive combination of growth potential and diversification, but this is an asset class where expert insights offer real value.

The good news is that investors can now easily access Fidelity's 20 years of experience in emerging markets via a simple trade on the ASX. Fidelity's Global Emerging Markets Fund (Managed Fund) (ASX:FEMX) is an active ETF listed on the ASX, providing investors instant diversification and access to 30-50 actively managed shares in one trade.

Shine a light on how your nest

High fees and poor returns will harm your retirement lifestyle

How well your super is tracking depends on a few key areas: how much you contribute, the amount taken out in investment fees and operating costs and – critically – your fund's performance. It's that straightforward. Why, then, do people take a lackadaisical approach to it?

The simple answer is that so much of what happens in super takes place automatically without much effort on the part of the member. Most people are defaulted into their employer's fund with contributions made on their behalf. But this passivity can come at a cost.

"Contributions come out of what would otherwise be your wages. It is the member's money and people should never forget that," says Alex Dunnin, executive director of research and compliance at Rainmaker Group, which publishes *Money*.

"We don't actually see it, so people seem to think, 'I've got super and I'll be okay.' But you might wonder, 'Maybe I'm in a great fund – or maybe it's a dud fund or one that's ripping me off.' In some ways it is the Achilles heel of the system but also its greatest strength: it has enabled people to build considerable nest eggs and it has also benefited the broader economy."

Time squandered in a dud fund has real-life consequences: it will determine what you forgo in retirement income later. The only alternative is to be actively involved and check how your fund stacks up against the rest. Without making such comparisons you'll be working in the dark.

Most members are in the default product, MySuper, which comes in two types: a diversified single-strategy product that spreads your savings across the major asset classes and a lifecycle version that invests according to your age.

"You've got to start paying attention to it and take control, it's so easy to do," says Dunnin. "It transforms how you deal with super when you realise just how important it is."

So where to start?

Your fund's website should disclose fees and performance. "The fund's dashboard is one way of doing it – it's a damn good start," says Dunnin. "It will tell you how the fund is going and what its costs are."

You should also check your annual statement and all correspondence.

"Then check how your fund ranks against others. Look at its performance over five years – it's a good medium term. Is it good or bad compared to its peers? Is it above or below average? If it's above average, that's good.

"Some funds are consistently in the top 10 of those league tables. There are others that are consistently at the bottom. It's like a footy team – you'll find some teams are always near the bottom and they rarely get anywhere near the finals. So if you're not getting good returns, maybe you are in the wrong fund."

As a rule of thumb, over a 10-year period super funds aim to beat inflation by 3%-5% a year, he says.

"By and large super funds are doing that in a canter," says Dunnin.

Fees matter too – the more a fund charges, the less there is for you. The average fee is about 1% but could drop further, says Dunnin. There are some MySuper products that are charging fees of about 0.6%. He says two-thirds of fees are for investment management.

"If you want to lower fees, you've got to index your investment strategies. If you index, you are just following the market and that's great. But there are lots of active funds that find ways to beat the benchmarks," he says.

"If you go into one of those indexed products it will do well over the long run. It probably won't become a number one fund over any particular time period but the long-term trajectory will be strong."

He says while some expensive funds are still out there, most are efficiently run. "All the questions on fees are fine, but you

egg is growing

don't retire on low fees; you retire on the money in your account. If you ask who are the top-performing funds after taking fees into account, you realise some of those funds have high fees, some have low fees and some have medium fees," he says.

Performance doesn't change overnight. Don't react to what the return was this week, or this month, but be interested in how it's going over three to five years.

It's great if the fund has a good performance history over longer periods, but don't cut yourself off from some of the newer products that are innovative, says Dunnin.

Finally, if you're in a dud it's easy to move funds – and it's free.

"If you've decided to switch to a fund, go on to its website and there'll be a form you can click on, and they'll do it all for you. It's that easy," he says.

Vita Palestrant was editor of the Money section of The Sydney Morning Herald *and* The Age. *She has worked on major newspapers overseas.*

Underperformers will be sent to the sin bin

The federal government has proposed a MySuper reform package scheduled to launch in July, 2021, claiming it will save Australians $17.9 billion over 10 years.

It has four key elements:

1. Your super account will be "stapled" to you via the ATO site and follow you when you change jobs. This will end the creation of unintended multiple accounts and the plethora of fees it generates. The government estimates multiple accounts drain $450 million from fund members each year.

2. The government will set up an interactive online comparison tool, ranking funds by performance and fees. Performance will be measured over eight years. Moving to a better-performing fund could leave someone entering the workforce $87,000 better off in retirement.

3. Underperforming funds will have to advise their members of this in October following the end of that financial year. If they underperform two years running they won't be permitted to accept new members and will be listed as underperforming on a YourSuper site.

4. Super trustees will be required to act in the best interests of their members and provide members with information regarding how they spend their money.

Actuarial consultants Rice Warner says the legislation is likely to speed up industry consolidation, with "stapling" leading to higher retention rates and improved member engagement. It expects new low-cost indexed MySuper products to enter the market – "many offered by today's underperforming funds".

On a more negative note, it says the increased regulation will likely encourage financial advisers and accountants to recommend SMSFs for their clients. "Of course, fees and performance will not then be benchmarked at all," it warns.

Rainmaker's Alex Dunnin says the core aspect of the package is the performance benchmarking test, but "there should be nothing new or radical in what's being proposed here.

"What is new is that if products fail the test two years running they effectively get sin-binned. It's heavy-handed but likely to be welcomed by many fund members," he says.

Expecting the super fund regulator, which is used to looking at the prudential soundness of funds, to now flick the switch to become a market regulator with the power to shut down poorly performing products, is a big policy shift.

"How they make this transition and change their mindset as they go about doing this will be as interesting to watch as how the super funds deal with it."

So watch this space.

Money Magazine Awards 2021

SEE PAGES 82-101 FOR THE OUTLOOK FOR SUPERANNUATION, PLUS ALL THE WINNERS IN OUR 2021 BEST OF THE BEST AWARDS

In the real world, numbers don't tell the whole story

The average return from the Australian stockmarket changes dramatically depending on the period under review

When I was at UBS Phillips & Drew stockbrokers in London, in 1985, we had a daily morning meeting with a room full of 200 equity dealers, and analysts would speak at a microphone. This "show" was as close to being a pop star as a nerd could ever get.

One morning, the firm's economist stood up and said: "Today is my last day working in the city and I have been racking my brain trying to think of something memorable to say in my last morning meeting that would mean I was remembered in perpetuity.

"As a classically dull, boring and grey-haired old economist, this has proved to be a significant challenge because what could I possibly say now, having bored you for 50 years, that would be remembered forever, when I know that all that has gone before has been forgotten. But I have worked it out. And it is this.

"Last night I averaged every number on every spreadsheet I have ever used over 50 years, and it turns out that the average statistic of every economic number that has ever come across my desk from the financial markets over the last 50 years and possibly the next 50 years is ... nine.

"This may seem insignificant to you, but it is not, it is the average of everything in the financial markets. So, when you are next asked about the return on equity of Whitbread's European subsidiary, you can, rather than declaring your ignorance, fairly confidently declare it to be 9%. The average earnings growth of a listed company? 9%. The expected return on investment for a resources project? 9%. The average return from the stockmarket in any single year? 9%."

And it worked. Here we are 35 years later, and I still remember that morning meeting, 9% and that economist.

Working at Patersons in 2014, I turned around to the dealing desk and asked what they thought the average return from the stockmarket was. I got 10 different replies, including an answer from one of our best salesmen, who said confidently "it's 14%".

"Fourteen per cent!" came the reply from another dealer, "Where did you pull that one from?". His answer was a lesson in salesmanship. "It's what I've always said. It's broking 101. The higher the return and the more confidently you express it, the more orders you get."

And it's true. Who do you think is the better salesman? The chicken telling the truth or the confident optimist selling the swagger? You know the answer to that one.

So, what is the truth? What is the average return from the stockmarket – 14%, 9% or something else? I have done the calculation for you.

If we use the All Ordinaries Total Return Index (it used to be called the Accumulation Index), which includes all cash dividends reinvested on the ex-dividend date (excluding franking credits), then here are some of the numbers.

The compound return from the All Ordinaries Total Return Index (XAOA) from June 1979 (when it started) to the end of June 2020 is 11.49%. You can safely quote this as the average return from the stockmarket.

Or can you? Because, as with all statistics, you have to qualify it by defining precisely what period it relates to. In this case, 11.49% is the average total return from the stockmarket in Australia, over the past 41 years, not including franking.

You have no idea what returns you are going to get in your lifetime

But before you start quoting 11.49%, let me point you to the disclaimer. The disclaimer says that when you change the dates, the average changes. For instance, the All Ordinaries Total Return Index, not including franking, to June 2020 varies rather a lot.

- Over the previous year from June 2019 to June 2020 it was 7.77%.
- Over the previous five years it was minus 6.21%.
- Over the previous 10 years it was 7.77%.
- Over the previous 20 years it was 7.41%.
- Over the previous 30 years it was 9.05%.
- Since the bottom of the market in March in 2009, it was 10.44%.
- The highest 12-month return was 86.1% (12 months to the end of July 1987).
- The lowest 12-month return was minus 41.7% (12 months to the end of November 2008).
- 107 (22%) of the annual returns were negative (since 1979).
- 379 (78%) of the annual returns were positive (since 1979).

Then if you look at monthly returns instead of annual returns (the return in one month):

- The highest month-on-month return was 17.43% in January 1980.
- The lowest month-on-month return was a 42.13% drop in October 1987.
- 63.3% of monthly returns were positive.
- 36.7% of monthly returns were negative.
- The average monthly return is 1.04%.

But the main observation is that there is no average return. Averages are just statistics, not realistic expectations. If you want to know what to expect over the next five, 10 or 20 years you need to understand that it could be anything.

Past average returns are fact, but there are no future average expectations other than those that suit the marketing of a financial product. You could see any return in the next five, 10 or 20 years, and there is nothing reliable about it at all. There is no average, and past averages are nothing more than statistics.

In which case you have no idea what returns you are going to get in your lifetime, in your timeframe. The future is unknown. Using averages is for salespeople flogging financial products; facts allow confidence and confidence sells. But your average return will be something completely different, and those disclaimers about past performance are there for a reason.

Marcus Padley is the author of the daily stockmarket newsletter Marcus Today. For a free trial of the Marcus Today newsletter, go to marcustoday.com.au.

Volatile markets are manna from heaven for investors who hold their nerve

STORY GREG HOFFMAN

Flourish ... or freeze in fear

Steve Johnson and I grew up together in Wellington, a small rural community in central western NSW. In Year 12 our economics class took part in the ASX's sharemarket game and we teamed up, finishing third out of more than 1500 teams after finding a quirk in the system related to the time it took to post the discs back and forth between the ASX and our school.

Splitting the $500 prize money was a great result, but we had an awful lot to learn. We moved to Sydney together in 1996 and soon after discovered the philosophy of value investing – the idea of figuring out a stock's true or "intrinsic" value and trying to buy for substantially less than that. The wisdom of Warren Buffett and his teacher and mentor Ben Graham became our philosophical north star.

Steve and I were fascinated by human behaviour and what we'd later hear Buffett's business partner, Charlie Munger, term "the psychology of human misjudgement". We quickly learnt that sharemarket investing sits at the intersection of business, mathematics and human behaviour.

In 2004, with some real-world success (and failure) under our belts, we purchased the Intelligent Investor sharemarket advisory service with the support of some brave financial backers. There we took our knowledge and experience to a deeper level, providing analysis for and engaging with tens of thousands of investors.

We had triumphs and disappointments over the next few years and then along came our biggest challenge, the GFC. There were many difficult days heading into the teeth of the GFC, but out of the depths of that episode we recommended some life-changing investments to our clients and profited handsomely by investing alongside them.

Yet, in the aftermath, a number of clients confessed that they'd simply frozen up during the turmoil and not acted on our recommendations. These people admired the value-investing philosophy and appreciated its logic, but they simply didn't have the stomach to apply it.

It was for those people that we set up what is now Forager Funds Management, with Steve as its chief investment officer.

'Get back on the horse'

The behaviour of markets in 2020 has had some echoes of the GFC and Steve recently took to Twitter (@ForagerSteve) to make some timely comments:

"Spoken to a couple of Forager investors this past week who are completely oblivious about how their funds are performing. Switched off in March/April and haven't wanted to look ... If you are managing your own savings, you need to get back on the horse. There are very important asset allocation decisions to be made and you must think rationally about them."

Classic Steve. He understands the mathematics behind the fact that low share prices are the seeds from which exceptional returns grow. He also knows from long experience that, behaviourally, many people freeze up when markets become volatile. Or, worse, they panic and sell. But the bittersweet truth is that those who both understand and are able to act on the value investing philosophy thrive on such widespread behavioural malfunctions.

On March 26 this year, which turned out to be the week markets bottomed, I tweeted "many shall be restored that now are fallen".

It's a quote from Roman poet Horace that was used by Ben Graham at the beginning of his magnum opus *Security Analysis*. And since that tweet, a remarkable restoration has occurred.

Markets have staged a broad recovery, with the All Ordinaries Accumulation index up more than 40% since the bottom. As I write, the Forager International Fund is up more than 50% and the listed Australian Fund is up a remarkable 120% from its March low. Though Steve would surely want me to point out that the Australian fund's performance had been disappointing for the couple of years before this breathtaking surge.

So did you freeze or flourish in the financial markets chaos of early 2020?

If you felt the fear and sold into the panic, don't beat yourself up too much. The potential impact of a global pandemic in an internationally connected world was terrifying to contemplate. And as someone with a lung condition, I felt a level of existential fear, which was compounded by the turmoil in financial markets.

Yet through a combination of predisposition and self-training, I was able to keep a steady hand on the tiller and ride the remarkable rebound in many of my favourite stocks such as Pinnacle Investment Management, Lovisa, Magellan Financial Group, Globe International, Swick Mining Services, PPK Group and Frontier Digital Ventures. A few haven't bounced back so well, like Matrix Composites and Engineering, Platinum Asset Management and Smart Parking but, overall, the portfolios I manage are up more than 100% from their March lows and now within a few percent of their pre-pandemic highs.

Greg Hoffman is an independent financial educator, commentator and investor. He is also a non-executive director of Forager Funds Management (not involved in Forager's investment process).

Disclosure: Private portfolios managed by Greg Hoffman own shares in all of the companies mentioned in this column.

Three ways to handle the chaos

Not selling into panic is crucial for long-term investing success. So if you have been running your own share portfolio but find yourself doubting your ability to resist the temptation to sell when fear abounds, you might consider a different approach for the future.

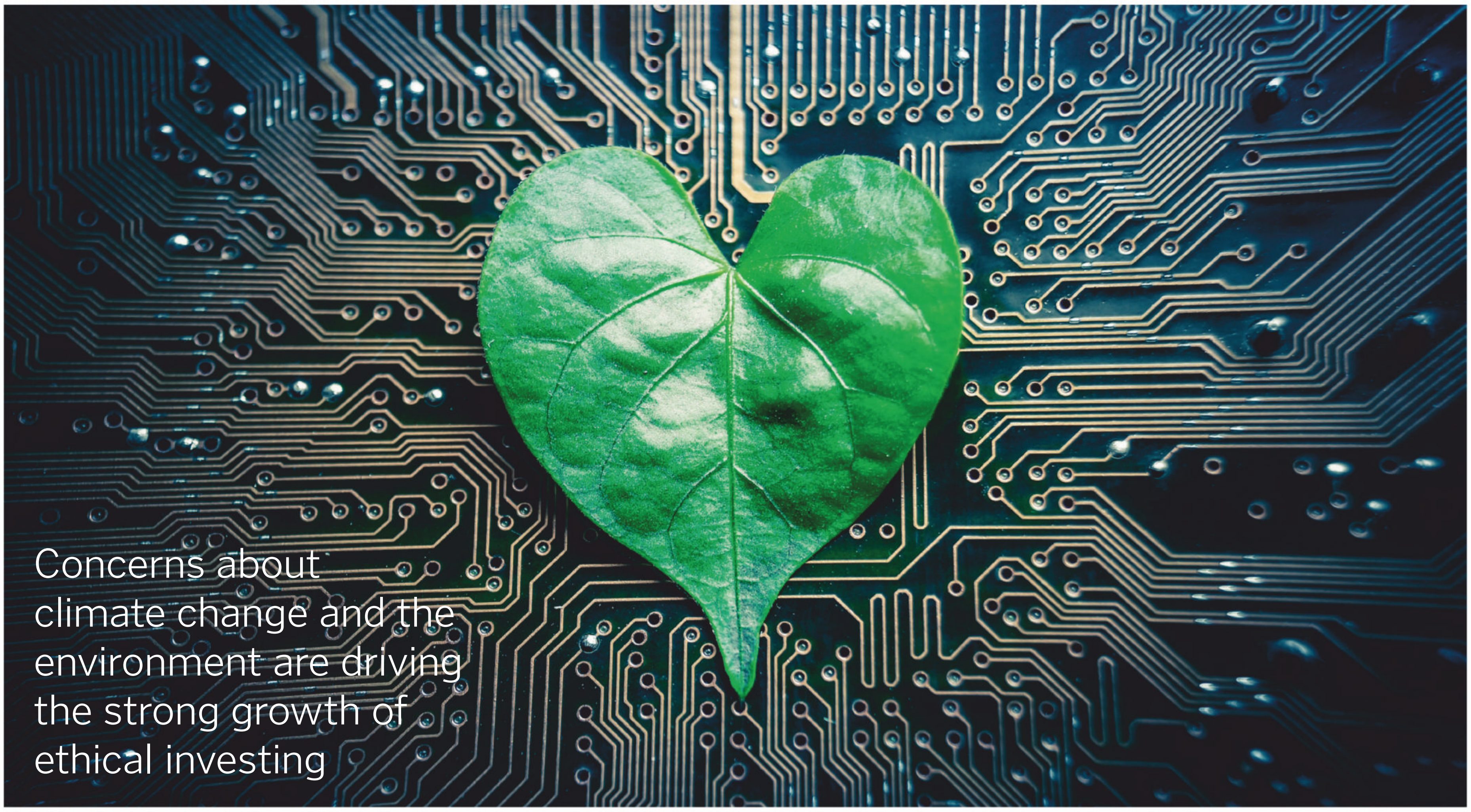
- The first is putting your money into a low-cost index fund and leaving it in the proverbial bottom drawer to ride out the market's ups and downs. Simply treat these funds as a savings account to which you add periodically and don't check their prices too often.
- The second is a more active approach involving the "important asset allocation decisions" that Steve Johnson mentioned in his tweet (see main story). The idea here is to set a target asset allocation based on your objectives, risk tolerance and time horizon. The settings could vary widely, but for a younger person looking to build wealth, this might involve 40% Australian shares, 35% international shares, 15% term deposits and bonds, and 10% cash. When markets strike a volatile period and the allocations get too far out of whack, then you rebalance them. This rebalancing effectively pushes you in the direction of buying low and selling high as these assets move around in relation to each other. This approach is taken by many good financial planners who actively oversee their clients' portfolios.
- The third is to find yourself some active fund managers with track records of profiting from such episodes, remembering that the key is to never, ever sell in the panic. "We want to buy shares at highly attractive prices," Steve wrote in his September quarterly report. "The more a share price bounces around, the more chance that, at some point in time, it trades well below its fair value."

Sharemarket volatility is manna from heaven for the seasoned value investor and 2020 proved another opportunity to profit from this time-honoured philosophy.

Many uncertainties remain, but when I cast my mind to the long term, I'm confident that a portfolio of well-chosen shares is highly likely to outperform cash in the bank over the next five to 10 years. Personally, I'm exiting this year close to fully invested in stocks with the intention of riding out any dips along the way.

I wish you all the best for a safe holiday season and a prosperous new year.

All the good



Concerns about climate change and the environment are driving the strong growth of ethical investing

STORY MICKEY MORDECH

Most fund managers must outperform to survive. When there are thousands of competitors – not to mention low-cost, passive investment options – there's simply no other way to be noticed.

It's easier said than done, though. Over 10 years, 70%-90% of funds fail to beat their benchmark and those that pull it off are never totally safe. Star managers move on, all managers experience bouts of underperformance and, eventually, you become a victim of your own success.

So, why would investors even bother with the sector when the odds are so stacked against us?

Because of Magellan. Magellan is the example of what can happen when everything goes right. Terrific investment performance coupled with fantastic marketing have led to a deluge of inflows and exploding profitability (earnings per share have grown 75 times over the past decade, the share price 150 times).

Can fast-growing fund manager Australian Ethical become the next Magellan? With just 4% of the funds under management (FUM), it's a bold comparison; but it might even be better than that.

Australians are becoming more socially and ethically minded. Four-fifths of people say they'd be willing to switch funds so their money is invested according to their values while 64% say climate change is "a critical threat" and that "we should act now even if it has significant costs".

This trend is only getting stronger, which explains why "ethical" and "sustainable" options are now popping up everywhere. Having first adopted its ethical charter in 1986, it's the tide shift Australian Ethical has waited more than 30 years for. The company doesn't have a monopoly on ethical investing, but it has trademarked the "ethical" moniker, which is the next best thing.

A quick online search followed by a fast online onboarding process makes Australian Ethical as close to a no-brainer as it gets, which explains why 93% of its super fund members join this way.

We expect Australian Ethical to face more competition over time, but funds like Fidelity or Future Super face an uphill battle being heard. Indirectly, their marketing spend helps grow awareness of the space overall, boosting the value of Australian Ethical's "ethical" moniker.

Australian Ethical is actually really ethical, too. It employs ethics analysts whose job it is to explore companies' social impact and the ethical grey areas that require thoughtful consideration. Its ethical charter goes further than simply filtering out of "sin" stocks;

works pay off

funds proactively seek out companies that do good and advocate for positive change in portfolio businesses.

The company hammers the point home by donating 10% of its pre-bonus profits to charitable organisations, keeping a strong focus on sustainability within its own offices and devoting large sections of its annual report to social activities.

This is a business with a relentless focus on ethics across all facets of its business. That sort of culture is hard to replicate – especially for smaller or older-world competitors – and it's a key point of difference in a crowded market that should attract ethically minded consumers.

Which brings us to one thing Australian Ethical has over Magellan. Customers who join Magellan expecting performance will leave when it does not eventuate. By contrast, ethical investors should be stickier: do you really need to eke out that last dollar of return when you're saving the planet?

There's also the advantage of being in superannuation. As APRA forces sub-scale competitors to shut down or merge, barriers to entry are rising and the number of funds is shrinking.

And with a younger-than-average customer base, a steady stream of contributions, population growth and a regularly rising equity market, growth is baked into Australian Ethical for decades to come. Growth rates of 10%-15% growth rates are quite possible, and that's before any inflows from customer switching.

In fact, growth rates have been faster than that; Australian Ethical is doubling FUM roughly every three years and is the country's fastest-growing super fund. Rather than simply harvest the profits, management is continually slashing fees, ramping up marketing and investing in its team.

Analysts don't like seeing profits delayed into the future, but when the opportunity is this big, the point isn't to maximise profits today. It's to crush your competition, increasing your ultimate slice of the pie.

In short, Australian Ethical is shaping up to be a wonderful business, boasting good barriers to entry, a market-leading position, significant scale advantages and a strong brand. That it's outperforming across all of its funds only strengthens the case.

Management expects 2020 profit of $9 million-$9.5 million, with a good chunk of that coming from an unusually good year of performance fees. Our base case for 2021 is $8 million-$9 million, so the market is currently paying 80 times earnings for a business that won't grow profits this year.

The risks don't stop there. The company is battling industry funds, which are big and don't need to make a profit. A rogue employee or an errant investment in an unscrupulous company could also tarnish its brand and big declines in markets will bring about large swings in earnings from time to time. A depression-style collapse in markets – not impossible – would see earnings evaporate, although this would likely also bring a fantastic buying opportunity.

And while we downplay performance, outperforming removes a valid excuse not to invest. Plus, several super comparison sites rank on performance, which drives a quarter of Australian Ethical's website traffic. All else equal, without outperformance Australian Ethical would be a weaker business.

With those sorts of risks, and in a market where the buy now, pay later stocks are flying, it's easy to write off the market as crazy.

But this valuation makes more sense if we work backwards. Ignoring dividends for a moment, and assuming the market needs an 8% return, Australian Ethical's market capitalisation must grow to $1.5 billion in 10 years to justify its current price.

We'll also assume that it trades on 30 times earnings in 2030 – roughly in line with Magellan's current multiple of 27 – and that profit margins can grow from 20% in 2020 to 30% as aggressive fee reductions moderate and revenues grow faster than costs.

Under these assumptions, the market is pricing in 16% annual growth in FUM. That's surprisingly conservative; FUM grew by 19% in 2020 alone – a year plagued by market volatility, early withdrawals from superannuation and the introduction of protect-your-super legislation that removes low balance accounts. In good years, historical growth rates of 25%-30% might persist.

So, if we assume the business keeps gathering funds at 25% a year, FUM should reach $35 billion by 2030, which might mean $100 million in net profit. Australian Ethical could easily be worth $3 billion in that scenario (which would imply a 15% annual return, excluding dividends).

If that sounds too crazy, consider that superannuation assets are projected to reach $5 trillion-$6 trillion by 2030, so FUM of $35 billion implies a tiny market share for Australian Ethical.

A multiple of 80 times earnings puts the company well beyond our usual hunting grounds, but we think it can live up to that price tag and then some. We're upgrading the stock to buy for up to 3% of your portfolio.

Note that the stock is likely to be volatile, given its magnified exposure to equity prices. We recommend that you stagger your purchases in case further declines bring about better opportunities.

AUSTRALIAN ETHICAL'S POTENTIAL

ASSUMPTIONS	2020	2030
Required return (excl dividends)	8%	8%
Market cap	$700m	1.5bn
Earnings multiple	80	30
Revenue margin	1.16%	0.9%
IMPLICATIONS		
Funds under management (FUM)	$4.1bn	$18.5bn
Revenue	$50m	$170m
Profit	$9m	$50m
FUM annual growth rate	28%*	16%**

*Average annual growth since 2015
** Implied in current price

Mickey Mordech is an analyst at Intelligent Investor. He owns shares in Australian Ethical.

OUTLOOK **Benjamin Ong**

There is life after debt

Australia is well placed to "pay the piper" after the massive pandemic spending

The coronavirus was first detected in Wuhan, China, in mid-December of 2019; the World Health Organisation named it Covid-19 on February 11, 2020, and declared a pandemic exactly one month later.

Most governments around the world implemented social distancing and lockdowns and imposed border restrictions to limit contagion and protect lives, but "killed off" economic activity in the process, sending the world economy into its worst recession since the Great Depression of the 1930s.

The Organisation for Economic Cooperation and Development noted the economies of its 37 developed nation members shrank by 9.8% in the June 2020 quarter.

The contraction would have been deeper if not for prompt central bank responses. Central bank actions have eased financial conditions, but increased government spending has played an even bigger role in limiting a more disastrous impact and perhaps permanent damage to economies.

But it still comes at a cost. The Centre for Strategic and International Studies estimates that the G20 nations have spent around $US7 trillion ($10 trillion) - more than 10% of their combined 2019 GDP – in direct spending, tax relief and lending as at the end of May 2020.

Many governments have implemented more relief measures since then – wage subsidies, tax cuts or mortgage deferrals, healthcare services, unemployment benefits, credit guarantees, etc. – creating further strain on an individual country's budget balance.

Australia's case is a prime example. In the 2019-20 budget, the federal treasury estimated the country's fiscal balance to return to a surplus (equivalent to 0.4% of GDP) in fiscal year 2019-20 after a decade of deficits, and expected that "the budget position will continue to improve with sustained surpluses projected to exceed 1% of GDP in the medium term". These surpluses would be used to reduce net debt each year until it's fully "eliminated by 2029-30".

But the surplus is no more. Lower government revenues due to the economic recession, alongside increased government spending through various support programs such as JobSeeker, JobKeeper and HomeBuilder, have turned that expected 2019-20 surplus into an actual deficit amounting to around 4.3% of GDP before widening further to 11% of GDP in 2020-21. The budget papers for 2020-21 show the budget shortfall remaining at 3% of GDP by 2023-24 (the last year available in the treasury's forecast).

This increased deficit will have to be financed by government borrowing. Not surprisingly, the 2020-21 budget papers project the country's gross debt to rise over the next three years from 34.5% of GDP in 2019-20 to 51.6% of GDP.

Unpalatable as the deterioration in the Australian government's fiscal balances may be, the economic cost of not doing anything, or not doing enough, would be greater in terms of the likely potential of longer-term or even permanent damage to jobs and business investment.

Having said that, the time will come when the piper needs to be paid. Countries need to bring debt back to more manageable levels because, aside from being a drag on economic growth as a portion of national income leaks into debt servicing, they risk replacing the coronavirus crisis with a debt crisis that could become a financial crisis.

The best outcome would be for economies to grow out of debt. That is, the massive government support would reap dividends such that the economic growth outpaces the increase in national debt.

More likely, though, policymakers would need to increase taxes, implement austerity measures (slash welfare spending, cut government wages, raise the retirement age, reduce pensions), sell national assets, or all of the above.

But life after debt from pandemic spending in Australia will be better than in countries with higher debt.

Treasury's projected debt-to-GDP ratio peak of 51.6% remains relatively lower than that of most of its counterparts, suggesting that the government doesn't need to urgently claw back the money it spent on Covid-19 support measures. Capital markets will be lending more to Australia before they do other nations with higher debt and therefore less ability to repay.

More importantly, the country's current and projected debt levels remain below 77% – the debt-to-GDP ratio a World Bank study found to exert downward pressure on economic growth.

Australians will be breathing easier than many other countries after the pandemic passes.

Benjamin Ong is director of economics and investments at Rainmaker Information.

JOHN TIEDEMANN

SECTOR INCOME STOCKS

Long live the dividend payers

Classic set-and-forget stocks have been hammered, so it's time to look elsewhere

It's so true, and so often repeated, that it's almost a cliché: this year has been the strangest in living memory. Socially, politically, economically – it's been one trip around the sun that'll be studied and remarked upon for decades to come.

It's been the same for investors. The fastest bear market in history, followed by the fastest recovery. And perhaps no more than for one class of investors and one type of company. Never has the list of set-and-forget "bottom drawer" stocks – and income stocks in particular – been so short and so uncertain.

Banks, the investor's friend for near on three decades, cancelled or severely cut their dividends, out of self-preservation or because ASIC told them they must. Previously peerless infrastructure businesses like Sydney Airport and Transurban – widely considered to have among the best infrastructure assets in the country, if not the world – saw their businesses severely impacted, and the former needed to raise more capital mere months after telling investors it wasn't necessary.

If you're primarily an income investor, I don't need to tell you the impact it's had on dividends and the ability of self-funded retirees in particular to pay their bills. And I know it first-hand. In one of the investment services I run, we had to replace just over half of the companies in the portfolio as we rejigged our holdings to maximise income cash flow. We weren't alone.

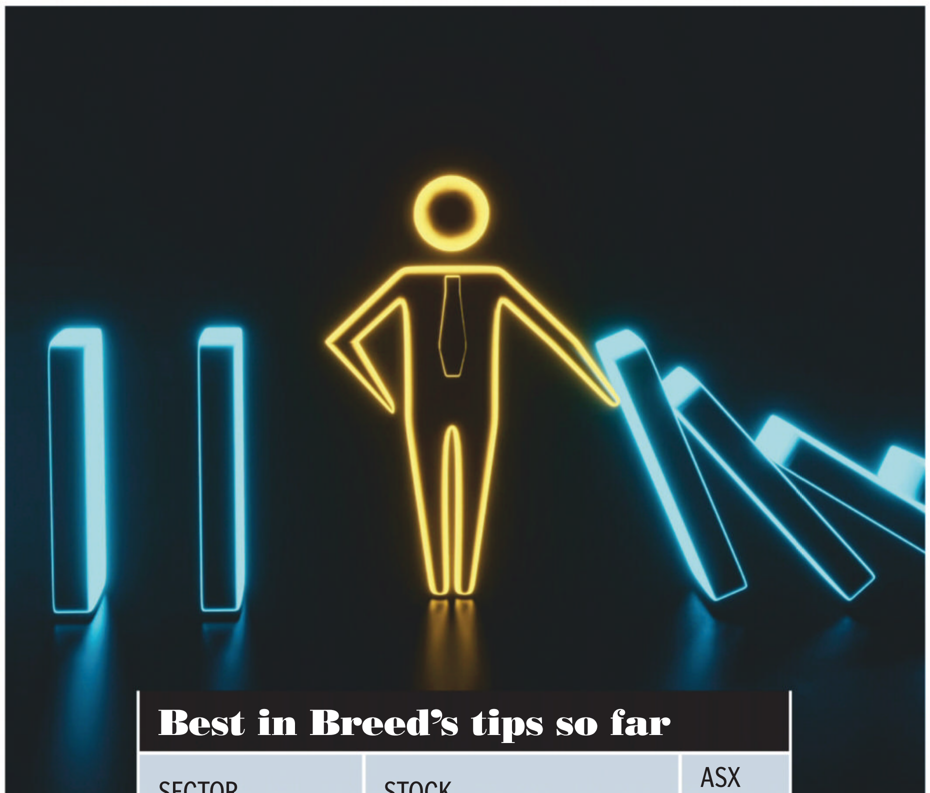
In this most unprecedented of years, we're all scrambling to work out what's what; the things that have changed, and will revert back, those that have changed permanently, and how we invest in the meantime.

It may well be that 2020 is the exception that proves the rule. Perhaps 2021 looks pretty much like 2019, and we can write off this year as an aberration. Perhaps. But it also begs the question: are the assets and companies we previously rated so highly really worth so much admiration? And the next question: if the cash flows and dividend streams from these businesses, previously seen as income royalty, are much less certain than we've previously thought, where do we look for better options?

I can understand the temptation to go back to old favourites – the companies that have delivered so well for so long. And that's not necessarily a silly idea; after all, a once-in-a-century pandemic doesn't, by definition, come around too frequently. But it's also worth remembering our near 30-year run of recession-free economic prosperity is equally unusual. So while we shouldn't expect another health crisis, nor should we assume another three decades of unbroken growth.

And then there's the uncertain recovery. If many of us continue to work from home, what does that say about Transurban's traffic numbers? If international travel is not in our medium-term future, how long will it take for Sydney Airport to return to full capacity? And if recessions return to their regularly irregular frequency, what can we assume about bank profits and dividends?

Scott Phillips is The Motley Fool's chief investment officer. You can reach him on Twitter @TMFScottP and via email ScottTheFool@gmail.com. This article contains general investment advice only (under AFSL 400691).



Best in Breed's tips so far

SECTOR	STOCK	ASX CODE
Discretionary retail	Kogan	KGN
Consumer staples	Treasury Wine Estates	TWE
Resources	BHP	BHP
Financials	Insurance Australia	IAG
Healthcare	Cochlear	COH
Technology	REA Group	REA
Fintech	Xero	XRO
Utilities	APA Group	APA
ETFs	BetaShares NASDAQ 100	NDQ
Income	Washington H. Soul Pattinson	SOL

Foolish takeaway

The answer to the uncertainty is, of course, the same advice you'll get in the good times: buy quality businesses, invest for the long term and ensure you have a diversified portfolio. The first company in that portfolio, though, should be as close as we get to genuine dividend royalty in Australia – our second-oldest company and one of the few that hasn't cut its dividend even once over the past couple of decades and with a track record of long-term outperformance ... our Best in Breed income stock: listed investment company Washington H. Soul Pattinson.

Need help?

Useful numbers and websites

Australian Communications and Media Authority
1300 850 115
acma.gov.au

Australian Competition and Consumer Commission
1300 302 502
accc.gov.au

Australian Financial Complaints Authority
1800 931 678
afca.org.au

Australian Securities and Investments Commission (ASIC)
1300 300 630
asic.gov.au

ASFA
1800 812 798 (outside Sydney)
9264 9300 (Sydney)
superannuation.asn.au

CPA Australia
1300 737 373 (within Australia)
+61 3 9606 9677 (outside Australia)
cpaaustralia.com.au

Do Not Call Register
If you want to reduce telemarketing calls
1300 792 958
donotcall.gov.au/contact-us/contact-details

Fair trading/consumer affairs
ACT: 132 281
NSW: 133 220
NT: 1800 019 319
QLD: 137 468
SA: 131 882
TAS: 1300 654 499
VIC: 1300 558 181
WA: 1300 304 054

Financial Counselling Australia
1800 007 007
financialcounsellingaustralia.org.au/contact

Financial Planning Association
Listing of financial advisers
1300 337 301
fpa.com.au/about/contact-us

Human Services (formerly Centrelink)
Families: 136 150
JobSeeker: 132 850
Older Australians: 132 300
humanservices.gov.au

illion
For a copy of your credit report
132 333
illion.com.au

Legal Aid advice (free)
ACT: 1300 654 314
NT: 1800 019 343
NSW: 1300 888 529
QLD: 1300 651 188
SA: 1300 366 424
TAS: 1300 366 611
VIC: 1300 792 387
WA: 1300 650 579

My Credit File
For a copy of your credit report
138 332
mycreditfile.com.au

myGov
Track down lost super
1300 169 468
my.gov.au

Seniors Card
ACT: (02) 6282 3777
NT: 1800 441 489
NSW: 137 788
QLD: 137 468
SA: 1800 819 961
TAS: 1300 135 513
VIC: 1300 797 210
WA: (08) 6551 8800 (metro) or 1800 671 233

Superannuation Complaints Tribunal
1300 884 114
sct.gov.au

About *MONEY*

Contact us

To send a letter to the editor, write to:
Rainmaker Group
Level 7
55 Clarence Street
SYDNEY NSW
Australia 2000
or email money@moneymag.com.au

For all inquiries and letters, please include name, address and phone details. Letters may be edited for clarity or space. Because of the high number of letters received, no personal replies are possible.

Subscribe

Phone: 136 116
Online: magshop.com.au
Email: magshop@magshop.com.au

Subscribe to the *Money* digital edition at magshop.com.au/money-magazine

Visit *Money* online

Check out our website and while you're there sign up for our free weekly email newsletter. You'll get our top money stories plus exclusive finance tips.

moneymag.com.au

Follow *Money* on Facebook
facebook.com/MoneyMagAUS

Follow *Money* on Twitter
@MoneyMagAUS

Follow *Money* on Instagram
@MoneyMagAUS

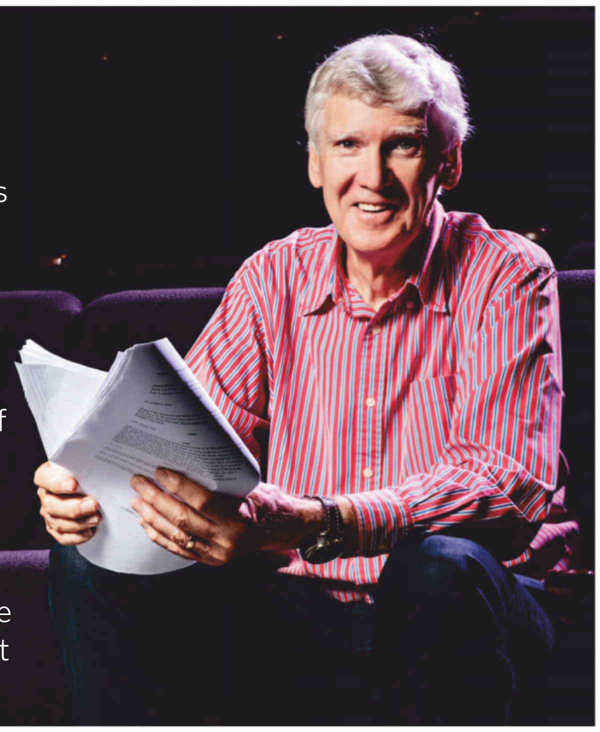
"The bank of mum and dad is the only way forward for the next generation"

What was your first job?

My first professional job, as the first mechanical engineering graduate from Monash University, was at General Motors (GM), in the drafting office as a trainee design engineer. It was something I really had no interest – or aptitude – in and both GM and I realised I was in the wrong place. I went on and taught engineering, but anything practical I had no interest in. I was much more interested in human beings and needed to know why we behaved in such odd ways. I went back to uni and studied psychology. I was also writing for the stage – I had to choose and luckily the plays started to take off at that time.

David Williamson

Australia's best-loved and most prolific playwright is retiring after 50 years. Typically writing a play every 12 months, this year he has been busy with his memoir. His most famous plays are *The Club*, *The Removalists*, *Don's Party* and *Emerald City*. Performances of his most recent plays, *Crunch Time* and *Family Matters*, were cut short by the pandemic. He says while he feels blessed with a dream run of great productions, great directors and audiences still coming in numbers, there are also a lot of pressures in playwriting, a great deal of hard work, stress and feeling exposed. He's now happy to spend time with family – five children and 14 grandchildren – enjoying life out of the spotlight.



What's the best money advice you've received?

Start a super fund – this was from a Melbourne accountant, back in 1985. He said there were real tax advantages in starting a fund and I'm glad I did because I think that anyone who started a super fund back then should have a statue of [former Treasurer] Peter Costello on their mantelpiece because he brought in the most advantageous super tax in the world (during the '90s), I think, for those who had a bit of money. My accountant was a smart guy.

What's the best investment decision you've made?

My brother-in-law offered me the opportunity to buy an underpriced commercial property in Noosa, so for the next 16 or so years I was a co-owner of a big commercial building let out to tenants. It brought a rate of return double anything else I was getting.

What's the worst investment decision you've made?

Buying a holiday house at the height of the holiday house boom and then realising that in financial crises the first thing to deflate is boats and holiday houses.

What is your favourite thing to splurge on?

Dining out, which is why we live in Noosa. My wife Kristen says she did the cooking for her first husband and wasn't going to do it again for me.

If you had $10,000 where would you invest it?

A lot of people are just putting it in a tin can under their bed. I don't understand why the stockmarket is booming, so I'd be hesitant to put it there. I don't think you can make money out of money. Maybe I should put it in gold or international shares … I couldn't believe US shares would boom given the crisis. I think I'd buy a cellarfull of wine and consume it.

Do you intend to leave an inheritance?

Yes, with five kids and 14 grandkids, the bank of mum and dad is the only way forward for the next generation. The least we can do is help the next generation a little bit [because they] have Buckley's hope of getting into the property market. When I got my first job, after a couple of years I could buy a reasonable house for about 2½ years' salary. Now our kids need to pay nine times or more to even think of getting into a house; it's an impossible situation.

Several of your plays feature money in a big way. Which play is the most pertinent today?

I think my very last play, *Crunch Time*, based on a real situation: a father who wanted to hand his successful business to two sons equally but it didn't happen. The sons were at each other's throats – the play wasn't about money, it was about sibling rivalry and end-of-life issues. But the allocation of money, vis-a-vis which of the children gets it, can be a very divisive issue in a family. It can be explosive.

Would you like to see any changes with the way people look at money post Covid-19?

I hope there will be a rethink of the mantra that economic growth is the only important thing and instead do what is good for the planet and what is good for society. I don't think huge levels of inequality are good for any society. The sooner we put redistribution on the political map, without people shrieking class warfare, we'll be a better society.

Finish this sentence: money buys …

status and temporary feelings of elation, but it can't buy you what is essential to have: true friends, true companionship and true family bonds.

ROBERT CATTO

COLLINS

The Management 2021 edition is a practical diary with classic finishes, and the ideal organisational tool for busy professionals looking to meet all their planning needs. Bound in black bonded leather with protective corners and silver gilt edging, the A5 Management diary is printed on crisp white paper with handy features including a day to a page layout with appointment times, monthly durrer tabbing, current and forward year planners, and international holidays.

HURRY, OFFER ENDS 28 January 2021. Numbers are limited.

APPLY CODE M2012MON AT MAGSHOP.COM.AU/MONEY-MAGAZINE


Winner
BEST-VALUE FLEXIBLE HOME LOAN - BANK
Money MAGAZINE
WINNER 2021
BEST OF THE BEST 2021
Best Value Flexible Home Loan - Bank
Momentum Home Loan

THE BEST OF THE Best 2021

PREPARE TO BE IMPRESSED. This year's winners have been stress-tested by a pandemic and passed. They were prudent where they needed to be and spotted the opportunities where they could be found.

There are three ways we recommend you use this guide.

First, check out our banking and spending categories to find the best-value products. Thousands of dollars can be saved by choosing the right home loan.

Second, if you are looking to invest, get to know our category winners. Particularly in view of the early access to super, make sure you are with the right fund and that your other savings are invested wisely.

Finally, make sure you're not paying too much for your internet and mobile phone plan. Thank you to Kenny McGilvary and WhistleOut (see page 130) for its verdict this year.

Next to your home, your car is your second biggest purchase and we want to thank carsales.com.au for helping us present a list for you, regardless of your budget and preferences.

A big thank you to Alex Dunnin and the Rainmaker research team; it is through their rigorous analysis of financial data across thousands of products that we're able to deliver this year's guide (see our methodology on page 56). We also want to thank Vadim Taube, chief executive of comparison site InfoChoice, for providing us with the financial data behind many of the categories.

Finally, thanks to the *Money* team, writers and production. Special thanks go to *Money*'s managing editor, Darren Snyder, who will be leaving us to take on a new challenge. We wish him all the very best. His "how to" article on page 58 – something new this year – will help you navigate this bumper issue.

After all that, check out the best wines to drink, courtesy of wine author Peter Forrestal (page 140). To borrow an oft-quoted phrase, stressed grapes produce the best wine. May this guide inspire you to make 2021 a vintage year for your financial goals.

Michelle

GEORGE FETTING

INVESTING

BANKING

SPENDING

How the winners are chosen

OVERVIEW
ALEX DUNNIN

Thousands of products were compared across superannuation, managed funds, ETPs, banking, insurance, brokers and broadband/mobiles

It's no easy task to identify Australia's best (and best-value) superannuation funds, managed funds, exchange traded products (ETPs), banking products and insurers. There were hundreds of product providers and thousands of products, choices and options to assess.

Rainmaker Group, publisher of *Money*, has been reviewing superannuation, managed funds and their investment managers for more than 20 years and this year we again led the reviews and assessments for the Best of the Best awards. Rainmaker is also the publisher of the SelectingSuper website, *The Good Super Guide* and *The Good Investment Guide*. To conduct the banking products assessments, Rainmaker and *Money* teamed with InfoChoice, one of Australia's leading financial product comparison websites.

Reviewing each market segment requires a different approach, and the sections below describe how each category was decided.

Superannuation

There are more than 500 super funds and products offering tens of thousands of investment choices. *Money*'s superannuation awards span the best-performing products, best-value products and best value for insurance.

To find the top-performers, Rainmaker reviewed MySuper products, and asset classes that include growth, balanced, moderate (capital stable), equities, property, bonds, cash and ESG investment options. MySuper products are default flagship products used by most employees for their employer-paid superannuation. They hold about $730 billion and for most people are the cornerstone of their super.

MySuper products come in two main types: diversified single-strategy products that spread your savings across all the major asset class and lifecycle products that invest your savings differently depending on how old you are.

It was a tough year for super funds. But our scoring method allows us to reward consistency and spot the products that perform best over good and bad times

Rainmaker identifies the best-performing superannuation products and investment choices by assessing not just how they went over the past three years, but by how they went over the past five and 10 years, as well as over the 12 months to June 30, 2020.

It must be said that 2019-20 was a tough year. Funds that normally perform well may not have delivered the goods this year. Using Rainmaker's proprietary composite scoring method enables us to reward consistency and spot the products that perform best over both good times and bad.

Lifecycle products were assessed in a similar way, except that Rainmaker examined which products had the best overall rankings across options designed for fund members aged in their teens, 20s, 30s, 40s, 50s and 60s. The best lifecycle product is the one that ranked the highest across all the age groups.

Identifying the best-value products is done by assessing the investment, administration and member fees a fund member would pay if they had both $10,000 and $50,000 in their superannuation account. That is, we ranked funds on both. Zero-fee indexed options aren't actually free because you still have to pay fees to be in the fund.

Fees for retirement products, also known as pension products, were assessed by reviewing the fees they would pay if they had $100,000 and $500,000 in their account.

To find the best-value superannuation product for young people, we look at the returns someone in their 20s would have received taking into account the fees that hit their lower account balance.

To be eligible for the awards, a super product must be public offer and be AAA-rated by SelectingSuper.

Managed funds and ETPs

When choosing a managed fund or ETP, investors are looking not just for funds that scored the highest investment returns but ones that also manage their investment risks. This includes an assessment of which managed funds most protect your capital.

This two-phase process requires Rainmaker to identify such factors as how much their performance changed month to month and how much and how often it went down versus up compared with the market and its peers. The next step is to study which ones get the highest returns per unit of risk.

This review was done over the short, medium and long term to June 30, 2020. To be eligible for the awards, managed funds and ETPs must not have minimum investments that are within the reach of most *Money* readers, or they must be accessible through a platform or the ASX. The best investment managers or ETP providers are those that have the most funds shortlisted in the most major categories.

Banking

Rainmaker and *Money's* banking products data partner, InfoChoice, monitors thousands of products offered through almost 150 banks and non-bank providers.

Term deposits (TD) were assessed according to which paid the highest interest rates. Short-term TDs were assessed on rates paid for terms shorter than 12 months. Long-term TDs were assessed for terms longer than one year.

Credit cards were assessed by applying their annual interest rate to a revolving credit amount and adding the impact of fees. Many credit cards offer interest rate discounts that may span up to 18 months and might also charge a different annual fee in the first year, reverting back to the standard annual fee in the second year. To assess these impacts, Rainmaker and InfoChoice looked at the costs over two years.

Personal loans covering unsecured general purpose, car and debt consolidation loans were assessed using their annual average percentage rate (AAPR) applicable over five years.

Home loans were assessed using the AAPR applicable over 25 years with an 80% loan to value ratio (LVR). This was done over multiple categories, ranging from basic low-cost loans through to more flexible loans with redraw facilities, portability or splitting. Three-year and five-year fixed rate loans and home equity loans were also assessed.

Bank accounts were assessed based on their interest rate, counting the impact of fees. But as many banks no longer charge ATM or phone banking fees and have greatly reduced monthly fees, comparing these accounts is less complex than it used to be.

Insurance

Insurance is one of the most important financial products you can buy. But it can be complex and hard to compare because premiums can vary according to the value of what you want to insure and how risky the insurer assesses you to be. For example, your car insurance premiums can go up the more kilometres you drive, the younger you are and the more customised your car is – even its colour can make a difference.

House insurance, meanwhile, is determined by where you live, the type of building it is and things like security systems and whether someone is home during the day.

Most life insurance is now accessed through super. So we have again reviewed which funds offer the best deals for death-only, death and TPD, and income protection cover for white-collar and professional men and women.

DARREN SNYDER

How to use our awards

Our focus on best value, rather than just price, can make your money work harder in 2021

Every year for the past 20 years, the *Money* team has collated more than 100 Best of the Best awards in its annual bumper issue. We present these awards every year because we strongly believe there's so much personal value to be gained from accessing quality, well-designed products for your investments, super, banking, telco and other spending needs.

The most frequently asked question we receive about the Best of the Best is: why do we attribute them to the following year, in this case 2021, when they are published in 2020?

This is because we believe that our award winners will stand you in good stead throughout the coming year. The providers in each category have no doubt had successful offerings in 2020, but we know they are also positioning themselves to make your money work better for you in 2021.

It's also because our bumper issue is published over December and January, meaning it's always been our first publication of the new year – and it's a good idea to start fresh in 2021 and not spend too much time reflecting on what 2020 offered us.

HOW WE KEEP UP WITH THE LATEST TRENDS

One of the great attributes of the Best of the Best awards is that they have always adapted and moved with the times. In this issue, there are five clear examples of why our awards remain current and relevant.

1. There's a clear shift to align our awards with the movement towards investments that are focused on environmental, social and governance (ESG) factors. You can now see who the top managed funds are in both Australian and international shares, all with a focus on ESG (pages 70 and 73).

We also highlight the super fund leaders that are not only pioneering the way forward in ESG investment, they're living and breathing an ESG culture too (pages 92 and 95). We've also introduced a Best Green Loans category in banking.

2. In the superannuation, insurance and banking awards, 2021 marks a significant year whereby *Money* is moving away from its "cheapest" award titles and replacing them with "best value".

This is a crucial point because it has shifted award criteria away from purely looking for the cheapest products to awarding ones that are low cost but give you added value. A good example is extra data offerings with mobile plans, which often nudge one product ahead of its competitors.

3. For the superannuation awards, we've looked beyond simply performance and fees to recognise funds that are communicating with and supporting their diverse membership. To learn more, see our new award for Best Innovation – Community Partnerships on page 96.

4. A key milestone was reached for the NBN in 2020, with the overwhelming majority of households now NBN-connected. This means we've taken away the previous DSL award category, and now have two awards – for NBN50 and NBN100 plans – reflecting the wider shift to becoming a "Netflix nation".

5. Given the popularity of SUVs and utes on our roads, it's fitting that we've given these types of vehicles more prominence in 2021. Working with carsales.com.au, we've introduced the Best-Value Tradie Car (page 146). And in 2020 we introduced an electric vehicle category as another sign of keeping up with the market.

INVESTING

Pay attention to the detail

When you're flipping through the managed funds and exchange traded products (ETPs) pages, it's important to understand how they're judged and what the terminology means. Get this right and it won't matter if you're a seasoned investor or a newbie. Here are two of the most important considerations:

Minimum investment: To assist Rainmaker Information with its research framework for the awards, *Money* says managed fund awards should have a minimum investment of $50,000 or less.

Before the 2020 awards, this figure was $25,000. To be clear, these minimums are for direct investment into the managed fund – however, if you or your financial adviser use an investment platform, it's likely these minimums disappear. Also, while technically ETPs have no investment minimum, you will need to factor in ASX trading limits and brokerage fees.

Returns: At first glance you will notice that in some categories the best-performing fund over one, three and five years may not necessarily be the gold winner. Here you need to keep in mind that Rainmaker Information has considered the fund's risk-adjusted returns, meaning how a fund performs (and protects your capital) when markets move up and down, and how it performs month on month.

Also, just because a fund scored highly over three or five years, it's not necessarily a winner for that timeframe – there may have been greater performers in the pool of managed funds that Rainmaker assessed. It's best to view the tables with the bigger picture in mind.

SUPERANNUATION

Find the right fund

While it's important to judge super funds on performance, other factors will determine whether our gold winners really are the right fund for you – this might include your age, fees, insurance and what the fund stands for. When using these awards, it's most important to know the difference between "best" and "best value".

As explained previously, "best-value awards" are replacing what were our "cheapest" awards in 2020. For 2021, the best-value super products are assessed on investment, administration and member fees for accounts of $10,000 and $50,000. Typically, the "best-value" super products will be lower cost than the "best" super products, with the latter ranked on performance.

BANKING

Ditch the dud deals

One of the major additions to the 2020 Best of the Best was introducing a distinction between banks, major banks and non-banks for each award category. We've kept this for 2021 because *Money* understands that there are consumers who choose not to bank with a major bank or non-bank; or alternatively, you might wish to only bank with a major bank or non-bank.

In some categories there won't be an award for a major bank or a non-bank. This is because, in Rainmaker's view, there weren't enough products or offerings to present a clear list of finalists or winners.

If you are studying the winners and tables closely and you realise that you're getting a dud deal with your current provider, let them know. It could mean saving tens of thousands of dollars. For example, in the Best-Value Home Equity Line of Credit Home Loans category, the difference between the lowest-cost and the fifth-placed finalist is close to $97,000.

It's also important to note that these awards were judged months in advance of our publication date, so it is likely that banking institutions have sharpened their prices further in this low-interest rate environment. It can't hurt to get in touch with our winners and see what else they're prepared to offer you.

BEST OF THE BEST 2021 BEST OF THE BEST 2021 BEST OF THE BEST 2021
Money MAGAZINE
AWARDS 2021

SPENDING

It's not just about price

It's no surprise that these categories – which cater for your everyday spending – are highly competitive, and pricing has become tighter over the years.

The margin between finalists continues to narrow, especially in the broadband and mobile plan categories. Depending on which provider you choose, savings are anywhere between $12 and $200, so it's vitally important to look beyond price to see what else you get for your money.

Also check out each section's introduction to see what experts are saying about the outlooks for 2021, and take a look at the "download now" sections, too – there are some great podcasts, plug-ins and websites that will come in handy over the next 12 months.

Prepare for a bumpy ride

››› THE BIG QUESTIONS FOR 2021

Alex Joiner
chief economist,
IFM Investors

WHAT WILL BE THE STANDOUT SECTORS IN 2021 AND WHAT DO INVESTORS NEED TO WATCH OUT FOR?

It's clear 2020 is a write-off from an economic perspective. Australia experienced its deepest recession in modern history – the one that we "had to have", this time due to the Covid-19 crisis.

We have not been alone: 93% of the world's economies have been in the same boat. But unlike many of our developed economy counterparts, it appears as if we have been able to get the public health crisis under good control. Indeed, many other countries are experiencing a second wave that dwarfs their first.

Assuming Australia continues along this path, which will be bumpy no doubt, we should experience a better year in 2021, economically, than many other nations. Policy support from government and the Reserve Bank will remain accommodative, to help ensure the ride is less bumpy and to bring the unemployment rate down as quickly as possible.

This will have implications for households and their investments. For a start, there's no good news for savers, as at-call and term-deposit rates will remain historically low. This is because the RBA has moved official interest rates to as low as it dares and told us not to expect any increase for at least three years. It is also engaged in quantitative easing, pushing three-year interest rates to the same level as the policy rate. This means there's little to be gained from locking away savings in term deposits.

What's bad for savers might be good for property owners and buyers. We are just starting to observe a recovery in the property market and this should continue in 2021. Yet this is a little more challenging for investors than owner-occupiers. This is because returns over the longer term, without any further interest rate tailwind, may be materially less than they have been historically. Further, rental property demand may be weaker than historically, at least in coming years, as population growth from overseas migration remains suppressed.

The outlook for sharemarkets is much more uncertain. Global shares, in particular in the US, have staged a remarkable recovery, largely in response to trillions of dollars' worth of support by global central banks. But more and more stimulus won't be forthcoming forever and these markets will rely on how well economies are doing through the recovery, and that remains uncertain.

While the economic recovery is underway, the path back to where we were will be a long one with a fair share of potential setbacks. The inevitable volatility that such an environment brings means investors across assets are likely to remain cautious for some time.

ETFs

WHAT TRENDS MIGHT WE SEE IN ETFs IN 2021?

One of the standout trends from 2020 that is likely to see even more interest and growth in 2021 is physical gold and gold miners exchange traded funds (ETFs).

This is because gold has a very low or negative correlation with most other investment assets, which is why it typically moves in a different direction to shares. Many investors are recognising that this is a rare quality for an asset, and are recognising gold's ability to reduce risk within a portfolio without jeopardising overall performance.

Another point to note is that as real interest rates go down, the gold price tends to rise. In our current low-interest-rate environment, with the potential for further government stimulus packages and interest rates declining towards or below zero, many investors will turn to physical gold or gold miner ETFs.

2021 will likely see further global upheaval but gold has historically been an effective way to preserve the real value of wealth since it acts as an insurance policy against currency devaluation, and can be liquidated easily in a stressed market. This will make gold ETFs even more attractive in the years to come.

Chris Brycki
founder and chief executive, Stockspot

MARKETS

WHERE DO INVESTMENT OPPORTUNITIES LIE FOR INTERNATIONAL STOCKS?

Now, more than ever, you need to consider carefully which geographic part of the world you want to invest in. Much of the world is still being ravaged by the coronavirus pandemic and nearly all economies took a savage beating in 2020. The International Monetary Fund has said that the global economy is deep in recession with a sizeable risk that the outcome will be worse than its already pessimistic forecasts.

Those countries that have managed to contain the coronavirus – such as China, Taiwan and South Korea – are in a better position than most to outperform in 2021.

While the political landscape in the US may now become more stable and predictable, it still faces a horrendous situation. Being the world's biggest market, it is far too big to ignore, but extra caution would be advisable.

The good news is that investors have easy access to invest directly in all these markets via online trading platforms. In addition, there are thousands of ETFs available on global markets that allow you to tailor your exposure.

Alex Douglas
managing director, Monex Securities Australia

ETHICS

HOW ACCESSIBLE ARE RESPONSIBLE INVESTMENT OPPORTUNITIES?

In 2020, we saw a surge in growth in responsible and ethical investment products, from ETFs and passive index funds to actively managed and thematic offerings. These have blown away the misconception that you can't build a broad portfolio of investments that match your individual values. The Responsible Investment Association Australasia's (RIAA) certification program has seen surging interest, with 200 diverse investment options now certified, from super funds to banking products. These help to address the pressing issues people care about, such as climate change and human rights. Our own research shows 87% of Australians now expect their savings to be invested responsibly and ethically.

But the real test for 2020 was performance, and in some of the most challenging markets, research from the likes of BlackRock, MSCI and AXA Investment Managers concluded that the responsible and ethical funds held up more strongly than mainstream counterparts.

The signs are that this will continue into 2021, with responsible investments continuing to be more widely accessible for all investor types.

Simon O'Connor
chief executive, Responsible Investment Association Australasia

DOWNLOAD NOW

FEAR AND GREED
A daily business podcast started by journalist Sean Aylmer, it's 20 minutes of all the main business news of the day. There's a weekend extended edition that boasts guests from various backgrounds, including Alexander Hassall, chief executive of Your Financial Wellness; Megan Motto, chief executive of the Governance Institute of Australia; and Don Meij, Domino's chief executive.

SHE'S ON THE MONEY
Hosted by financial adviser Victoria Devine, this is currently Australia's number one money podcast. Put together by a team of financial advisers and accountants, it covers topics such as personal insurance, the rookie's guide to investing, buying a home, the psychology of savings – all presented in an easy-to-understand way.

SERINA BIRD – THE JOYFUL FRUGALISTA PODCAST
Frugalista (someone who always looks fashionable, even on a budget) Serina Bird's podcast mirrors her own life experiences of living well while saving, investing and ultimately becoming more prosperous. Bird is a single mum turned millionaire and on her podcast she chats to others about their success and tips.

BEST OF THE BEST 2021 Money MAGAZINE AWARDS 2021

BEST INVESTMENT MANAGER

GOLD WINNER
PENDAL

RICHARD BRANDWEINER
CHIEF EXECUTIVE

On active duty

In today's investment world, it's not just the bottom line that matters. A company's behaviour, in light of higher community expectations, also has to be taken into account.

Pendal, Best Investment Manager for 2021, dedicates itself to looking beyond the bottom line of companies it invests in. More than ever a company's non-financial make-up determines its future performance.

Richard Brandweiner, chief executive of Pendal Australia, says the element of active management that is so critical is stewardship. "A big part of how investors are going to perform is the way businesses are managed and boards behave," he says.

Never have non-financial factors played as large a role as now. "Black swan" events are now not only possible, but expected.

"It's a unique time for active management because of the amount of uncertainty that exists, with stressed valuations, with political and economic uncertainty and with the fact that the behaviours of companies and management are often falling short of consumer expectations," says Brandweiner.

This makes active management even more important. You have health uncertainty, followed by economic uncertainty, followed by policy uncertainty and then, ultimately, the way businesses and consumers respond is also unclear.

Pendal, which manages more than $100 billion, makes a point of not getting caught up in company bottom lines and has a sharp focus on the non-financial factors shaping the performance of its investments. "We're mindful of our role as stewards of our capital in holding businesses and their management to account," says Brandweiner.

The fund manager prides itself on the independence of its investment teams, who have the flexibility to analyse and choose assets as they see fit. They invest across the full spectrum, including Australian equities, global equities, listed property, responsible investing, income and multi-asset options.

"We don't have a chief investment officer. Our investment teams are highly accountable for the

outcomes they generate. They're all very curious, and as a business we try and support them and allow them the flexibility to do what they do best – make investment decisions," says Brandweiner.

However, independent doesn't mean they're insulated from one another.

Brandweiner says investment strategies are developed together, as well as the risk oversight, "but the investment teams themselves have a lot of autonomy to implement the strategies the way they feel is appropriate".

Looking to the future, Pendal will remain committed to a wide-eyed approach to investing.

"We still think there is value in the Australian market, but we're focused on making sure our portfolios are balanced to a range of potential outcomes in the current uncertainty," says Brandweiner.

In *Money*'s 2021 Best of the Best awards, Pendal won Best Australian Listed Property Funds, placed third in the Best Australian Share ESG Funds and placed fourth in the Best Australian Small Companies Funds.

BEST AUSTRALIAN LISTED PROPERTY FUNDS

GOLD WINNER PENDAL

Listed property has hit a rough patch, but a sustainable cash flow will help it deliver good returns over the longer term

Listed property funds provide investors with exposure to a professionally managed portfolio of publicly listed real estate investments. And rather than own the assets directly, investors buy into funds that manage the portfolio on their behalf.

This asset class is having a hard time of it due to the coronavirus pandemic. But listed property is typically held for the long term, and over this timeframe it has performed well.

The **Pendal** Property Securities Fund, this year's winner, has returned 4.96%pa and 6.39%pa over three and five years respectively. It has a minimum investment of $25,000, a management fee of 0.65% and invests in property trusts, developers and infrastructure.

The one-year return of -16.56% is a function of the unique shutdown imposed to respond to the virus.

"Previous property market downturns have resulted from an oversupply of space, a sudden collapse in demand or challenges around access to credit, or the pricing of it," says Pendal portfolio manager Julia Forrest. "But this was the result of an immediate government-mandated shutdown of the global and local economy. It challenged the conventional idea of what is prime property."

The fund remains committed to riding out these turbulent times by sticking to its mission.

"Our fund went into 2020 positioned for soft economic conditions, so our focus was on quality covenants, long leases and resilient cash flows.

	PRODUCT	APIR CODE	START DATE	PERFORMANCE			MANAGEMENT FEES (PA)		MIN INV'T
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	
1	Pendal Property Securities Fund	BTA0061AU	1997	-16.56%	4.96%pa	6.39%pa	0.65%	None	$25,000
2	UBS Property Securities Fund	SBC0816AU	1993	-17.51%	4.96%pa	6.43%pa	0.85%	None	$10,000
3	Ironbark Paladin Property Securities Fund	PAL0002AU	1995	-15.99%	4.18%pa	5.99%pa	0.75%	None	$20,000
4	Macquarie Property Securities Fund	MAQ0054AU	1993	-22.75%	2.85%pa	5.49%pa	0.67%	None	$20,000
5	Charter Hall Maxim Property Securities Fund	COL0001AU	2005	-16.96%	3.56%pa	7.04%pa	0.85%	None	$5000

Source: Rainmaker Information as at June 30, 2020. Best property securities unit trusts where products are ranked across short-, medium- and long-run performance and investment risk factors.

Our number one focus continues to be investing in real estate with sustainable cash flows," says Forrest.

Second place in this category goes to the **UBS** Property Securities Fund, which returned 6.43%pa over five years, and in third spot is the **Ironbark** Paladin Property Securities Fund, which posted 5.99%pa over five years.

According to fund manager Vanguard, if you invested $10,000 in Australian listed property in 1990, your accumulated investment value would have been $95,395 as at June 30, 2020 (at 7.8%pa).

Robin Bowerman, Vanguard's head of corporate affairs, says while Covid-19 and its impacts could not have been predicted, bear markets are to be expected.

"However, times like these can be unnerving for even the most disciplined of investors," he says. "There's a wealth of research to show that time in the markets benefits most investors more than market timing, largely because market timing is incredibly challenging.

"The best and worst days often happen close to one another and in many cases timing the market for re-entry simply results in selling low and buying high.

"It can be hard to tune out daily market noise – particularly when it is being driven by a global pandemic – and procrastination is a natural result for those at the start of their investing journey. The antidote is a disciplined plan to invest small, affordable amounts over the long term and let compounding and market returns go to work."

Fund manager Pengana doesn't usually buy into Australian listed property, but recently saw some opportunities and a brighter future. It says the Australian Real Estate Investment Trust (A-REIT) sector fell 35% in March but rallied 29% in the following six months and outperformed the broader equities market by 13%. It says good performance by A-REITs largely came down to rental collection for office and industrial assets remaining high.

BEST AUSTRALIAN SHARE FUNDS

GOLD WINNER HYPERION

The world of digital disruption is proving fertile ground for a fund manager with an eye on the long term

Domestic shares have always formed the backbone of Australian investment portfolios. **Hyperion**'s Australian Growth Companies Fund has blitzed the field this year, boasting a one-year return of 18.64% (to June 30), a three-year return of 12.45%pa and a five-year return of 12.52%pa. The one-year return is especially impressive, given the market volatility wrought by Covid-19.

"2020 has been a challenging year to say the least, so being able to provide our clients with positive returns in their investment portfolios, especially when they may be experiencing financial losses in other areas, has been very motivating and rewarding," says Mark Arnold, Hyperion's chief investment officer and managing director.

"This award not only recognises our work this year, but it recognises our ongoing commitment to protecting and growing our clients' capital in both strong and weak economic environments over the long term."

	PRODUCT	APIR CODE	START DATE	PERFORMANCE			MANAGEMENT FEES (PA)		MIN INV'T
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	
1	Hyperion Aust Growth Companies Fund	BNT0003AU	1994	18.64%	12.45%pa	12.52%pa	0.95%	None	$20,000
2	AB Managed Volatility Equities Fund	ACM0006AU	2014	-1.59%	7.84%pa	9.38%pa	0.55%	None	$50,000
3	SGH Australia Plus Fund	ETL0383AU	2013	3.256%	6.93%pa	11.43%pa	0.70%	20%	$20,000
4	Australian Unity Platypus Aust Equities	AUS0030AU	2006	10.72%	13.57%pa	12.81%pa	0.76%	15.38%	$5000
5	Aberdeen Standard Aust Equities Fund	MGL0114AU	1999	-3.57%	7.30%pa	7.60%pa	0.80%	None	$20,000

Source: Rainmaker Information as at June 30, 2020. Best Australian share unit trusts where products are ranked across short-, medium- and long-run performance and investment risk factors.

The fund manager does this by investing in a relatively small number of companies for a long time – 10 years on average – with the aim of outperforming the S&P/ASX 300 Accumulation Index over a five-year horizon. And while it uses historical performance data, it does so with an eye to the future.

"Many investors seem to stick to what we would describe as 'old world' businesses such as traditional retailers, banks, commodity-based companies, utilities, auto and oil companies," says lead portfolio manager Jason Orthman. "However, at Hyperion we believe in a disrupted world. This means that we look at developing sectors and structural trends, and we back the leaders in these industries."

The **AB** Managed Volatility Equities Fund stands on the second step of the podium this year. It also seeks to outperform the S&P/ASX 300 Accumulation Index with a focus on smoothing out returns by minimising volatility in its holdings.

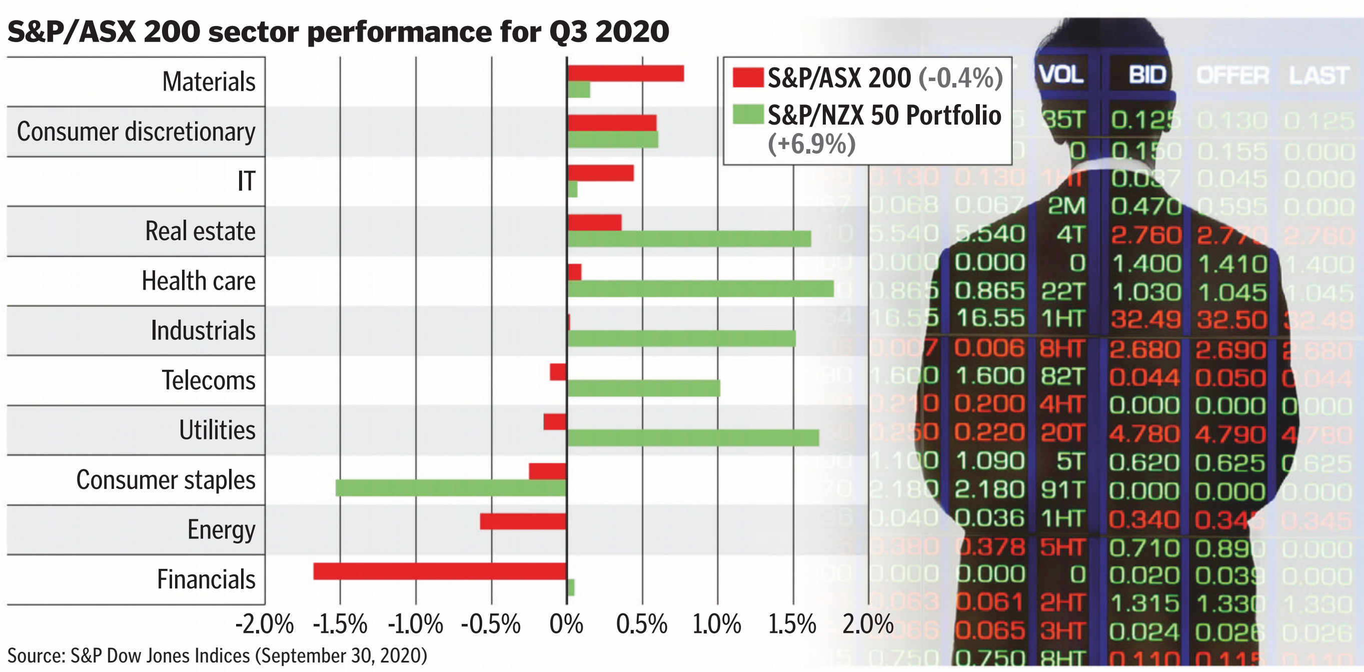
In third spot is the **SGH** Australia Plus Fund. Unlike the other two, this one gives no mind to index tracking, instead focusing on selecting high-quality companies of mid and large capitalisation.

While the one-year performance of the minor placings is not in the same league as the Hyperion result, it's a great reminder of how the Best of the Best managed funds awards work. Funds are assessed not only on their performance but how they manage their investment risk or how they most reliably protect your capital.

Rainmaker Information assesses factors such as how much a fund's performance changed month to month; how much and how often it went down versus up compared with the market and its peers; and by assessing which funds get the highest returns per unit of risk.

WINNERS AND LOSERS: AUST v NZ

S&P/ASX 200 sector performance for Q3 2020



Source: S&P Dow Jones Indices (September 30, 2020)


Our mission is to protect and grow capital through both fair and stormy weather
Start your growth journey
www.hyperion.com.au/growth
BEST AUSTRALIAN SHARE FUND
Money MAGAZINE
WINNER 2021
BEST OF THE BEST 2021
HYPERION ASSET MANAGEMENT
Disclaimer – All funds are issued by Pinnacle Fund Services Limited "Pinnacle" (ABN 29 082 494 362 AFSL 238 371). Pinnacle is not licensed to provide financial product advice. Hyperion Asset Management Limited "Hyperion" (ABN 80 080 135 897 AFSL 238 380), is the investment manager of the Fund.Any opinions or forecasts reflect the judgment and assumptions of Hyperion and its representatives on the basis of information at the date of publication and may later change without notice. Any projections contained in this document are estimates only and may not be realised in the future. Past performance is for illustrative purposes only and is not indicative of future performance.

BEST INTERNATIONAL SHARE FUNDS

GOLD WINNER MAGELLAN

A portfolio constructed with a strong focus on risk and quality can survive an unexpected market collapse and protect investors' capital

Up to late September 2020, Australian investors were still pouring money into international equities, according to figures released by the Australian Securities Exchange (ASX) and Vanguard. This said, Australian investors have long been captured by a home bias, with domestic shares dominating most portfolios. The funds in this category are a great way to get diversification.

The **Magellan** Global Fund has taken out top spot for the second year running. Crucially, Magellan was crowned the winner based on its risk-adjusted returns. "Our most important global risk-management tool is our portfolio construction," says Magellan chief executive Brett Cairns. This means designing a portfolio that can deal with the unexpected.

	PRODUCT	APIR/ASX CODE	START DATE	PERFORMANCE			MANAGEMENT FEES (PA)		MIN INV'T
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	
1	Magellan Global Fund	MGE0001AU	2007	8.97%	15.26%pa	12.03%pa	1.35%	10%	$10,000
2	Hyperion Global Growth Companies Fund	WHT8435AU	2014	23.16%	23.26%pa	19.95%pa	0.70%	20%	$20,000
3	Nikko AM Global Share Fund	SUN0031AU	1995	9.90%	16.07%pa	12.47%pa	0.99%	None	$10,000
4	C WorldWide Global Equity Trust	ARO0006AU	2013	11.66%	14.01%pa	10.91%pa	0.99%	None	$25,000
5	BetaShares Global Sustain. Leaders ETF	ETHI	2017	26.31%	21.48%pa	N/A	0.49%	None	$0

Source: Rainmaker Information as at June 30, 2020. Best international share unit trusts where products are ranked across short-, medium- and long-run performance and investment risk factors.

Meanwhile, the **Hyperion** Global Growth Companies Fund has taken out second place with some stellar returns. It has a higher minimum investment compared with Magellan, so the barrier to entry may put it out of reach of some retail investors.

The third-placed **Nikko AM** Global Share Fund has also produced double-digit returns over three and five years.

BEST AUSTRALIAN SMALL COMPANIES FUNDS

GOLD WINNER MACQUARIE

In a highly volatile sector, investors benefit from consistent returns over time

Small company (small-cap) stocks have inherently more growth potential than large-cap stocks that have hoovered up much of the existing market.

The proof is in the pudding. The **Macquarie** Australian Small Companies Fund has managed to stay in positive territory during the coronavirus mayhem with a one-year return of 1.45%.

The team at Macquarie Investment Management generates its returns by targeting quality companies bought at good prices through what it calls a "systematic approach".

	PRODUCT	APIR CODE	START DATE	PERFORMANCE			MANAGEMENT FEES (PA)		MIN INV'T
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	
1	Macquarie Australian Small Comp Fund	MAQ0454AU	2006	1.45%	13.00%pa	18.64%pa	0.60%	15%	$20,000
2	OC Micro-Cap Fund	OPS0004AU	2003	14.56%	16.44%pa	14.78%pa	1.20%	20.50%	$5000
3	SGH Emerging Companies Fund	ETL0118AU	2001	-3.95%	15.53%pa	20.02%pa	1.03%	20.50%	$20,000
4	Pendal MicroCap Opportunities Fund	RFA0061AU	2006	12.69%	13.47%pa	15.70%pa	1.20%	20%	$25,000
5	Fairview Equity Partners Emerging Co. Fund	ANT0002AU	2008	-2.14%	12.63%pa	10.01%pa	1.20%	20.50%	$20,000

Source: Rainmaker Information as at June 30, 2020. Best Australian small companies share unit trusts where products are ranked across short-, medium- and long-run performance and investment risk factors.

BEST AUSTRALIAN FIXED-INTEREST FUNDS

GOLD WINNER NIKKO

The alternative to low-paying term deposits can provide an income without undue risk

Fixed income has long been a key part of a sensible investment portfolio, providing income and diversification. But not all products are created equal.

"There are now more options available to investors in the fixed-income space than ever before, but not all of them have the same benefits and risks," says Darren Langer, portfolio manager at this year's winner, Nikko Asset Management.

"Particularly in today's world of very low interest rates, and as more investors than ever head towards retirement, a strategy that can deliver income and returns at better than benchmark levels without introducing undue risk is as important as ever."

The **Nikko** AM Australian Bond Fund invests in a diversified portfolio of government and corporate bonds and aims to outperform the Bloomberg AusBond Composite 0+ Yr Index before fees.

Last year's winner, the **Legg Mason** Western Asset Australian Bond Fund, becomes runner-up in 2020.

For the fourth consecutive year, the **Macquarie** Australian Fixed Interest Fund is among the top three.

	PRODUCT	APIR/ASX CODE	START DATE	PERFORMANCE			MANAGEMENT FEES (PA)		MIN INV'T
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	
1	Nikko AM Australian Bond Fund	TYN0104AU	2000	4.27%	5.74%pa	4.85%pa	0.30%	None	$10,000
2	Legg Mason Western Asset Australian Bond Fund	SSB0122AU	1998	4.05%	5.58%pa	4.88%pa	0.42%	None	$30,000
3	Macquarie Australian Fixed Interest Fund	MAQ0061AU	1995	4.51%	5.61%pa	4.92%pa	0.49%	None	$20,000
4	SSGA Australian Fixed Income Index Trust	SST0005AU	1998	4.00%	5.44%pa	4.65%pa	0.16%	None	$25,000
5	iShares Core Composite Bond ETF	IAF	2012	4.03%	5.40%pa	4.60%pa	0.20%	None	$0

Source: Rainmaker Information as at June 30, 2020. Best Australian fixed-interest unit trusts where products are ranked across short-, medium- and long-run performance and investment risk factors.

BEST MULTI-SECTOR FUNDS

GOLD WINNER IOOF

An active approach to choosing investments aims to separate winners from the losers

The **IOOF** MultiMix Balanced Growth Trust truly lives and breathes its "multi" moniker, having multiple managers, investment styles and asset classes rolled into one product.

Arguably, active investing comes into its own during a down market. Having a team of professionals picking winners helps shield against the worst of it.

"Dynamic asset allocation has become more popular as markets continue to be volatile," says Stanley Yeo, IOOF deputy chief investment officer and head of equities.

	PRODUCT	APIR CODE	START DATE	PERFORMANCE			MANAGEMENT FEES (PA)		MIN INV'T
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	
1	IOOF MultiMix Balanced Growth Trust	IOF0093AU	2008	2.12%	6.89%pa	6.86%pa	0.92%	None	$25,000
2	MLC Inflation Plus – Assertive	MLC0667AU	2005	1.06%	4.70%pa	4.27%pa	0.95%	None	$20,000
3	Vanguard Diversified Balanced Index ETF	VDBA	2017	1.90%	N/A	N/A	0.27%	None	$0
4	Perpetual Conservative Growth Fund	PER0077AU	2003	0.51%	3.99%pa	4.00%pa	0.90%	None	$25,000
5	Schroder Real Return CPI Plus 5% Fund	SCH0047AU	2010	1.60%	3.90%pa	4.30%pa	0.90%	None	$20,000

Source: Rainmaker Information as at June 30, 2020. Best multi-sector unit trusts where products are ranked across short-, medium- and long-run performance and investment risk factors.

BEST LISTED REAL ASSETS FUNDS

GOLD WINNER MAGELLAN

Well-chosen infrastructure can provide patient investors with solid returns

Infrastructure investments have taken a big hit during the pandemic. But they are set to be one of the key areas to pull the economy out of the recession.

The federal budget increased infrastructure spending by $10 billion, to $110 billion, over the next 10 years with a Covid-19 infrastructure package. This will have been music to the ears of listed real assets funds.

The **Magellan** Infrastructure Fund (Unhedged) has improved on last year's second place to top the table this year.

"Whoever [would have] thought that many airports and toll roads would be empty of traffic," says Gerald Stack, head of investments and head of infrastructure at Magellan. "As our investment universe comprises regulated utilities and infrastructure companies such as toll roads and airports, it's proven a challenging year return-wise."

	PRODUCT	APIR CODE	START DATE	PERFORMANCE			MANAGEMENT FEES (PA)		MIN INV'T
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	
1	Magellan Infrastructure Fund (Unhedged)	MGE0006AU	2013	-6.78%	6.96%pa	8.60%pa	1.05%	10%	$10,000
2	Resolution Capital Global Property Securities Fund (Unhedged) – Series II	IOF0184AU	2011	-4.18%	6.69%pa	7.17%pa	1.05%	None	$25,000
3	AMP Capital Global Infrastructure Securities Fund (Unhedged)	AMP9027AU	2010	-4.33%	7.41%pa	4.99%pa	0.81%	None	$10,000
4	4D Global Infrastructure Fund	BFL0019AU	2016	-4.55%	7.51%pa	N/A	0.95%	10.25%	$25,000
5	Dimensional Global Real Estate Trust (Unhedged)	DFA0005AU	2007	-10.28%	5.22%pa	6.15%pa	0.37%	None	$25,000

Source: Rainmaker Information as at June 30, 2020. Best listed real assets unit trusts where products are ranked across short-, medium- and long-run performance and investment risk factors.

However, he says the fund is well positioned to ride out the turbulence. "Notwithstanding our expectations for greater volatility in the short to medium term driven by the Covid-19 crisis, we are confident that the underlying businesses that we have included in our defined universe and in our investment strategy will prove resilient over the longer term."

Magellan expects the strategy to provide investors with real returns of about 5% over inflation over the longer term. "We believe that infrastructure assets, with requisite earnings reliability and a linkage of earnings to inflation, offer attractive, long-term investment propositions," says Stack.

BEST CREDIT FUND – MORTGAGES

GOLD WINNER LA TROBE FINANCIAL

Both short- and long-term investors have been consistently rewarded

This is a fund that has well and truly stood the test of time. For 12 consecutive years **La Trobe Financial**'s 12-month Term Account has won its category in *Money*'s Best of the Best awards.

It gives investors exposure to the Australian property credit market through registered first mortgages. As at June 30, 2020, the fund held a strategic 2.5% in cash. It pays distributions monthly (currently at 4.5%pa) or you can reinvest for a compounded return at 4.59%pa.

	PRODUCT	APIR CODE	START DATE	CURRENT RATE	RETURNS				MIN INV'T
					1 YEAR	3 YEARS	5 YEARS	MER	
1	La Trobe 12-Month Term Account	LTC0002AU	2002	4.50%	5.10%pa	5.20%pa	5.30%pa	1.60%	$10

Source: Rainmaker Information as at June 30, 2020. Best mortgage-backed investment savings accounts where products are ranked across short-, medium- and long-run performance and investment risk factors.

The fund caters for both short- and long-term investors. You can stay in it for one 12-month period or be automatically rolled over for a new term. SQM Research rates the fund a superior 4.25 stars.

BEST AUSTRALIAN SHARE ESG FUNDS

GOLD WINNER ALPHINITY

Ethical investing is not just about avoiding "bad" companies; the skill lies in zeroing in on the "good" performers

	PRODUCT	APIR CODE	START DATE	PERFORMANCE			MANAGEMENT FEES (PA)		MIN INV'T
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	
1	Alphinity Sustainable Share Fund	HOW0121AU	2000	-4.96%	9.38%pa	8.26%pa	0.95%	None	$10,000
2	Australian Ethical Diversified Shares Fund	AUG0019AU	2012	-4.92%	5.60%pa	6.97%pa	0.95%	None	$25,000
3	Pendal Ethical Share Fund	RFA0025AU	2001	-5.65%	5.04%pa	5.63%pa	0.95%	None	$25,000
4	VanEck MSCI Aust. Sustainable Equity ETF	GRNV	2016	-8.43%	4.75%pa	None	0.35%	None	$0
5	Perpetual Ethical SRI Fund	PER0116AU	2002	-8.40%	-1.21%pa	3.03%pa	1.18%	None	$25,000

Source: Rainmaker Information as at June 30, 2020. Best Australian share ESG unit trusts where products are ranked across short-, medium- and long-run performance and investment risk factors.

Environmental, social and corporate governance (ESG) investing continues to gain traction with investors, and it has also meant investment managers have had to look beyond traditional measures when selecting assets. In keeping with the trend, *Money* has introduced this new category to the Best of the Best awards.

While the ESG shift has been further propelled by the global pandemic, there's more to it than that.

"Of course, the global public health crisis has acted as a wake-up call in many respects," says Nigel Green, chief executive of the advisory group deVere. "It has prompted a growing collective awareness of mutual responsibility that fits perfectly into the narrative of ESG investing.

"But what's most surprising is that the majority [56%] also now say that they perceive ESG investments as the new safe-haven asset class. As such, they are increasing their exposure to such funds in a way that traditionally they would have done with, say, gold or US government bonds."

First place in this new category goes to the **Alphinity** Sustainable Share Fund.

"There have been some huge changes in the responsible investment space since we started managing this fund in 2010," says Alphinity portfolio manager Bruce Smith.

"Back then ESG was nascent and it was mostly about avoiding the negatives, such as gambling, alcohol and tobacco. This is frustrating for equity investors who are more accustomed to looking for great investment opportunities rather than just avoiding things. "These days pretty much everyone thinks about ESG to some extent, but a few years ago, after the UN's Sustainable Development Goals were released, we took the opportunity to head in a much more positive direction."

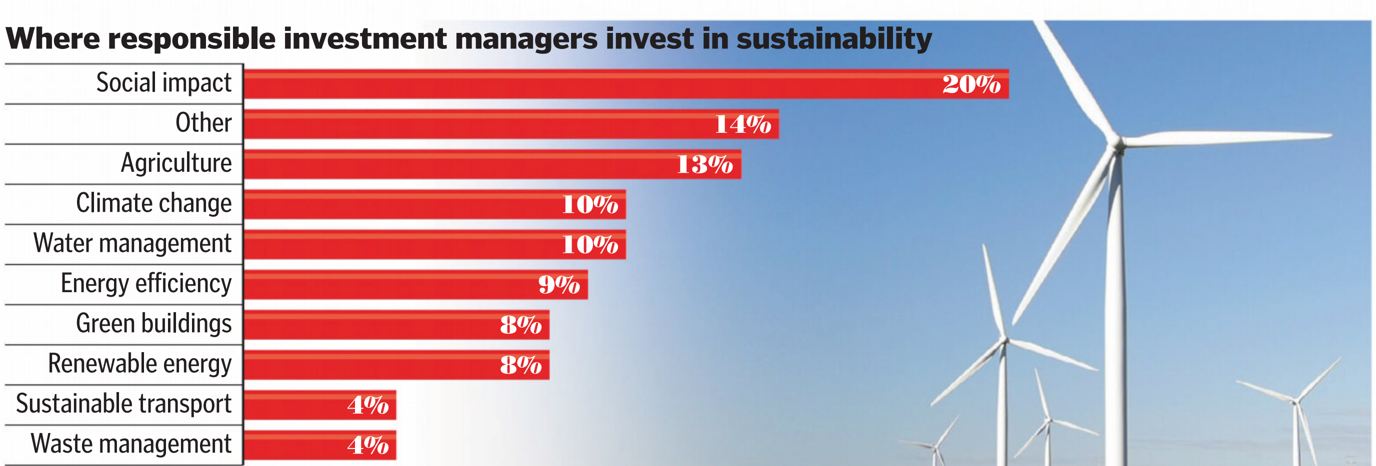
For Smith, while ESG requirements and performance aren't mutually exclusive things, it's not enough to expect that ESG alone will lead to outperformance.

"It's one of those things that is only provable in retrospect and over the very long term. In reality, some companies you might consider to be 'good' are poor performers from time to time, and 'bad' companies can sometimes perform very well. We have found that it is the investment process that produces outperformance or underperformance, not the 'goodness' (or otherwise) of the companies," he says.

In second place is the **Australian Ethical** Diversified Shares Fund, which invests to build a better world through companies that want to participate in a low-carbon economy, as well as fund medical and technology breakthroughs.

Rounding out the top three is the **Pendal** Ethical Share Fund, which as well as its standard ESG investment approach runs an exclusion screen for companies that have been subject to environmental, workplace health and safety, anti-discrimination, equal opportunity, trade practices or industrial relations prosecutions.

INVESTING WITH A GREEN VIEW



Source: Responsible Investment Benchmark Report 2020 n=44 investment managers

BEST INCOME FUNDS

GOLD WINNER PIMCO

Investors who want to protect their purchasing power need to look beyond cash products

With rates at historic lows, investors need to consider looking elsewhere to house their cash assets.

Top spot this year goes to **PIMCO**'s Short-Term Bond Fund. It aims to preserve capital and return higher yield than cash investments through exposure to government, semi-government, corporate, mortgage and other fixed-interest securities.

The fund is measured 50% against the Bloomberg AusBond Bank Bills Index and 50% against the Bloomberg AusBond Composite 0+ Yr Index. It has outperformed this blended index over one, three and five years.

	PRODUCT	APIR CODE	START DATE	PERFORMANCE			MANAGEMENT FEES (PA)		MIN INV'T
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	
1	PIMCO Australian Short-Term Bond Fund	ETL0182AU	2009	2.70%	3.70%pa	3.40%pa	0.50%	None	$20,000
2	Janus Henderson Tactical Income Fund	IOF0145AU	2009	2.80%	3.00%pa	3.10%pa	0.45%	None	$25,000
3	Vanguard Australian Corporate FI Index ETF	VACF	2016	3.30%	4.90%pa	N/A	0.26%	None	None
4	Kapstream Absolute Return Income	HOW0165AU	2007	0.90%	2.50%pa	2.80%pa	0.40%	None	$10,000
5	VanEck Vectors Aust Corp Bond Plus ETF	PLUS	2017	3.30%	5.50%pa	N/A	0.32%	None	None

Source: Rainmaker Information as at June 30, 2020. Best income-producing fixed-interest and credit unit trusts where products are ranked across short-, medium- and long-run performance and investment risk factors.

"We have seen growing interest in this type of product in recent times," says Aaditya Thakur, PIMCO portfolio manager. While the barrier to entry is high, with a minimum investment of $20,000, you get a low-risk investment with high liquidity.

BEST INTERNATIONAL EMERGING MARKETS FUNDS

GOLD WINNER FIDELITY

The ability to pick the winners is vital as the wave of new money chases riskier assets

Since the GFC, quantitative easing has encouraged the flow of fresh money into riskier assets. This has led many companies in emerging markets to hold increased debt, so picking the winners is about capital discipline.

The **Fidelity** Global Emerging Markets Fund invests in 30 to 50 companies with a track record of strong corporate governance.

It aims to beat the MSCI Emerging Markets Index NR over a minimum investment horizon of seven years. It has returned 1.69%, 11.17% and 9.14% over one, three and five years respectively.

	PRODUCT	APIR CODE	START DATE	PERFORMANCE			MANAGEMENT FEES (PA)		MIN INV'T
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	
1	Fidelity Global Emerging Markets Fund	FID0031AU	2013	1.69%	11.17%pa	9.14%pa	0.99%	None	$25,000
2	Capital Group New World Fund	CIM8680AU	2017	5.65%	10.28%pa	N/A	1.18%	None	$25,000
3	Schroder Global Emerging Markets Fund	SCH0034AU	2006	1.24%	8.05%pa	7.93%pa	1.40%	None	$20,000
4	Legg Mason Martin Currie Emerging Markets Fund	ETL0201AU	2011	4.50%	8.90%pa	9.22%pa	1.00%	None	$30,000
5	SPDR S&P Emerging Markets Fund	WEMG	2013	-3.79%	6.08%pa	4.79%pa	0.65%	None	None

Source: Rainmaker Information as at June 30, 2020. Best international emerging markets share unit trusts where products are ranked across short-, medium- and long-run performance and investment risk factors.

BEST INTERNATIONAL SHARE ESG FUNDS

GOLD WINNER BETASHARES

If you are concerned about the environment, you can leave it to the experts to choose the investments that will benefit the planet

The popularity of exchange traded funds is surging and sustainable ETFs are gaining a reputation as the best-in-breed across the managed funds landscape. No longer are sustainable investments regarded as an exotic asset class.

Where do those funds invest? Overwhelmingly in Europe.

According to Morningstar's 2020 Global Landscape of passive sustainable funds, a record $188.8 billion was invested in Europe at the end of June, accounting for 9.2% of the continent's passive funds and 75% of global passive assets. The US accounts for about 20%.

Riding this wave is this year's category winner, the **BetaShares** Global Sustainability Leaders ETF.

"This increased interest in socially responsible investing, both in Australia and globally, coincides with widespread and growing concern around the environment and global warming," says BetaShares chief executive Alex Vynokur.

"The devastation of the Australian bushfires brought the very real effects of climate change to the forefront of investors' minds. Now, more than ever, many investors are looking to put their dollars to work towards a sustainable future."

BetaShares takes its ESG mandate seriously. In addition to its regular screening process, the responsible investment committee can exclude a company that it believes is exposed to significant ESG-related reputational risk or controversy.

"[Our] methodology gives ethical investors confidence that the fund is true to label, and will deliver on the promise of offering an ethically screened portfolio that aligns with their values," the fund manager says.

The BetaShares fund reported more than $60 million of inflows during September 2020.

If you'd prefer to gain international exposure through an actively managed fund, the **Pengana** International Fund – Ethical Opportunity is a good way to go.

It invests in 30 to 50 companies that demonstrate large and growing free cash flow, which are screened using filters that weed out industries such as mining and gambling.

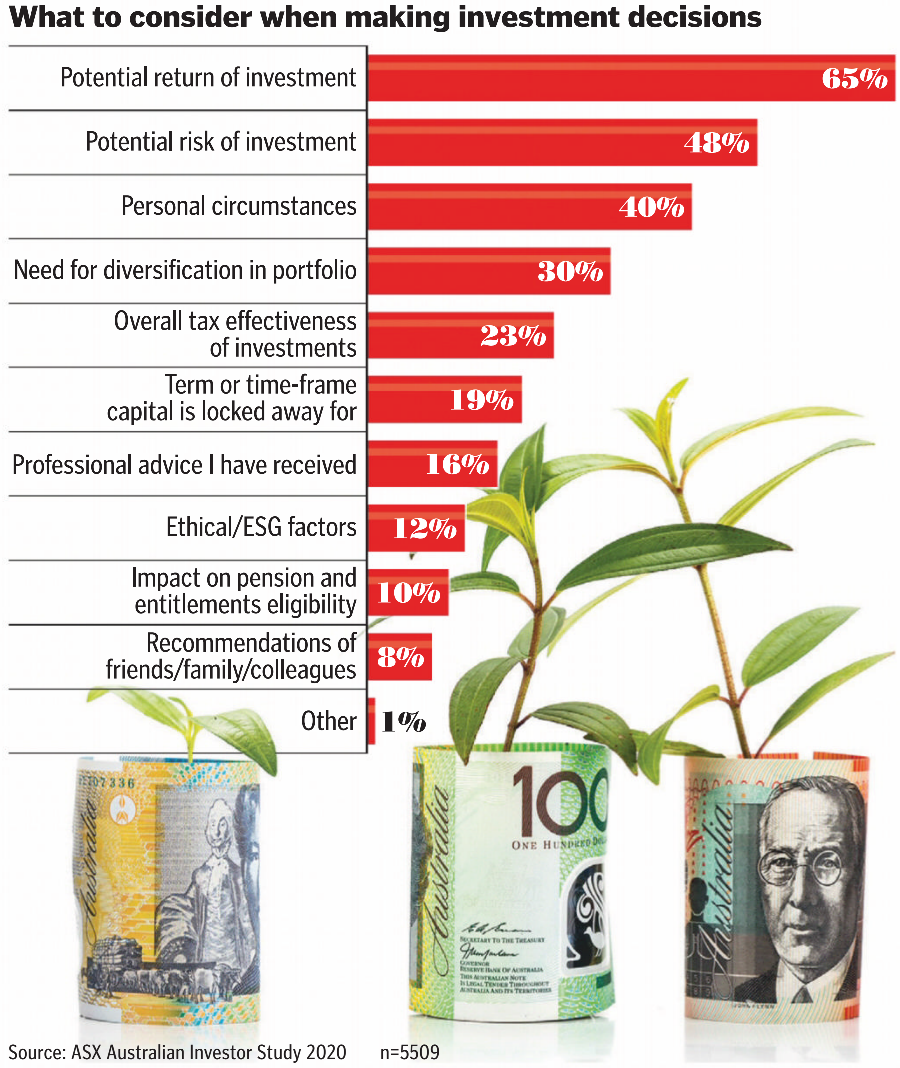
The third placegetter, the **Nanuk** New World Fund, goes a step further by investing only in companies involved in clean energy, energy efficiency, industrial efficiency, waste management, pollution control, food and agriculture, advanced and sustainable materials, water and healthcare technology.

	PRODUCT	APIR CODE	START DATE	PERFORMANCE			MANAGEMENT FEES (PA)		MIN INV'T
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	
1	BetaShares Global Sustain. Leaders ETF	ETHI	2017	26.31%	21.48%pa	N/A	0.49%	None	$0
2	Pengana International Fund – Ethical Opp	HHA0002AU	2001	11.92%	10.39%pa	7.13%pa	1.50%	None	$25,000
3	Nanuk New World Fund	SLT2171AU	2015	2.57%	12.04%pa	N/A	1.20%	None	$50,000
4	State Street Climate ESG International Equity Fund	SST0057AU	2016	7.08%	11.57%pa	N/A	0.24%	None	$25,000
5	Candriam Sustainable Global Equity Fund	AAP0001AU	2004	7.84%	10.05%pa	8.94%pa	0.82%	None	$20,000

Source: Rainmaker Information as at June 30, 2020. Best international share ESG unit trusts where products are ranked across short-, medium- and long-run performance and investment risk factors.

HEAD IN THE RIGHT DIRECTION

What to consider when making investment decisions



Source: ASX Australian Investor Study 2020 n=5509

BEST ETF MANAGER

GOLD WINNER VANGUARD AUSTRALIA

BALAJI GOPAL, HEAD OF PERSONAL INVESTOR

Take the easy way in

Investors can save money, time and effort by backing a fund that tracks an index rather than by trying to pick the next big winner themselves or by hoping an active manager can do it for them

Exchange traded funds (ETFs) have skyrocketed in popularity over the past 10 years. According to **Vanguard Australia**, *Money's* Best ETF Manager for 2021, the Australian ETF industry has more than $71 billion in assets under management as at October 2020.

ETFs provide investors with a liquid, mostly low-cost, diversified investment vehicle. For Vanguard Australia, these benefits drive the way it designs and constructs its products.

"We only launch products that are fairly diversified, liquid, can be offered at a low cost, can generate a real return, and for us to have some level of assurance that they'll be used appropriately," says Balaji Gopal, head of the personal investor business at Vanguard Australia. "All this helps us avoid investing in short-term fads.

"We start off looking at the problem that needs to be solved. That could be driven by what customers are telling us, or what trends are playing out in the marketplace."

While Vanguard didn't win any of the 2021 Best of the Best Exchange Traded Products outright, the fund manager heavily featured among the finalists. The Vanguard Australian Shares Index ETF (ASX: VAS) placed second in the Best Australian Share Exchange Traded Product, while the Vanguard Australian Fixed Interest Index ETF (VAF) and Vanguard Australian Government Bond Index ETF (VGB) placed third and fourth respectively in the Best Fixed-Interest Exchange Traded Product.

A lot of the growth in ETFs is a result of the trend towards low-cost investing, and index investing has been a huge beneficiary of that.

"Most active managers are not able to outperform the index, so why not invest in the index, especially when you can invest at a fraction of the cost of active management?" says Gopal.

What's more, ETFs provide you with easy access to markets all over the world.

Given that the index usually outperforms active managers, ETFs are becoming the go-to portfolio building blocks. You get liquidity, diversification and global exposures. The only thing left, arguably, is to work out how much you wish to allocate to different asset classes.

"[ETFs] allowed people to focus on asset allocation rather than pick the next big winner in the market, which most people can't and will continue not to be good at," says Gopal.

He says investors are building active portfolios using passive investments. Who ever said the two investing approaches were mutually exclusive?

BEST FIXED-INTEREST EXCHANGE TRADED PRODUCTS

GOLD WINNER iSHARES

Increasingly cautious investors are putting their money into defensive assets to preserve their capital and diversify their portfolios

	PRODUCT	ASX CODE	START DATE	PERFORMANCE			MANAGEMENT FEES		
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	MIN INV'T
1	iShares Core Composite Bond ETF	IAF	2012	4.03%	5.40%pa	4.60%pa	0.20%pa	None	$0
2	SPDR S&P/ASX Australian Bond Fund	BOND	2012	4.22%	5.62%pa	4.73%pa	0.24%pa	None	$0
3	Vanguard Australian Fixed Interest Index ETF	VAF	2012	9.39%	4.05%pa	4.60%pa	0.20%pa	None	$0
4	Vanguard Australian Government Bond Index ETF	VGB	2012	9.99%	4.10%pa	4.72%pa	0.20%pa	None	$0
5	SPDR S&P/ASX Australian Government Bond Fund	GOVT	2012	7.28%	6.85%pa	4.83%pa	0.22%pa	None	$0

Source: Rainmaker Information as at June 30, 2020. Best fixed-interest ETPs where products are ranked across short-, medium- and long-run performance and investment risk factors.

Fixed-income exchange traded products (including ETFs) have stepped into the spotlight during the coronavirus, offering investors a way to hedge against volatility. But that doesn't mean they're not popular during other points in the business cycle.

"Even before 2020, investors were cautious, piling $3.4 billion into fixed-income ETFs at the end of 2019," says Chris Brycki, from the online adviser Stockspot. "Behaviour like this signals a demand for defensive assets (like fixed-income ETFs) and many investors were probably feeling the rumblings of Covid-19 and an economic downturn."

Fixed-interest funds represented just 9% of the total Australian ETF market in September 2015, but pandemic fears have seen a flight to defensive assets. As a result, fixed-interest ETFs represented 17% of all Australian ETFs in September 2020.

The **iShares** Core Composite Bond ETF takes out the category this year after claiming bronze in 2020. Rolled out in 2012, it has a return of 4.03% over one year to June 30, and a three-year return of 5.4%pa, with the equal lowest management fee of 0.2%.

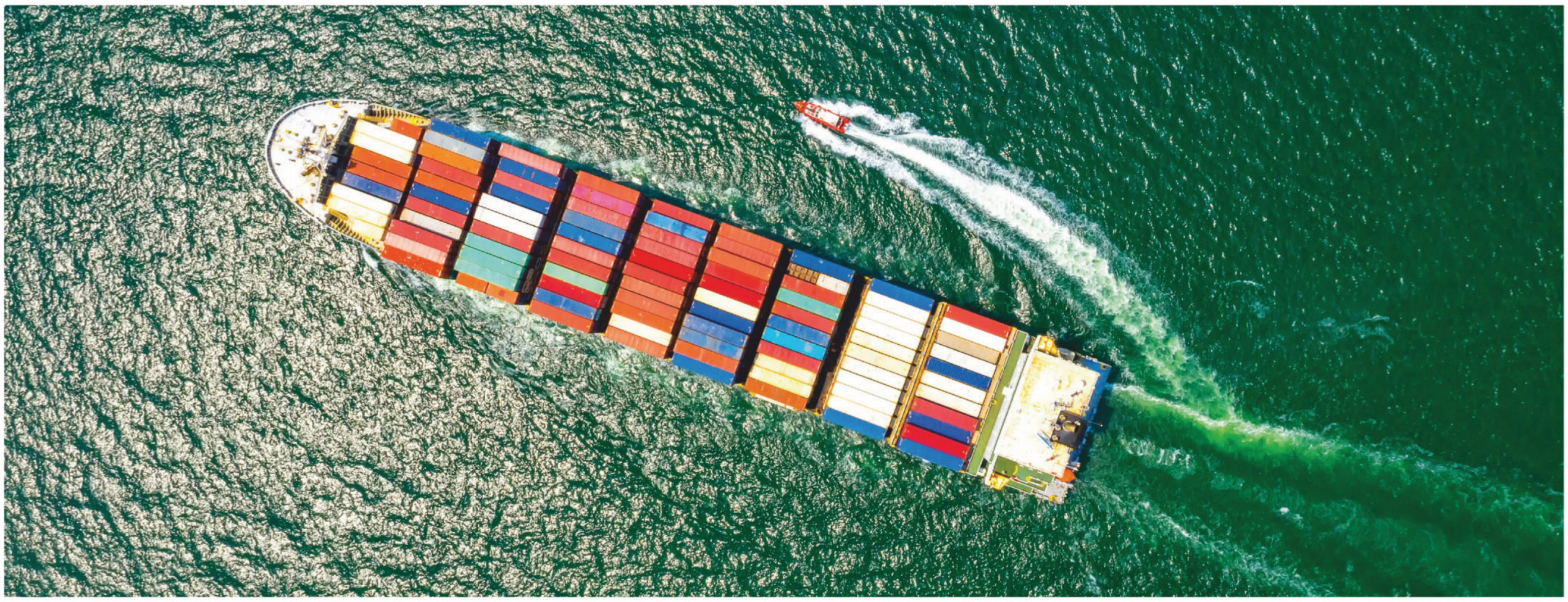
The fund tracks the Bloomberg AusBond Composite 0+ YR Index and is made up of investment-grade fixed-income assets.

"Investors have continued to gravitate to bond ETFs for multiple reasons, including equity diversification and income and capital preservation," says Christian Obrist, head of iShares.

"Bond ETFs have clearly transformed how Australian investors access fixed-income markets by bringing convenience and transparency to a historically hard-to-access asset class. In terms of flows, we have seen $US250 million ($355 million) go into IAF in the year to date [October]."

Second place goes to State Street's **SPDR** S&P/ASX Australian Bond Fund, which tracks the S&P/ASX Australian Fixed Interest Index and is made up of investment-grade Australian-dollar-denominated bonds with maturities greater than a year.

The **Vanguard** Australian Fixed Interest Index Bond ETF fell from second place in last year's awards to third this time. Like the iShares offering, it tracks the Bloomberg Composite AusBond 0+ YR Index.



BEST AUSTRALIAN SHARE EXCHANGE TRADED PRODUCTS

GOLD WINNER iSHARES

Investors who want low-cost, broad exposure to the domestic sharemarket as the core of their portfolio need look no further

Exchange traded products (ETPs) provide a cheap way to capture the local sharemarket and have won over investors for this reason.

At the time of writing, domestic exchange traded funds (ETFs) have taken in $5.4 billion in 2020 compared with $2.5 billion at the same point last year.

Despite the pandemic, domestic ETPs have grown 19% over the year, making up the second biggest slice of the Australian ETP market at about a third.

It's an all-new podium in our awards, with none of the top three placeholders from 2020 featuring this year.

iShares leads the league with its flagship fund, the **iShares** Core S&P/ASX 200 ETF.

Christian Obrist, head of iShares, views the ETF as "a core building block for investors who want broad-based exposure to the S&P/ASX 200".

You would be hard-pressed to find a cheaper, more effective way to buy into the top 200 largest companies on the ASX. This is reflected in the fund's mandate to track the performance of the S&P/ASX 200 Accumulation Index, before fees. As such, it's dominated by the financials, materials and healthcare sectors.

Investors in the fund have enjoyed returns of 5.03%pa over three years, with a management fee of only 0.09%.

In second place is the **Vanguard** Australian Shares Index ETF, which differs slightly from the iShares fund in that it tracks the return of the S&P/ASX 300 index.

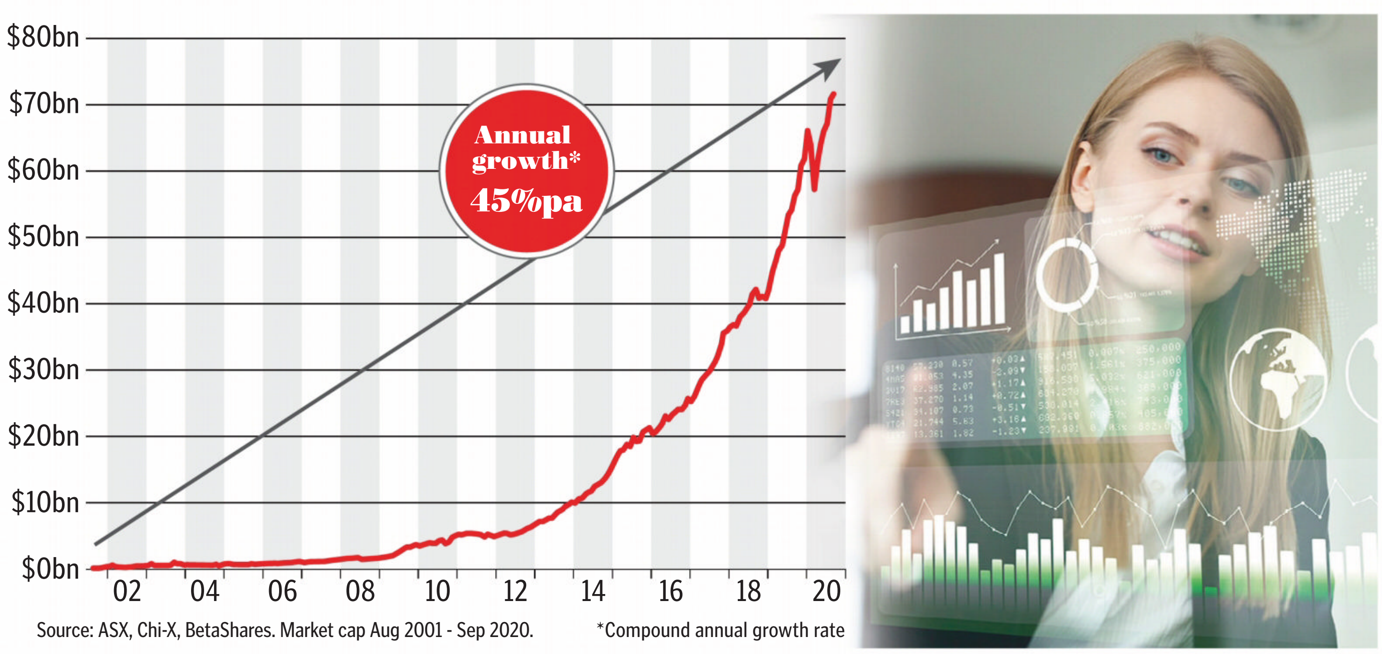
The fund is billed a long-term grower with some tax-effective income, thanks to franking credits. It has returned slightly more than the iShares fund over three years, at 5.20%pa, but has a slightly higher management fee of 0.10%.

Third place goes to State Street's **SPDR** S&P/ASX 200 fund. Launched in August 2001, it's Australia's oldest ETF. Also tracking the S&P/ASX 200, it has returned slightly less than the iShares fund over three years, with 5% growth, and has a slightly higher management fee of 0.13%.

	PRODUCT	ASX CODE	START DATE	PERFORMANCE			MANAGEMENT FEES		
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	MIN INV'T
1	iShares Core S&P/ASX 200 ETF	IOZ	2010	-7.78%pa	5.03%pa	5.71%pa	0.09%pa	None	$0
2	Vanguard Australian Shares Index ETF	VAS	2009	-7.51%pa	5.20%pa	5.91%pa	0.10%pa	None	$0
3	SPDR S&P/ASX 200	STW	2001	-7.76%pa	5.00%pa	5.75%pa	0.13%pa	None	$0
4	iShares Edge MSCI Aust Multifactor ETF	AUMF	2016	-7.79%pa	5.00%pa	5.75%pa	0.13%pa	None	$0
5	Vanguard MSCI Aust Large Co. Index ETF	VLC	2011	-9.28%pa	4.71%pa	4.18%pa	0.20%pa	None	$0

Source: Rainmaker Information as at June 30, 2020. Best Australian share ETPs where products are ranked across short-, medium- and long-run performance and investment risk factors.

AUSSIES LOVE THEIR ETPs



Source: ASX, Chi-X, BetaShares. Market cap Aug 2001 - Sep 2020. *Compound annual growth rate

FACT FILE

- **$846m**: This is how much flowed into the iShares Core S&P/ASX 200 ETF during September.
- **20%** of investors under the age of 25 hold an ETF.
- **8%** of investors under 25 bought an ETF as their first investment.
- **16%** of investors under 25 bought an ETF in the past 12 months.
- **45%** of investors under 25 plan to invest in ETFs in the next 12 months.
- **33%**: One in three female investors is aware of ETFs.

BEST INTERNATIONAL SHARE EXCHANGE TRADED PRODUCTS

GOLD WINNER BETASHARES

Global sharemarkets, in both developed and developing countries, can provide stunning returns even in the midst of a pandemic

	PRODUCT	ASX CODE	START DATE	PERFORMANCE			MANAGEMENT FEES		
				1 YEAR	3 YEARS	5 YEARS	MER	PERF FEE	MIN INV'T
1	BetaShares Global Sustain. Leaders ETF	ETHI	2017	26.31%pa	21.48%pa	N/A	0.49%pa	None	$0
2	iShares Global 100 ETF	IOO	2000	11.80%pa	14.04%pa	11.87%pa	0.40%pa	None	$0
3	Magellan Global Equities Fund	MGE	2015	8.90%pa	15.18%pa	12.03%pa	1.35%pa	10%	$0
4	VanEck Vectors MSCI World Qual ETF	QUAL	2014	16.80%pa	17.18%pa	13.96%pa	0.40%pa	None	$0
5	SPDR S&P 500 ETF Trust	SPY	1993	9.55%pa	14.68%pa	13.09%pa	0.95%pa	None	$0

Source: Rainmaker Information as at June 30, 2020. Best international share ETPs where products are ranked across short-, medium- and long-run performance and investment risk factors.

Exchange traded products (ETPs) have been a godsend for investors looking to diversify their portfolio with international exposures, which could previously only be done through a broker or managed fund.

International ETP assets have risen 14% since the beginning of the year and now represent the largest slice of the Aussie ETP market. More than a third of all money invested in the space went to international ETPs.

First place goes to the **BetaShares** Global Sustainability Leaders ETF. It has blown the competition out of the water with its one- and three-year returns of 26.31% and 21.48% respectively. It's no surprise then that investors are flocking to this ETF, as they are with other ethical ETFs more broadly.

"This year alone we have seen more than $900 million flow into ethical ETFs, of which more than 40% went into ETHI and its currency-hedged equivalent," says Alex Vynokur, chief executive of BetaShares.

This fund puts to bed the notion that ethical investing comes at a cost in performance. In fact, the BetaShares fund returned about 17.5% in the year to date (mid-October), outperforming global shares by around the same amount.

Vynokur expects the popularity of ethical funds to continue as the world climbs out of the pandemic-induced recession.

"The crisis is also likely to speed up the rate at which companies incorporate ESG practices into their business activities and dealings with stakeholders. Recent studies have shown that companies that incorporate ESG policies have outperformed the broad market, and we think this may continue as we emerge from the pandemic," he says.

Further illustrating the strong performance of international ETFs, the **iShares** Global 100 ETF, which has taken out second place, returned 11.80% in the year to June 30 – a result that any active fund manager would be proud to achieve.

The fund tracks the S&P Global 100 Index, providing investors with exposure to 100 blue-chip companies in developed and emerging markets around the world.

The **Magellan** Global Equities Fund places third, which is great recognition for an actively managed ETF. The fund invests in 20 to 40 of the world's best and largest companies.


BetaShares
Exchange Traded Funds
ASX CODE: ETHI
BEST INTERNATIONAL SHARE EXCHANGE TRADED PRODUCT
Money MAGAZINE
WINNER 2021
BEST OF THE BEST 2021
BEST INTERNATIONAL SHARE ESG FUND
Money MAGAZINE
WINNER 2021
BEST OF THE BEST 2021

The year super got smarter

>>>THE BIG QUESTIONS FOR 2021

Alex Dunnin
executive director, research and compliance, Rainmaker Information

HOW HAVE FUNDS COPED WITH THE ECONOMIC SHOCK CAUSED BY COVID-19 AND WHAT WILL IT MEAN FOR FUTURE RETURNS?

Around Australia's kitchen tables, if the talk turns to superannuation, for many it's likely to be about what a fund has done wrong or failed to deliver. Let's face it, most people are quite disconnected from their superannuation and for some it's as if superannuation doesn't exist.

Ironically, this has been superannuation's strength: let the good funds get on with investing your compulsory contributions without you meddling with potentially bad choices.

But 2020 has been a year like no other. It has tested investment strategies. Funds that had championed unlisted property before the pandemic were hailed as heroes for their high returns and then were pilloried for not foreseeing the coronavirus. Funds that invested actively into growing sharemarkets or private equity start-ups were now punished for having too little cash.

Excitable commentators poured petrol on the fire, warning of calamity when the scheme, allowing early release of super, was launched in March.

Calamity didn't come, but the writing was on the wall. Super's role had transformed from being only about retirement to being a pool of capital we can turn to in times of national emergency. Governments had rewritten the law and signalled they could do it again.

With so much changing, fears were rising that trustee boards might panic, switch to conservative investments and think only of the short term.

But when the going gets tough, the tough get going. Smart super funds with shrewd leadership teams knew that when the stakes are this high, their best strategy is to calm down, simplify and focus only on what they can control. They got their technology working, became more efficient, reduced costs, lowered overheads and made sure they were investing only in what they understood.

As the year progressed and it became clearer that Covid-19 was not another GFC when returns crashed to -22%, Australia's best super funds just got on with their job. They began hiring chief technology officers, they sharpened their fees, they announced a spate of mergers. And soon they will start cutting off investment options that aren't working. They stepped up their digital advice programs and they kept investing.

Just as the 2009 GFC led to the best decade super has ever seen, this pandemic could do the same.

AFFORDABLE ADVICE

Q HOW DOES FINANCIAL ADVICE BECOME MORE ACCESSIBLE IN 2021?

The impact of Covid-19 means it is more important than ever that people can access professional financial advice, whether it is to engage with superannuation, debt management or basic life insurance.

However, the complexity of increasing layers of regulation is driving up the cost of providing this advice. As our economy recovers, making the provision of scaled advice less costly – that is, advice for specific, discrete issues, like how to manage unexpected changes, like an inheritance – would go a long way to ensure financial advice is accessible for more people.

The Financial Services Council (FSC) is leading the policy debate on measures to improve the affordability of, and access to, advice. This ground-breaking report offers a system-wide look at the drivers of advice need and its value to the individual and the economy, while offering radical proposals for reducing cost, such as simplified documentation requirements and new definitions of advice.

The FSC will release a green paper on financial advice in 2021 as our foundation for policy development.

Sally Loane
chief executive, Financial Services Council

DIY FUNDS

Q WHAT ARE SOME OF THE BIGGEST ISSUES FOR SELF-MANAGED SUPER FUND INVESTORS?

With low interest rates forecast for the next three years by the Reserve Bank, as well as doubtful bank dividend policies, 2021 will see the continued search for yield.

It will make some SMSF trustees reach out of their comfort zone for returns. They will need to do their research and understand the risks involved in any investment that offers more than cash rates. They also need to be careful that their investment strategy has allowed for them to invest in other sectors such as international shares, infrastructure, cryptocurrencies, mortgage funds and peer-to-peer lending.

Pension members should consider the Covid-19 measure that reduced minimum required pensions and possibly take some lump sum commutations rather than their usual pension. And those who have provided Covid-19 rent relief to tenants or received loan relief from a related-party lender need to make sure they have documented the arrangements and reviewed that paperwork, if it is to extend past the original agreed date.

Liam Shorte
director, Verante Financial Planning

PERFORMANCE

Q WHAT CHANGES TO SUPER WILL CONSUMERS NEED TO BE ACROSS IN 2021?

From July 2021, when someone takes a new job their new employer will log onto a tax office portal and find the member's existing super fund. It will then pay SG contributions into that fund, or the one with the largest balance.

The federal government will also set up an interactive online tool administered by the ATO, using quarterly data from APRA, to help consumers to compare funds. The site will rank funds by fees and investment performance and underperforming funds will be highlighted.

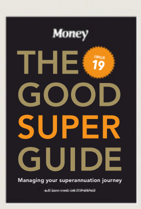
Consumers will need to be aware that the proposed new "underperformance" test misses strategic asset allocation, which is one of the largest contributors to investment performance.

One of the big changes we saw in 2020 was the rapid adoption of technology. Watch out for regulatory developments in how consumers can access "simple" advice at an affordable price. With more superannuation members retiring each year with more money, we finally may see some action at the intersection of retirement, advice and technology.

Andrew Boal
chief executive, Rice Warner

DOWNLOAD NOW

SUPER BOOSTER
Money magazine's Super Booster promotes the three Cs: check, consolidate and contribute. There's information showing what a difference fees can make to your total balance in retirement, how you can consolidate your funds and how you can make salary sacrifice contributions. Follow #SuperBooster and keep on top of your retirement savings.



THE GOOD SUPER GUIDE
It's important to choose the right super fund, and this guide helps compare funds in partnership with the SelectingSuper website (owned by Rainmaker Information, which publishes *Money*). It also looks at how super works and what to look for in investment menus, as well as insurance inside super, fees and self-managed funds. The 19th edition can be downloaded via the *Money* app.

MY MILLENNIAL MONEY
Financial adviser turned full-time podcaster Glen James and John Pidgeon discuss millennial money matters in a light-hearted way, hosting a variety of guests to give balance between practical money tips and fun. There are now more than 330 episodes focusing on shares, super, budgeting, property, mindset, small business and making money.

An essential service

The financial future of frontline workers such as firefighters and nurses, as well as teachers and public servants, is in safe hands

BEST SUPER FUND

GOLD WINNER AWARE

DEANNE STEWART
CHIEF EXECUTIVE, AWARE

Aware Super had an especially busy year – it surpassed $100 billion in funds under management, adopted its new name to reflect its recent mergers, with thousands of new members, and has won a new award. This is the first time *Money's* Best Super Fund has been won by Aware Super (or its pre-merger funds of First State Super, VicSuper and WA Super).

"It's been a year like no other – we weren't expecting national bushfires, floods, droughts and a pandemic plus two mergers," says chief executive Deanne Stewart.

"But at the same time it's amazing how focused the team has been through Covid-19. While we've worked to keep the team focused and looking after their health and wellbeing, they've been so motivated to get these deals done as well as other things, because they really understand [why it's] in our members' best interests."

Through the mergers, Aware Super's membership has grown over the past 12 months from around 700,000 to more than 1.06 million, which largely comprises healthcare workers, teachers, police, firefighters and all those who have been at the frontline of bushfires and Covid-19.

"It's been very motivating for the team. A driver for so many of us in the business is our members – it's a unique member base and 2020 reminds us all how important essential workers and public servants are," says Stewart.

Of the name change from First State Super to Aware Super, Stewart says "Aware" tested well on many levels. Members are aware of their community – caring for, educating and protecting people; while the fund is aware of investments being sustainable in the long term and wanting members to become more aware of their super.

Through the peak of Covid-19, the super fund's investment team took risk off the table and was slightly underweight in equities. "I would say there were minor tweaks to asset allocation – from a valuation perspective with the drop in markets – but from an unlisted perspective we went bottom up and made sure that valuations were updated as best they could be during that period of time," says Stewart.

"We've taken a leadership role in affordable housing and we've now invested $250 million in affordable housing and that benefits thousands of Australians and is also a good investment for the fund.

"The other one we've taken a leadership position on is climate change – not just with a 2050 target, but what we're doing now and over the next three years or decade to make the portfolio more sustainable and in really good shape in what is a clear global trend to lower carbon positions."

BEST PENSION FUND

GOLD WINNER
CBUS

JUSTIN ARTER
CEO, CBUS

In a comfort zone

Retirees can be confident they will enjoy their lifestyle, thanks to a strong income-producing pension product

Cbus has retained pole position as the 2021 Best Pension Fund, for the second year running. It has been one of the most consistent pension funds, and is a lead performer across multiple asset classes.

Cbus traditionally serves the construction sector, but other funds had better watch out: its upcoming merger with Media Super in 2021 will create a fund worth $60 billion.

Cbus is a leader in sustainable investing, manages some of its funds in-house and is a market leaders in transparency. It is particularly renowned in the unlisted assets sector, as its in-house property funds management business is considered one of the best.

This year the fund installed a new chief executive in Justin Arter, who was previously chief executive of the Victorian Funds Management Corporation, the funds management arm of the Victorian Government. On joining Cbus, Arter said he was excited to lead the fund and continue its success in maximising the retirement futures of its 750,000 members.

Robbie Campo, Cbus group executive, brand, advocacy and product, says the team is delighted to know it is providing a retirement income solution to members of such a high quality to be awarded Best Pension Fund.

"We were really pleased with this recognition and it will provide non-Cbus members with the opportunity to consider our pension products and advice," says Campo.

"It's recognition for Cbus's focus on the needs of our members – to provide confidence in retirement that they can draw a sufficient income and have the flexibility to access more if they need to."

Suits modest balances

Campo says Cbus delivers great products and service that work with the age pension. "The product and services which support the fund have continued to evolve since its initial launch to take account of changing needs and opportunities to provide the best value for members."

Even though most Australians will be eligible for the age pension, the income it provides is unlikely to be enough on its own to provide a comfortable retirement, which is why Cbus Super says it focuses on its pension members.

It has positioned the product so that it also works for retiring members with modest balances. "It's an important step because members often discount the pension product because they think they don't have enough money to get one," says Campo.

The Cbus Super Income Stream offers good pension flexibility, with members able to select from fortnightly through to annual payment frequencies.

Cbus recently updated its online and app experiences, which are now directly configured for retirees, with the key information easily accessible, such as last pension payments and account balance.

Cbus has been a solid performer this year in the pension space with further awards in the categories of Best Growth Pension Product and Best Moderate Pension Product.

BEST MYSUPER LIFECYCLE PRODUCTS

GOLD WINNER TASPLAN

Age-based investing is a good idea, but in practice only the best funds seem to succeed

As regulators put pressure on super funds to create products to better serve members, lifecycle options provide the ability to have your super managed in a way that meets your risk appetite according to age.

While the idea behind these funds is compelling, and sector leaders are impressive, many others have failed to deliver. Part of the issue is that some funds are caught up in the idea that super is a 70-year investment.

"It should also be no surprise that the best lifecycle funds are those that run good funds anyway," says Alex Dunnin, Rainmaker's head of research. "If a fund has a poor track record, it's not a surprise that its lifecycle fund isn't a star performer."

While **Tasplan** didn't appear in the top five in this category last year, it continues to be a strong performer in the lifecycle sector, outperforming many competitors in all age groups.

Aware Super ranks second with **Virgin Money Super** in third place. Aware Super is also Best Super Fund this year.

		RETURNS PER AGE GROUP – 3 YEARS				FEES ON
	PRODUCT	20s	30s	40s	50s	$50,000
1	Tasplan[1]	6.38%pa	6.38%pa	6.38%pa	5.75%pa	1.10% ($550pa)
2	Aware Super	6.09%pa	6.09%pa	6.09%pa	6.09%pa	1.05% ($525pa)
3	Virgin Money Super	6.35%pa	6.41%pa	6.35%pa	6.14%pa	0.72% ($360pa)
4	Catholic Super[2]	5.17%pa	5.17%pa	5.17%pa	4.68%pa	1.26% ($630pa)
5	Sunsuper for Life	5.44%pa	5.44%pa	5.44%pa	5.44%pa	0.91% ($455pa)

Source: Rainmaker Information as at June 30, 2020. [1]Tasplan will merge with MTAA Super on April 1, 2021. [2]Catholic Super is planning to merge with NGS Super. Best MySuper products that use a lifecycle approach where their weighted performance over one, three and five years is assessed across all age groups. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

BEST-VALUE RETIREMENT PRODUCTS

GOLD WINNER BENDIGO SMARTSTART SUPER

Every dollar counts for a retiree, so low fees will help maintain your income

Retirement products have little time to make up losses and they have finite balances, so the cost is important in making your money last as long as you do. **Bendigo** SmartStart Pension is a simple, easy-to-understand product with low fees.

"We are able to provide a high-value product, particularly for members with a balance close to the Australian average at retirement," says Justin Hoare, Bendigo and Adelaide Bank head of superannuation.

"It is also important for us to enable retirees to easily track their balance alongside their other assets at a time when it is important to them, which is why we provide ready access to balances on their Bendigo Bank app."

Also operating with fees well under 1% are the **ANZ** Smart Choice Pension in second spot and the **GESB** Retirement Income Allocated Pension in third.

					TOTAL FEES ON	
	PRODUCT	INVESTMENT FEE (PA)	ADMIN FEE (PA)	MEMBER FEE (PA)	$100,000	$500,000
1	Bendigo SmartStart Super Pension	None	0.20%[1]	$98	0.30%pa	0.22%pa
2	ANZ Smart Choice Pension	0.52%	0.50%	$50	0.63%pa	0.59%pa
3	GESB Retirement Income Allocated Pension	0.63%	None	None	0.63%pa	0.63%pa
4	QSuper Income	0.48%	0.38%	None	0.64%pa	0.64%pa
5	MTAA Super Pension	0.58%	0.58%	$78	0.76%pa	0.70%pa

Source: Rainmaker Information as at June 30, 2020. Lowest priced retirement products where fees are those that apply to balances of $100,000 and $500,000. Products sorted by lowest overall fee ranking. Funds must be public offer and AAA rated by SelectingSuper. [1]No fee in the default pension option, Bendigo Conservative Indexed.

BEST MYSUPER PRODUCTS

GOLD WINNER AUSTRALIANSUPER

Australia's largest fund mixes and matches asset classes to achieve outstanding results

This year has been a wild ride for members of default MySuper products, according to Rainmaker Information research: the highest product returned 3.7% over the 12 months to July while the lowest returned -4.8%.

AustralianSuper has featured in the list of finalists through many categories in the Best of the Best awards. While this year its MySuper product wasn't the highest performer, its returns over three, five and 10 years show consistent outperformance. Its fees are among the lowest in the category.

The $190 billion AustralianSuper is an example of how a super fund gets better as it grows, says Alex Dunnin, Rainmaker's head of research. "It's a sharp performer across many asset classes and also seems to know how to mix and match these asset classes. They have higher volatility than some of their peers, but they are rarely outside the top 10. They've kept their edge of low cost and consistently strong returns."

Cbus has moved up from fourth to second place. Although it took a hit this year, **Hostplus** retains its spot in the top three through its longer-term returns.

	PRODUCT	RETURNS 1 YEAR	3 YEARS	5 YEARS	10 YEARS	FEES ON $50,000
1	AustralianSuper – Balanced	0.29%	6.42%pa	7.12%pa	8.53%pa	0.87% ($435pa)
2	Cbus Super – Growth (Cbus MySuper)	0.54%	5.94%pa	6.92%pa	8.33%pa	1.05% ($525pa)
3	Hostplus – Balanced	-2.01%	5.49%pa	6.83%pa	8.46%pa	1.07% ($535pa)
4	Vision Super – Balanced Growth	1.65%	6.18%pa	6.44%pa	7.82%pa	0.98% ($490pa)
5	CareSuper – Balanced	-0.13%	5.30%pa	6.24%pa	8.08%pa	1.17% ($585pa)

Source: Rainmaker Information as at June 30, 2020. MySuper products ranked by best weighted performance taking into account performance over one, three, five and 10 years. Product must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

BEST-VALUE MYSUPER PRODUCTS

GOLD WINNER QSUPER

An investment strategy gets personal: it can be tailored to suit a member's age and balance

This award recognises MySuper products with the lowest fees ranked across seven benchmark account balances, from $1000 to $250,000.

Michael Pennisi, chief executive at **QSuper**, our winner, says it works hard to keep its fees low so more money goes towards retirement savings.

"It is during times of unexpected volatility like we've had this year where smart MySuper solutions are even more important," he says. "QSuper has a relentless commitment to create a better future for our members, through the good times and the tough ones. Despite this year being so different, our purpose, our goals and our investment strategy remain the same."

Pennisi says the fund's investment strategy provides a personal, tailored solution based on age and balance, which is reviewed every six months "to make sure the member is still on track for retirement".

Also ranked in the category are the **Energy Industries Super Scheme (EISS Super)** in second place and **Russell iQ** in third.

	PRODUCT	TOTAL FEES ON $1000	$5000	$10,000	$50,000	$100,000
1	QSuper Accumulation	0.74%pa	0.74%pa	0.74%pa	0.74%pa	0.74%pa
2	EISS Super	0.95%pa	0.95%pa	0.95%pa	0.95%pa	0.95%pa
3	Russell iQ	1.35%pa	1.35%pa	1.35%pa	1.35%pa	1.35%pa
4	ANZ Smart Choice Super	5.58%pa	1.58%pa	1.08%pa	0.68%pa	0.63%pa
5	Virgin Money Super	6.40%pa	1.76%pa	1.18%pa	0.72%pa	0.66%pa

Source: Rainmaker Information as at June 30, 2020. MySuper products with the lowest fees. Products ranked across seven benchmark account balances ranging from $1000 through to $250,000. Funds must be public offer and AAA rated by SelectingSuper.

BEST PROPERTY SUPER PRODUCTS

Money Magazine Awards 2021 — Best of the Best 2021

GOLD WINNER PRIME SUPER

Property has been a quiet long-term achiever, showing it can handle an economic shock

Prime Super's property investment option may not be particularly well known, but the introduction of this new award reveals to *Money* readers that it has been a consistent performer over the longer term.

Lachlan Baird, the super fund's chief executive, says the long-term success is due to an experienced investment team that closely monitors markets and actively manages portfolios.

"We also focus on direct investments that can weather broad impacts on the economy, such as Covid-19. This year we worked with climate experts to assess how our infrastructure and property portfolios might be affected by climate change. We want to strengthen strategies to protect assets against climate risks such as floods, sea-level rise, bushfires and cyclones."

		RETURNS				FEES ON
	PRODUCT	1 YEAR	3 YEARS	5 YEARS	10 YEARS	$50,000
1	Prime Super – Property	-3.39%	7.21%pa	13.97%pa	11.71%pa	1.42% ($710pa)
2	CareSuper – Direct Property	1.34%	7.15%pa	9.37%pa	8.51%pa	1.32% ($660pa)
3	Tasplan – Property[1]	1.41%	5.87%pa	N/A	N/A	1.45% ($725pa)
4	NGS Super – Property[2]	-3.36%	3.67%pa	6.36%pa	8.57%pa	0.92% ($460pa)
5	Catholic Super – Property[2]	-0.55%	5.61%pa	7.36%pa	8.05%pa	1.47% ($735pa)

Source: Rainmaker Information as at June 30, 2020. [1] Tasplan will merge with MTAA Super on April 1, 2021. [2] Catholic Super is planning to merge with NGS Super. Property superannuation products ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

Baird says the property investment option has helped to produce double-digit returns for the fund's accumulation accounts over the past two years.

While Prime Super failed to outperform this year, strong results over other timeframes give it top position in this category – its performance over 10 years sits at 11.71%pa and over five years at 13.97%pa.

BEST FIXED-INTEREST SUPER PRODUCTS

Money Magazine Awards 2021 — Best of the Best 2021

GOLD WINNER HOSTPLUS

An asset class that can smooth out returns is a reassuring investment during volatility

Fixed interest isn't glamorous, but it is an important part of any super fund's engine room. Funds invest in fixed interest to smooth the returns they'll earn through shares and property and to counter volatility, which at times like this can be very effective. It's also important not to confuse bond yields (interest rates) with their capital return in this category. Bonds have a unique role.

Hostplus consistently shows that even though it runs only a few hundred million dollars in bonds, it knows how to get maximum value year in, year out.

Despite this strong performance, the industry fund is usually known for its growth assets, unlisted assets and private equity investments in pharmaceuticals and start-ups.

		RETURNS				FEES ON
	PRODUCT	1 YEAR	3 YEARS	5 YEARS	10 YEARS	$50,000
1	Hostplus – Diversified Fixed Interest	2.98%	4.02%pa	4.62%pa	6.26%pa	0.83% ($415pa)
2	Sunsuper Super Savings – Diversified Bonds Index	3.84%	4.14%pa	4.04%pa	4.94%pa	0.48% ($240pa)
3	Intrust Core Super – Bonds (Fixed Interest)	2.76%	4.06%pa	3.82%pa	4.86%pa	0.81% ($405pa)
4	IOOF Super – IOOF MultiMix Diversified Fixed Interest Trust	4.03%	3.94%pa	3.97%pa	N/A	1.09% ($545pa)
5	Aware Super – Australian Fixed Interest	3.49%	4.60%pa	3.89%pa	4.80%pa	0.33% ($165pa)

Source: Rainmaker Information as at June 30, 2020. Fixed interest superannuation products ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

Hostplus has completed its merger with Club Super and now has more than 1.2 million members and $48 billion under management. Members pay a low administration fee of $1.50 a week, which hasn't changed since 2004.

BEST AUSTRALIAN SHARES SUPER PRODUCTS

GOLD WINNER IOOF

A tough year for most funds underscores the importance of looking at the long term

A long-term focus and access to a variety of investment strategies through its multi-manager approach have proved a winning combination for **IOOF**.

IOOF chief investment officer Dan Farmer says an experienced investment team kept a level head through this year's volatility.

Before Covid-19, the IOOF MultiMix Australian Shares Trust had reinforced its risk protection, says portfolio manager Paul Crisci. "Not that we anticipated the downturn, but that just happened to be the case."

In this category, weighting is given to risk-adjusted returns over one, three, five and 10 years, with a focus on rank, highlighting how funds perform against their peers.

While **Hostplus** has been hit hard this year, it has been sustained by its long-term returns, as has **Intrust Super**.

According to Rainmaker's head of research, Alex Dunnin, a great emphasis is given to long-term returns. Each of the top-performing funds this year has strong performance figures over the past three, five and 10 years. "IOOF has all the attributes of being a really good platform and a good option between an industry fund and a retail fund," he says.

		RETURNS				FEES ON
	PRODUCT	1 YEAR	3 YEARS	5 YEARS	10 YEARS	$50,000
1	IOOF Super – IOOF MultiMix Australian Shares Trust	-3.04%	6.83%pa	6.97%pa	N/A	1.88% ($940pa)
2	Hostplus – Australian Shares	-4.62%	5.32%pa	6.94%pa	8.57%pa	0.86% ($430pa)
3	Intrust Super – Australian Shares	-2.10%	5.55%pa	7.25%pa	8.41%pa	1.13% ($565pa)
4	StatewideSuper – Australian Shares	-6.02%	5.57%pa	7.27%pa	N/A	0.94% ($470pa)
5	UniSuper – Australian Shares	-2.91%	8.03%pa	7.06%pa	8.23%pa	0.89% ($445pa)

Source: Rainmaker Information as at June 30, 2020. Australian shares superannuation products ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

BEST INTERNATIONAL SHARES SUPER PRODUCTS

GOLD WINNER WA SUPER

Global shares have still managed to deliver a solid result in challenging conditions

Global shares performed better than Aussie shares this year but were still a little subdued compared with previous years' returns.

Gold winner **WA Super**, which is merging with Aware Super, our 2021 Best Super Fund, is a solid performer in its own right.

While WA Super has returns in excess of its peers over most time periods, it's important to note that part of the judging process is the rankings, which have placed it consistently higher than its peers. And products have been ranked by best weighted performance over one, three, five and 10 years.

"We were delighted to be recognised as winners," says WA Super chief investment officer Chris West. "It's a challenging and turbulent time, so it's an even greater honour to be recognised.

WA Super is committed to sustainability principles, as is runner-up **UniSuper**. It is also one of the cheaper options.

AustralianSuper, which ranks third, is another solid performer that has provided double-digit returns over the past two years.

		RETURNS				FEES ON
	PRODUCT	1 YEAR	3 YEARS	5 YEARS	10 YEARS	$50,000
1	WA Super – Global Shares[1]	6.32%	10.81%pa	9.74%pa	11.77%pa	0.71% ($355pa)
2	UniSuper – International Shares	7.93%	9.61%pa	9.39%pa	11.67%pa	0.83% ($415pa)
3	AustralianSuper – International Shares	10.41%	11.71%pa	9.92%pa	11.22%pa	0.73% ($365pa)
4	Equip MyFuture – Overseas Shares	6.82%	10.30%pa	8.49%pa	11.22%pa	0.86% ($430pa)
5	Virgin Money Super – Indexed Overseas Shares	4.88%	10.06%pa	N/A	N/A	0.75% ($375pa)

Source: Rainmaker Information as at June 30, 2020. [1]WA Super is merging with Aware Super in December 2020. International shares superannuation products ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

BEST BALANCED PENSION PRODUCTS

GOLD WINNER HESTA

As Australians live longer, the appeal of income-paying pensions is increasing

When you reach retirement age, you have the option to access your super as a lump sum or you can transfer it to a pension product.

As people live longer, more retirees are choosing to keep their money in the superannuation system, earning tax-friendly returns on their money for as long as they can.

This year **HESTA** has won the category. HESTA has featured strongly in our 2021 Best of the Best awards, winning four.

Debby Blakey, HESTA's chief executive, says sustainable returns have been outstanding.

She says many members stay in their MySuper option and she is entirely comfortable with that. "Our income stream product has been going for 10 years and we've just been through a streamlining of investment options for accumulation and pension options and have quite an innovative default strategy."

Other standouts in this category include **Cbus**, which also won Best Moderate Pension Plan Product, and **AustralianSuper**.

		RETURNS				FEES ON
	PRODUCT	1 YEAR	3 YEARS	5 YEARS	10 YEARS	$250,000
1	HESTA Income Stream – Eco	2.64%	7.76%pa	9.06%pa	N/A	1.46% ($730pa)
2	Cbus Super Income Stream – Growth (Cbus Choice)	1.04%	7.00%pa	8.06%pa	9.49%pa	1.18% ($590pa)
3	AustralianSuper Choice Income – Balanced	0.32%	6.99%pa	7.72%pa	9.48%pa	0.94% ($470pa)
4	MyLife MyPension – Moderately Aggressive	0.84%	5.92%pa	7.48%pa	9.32%pa	1.34% ($670pa)
5	Media Super Pension – Growth[1]	-1.27%	7.25%pa	7.78%pa	8.93%pa	0.99% ($495pa)

Source: Rainmaker Information as at June 30, 2020. [1] Media Super is planning to enter a joint arrangement with Cbus in 2021. Balanced pension products ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

BEST-VALUE BALANCED SUPER PRODUCTS

GOLD WINNER REST SUPER

Low fees are a great start for achieving strong long-term returns on your savings

Topping our award for 2021 is **Rest**, the fund traditionally for retail workers. A repeat winner, it stands out with its fixed member fee of $68 and an administration fee of 0.1%.

This indexed and balanced investment option has no investment fee and it shows how cheap a super fund can be if you choose the right investment option. This is the lowest investment fee in the category, and although AustralianSuper has a cheaper admin fee of 0.04%, it also has an investment fee of 0.14% and a member fee of $117.

Average total fund fees are now around 1.3%, but the sharpest priced funds charge less than 1%. If you are paying more than this you should make sure you are receiving something special in return.

Rest chief executive Vicki Doyle says Rest is committed to helping members achieve their personal-best retirement by providing strong long-term returns, flexible options and low fees. "To win back-to-back Best of the Best awards is testament to the value and flexibility we offer."

					TOTAL FEES ON	
	PRODUCT	INVEST FEE (PA)	ADMIN FEE (PA)	MEMBER FEE (PA)	$10,000	$50,000
1	Rest Super	None	0.10%	$68	0.78%pa	0.24%pa
2	UniSuper	0.20%	None	$96	1.16%pa	0.39%pa
3	Vision Super	0.16%	0.16%	$78	1.10%pa	0.48%pa
4	legalsuper	0.19%	0.29%	$68	1.16%pa	0.62%pa
5	AustralianSuper	0.14%	0.04%	$117	1.35%pa	0.41%pa

Source: Rainmaker Information as at June 30, 2020. Lowest priced balanced superannuation products where fees are those that apply to balances of $10,000 and $50,000. Products sorted by lowest overall fee ranking. Funds must be public offer and AAA rated by SelectingSuper.

BEST INNOVATION – ESG INVESTMENT LEADERSHIP

BEST OF THE BEST 2021 Money MAGAZINE AWARDS 2021

GOLD WINNER HESTA

Fund members are strong supporters of HESTA's groundbreaking stand on environmental and social issues

It's one of Australia's leading industry super funds and, this year, **HESTA** has won four of the Best of the Best awards: Best Balanced Pension Products, Best Balanced Super Products and Best ESG Super Products.

While it is a leading ESG advocate, what separates it from the crowd is that it doesn't grandstand. It just gets on with it, says Alex Dunnin, Rainmaker's head of research.

"Some super funds and investment managers talk a big game on ESG," he says.

"HESTA leads by example and sets the pace. Even better, it shows us that doing this makes the fund better, boosts returns and improves the retirement outcomes for its members."

It claims to be the first super fund in Australia to be recognised as carbon neutral; it actively supports community programs that promote reconciliation, financial inclusion and social equity (especially gender equity) and take a stand against domestic violence.

Debby Blakey, HESTA chief executive, says that when the fund asks its members whether it should take environmental and social factors into account in the way it invests, the response is a resounding 'yes'.

"Our members work in health and the community sector and they see first-hand the impact of these issues, and so they care deeply that we are taking action on social issues and environmental issues like climate change," she says.

In 2020, HESTA launched its 40:40 Vision campaign to achieve at least 40% women in ASX 200 executive roles by 2030. It issued formal guidelines for the companies in which it invests, setting out how it expects them to engage with indigenous communities and manage heritage protection.

It was one of the first of the big funds to take a position on Rio Tinto after the destruction at Juukan Gorge.

HESTA chief executive Debby Blakey

"When we do take a strong advocacy position as with Rio Tinto, we must say we get incredible support from members, employers and stakeholders, thanking and congratulating us for taking a stand on their behalf," says Blakey.

There are different aspects to how HESTA has integrated a responsible approach into its investment decisions.

"We've been a leader in deep-impact investing, using a measurable framework to assess opportunities and what results we have," says Blakey.

The fund has invested in affordable housing projects such as the Nightingale Brunswick East complex in Melbourne and a dementia village, Korongee, in Tasmania, which follows a Dutch model to provide a village atmosphere for dementia patients.

Blakey says the fund also has strong discussions about Covid-19 and what the world will look like after the pandemic.

"We look at it as a once-in-a-generation opportunity to create the world we want," says Blakey. She sees it being addressed in two important ways: a "green-led" recovery to invest in the world we want, and reducing the inequalities that women face.

"We've tapped into some amazing research – and the fact that women have been hardest hit by the economic impacts of Covid-19 – and we believe a lot of gains we've made in equality are at risk of going into reverse. We want to engage on social infrastructure rather than traditional areas," she says.

BEST GROWTH SUPER PRODUCTS

GOLD WINNER UNISUPER

Sustainable investing has faced a big test and passed with flying colours

UniSuper's Sustainable High Growth fund shows that environmental, social and governance (ESG) products are not only garnering more mainstream attention, they're outperforming their peers.

UniSuper is a sharp super fund that is rarely far from the lead group. It manages 70% of its funds itself and is heavily committed to ESG principles.

UniSuper, **Equip** and **Vision Super** are newcomers to the category this year, joining regulars **Cbus** and **Aware Super** to round out the top five.

John Pearce, UniSuper's chief investment officer, says he attributes the fund's high performance to management by an internal investment team, focusing on listed assets with no allocation to alternatives. "Our sustainable options have been developed with our particular membership base in mind. When we were not able to find products that suited our requirements, we developed the underlying portfolios in-house."

Alex Dunnin, Rainmaker's head of research, says this year has almost been a real-life experiment for ESG and shows how, fundamentally, it performs well in a crisis.

		RETURNS				FEES ON
	PRODUCT	1 YEAR	3 YEARS	5 YEARS	10 YEARS	$50,000
1	UniSuper – Sustainable High Growth	6.71%	9.44%pa	8.79%pa	10.00%pa	0.61% ($305pa)
2	Equip MyFuture – Growth Plus	0.91%	7.34%pa	7.26%pa	9.57%pa	1.01% ($505pa)
3	Vision Super Saver – Just Shares	1.83%	7.50%pa	7.72%pa	9.21%pa	0.78% ($390pa)
4	Cbus Super – High Growth	0.42%	6.77%pa	7.77%pa	9.23%pa	1.16% ($580pa)
5	Aware Super – High Growth	1.12%	6.97%pa	7.10%pa	9.38%pa	1.10% ($550pa)

Source: Rainmaker Information as at June 30, 2020. Growth superannuation products ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

HIGHEST SUPER PERFORMERS

GOLD WINNER COLONIAL FIRST STATE

Global technology and communications thrive in the work-from-home world

This category looks at the range of investment choices offered by super funds. It usually covers a range of asset classes; however, this year it is focused primarily on global shares as the pandemic hit other sectors.

The winner, from **Colonial First State** (CFS), concentrates on technology and communications, an area that benefited from the pandemic shutdowns.

This year **WA Super** has moved up from fourth to third position and **ANZ's** OneAnswer product comes second.

The CFS product provided a one-year return of 25.87%, to retain strong double-digit returns over the three, five and 10 years. Only one of the other top five finalists returned double digits this year – **AustralianSuper** International Shares at 10.41%.

"We have seen an extraordinary shift in the way people work, live and play due to the communication and technology devices available today," says Scott Tully, general manager, investments, at CFS. "Those changes have rewarded investors prepared to take a long-term view and we think great opportunities will continue to provide rewards into the future."

		RETURNS				FEES ON
	PRODUCT	1 YEAR	3 YEARS	5 YEARS	10 YEARS	$50,000
1	Colonial First State – Global Technology & Communications Option	25.87%	19.35%pa	16.82%pa	17.85%pa	1.02% ($510pa)
2	OneAnswer Personal Super EF – OnePath Global Shares	7.46%	11.72%pa	11.01%pa	11.67%pa	1.65% ($825pa)
3	WA Super – Global Shares[1]	6.32%	10.81%pa	9.74%pa	11.77%pa	1.03% ($515pa)
4	UniSuper – International Shares	7.93%	9.61%pa	9.39%pa	11.67%pa	0.74% ($370pa)
5	AustralianSuper – International Shares	10.41%	11.71%pa	9.92%pa	11.22%pa	0.87% ($435pa)

Source: Rainmaker Information as at June 30, 2020. [1] WA Super is merging with Aware Super in December 2020. Highest performing superannuation products across all asset classes and investment styles ranked by weighted performance over one, three, five and 10 years. Products may be geared and prone to extreme levels of investment risk. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

BEST ESG SUPER PRODUCTS

GOLD WINNER HESTA

A commitment to responsible investing requires a long-term, patient view

	PRODUCT	RETURNS 1 YEAR	3 YEARS	5 YEARS	10 YEARS	FEES ON $50,000
1	HESTA Super – Sustainable Growth Option	2.45%	7.18%pa	8.40%pa	9.78%pa	1.20% ($600pa)
2	Future Super – Balanced Impact	5.02%	7.31%pa	6.49%pa	N/A	1.93% ($965pa)
3	WA Super – Sustainable Future[1]	2.25%	6.51%pa	6.67%pa	8.17%pa	1.04% ($520pa)
4	Australian Ethical Super – International Shares	2.10%	6.81%pa	6.37%pa	8.78%pa	1.58% ($790pa)
5	Tasplan – Sustainable[2]	0.38%	5.45%pa	N/A	N/A	1.31% ($655pa)

Source: Rainmaker Information as at June 30, 2020. [1] WA Super is merging with Aware Super in December 2020. [2] Tasplan will merge with MTAA Super on April 1, 2021. Best superannuation products that invest according to ESG principles including ethical, green, sustainable, social impact or renewable energy themes. Ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

Among funds focusing on environmental, social and governance principles, **HESTA** retains the top spot this year. Returns overall have slipped because of Covid-19.

HESTA chief executive Debby Blakey says the fund's desire to be a truly responsible investor is deep but the members' best interests are served if it supports a healthy economy.

"As a long-term, patient investor, we are very clear with companies on our approach and voting," she says. "We were one of the first of the big funds to launch a climate transition plan, which I think is very important. It's the long-term challenge for investors and obviously we've been very active on other issues."

Future Super, making its first appearance in the top five, has the highest returns for the year in this group, as well as strong three-year returns. **WA Super**, which is also making its debut in the top three this year, is merging with Aware Super.

BEST INNOVATION – ESG TRAILBLAZER

GOLD WINNER AUSTRALIAN ETHICAL

This fund aims to make the planet a better place

With Facebook posts that read, "Been with you for over 20 years … keep going!" and "I've invested with Australian Ethical for over 30 years and the investment returns have always been really good …", it's clear **Australian Ethical** has been successfully supporting long-time advocates.

It was shortlisted as a finalist in two of our ESG categories – Best ESG Super Product and Best Australian Share ESG Fund – and we believe it deserves special recognition.

"Australian Ethical Investment is the investment manager and super fund that showed most of the others how to do it. Without them, ethical and ESG investment in Australia probably would not have happened," says Alex Dunnin, Rainmaker's head of research.

On top of this, it is Australia's 10th best super fund for being the most consistently high-achieving, risk-adjusted super fund. It ranks in the top 10 for MySuper, balanced and capital stable products. Its MySuper product over one and three years is ranked second and third respectively, and its balanced product is ranked in the top 10.

Australian Ethical was formed in 1986 when a group of like-minded friends pooled their savings and invested them in environmentally and socially responsible investments.

Their purpose was to invest for a better world and in many ways the pandemic has validated their approach as more people seek to make a positive impact with their money while generating returns.

Now, with more than $4.3 billion in funds under management and 60,000 investors and super members, the fund saw a massive jump in net flows over the past financial year.

"Today, the global urgency for businesses and investors to play a bigger societal role is difficult to ignore; and with their 2020 vision more people are starting to see what we have been able to see clearly for some time: that good does better," says Maria Loyez, Australian Ethical's chief customer officer.

"We think what makes us different from other ESG managers is that investing ethically isn't just something we do, it's everything we do. All our products are incentivising the growth of ethical and sustainable businesses and building a better world."

Like other ethical funds, Australian Ethical also has a focus on giving back to the community and each year it donates 10% of its after-tax profits to charities and social impact initiatives through the Australian Ethical Foundation.

BEST INNOVATION – COMMUNITY PARTNERSHIPS

GOLD WINNER LUCRF SUPER

A wide-ranging charitable program improves the lives of many people who need support

Australia's oldest super fund, **LUCRF**, was the template for every modern industry super fund that followed and once again it is leading the field in innovation.

This award is for its community program, which is unique in the sector. Set up in 2010, it is a registered charity and has grown to include 36 partners across 44 projects and has directly benefited 170,000 people.

The program has four focus areas: basic needs, community building, skills development and health. Its activities include:

- It delivers an average of 220 meals daily to needy people.
- It runs a Soccer for All program in Brimbank, Victoria, aimed at helping migrants and refugees become involved in their local communities, and there is also a Community Shield Soccer Tournament centred on the Romero Centre in Brisbane, linked to a drop-in centre for refugees with temporary protection visas. There are also community language clubs, men's sheds, young mums' programs and many more.
- Skills development includes a community training program for teenagers, financial counselling, numeracy and basic computer skills, and a personal development program for women affected by domestic violence.
- There are health programs in regional Victoria plus projects such as the craniofacial surgery mission, counselling for gamblers and youth medical services.

According to Alex Dunnin, Rainmaker's head of research, LUCRF has one of the best international equities investment options in Australia, and its growth and capital stable options are well above average.

BEST-VALUE SUPER FUND FOR YOUNG PEOPLE

GOLD WINNER QSUPER

If you've just started in the workforce, low fees can help your savings grow faster

This year has shaken up the top super funds in this category, which focuses on members aged 25 years who have a $5000 account balance. All the top five are newcomers.

Fees can have a big impact on small balances, but low fees must be balanced with solid returns.

QSuper chief executive Michael Pennisi says it's important to recognise a product that helps young people build their super faster. "QSuper gives young people who are starting their working life, and those with low balances, the support they need to grow their savings. Our fees are simple and fair. Unlike some funds, we don't charge a fixed fee, which can eat away at a low balance.

"Instead, we use a percentage-based administration rate that is among the lowest in Australia, which means more money goes into the member's account. Our fees on low-balance accounts are less than half the industry average. With a lifetime of work ahead of them, this can make a huge difference to the savings a 20- or 30-year-old will have at retirement."

	PRODUCT	TYPE	RETURNS 1 YEAR	RETURNS 3 YEARS	RETURNS 5 YEARS	FEES ON $5000
1	QSuper Accumulation Account	Lifecycle	-0.84%	5.57%pa	6.54%pa	0.74% ($37pa)
2	Aware Super	Lifecycle	0.14%	5.15%pa	5.37%pa	1.99% ($99.50pa)
3	Future Super – Balanced Impact	Single strategy	3.34%	5.63%pa	4.81%pa	2.85% ($142.50pa)
4	Virgin Money Super	Lifecycle	-1.82%	5.31%pa	N/A	1.76% ($88pa)
5	Vision Super Saver	Single strategy	0.24%	4.78%pa	5.03%pa	2.38% ($119pa)

Source: Rainmaker Information as at June 30, 2020. Superannuation products that delivered the best value to members aged 25 years who have a $5000 account balance. Performance net of all age-specific fees assessed over one, three and five years. Does not take into account insurance costs. Funds must be public offer and AAA rated by SelectingSuper.

BEST BALANCED SUPER PRODUCTS

Money MAGAZINE AWARDS 2021 BEST OF THE BEST 2021

GOLD WINNER HESTA

A commitment to sustainable investments is reflected in a strong performance

HESTA makes its first appearance in the top five this year with its sustainable growth option. ESG (environmental, social, and corporate governance) products have tended to do well during Covid-19.

According to HESTA chief executive Debby Blakey, sustainable returns have been outstanding this year and interest in ESG has increased.

"Really it's about driving the outcomes for members," she says. "We speak very specifically about our purpose being to make a real difference to our members' financial futures. We have a framework to measure each member's outcomes and readiness for retirement."

HESTA recently launched a member portal, which has been a big help for members. It is digitising advice where possible.

Other strong performers in this category are **UniSuper** and **AustralianSuper**.

	PRODUCT	RETURNS 1 YEAR	3 YEARS	5 YEARS	10 YEARS	FEES ON $50,000
1	HESTA – Sustainable Growth Option	2.45%	7.18%pa	8.40%pa	9.50%pa	1.20% ($660pa)
2	UniSuper – Sustainable Balanced	5.27%	7.87%pa	7.27%pa	8.56%pa	0.56% ($280pa)
3	AustralianSuper -Balanced	0.29%	6.42%pa	7.12%pa	8.53%pa	0.87% ($435pa)
4	Future Super- Balanced Impact	5.02%	7.31%pa	6.49%pa	N/A	1.93% ($965pa)
5	Cbus Super – Growth (Cbus MySuper)	0.54%	5.94%pa	6.92%pa	8.33%pa	1.05% ($525pa)

Source: Rainmaker Information as at June 30, 2020. Balanced superannuation products ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

BEST MODERATE SUPER PRODUCTS

Money MAGAZINE AWARDS 2021 BEST OF THE BEST 2021

GOLD WINNER VICSUPER

A lower exposure to equities, coupled with a socially responsible ethos, has paid off

This category looks at lower-risk investment products, which this year typically outperformed the portfolios that had larger allocations to equities.

The 10-year average return was 8.73%pa for the **VicSuper** FutureSaver – Socially Conscious product, which is a strong result for the category. VicSuper merged with First State Super to form Aware Super in mid-2020, but you can still invest in the VicSuper product.

The fact that this ESG option did so well should be no surprise. ESG (environmental, social and corporate governance) is all about minimising risk, planning for the long term and avoiding train wrecks. This is precisely what you want in a more conservative investment.

Aware has a track record of good performances across categories. The ESG option invests in a range of socially responsible Australian and international assets with a slight bias to capital growth, avoiding industries and companies that don't align with members' values.

	PRODUCT	RETURNS 1 YEAR	3 YEARS	5 YEARS	10 YEARS	FEES ON $50,000
1	VicSuper FutureSaver – Socially Conscious	4.13%	6.20%pa	6.26%pa	8.73%pa	0.95% ($475pa)
2	AustralianSuper – Conservative Balanced	1.11%	5.43%pa	5.79%pa	7.49%pa	0.74% ($370pa)
3	Virgin Money Super – Enhanced Indexed Conservative Growth	2.60%	4.77%pa	N/A	N/A	0.85% ($425pa)
4	Cbus Super – Conservative Growth	1.72%	5.22%pa	N/A	N/A	0.87% ($435pa)
5	StatewideSuper – Conservative Balanced	0.53%	5.01%pa	5.61%pa	N/A	1.10% ($550pa)

Source: Rainmaker Information as at June 30, 2020. Moderate superannuation products ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

BEST MODERATE PENSION PRODUCTS

GOLD WINNER CBUS

Quality of life can be maintained in retirement with a solid income stream

Pension products are starting to receive a lot more attention from super funds and retirees. Their popularity has grown because there are more low-cost solutions.

"Years ago these options were more expensive, partly because they were retail funds and industry funds were quite primitive," says Alex Dunnin, Rainmaker's head of research. "If trends continue, over the next 10 to 15 years only 10%-15% of benefits will be taken as lump sums as people switch to income streams to set themselves up for retirement."

Robbie Campo, **Cbus** group executive, brand, advocacy and product, says winning the award is a credit to the strength of Cbus's pension products.

"This option is our default option designed to suit most members. Our members know that when drawing down a steady income stream from existing super savings, quality of living doesn't have to change in retirement. We are pleased our conservative growth option has been recognised this way."

		RETURNS				FEES ON
	PRODUCT	1 YEAR	3 YEARS	5 YEARS	10 YEARS	$250,000
1	Cbus Super Income Stream – Conserva tive Growth	2.49%	6.51%pa	7.10%pa	N/A	0.95% ($475pa)
2	AustralianSuper Choice Income – Conservative Balanced	1.32%	6.11%pa	6.73%pa	8.40%pa	0.81% ($405pa)
3	Tasplan Pension – Moderate[1]	1.69%	5.58%pa	N/A	N/A	0.89% ($445pa)
4	Aware Super Pension – Balanced Growth	0.77%	5.57%pa	5.92%pa	7.48%pa	1.09% ($545pa)
5	LUCRF Pensions – Moderate	1.40%	5.41%pa	5.57%pa	N/A	0.84% ($420pa)

Source: Rainmaker Information as at June 30, 2020. [1]Tasplan will merge with MTAA Super on April 1, 2021. Moderate pension products ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

BEST GROWTH PENSION PRODUCTS

GOLD WINNER CBUS

Retirees with a higher risk tolerance can opt for higher potential returns

Despite a subdued result in the high-growth area this year, returns from all our finalists remain strong over the three, five and 10 years.

Cbus, *Money's* Best Pension Fund for 2021, leads in the growth category too. Robbie Campo, group executive, brand, advocacy and product, at Cbus, says this is fantastic recognition for the fund because no matter what members are planning to do in their retirement, Cbus is there to support them.

"With Cbus Super Income Stream – High Growth, our members benefit from strong long-term investment performance, competitive fees and helpful retirement planning services," he says.

As life expectancies increase super will need to last longer. Growth options may be suitable for fully retired people with a higher tolerance for risk who are seeking to maximise their exposure to shares and a higher return over the longer term.

Other strong performers were **Vision** and **Equip**.

		RETURNS				FEES ON
	PRODUCT	1 YEAR	3 YEARS	5 YEARS	10 YEARS	$50,000
1	Cbus Super Income Stream – High Growth	0.38%	7.71%pa	8.84%pa	10.45%pa	1.27% ($635pa)
2	Vision Income Streams – Just Shares	1.14%	8.15%pa	8.36%pa	10.35%pa	0.83% ($415pa)
3	Equip Pensions – Growth Plus	0.37%	8.14%pa	7.83%pa	10.36%pa	1.16% ($580pa)
4	AustralianSuper Choice Income – High Growth	0.48%	7.57%pa	8.19%pa	10.14%pa	0.94% ($470pa)
5	Hostplus Pension – Shares Plus	0.26%	7.26%pa	8.43%pa	10.12%pa	1.33% ($665pa)

Source: Rainmaker Information as at June 30, 2020. Growth pension products ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

BEST CASH SUPER PRODUCTS

GOLD WINNER AMG SUPER

Cash may be a safe haven, but there's a big difference between the best and worst returns

A cash option is an important part of any superannuation portfolio, which is why this category was introduced for 2021.

Choosing the right product is important, because when you compare the options in this field there is a difference of 0.9% over three years and 1.1% over five years to June 2020.

Gold winner **AMG Super**, part of the DDH Graham Group, manages more than $1.2 billion on behalf of its 24,000 members. The fund offers its cash option as a single or multi-manager strategy. It runs via the Vanguard Cash Plus fund, which has consistently topped Rainmaker's super performance tables. This option ranked first 10 times, and ranked in the top five for the other two months, in the last financial year.

AMG Super's cash option outperformed the average workplace super cash option by 0.6% over three years and 0.5% over five years to June 2020.

Intrust Super is second this year and **NGS Super** comes third, with **Virgin Money** and **Maritime Super** rounding out the top five.

		RETURNS				FEES ON
	PRODUCT	1 YEAR	3 YEARS	5 YEARS	10 YEARS	$50,000
1	AMG Super – AMG Cash	1.21%	1.61%pa	1.81%pa	2.83%pa	1.07% ($535pa)
2	Intrust Super – Cash	1.23%	1.64%pa	1.81%pa	2.67%pa	0.57% ($285pa)
3	NGS Super – Cash & Term Deposits[1]	1.22%	1.59%pa	1.75%pa	2.63%pa	0.28% ($140pa)
4	Virgin Money – Cash Option	1.01%	1.53%pa	N/A	N/A	0.63% ($315pa)
5	Maritime Super – Cash Enhanced	0.80%	1.41%pa	1.62%pa	2.63%pa	0.58% ($290pa)

Source: Rainmaker Information as at June 30, 2020. [1]Catholic Super is planning to merge with NGS Super. Cash superannuation products ranked by best weighted performance over one, three, five and 10 years. Must have at least three years' performance, be public offer and AAA rated by SelectingSuper.

BEST-VALUE SUPER PLATFORMS

GOLD WINNER VISION SUPER

For a low fee you can have more control over where your savings are invested

For those who want to exercise a greater choice in where their super is invested, platforms provide a range of investment managers and funds for allocating their savings.

Super is the biggest segment in the platform sector, growing 1% to $369 billion this year.

This category was added to the Best of the Best line-up last year and in 2021 **Vision Super** retains its top spot with fees of 1.1% on balances of $10,000, reducing to 0.48% on $50,000.

"We're delighted to see our efforts to maintain the lowest possible cost platform and best value insurance products recognised by *Money* magazine," says Stephen Rowe, Vision Super's chief executive officer.

"Our members are at the centre of everything we do, and a low-cost platform means more for their retirements."

He says Vision Super's commitment to service at the same time as keeping costs low is unique. "You'll never call us and get an outsourced call centre. You're always talking to a fellow Vision Super member, based in our Melbourne office. We don't keep costs low by cutting corners on service – we keep costs low by relentlessly focusing on what provides the best value for our members. "

ANZ Smart Choice Super takes second place in our awards with **Colonial First State** – FirstWrap Super third.

					TOTAL FEES	
	PRODUCT	INVESTMENT FEE (PA)	ADMIN FEE (PA)	MEMBER FEE (PA)	$10,000	$50,000
1	Vision Super	0.16%	0.16%	$78	1.10%pa	0.48%pa
2	ANZ Smart Choice Super	0.52%	0.01%	$50	1.03%pa	0.63%pa
3	Colonial First State – FirstWrap Super	0.29%	0.55%	None	0.84%pa	0.84%pa
4	Aware Super	0.63%	0.21%	None	0.84%pa	0.84%pa
5	Virgin Money Super	0.21%	0.39%	$58	1.18%pa	0.72%pa

Source: Rainmaker Information as at June 30, 2020. Lowest priced superannuation multi-choice platforms that allow fund members to choose from a broad range of investment options. Fees are those that apply to balances of $10,000, $50,000 and $100,000. Products sorted by lowest overall fee ranking. Funds must be public offer and AAA rated by SelectingSuper.

Top spots for property

››› THE BIG QUESTIONS FOR 2021

Peter Koulizos
program director of the Master of Property, University of Adelaide

HOW WILL RESIDENTIAL MARKETS SHAPE UP, AND WHAT ARE THE BEST SUBURBS AND REGIONAL CENTRES FOR INVESTORS?

The pandemic and subsequent recession have greatly influenced property markets this year and will continue to shape them in 2021 and beyond. To try to determine what might happen, we can look back at previous economic shocks and their effect on residential property prices.

I recently conducted some research into the previous three recessions (1970s, 1980s and 1990s) and the GFC in an attempt to get a sense of the effect of these economic hits. The good news is that residential prices are resilient when it comes to weathering economic storms.

I analysed the two years of each economic downturn and the five years after that to try to ascertain the short- and medium-term effects.

In the 1970s recession and the next five years, not one capital city experienced a price drop in any year.

As a result of the 1980s recession, Perth and Canberra experienced a small drop for just one year. Prices rose in every other capital city in every year.

The 1990s recession had a bigger impact than the previous two as unemployment hit 11%. Every capital city except Brisbane had property prices decrease for at least one year, but five years after the end of the recession prices in all capital cities were higher than they were at the start of the recession.

The GFC and the stimulus money that was injected into the economy helped keep Australia out of recession. However, prices dropped in every capital city in 2011, when the stimulus money ran out. The average fall was 4%, but prices rebounded after this.

Considering that unemployment won't reach the heights of the 1990s recession, we have very low interest rates and some stimulus initiatives will continue to run for a number of years, the effect on property prices as a result of this recession will be less significant than in other recessions.

If you are looking to buy in 2021, the suburbs to target include:

ADELAIDE – Thebarton, Torrensville, Underdale
BRISBANE – Woolloongabba, Brighton, Sandgate
CANBERRA – Narrabundah
DARWIN – Rapid Creek
HOBART – South Hobart
MELBOURNE – Flemington, Footscray, West Footscray
PERTH – Victoria Park
SYDNEY – Enmore, Sans Souci, Tempe

If you are interested in regional and rural areas, look for locations within commuting distance of major cities. As more and more people will work from home, research has shown that the less often you have to go to work, the further away you are willing to live from your workplace.

CHALLENGES

WHERE WILL AUSTRALIAN BANKS BE MOST COMPETITIVE IN 2021?

The major banks reported a significant decline in financial performance for the 2020 financial year, with combined cash profits after tax from continuing operations down 36.6% on the previous year.

As the impact of the pandemic evolves, banks maintained a strong focus on supporting their staff and customers, as they demonstrated resilient operations and continued lending. The open question is to what extent loan losses will materialise in 2021, as the federal government unwinds its economic support.

Banks have a big job ahead, playing their role in Australia's recovery and improving their financial performance while progressing with a number of large and complex remediation, regulatory and technology programs.

In the face of more customers migrating to digital channels and the significant cost opportunity in automation, the majors will need to create financial and operational capacity to invest in digitisation. They will need to accelerate the digitisation and automation of end-to-end processes, despite the high levels of risk and compliance costs.

Ian Pollari
banking sector national leader, KPMG

LENDING

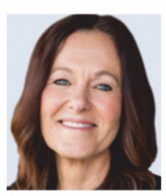
WHAT WILL REMOVING THE RESPONSIBLE LENDING CRITERIA MEAN FOR THE BANKS?

The move back to "borrower beware" lending is being rightfully met with some concern among consumer protection groups. But in our view it's the banks that need to be the most aware, and they still have the most to lose.

The regulatory environment today is far more stringent and complex, and provides a much more robust safety net for consumers. Banks should not fall into the trap of not understanding their customer target market determination and ASIC's design and distribution obligations. Poorly targeted products will be investigated.

The Westpac settlement of $1.3 billion in late September is still fresh in the minds of bankers (and consumers), and AUSTRAC has signalled it is hunting for more high-profile cases.

While the lending move is certainly a positive for growth, it means the banks will need to fast-track improving their product governance and oversight.



Leica Ison
founder and chief executive, Skyjed

RATE CUTS

HOW LOW CAN INTEREST RATES GO IN 2021?

Melbourne Cup day saw the Reserve Bank cut interest rates to record lows, reducing the cash rate from 0.25% to just 0.1%.

Major banks responded quickly with significant cuts in their fixed rates. However, variable rate borrowers with the majors have missed out due to margin pressures.

The competition among banks has never been stronger. Many online lenders have slashed their variable rates in full by 0.15%. Now is the time to shop around for a better deal. Neobanks and online lenders are a real alternative to the traditional banks.

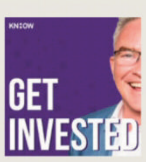
Given the outlook of the economy and the aftermath of the pandemic, mortgage holders can expect interest rates to remain low for at least three years. However, further significant reductions are not expected.

Home loan rate reductions could still, however, be on the cards outside the official cash rate. Strong competition will heat up on the back of the federal government's axing of banks' responsible lending obligations, which could make for an interesting 2021.

No matter what next year looks like, mortgage holders will be the clear winner.

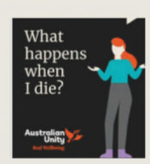
Vadim Taube
Chief executive, InfoChoice

DOWNLOAD NOW



BUSHY MARTIN – GET INVESTED – THE PODCAST
Dedicated to time-poor professionals who want to work less and live more, property specialist Bushy Martin talks to experts from all walks of life on how they invest their time, skills and money, and how it has worked for them. The podcasts also look at property investment as a pathway to passive income.

THE RATE DEBATE
Hosted by Nikko Asset Management fixed income experts Darren Langer and Chris Rands, this podcast is hosted on the first Tuesday of every month, after the Reserve Bank makes its latest decision on the official cash rate. Darren, a 32-year-old investment veteran, talks with Chris, a 32-year-old investment millennial, about what macroeconomic matters are influencing markets.



WHAT HAPPENS WHEN I DIE?
Produced by Australian Unity and hosted by Australian Unity Trustees Legal Services principal Anna Hacker, this podcast answers questions such as what happens to my super when I die? Or what happens if someone challenges my will? It also explores what will happen to your kids and even to your body once you die.

BEST-VALUE STANDARD CREDIT CARDS

BEST OF THE BEST 2021 Money MAGAZINE AWARDS 2021

GOLD WINNERS BANK **BANKWEST** MAJOR BANK **BANKWEST**
NON-BANK **COMMUNITY FIRST CREDIT UNION**

Credit cards are hanging in there, thanks to good deals with low annual fees and rates

Credit cards are increasingly falling out of favour, with regulations, debit cards, Covid-19 and the buy now, pay later boom all working to shift the landscape. Yet despite all this, they still command an entrenched place in our financial system.

Their attractions include recurring and automatic payments options, including account alerts, plus convenience when travelling, says John Tancevski, Community First Credit Union chief executive.

Community First Credit Union's Low Rate card is this year's winner in the non-bank category, while **Bankwest** has taken out the award for a bank with its Breeze Mastercard.

		INSTITUTION	PRODUCT	INTEREST RATE	2-YEAR FEE	INTRO OFFER	INT-FREE DAYS[1]	2-YEAR COST
BANK	1	Bankwest	Bankwest Breeze Mastercard[1]	12.99%	$158	✓	55	$645
	2	Commonwealth Bank	Commonwealth Bank Low Fee Gold Credit Card	19.74%	$89	✓	55	$829
	3	G&C Mutual Bank	G&C Mutual Bank Low Rate Visa Credit Card	7.49%	$100	✗	50	$849
MAJOR BANK	1	Bankwest	Bankwest Breeze Mastercard[1]	12.99%	$158	✓	55	$645
	2	Commonwealth Bank	Commonwealth Bank Low Fee Gold Credit Card	19.74%	$89	✓	55	$829
	3	St.George	St.George Rainbow Vertigo Card	13.99%	$55	✓	55	$1046
NON-BANK	1	Community First Credit Union	Community First Low Rate Credit Card	8.99%	$80	✗	55	$979
	2	Credit Union SA	Visa Credit Card	10.49%	$39	✗	55	$1088
	3	Latitude Financial Services	Latitude Low Rate Mastercard	9.89%	$138	✗	55	$1127

Source: InfoChoice/Rainmaker Information. Standard cards ranked by lowest cost of $5000 revolving credit over two years taking into account introductory term and rates. [1] 0%pa on purchases for 15 months. No rewards program.

BEST-VALUE PREMIUM CREDIT CARDS

BEST OF THE BEST 2021 Money MAGAZINE AWARDS 2021

GOLD WINNERS BANK **BANKWEST** MAJOR BANK **BANKWEST** NON-BANK **COLES**

Cardholders are still looking for transparency and value for money

Premium credit cards are packed with features, but you pay for them through high annual fees and rates, so it pays to shop around.

The **Bankwest** Breeze Platinum Mastercard has taken out the major bank category for the second year running.

While the credit card space is changing, customers still expect simplicity, transparency and value for money, which is why the Breeze Mastercard remains popular with customers, says Louise Tovey, general manager, everyday banking, at Bankwest.

The **Coles** Low Rate Mastercard comes first among the non-banks.

		INSTITUTION	PRODUCT	INTEREST RATE	2-YEAR FEE	INTRO OFFER	INT-FREE DAYS	2-YEAR COST
BANK	1	Bankwest	Bankwest Breeze Platinum Mastercard	12.99%	$198	✓	55	$685
	2	Bank First	Bank First Visa Platinum Credit Card	9.59%	$198	✓	55	$917
	3	Heritage Bank	Heritage Visa Gold Low Rate	10.80%	None	✗	None	$1080
MAJOR BANK	1	Bankwest	Bankwest Breeze Platinum Mastercard	12.99%	$198	✓	55	$685
	2	St.George	St.George Vertigo Platinum	12.99%	$148	✗	55	$1447
	3	BankSA	BankSA Vertigo Platinum	12.99%	$198	✗	55	$1497
NON-BANK	1	Coles	Coles Low Rate Mastercard	12.99%	$116	✗	55	$1415
	2	Woolworths	Woolworths Everyday Platinum Credit Card	19.99%	$49	✗	55	$2048
	3	CUA	CUA Platinum Credit Card[1]	19.99%	$149	✗	55	$2148

Source: InfoChoice/Rainmaker Information. Black, gold or platinum cards ranked by lowest cost of $5000 revolving credit over two years taking into account introductory term and rates. [1] No annual fee first year; 0% pa for 13 months for balance transfer. No rewards program.

BEST-VALUE TRANSACTOR CREDIT CARDS

GOLD WINNERS BANK **BANKWEST** NON-BANK **COMMUNITY FIRST CREDIT UNION**

Punctual payers have a convenient, inexpensive way to stay on top of their spending

Transactors represent those financially prudent among us who use their credit card for convenience, not to spend tomorrow's income today. They always pay off their balances, often by direct debit.

"Financial institutions have long offered recurring and automatic payment options on credit cards, including account alerts to help consumers manage their spending," notes Community First Credit Union chief executive John Tancevski.

We've landed with the same winners as those of the Best-Value Standard Credit cards category: **Bankwest** for its Breeze Mastercard and **Community First** Low Rate Credit Card.

		INSTITUTION	PRODUCT	INTEREST RATE	2-YEAR FEE	INTRO OFFER	INT-FREE DAYS[1]	2-YEAR COST
BANK	1	Bankwest	Bankwest Breeze Mastercard	12.99%	$158	✓	55	$769
	2	G&C Mutual Bank	G&C Mutual Bank Low Rate Visa Credit Card	7.49%	$100	✓	50	$940
	3	Commonwealth Bank	Commonwealth Bank Low Fee Gold Credit Card	19.74%	$89	✗	55	$941
NON-BANK	1	Community First Credit Union	Community First Low Rate Credit Card	8.99%	$80	✓	55	$1077
	2	Latitude Financial Services	Latitude Low Rate Mastercard	9.89%	$138	✓	55	$1225
	3	bcu	bcu Classic Visa	11.80%	$90	✓	55	$1336

Source: InfoChoice/Rainmaker Information. Ranked by cost of $5000 revolving credit over two years, including the impact of introductory rates, where the account incurs one missed payment per annum, one $100 cash advance per annum, has a rewards program and overseas transactions of $500 per annum, over three occasions, then by interest-free days.

BEST REWARDS CREDIT CARDS

GOLD WINNERS BANK **BANK AUSTRALIA** MAJOR BANK **COMMONWEALTH** NON-BANK **AMERICAN EXPRESS**

Credit card users are reaping the rewards of the strong competition among providers

Rewards cards are a great way to use your daily spending to save on goods and services. "Even with low- or no-fee products, customers want to feel like they're receiving value," says Austin Huntsdale, vice-president of lending at this year's non-bank winner, **American Express**.

"While the pandemic has meant temporary changes to our lifestyles, consumers still have an appetite for earning points," he says. And with this growing appetite comes increased competition between providers such as the **Commonwealth Bank**. Its Awards Credit card is the winner in the major bank category.

		INSTITUTION	PRODUCT	INTEREST RATE	2-YEAR FEE	INT-FREE DAYS	2-YEAR COST
BANK	1	Bank Australia	Platinum Rewards Visa Credit Card	18.2%	$189	55	$1025
	2	Commonwealth Bank	Commonwealth Bank Awards Credit Card	20.2%	$118	55	$1040
	3	Bank of Queensland	BOQ Blue Visa Card	20.7%	$120	44	$1043
MAJOR BANK	1	Commonwealth Bank	Commonwealth Bank Awards Credit Card	20.2%	$118	55	$1040
	2	Bank of Queensland	BOQ Blue Visa Card	20.7%	$120	44	$1,043
	3	St.George	St.George Amplify	19.7%	$158	110	$1,051
NON-BANK	1	American Express	American Express Essential Credit Card	15.0%	None	55	$720
	2	bcu	bcu Rewards	12.8%	$178	55	$756
	3	Woolworths	Woolworths Everyday Platinum Credit Card	20.0%	$49	55	$989

Source: InfoChoice/Rainmaker Information. Ranked by cost of $2000 revolving credit over two years, including the impact of introductory rates, where the account incurs one missed payment per annum, one $100 cash advance per annum, has at least five rewards programs and overseas transactions of $500 per annum, over three occasions, then by interest-free days.

BEST-VALUE BALANCE TRANSFER CREDIT CARDS

GOLD WINNERS BANK **BANK OF MELBOURNE** NON-BANK **CUA**

You can cut the amount of interest you pay by switching cards, but you need to be disciplined in making the repayments

Comparison website RateCity, in its analysis of Reserve Bank data, estimates that Australians paid $6.91 billion off their credit cards between the start of Covid-19 and the end of September 2020.

Not only are we paying off our credit cards, we're also switching to other forms of payment. RateCity says the RBA data shows there were 654,202 fewer credit card accounts open in September than in March.

Sally Tindall, research director at RateCity, says it was good to see so many Australians paying down their debt during the pandemic. However, "the pace at which we're clearing our debt has started to slow" and credit card spending rose in September as people were "clearly out shopping more".

The question, she says, is whether people will continue to be diligent in paying down their debts.

"With Christmas [on our doorstep], some people will be tempted to give their card a workout at the shops," she says.

"If you've focused all year on clearing your credit card debt, try and resist the temptation to blow the budget this Christmas. Otherwise you could find yourself back to square one in the new year, struggling to pay down high-interest debt."

And this awards category is all about managing your debt. Balance transfers can be a handy way to manage mounting credit card debt, allowing you to shift it from one card to a second card with a lower rate.

But beware – if you don't pay off the debt on the transfer card within the low-rate period, you'll be slugged with a punishing interest rate.

Products in this category were assessed by what it would cost to have $5000 revolving credit over two years, including the impact of introductory rates, and where the account incurs one missed payment and one $100 cash advance per year, as well as yearly overseas transactions of $500.

Sharing the top spot on the podium are the **Bank of Melbourne** Vertigo Visa among the banks and the **Credit Union Australia** (CUA) Low Rate Credit Card among the non-banks.

The Bank of Melbourne card offers users 0%pa on purchases for seven months, 0%pa for 22 months on balance transfers, no annual card fee for the first year and a 13.99% variable rate on purchases.

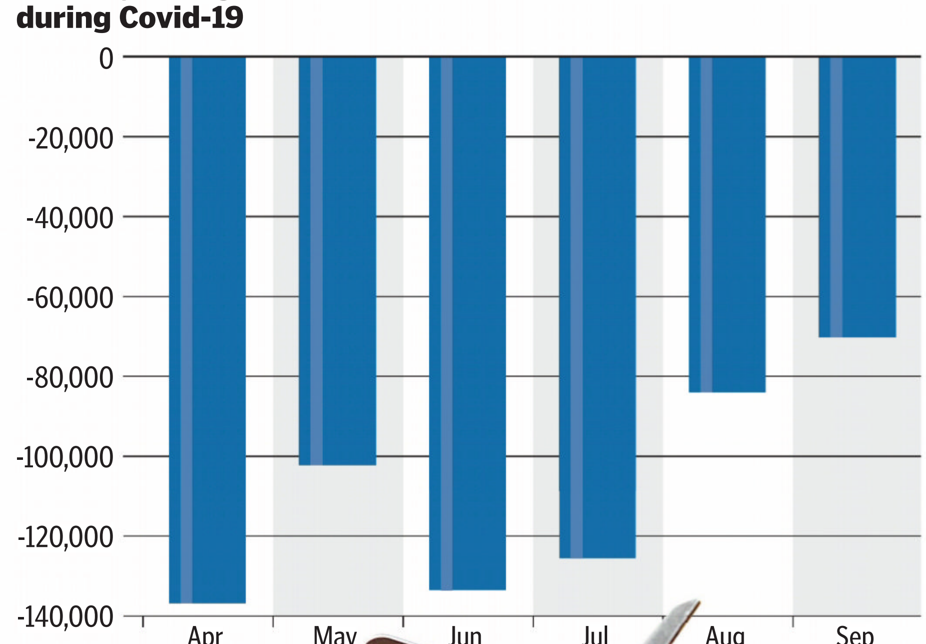
CUA's Low Rate Credit Card also waives the fee for the first year, but has 0% balance transfer for 20 months and 11.99%pa on purchases.

		INSTITUTION	PRODUCT	INTEREST RATE	INTRO OFFER	2-YEAR FEE	TRANSFER MONTHS	2-YEAR COST
BANK	1	**Bank of Melbourne**	Bank of Melbourne Vertigo Visa	14.0%	✓	$55	22	$253
	2	**BankSA**	BankSA Vertigo Visa	14.0%	✓	$55	22	$253
	3	**ANZ**	ANZ Low Rate Visa	12.5%	✗	$58	22	$308
NON-BANK	1	**CUA**	CUA Low Rate Credit Card	12.0%	✗	$49	13	$423
	2	**Coles**	Coles No Annual Fee Mastercard	20.0%	✗	None	18	$425
	3	**Virgin Money**	Virgin Money Low Rate Card	12.0%	✗	$198	18	$453

Source: InfoChoice/Rainmaker Information. Ranked by two-year cost of transferring $10,000, repaying $500 per month and a revolving debt of $1000 per month after taking into account the impact of any introductory offer.

CREDIT CARDS TAKE A CUT

Monthly change in number of credit card accounts during Covid-19



Source: RateCity.com.au

BEST-VALUE BUSINESS TRANSACTION ACCOUNTS

GOLD WINNERS BANK **AUSWIDE** MAJOR BANK **BANK OF QUEENSLAND**

The number of free transactions and the annual fee are key considerations

		INSTITUTION	PRODUCT	RATES $10,000	RATES $50,000	RATES $100,000
BANK	1	Auswide Bank	Business Access Account	0.10%	0.10%	0.10%
	2	Bank of Queensland	Business Management Account	0.00%	0.25%	0.25%
	3	Delphi Bank	Business Cheque Account	0.05%	0.25%	0.25%
MAJOR BANK	1	Bank of Queensland	Business Management Account	0.00%	0.25%	0.25%
	2	Westpac	Business One – Flexi	0.05%	0.05%	0.05%
	3	BankSA	Business Cheque Account Plus	0.01%	0.01%	0.01%

Source: InfoChoice/Rainmaker Information. Ranked by value of business accounts with applicable interest rates for balances above $20,000 after applicable monthly fee.

In this category, businesses that have more than $50,000 in their account balance at any given time benefit the most from choosing a Best of the Best finalist. This is the level where higher interest rates kick in.

At the time of writing, **Bank of Queensland** customers could get 0.15%pa interest, which is much higher than the rate from less competitive banks, which can fall to 0.01%pa. (The top BOQ rate was 0.25% at the time of judging.)

Here's what to look out for when choosing an account. How many free transactions do you get each month? (Most institutions offer more than 10 but some banks will charge you after just two.) Then there is the annual fee, which for BOQ customers is waived if you have been approved for an overdraft (check with your bank).

You also have to look at the bank's merchant facilities, the ability to import transactions from your bank straight onto your accounting platform and its borrowing facilities.

Auswide is our winner in the bank category.

BEST-VALUE BUSINESS CREDIT CARDS

GOLD WINNERS BANK **GREATER BANK** MAJOR BANK **NAB**

Look for a low interest rate and a high credit limit to help manage cash flow

		INSTITUTION	PRODUCT	INTEREST RATE	INTEREST-FREE DAYS	ANNUAL FEE	2-YEAR COST
BANK	1	Greater Bank	Business Credit Card	5.96%	55	$49	$168
	2	NAB	NAB Low Rate Business Card	13.25%	55	$60	$193
	3	Heritage Bank	Heritage Visa Business Secured	9.65%	40	$45	$283
MAJOR BANK	1	NAB	NAB Low Rate Business Card	13.25%	55	$60	$193
	2	Commonwealth Bank	Commonwealth Business Credit Card – Low Rate	14.55%	None	None	$291
	3	BankSA	BankSA Visa Business Card	9.99%	55	$55	$310

Source: InfoChoice/Rainmaker Information. Standard business credit cards ranked by cost of $1000 revolving credit over two years taking into account the impact of introductory rates.

A business credit card should provide you with three things: a high enough credit limit to manage your daily expenses, an interest-free period to help you stay on top of your cash flow and low fees (or no fee if you spend at least $10,000 in any given month).

Greater Bank wins the bank category this year, thanks to its super-low interest rate of 5.96%pa, which is less than half the interest rate charged by most credit cards in the market. It also comes with a 55-day interest-free period. While this is no longer as rare as it used to be, it's still worth checking so you're not caught out paying a penalty.

Greater Bank also boasts the lowest annual fee of $49. If you have a business, you can get a credit card with an annual fee of less than $100. And with Greater Bank, this low fee is waived if you spend more than $12,000 a year. In the major bank category, **NAB** is the best choice. Its card features include the ability to attach multiple cards to the account and set individual credit limits on them. The account can be linked to accounting software programs such as Xero, MYOB and QuickBooks.

BEST TERM DEPOSITS – SHORT TERM

MONEY MAGAZINE AWARDS 2021 BEST OF THE BEST 2021

GOLD WINNERS BANK **BANK OF SYDNEY** MAJOR BANK **BANKWEST** NON-BANK **MYLIFE MYFINANCE**

If safety is your priority, the federal government's guarantee is reassuring

Term deposits are a safe and guaranteed way to set aside your savings. While they won't attract high interest rates like a savings account, they offer more than a transaction account.

It has been a tough year for term deposit holders, though, as the Reserve Bank continued to lower interest rates in a bid to revive the economy.

A key attraction of a term deposit in a time of uncertainty is that your savings are protected by the federal government up to the value of $250,000. In other investments promising higher income your capital is at risk if the company goes belly-up.

This year's winners offer very competitive rates. "Simplicity is a critical part of what **Bankwest** seeks to deliver to customers, and some of the enhancements we've made to our online term deposit reflect that, particularly in regard to the introduction of self-service and management features," says Louise Tovey, general manager, everyday banking, at Bankwest.

The other gold winners are **Bank of Sydney** (bank) and **MyLife MyFinance** (non-bank).

		INSTITUTION	30-DAY	90-DAY	180-DAY
BANK	1	Bank of Sydney	0.55%	1.00%	1.21%
	2	IMB	0.50%	0.95%	0.90%
	3	ME	0.45%	0.90%	0.90%
MAJOR BANK	1	Bankwest	0.30%	0.80%	0.85%
	2	ANZ	0.15%	0.65%	0.65%
	3	Suncorp Bank	0.25%	0.80%	0.75%
NON-BANK	1	MyLife MyFinance	0.80%	0.80%	0.85%
	2	bcu	0.40%	0.95%	0.90%
	3	Newcastle Permanent	0.50%	0.75%	0.80%

Source: InfoChoice/Rainmaker Information. Ranked by average nominal interest rates for terms less than one year for a $10,000 deposit. Must offer at least 30-, 90-, 180- and 270-day terms.

BEST TERM DEPOSITS – LONG TERM

MONEY MAGAZINE AWARDS 2021 BEST OF THE BEST 2021

GOLD WINNERS BANK **BANKVIC** MAJOR BANK **BANKWEST** NON-BANK **NEWCASTLE PERMANENT**

For a higher interest rate, you need to stash away your savings for longer

Term deposits that are locked up for longer than 24 months attract higher interest rates, which can be double those for short-term deposits.

But they are designed to provide a specific outcome: a guaranteed interest payment after, say, five years. And the early withdrawal penalty is enough to put you off withdrawing the funds before they mature.

Bankwest is our major bank winner this year. Its interest rate, the highest in the category, applies from a starting amount of $1000. Payments can be made monthly, quarterly, six-monthly or annually, although the amounts will differ based on the frequency you choose.

As more account holders like to do their banking online, Bankwest is focusing on improving its digital offering.

"We're looking to continue to improve the customer experience with term deposits over the next 12 months, and anticipate potentially introducing a feature that gives customers the ability to elect to receive all notifications electronically," says Louise Tovey, general manager, everyday banking, at Bankwest.

Newcastle Permanent Building Society tops the non-bank category. It offers flexible terms, from 21 days up to five years, with no annual or monthly fees.

BankVic is the bank winner.

Longer-term deposits are perfect for setting aside money for those special occasions, whether it's a wedding, a milestone birthday or an education fund or while you're waiting to purchase a property but want to get a higher interest rate than a transaction or traditional savings account will provide.

		INSTITUTION	1-YEAR	3-YEAR	5-YEAR
BANK	1	BankVic	1.25%	1.20%	1.20%
	2	P&N Bank	1.05%	1.10%	1.10%
	3	Arab Bank	1.05%	1.05%	1.15%
MAJOR BANK	1	Bankwest	0.90%	0.90%	1.05%
	2	NAB	0.85%	0.90%	1.00%
	3	Bendigo Bank	0.80%	0.85%	0.85%
NON-BANK	1	Newcastle Permanent	0.80%	0.90%	1.15%
	2	CUA	0.80%	0.90%	0.90%
	3	Credit Union SA	0.75%	0.85%	0.85%

Source: InfoChoice/Rainmaker Information. Ranked by average nominal interest rates for terms of one year or longer for a $10,000 deposit. Must offer at least one-, three- and five-year terms.

BEST SAVINGS ACCOUNTS

GOLD WINNERS BANK **MACQUARIE BANK** NON-BANK **CUA**

Aussies have been saving more in the recession, so it pays to shop around for the best place to keep your emergency funds

		INSTITUTION	PRODUCT	1-YEAR BALANCE	BASE RATE	MAX RATE	MONTHLY FEES
BANK	1	**Macquarie Bank**	Savings Account	$5084	1.35%	2.00%	None
	2	**Volt Bank**	Savings Account	$5083	1.65%	1.65%	None
	3	**Rabobank**	Online Savings	$5064	0.55%	2.00%	None
NON-BANK	1	**CUA**	eSaver Flexi	$5050	1.00%	1.00%	None
	2	**Up**	Saver Account	$5043	0.10%	1.60%	None
	3	**RAMS**	Saver	$5039	0.45%	1.10%	None

Source: InfoChoice/Rainmaker Information. High-interest, incentive and cash management accounts ranked by impact of weighted interest rates applicable to minimum of $5000, with one ATM transaction per month, one phone banking call per annum and any applicable monthly fee.

Three in four Australians did not have enough savings when the pandemic hit, but if there is one silver lining from this crisis it's that more people are drastically curbing their spending. According to the Australian Bureau of Statistics, the household saving rate more than trebled to 19.8% in June compared with just 6% in March.

In its survey of more than 3000 Aussies earlier this year, comparison site Compare the Market found we're also being more financially accountable. More than a third of respondents now have an emergency fund. On average they save 16% of their income and spend 47% on essentials, and more are insuring their health and families.

"Australians have become more financially conscious and understand that the actions they make now will impact their future financial position, particularly during this time of economic crisis," says David Ruddiman, general manager of digital banking at Compare the Market.

With more money being set aside, it pays to shop around for the best savings account. The two numbers you should look out for are the base rate and the maximum rate. They range from 0.1% to 1.65% for our six finalists this year while the maximum rate can be as high as 2%.

These rates are variable and subject to change when the Reserve Bank cuts the official cash rate, as it did in early November when it set it at an all-time low of 0.10% .

Our winner in the bank category, **Macquarie Bank**, has consistently appeared on the finalists' list over the years so you can rest assured that whatever happens to the variable rates, it will remain competitive.

Among the non-banks, **CUA** keeps it simple with the same base and maximum rate. That would suit people who don't really want to be monitoring how much they dip into their savings each month, as the maximum rate is an incentive not to withdraw any funds. But on the flipside, it often means people are just earning the base rate because they make withdrawals.

None of our top six charges monthly fees, so if you choose to bank outside this list, make sure you aren't being slugged. Fees, no matter how high or low, reduce your returns over time.

BEST EVERYDAY TRANSACTION ACCOUNTS

BEST OF THE BEST 2021 Money MAGAZINE AWARDS 2021

GOLD WINNERS BANK **ME** MAJOR BANK **NAB** NON-BANK **MYLIFE MYFINANCE**

Account-keeping and monthly fees are a thing of the past for everyday banking

This is where **ME Bank** takes pride in being the bank to beat. It has zero account-keeping fees and zero minimum deposits. It also refunds any transaction fee you incur when using an ATM.

Among the major banks, **NAB** is this year's winner. It is still the only major bank to offer zero monthly account-keeping fees with no conditions (such as minimum deposits) attached to an everyday transaction account, says a company spokesperson.

Taking out the non-bank category again is last year's winner, **MyLife MyFinance**. It requires no minimum balance or monthly deposit, nor does it charge monthly account-keeping fees.

		INSTITUTION	PRODUCT	1-YEAR BALANCE	BASE RATE	MAX RATE	ATM DAILY WDL LIMIT
BANK	1	ME	Everyday Transaction Account	$5041	0.83%	1.55%	$2000
	2	Bankwest	Bankwest Hero Transaction Account	$5013	0.25%	0.25%	N/A
	3	Endeavour Mutual Bank	Money Market Account	$5003	0.05%	0.05%	$1000
MAJOR BANK	1	NAB	NAB Classic Banking Account	$5001	0.01%	0.01%	$2000
	2	Suncorp Bank	Everyday Options Account	$5001	0.01%	0.01%	$1000
	3	AMP	AMP Cash Manager	$4953	0.25%	0.25%	$1000
NON-BANK	1	MyLife MyFinance	MySavings Account	$5050	1.00%	1.00%	$2000
	2	RAMS	RAMS Action	$5001	0.20%	0.05%	$1000
	3	Newcastle Permanent Building Society	Everyday Account	$4953	0.01%	0.01%	$1000

Source: InfoChoice/Rainmaker Information. Ranked by the impact on a $5000 balance, with four ATM transactions per month, two counter withdrawals per annum, two phone banking calls per annum and a monthly applicable account fee.

BEST ONLINE SAVINGS ACCOUNTS

BEST OF THE BEST 2021 Money MAGAZINE AWARDS 2021

GOLD WINNERS BANK **MACQUARIE** NON-BANK **CUA**

With rates on savings so low, customers are looking for the extra "bells and whistles"

		INSTITUTION	PRODUCT	1-YEAR BALANCE	BASE RATE	MAX RATE	ATM FEES
BANK	1	Macquarie Bank	Macquarie Savings Account	$5084	1.68%	2.00%	None
	2	Heritage Bank	Online Saver	$5068	1.35%	1.90%	None
	3	UBank	USpend[1]	$5054	1.07%	1.60%	None
NON-BANK	1	CUA	eSaver Flexi	$5050	1.00%	1.00%	None
	2	Up	Up Saver Account	$5043	0.85%	1.60%	None
	3	RAMS	RAMS Saver[2]	$5039	0.78%	1.10%	None

Source: InfoChoice/Rainmaker Information. Ranked by impact on a $5000 balance, one ATM transaction per month, one phone banking inquiry per annum and any applicable monthly fee, with applicable average of interest rates for balances of $5000 and above. [1] Base rate 0.54%pa + 1.06%pa. Standard bonus rate = 1.60%pa on balances up to $250,000. [2] Earn 1.1%pa variable interest for balances up to $500,000 including 0.65%pa variable bonus when you deposit $200 and make no withdrawals each month.

Online savings accounts have truly come of age. Bells and whistles such as direct debits, linked credit cards, savings goal calculators and budgeting tools are now part of the usual package.

Macquarie Bank has given everyone a run for their money this year. Olivia McArdle, head of payments and deposits for Macquarie's Banking and Financial Services Group, says it has seen a strong uptake of the product over the past six months.

"We believe this has been driven by our competitive rates for savers as well as our market-leading digital banking offering," she says. "We know from our conversations with our savings account customers that this product resonates with them, particularly when it comes to things like easy withdrawals and transfers, simple account opening and competitive honeymoon interest rates."

CUA, which this year took out multiple awards, has topped the non-bank category with its eSaver Flexi account.

BEST SMSF SAVINGS ACCOUNTS

Money MAGAZINE AWARDS 2021 BEST OF THE BEST 2021

GOLD WINNERS BANK **AUSTRALIAN MILITARY** MAJOR BANK **BANK OF QLD** NON-BANK **BCU**

Every dollar helps when it comes to maximising income in retirement

Self-managed super funds have historically held more cash than a typical super fund portfolio so it makes sense to choose the best account to park your savings.

This year, the top-performing savings accounts all provide fantastic base rates (1.15% or above), charge no monthly fees and, in the case of **Australian Military Bank**, for example, have optional extras such as term deposits (if you want to hold the funds in a higher-yielding account before you invest them elsewhere) and insurance.

Bank of Queensland, which ranked second last year, is the winner in the major bank category with an account that has been designed specifically for SMSF customers.

		INSTITUTION	PRODUCT	1-YEAR BALANCE	BASE RATE	MAX RATE	MONTHLY FEES
BANK	1	Australian Military Bank	DIY Super Saver Account	$50,625	1.25%	1.25%	None
	2	Geelong Bank	Superfund Maximiser Account	$50,563	1.15%	1.15%	None
	3	BankVic	SMSF Saver	$50,550	1.10%	1.10%	None
MAJOR BANK	1	Bank of Queensland	BOQ Superannuation Savings Account	$50,470	1.30%	0.60%	None
	2	ANZ	ANZ SMSF Cash Hub Account	$50,250	0.50%	0.50%	None
	3	Bank of Melbourne	Retirement Access Plus Account	$50,225	0.35%	0.35%	None
NON-BANK	1	bcu	bcu retirement savings account	$50,631	1.15%	1.15%	None
	2	Maleny Credit Union	Senior Advantage Account	$50,490	1.00%	1.00%	None
	3	Credit Union SA	55+ Account	$50,338	0.55%	0.55%	None

Source: InfoChoice/Rainmaker Information. Ranked by weighted nominal interest rate applicable to $50,000 balance, with one ATM transaction per quarter, two counter withdrawals per annum, two phone banking calls per annum and any applicable monthly fee.

BEST CHILDREN'S SAVINGS ACCOUNTS

Money MAGAZINE AWARDS 2021 BEST OF THE BEST 2021

GOLD WINNERS BANK **GREATER BANK** MAJOR BANK **BANK OF QLD** NON-BANK **CUA**

Saving and budgeting habits formed at a young age can have lifelong benefits

Of all the savings account categories, it's the children's savers that have the highest interest rates.

Greater Bank, our bank winner, gives its young customers more time to enjoy the high rates as the age requirement is capped at "under 25", as opposed to other children's savings accounts that are for those 18 and under.

Bank of Queensland takes out the major bank award while the winner in the non-bank category, **CUA**, offers the highest interest rates this year with its Youth eSaver account.

		INSTITUTION	PRODUCT	1-YEAR BALANCE	BASE RATE	MAX RATE	AGE REQUIREMENT
BANK	1	Greater Bank	Life Saver	$509	1.80%	1.80%	Under 25
	2	ING	Orange Everyday Youth	$509	1.80%	1.80%	15 to 17
	3	Sydney Mutual Bank	Young Saver Account	$508	1.50%	1.50%	12 and above
MAJOR BANK	1	Bank of Queensland	Fast Track Starter Account	$507	0.20%	2.50%	14-24
	2	Suncorp Bank	Kids Savings Account	$505	0.80%	1.35%	Under 18
	3	Westpac	Westpac Bump Account	$505	0.55%	1.25%	Under 18
NON-BANK	1	CUA	Youth eSaver	$516	3.20%	3.20%	Under 17
	2	bcu	Scoot Super Saver	$510	1.90%	1.90%	Under 12
	3	Credit Union SA	Children's Savings Account	$504	0.05%	1.50%	Under 18

Source: InfoChoice/Rainmaker Information. Ranked by impact on a $500 balance, six ATM transactions per month and any applicable monthly fee.


Life Saver
The best savings account for kids!
Watch your savings grow with an ongoing, competitive interest rate
No account keeping fees – how a savings account should be!
BEST CHILDREN'S SAVINGS ACCOUNT – BANK
Money MAGAZINE
WINNER 2021
BEST OF THE BEST 2021
WINNER 2020
BEST OF THE BEST 2020
Here's how:
75 years
GreaterBank
greater.com.au
Greater Bank Limited. ABN 88 087 651 956. You should consider whether the product is appropriate for you and your circumstances. Source: Money magazine December 2020.

BEST-VALUE FLEXIBLE HOME LOANS

GOLD WINNERS BANK **G&C MUTUAL** MAJOR BANK **ADELAIDE BANK** NON-BANK **REDUCE HOME LOANS**

Extra features add to the appeal of a mortgage with a highly competitive interest rate

This year's winner in the major bank category is **Adelaide Bank**, part of the Bendigo and Adelaide Bank Group. Its Variable SmartFit loan comes packed with features, including unlimited extra repayments with free online redraw, rate fixing at anytime without a fee.

"We have made significant strides in catering to increased demand by bolstering our distribution team. This has helped more customers access our brand – available exclusively through mortgage brokers," says Darren Kasehagen, Bendigo and Adelaide Bank's head of third-party banking.

		INSTITUTION	PRODUCT	COMPARISON RATE	TOTAL PAID	UPFRONT FEE	FEE PA
BANK	1	G&C Mutual Bank	Momentum Home Loan	2.87%	$560,973	None	None
	2	P&N Bank	Simple Home Loan	2.92%	$564,073	None	None
	3	Adelaide Bank	Variable SmartFit	2.96%	$566,560	$495	$180
MAJOR BANK	1	Adelaide Bank	Variable SmartFit	2.96%	$566,560	$495	$180
	2	Macquarie Bank	Offset Home Loan	3.01%	$569,678	None	$248
	3	HSBC	Premier Variable Rate Loan	3.15%	$578,460	None	$420
							MAX LVR
NON-BANK	1	Reduce Home Loans	Rate Slasher	2.39%	$531,717	$697	90%
	2	Freedom Lend	Special Variable	2.39%	$531,717	None	80%
	3	Firstmac	Variable Home Loan Package	2.77%	$554,802	$720	80%

Source: InfoChoice/Rainmaker Information. Ranked by variable comparison rate for a $400,000 owner-occupied, principal and interest mortgage over 25 years with at least 80% LVR. Must offer redraw, offset, portability and splitting.

BEST-VALUE HOME EQUITY LINE OF CREDIT HOME LOANS

GOLD WINNER BANK **HSBC**

Homeowners who need extra funds can tap into the wealth stored in their property

Home equity line of credit home loans let you borrow money against the equity you have in your home, with interest paid only on the credit you use rather than the whole approved amount. So, if the bank estimates that you have $300,000 of equity in your home, and you're approved for a line of credit with a loan to value ratio (LVR) of 80%, you'll have $240,000 at your disposal. If you spend it on renovations, the loan can have a neutral or positive overall effect on your home equity.

		INSTITUTION	PRODUCT	COMPARISON RATE	TOTAL PAID	UPFRONT FEE	FEE PA
BANK	1	HSBC	Premier Home Equity Loan – Owner Occupied	3.37%	$592,414	None	None
	2	Heritage Bank	Home Advantage Living Equity	4.35%	$665,723	$150	$350
	3	Bank First	Equity Line of Credit – Owner Occupied	4.39%	$667,029	None	$300
	4	AMP	Professional Package Line of Credit	4.55%	$679,429	$295	$349
	5	Bank of Queensland	Clear Path Line of Credit	4.78%	$689,363	$150	$120

Source: InfoChoice/Rainmaker Information. Ranked by variable comparison rate for a $400,000 owner occupied, interest-only mortgage over 25 years with at least 80% LVR.

HSBC has taken the top spot for the second year running. "We're always on the lookout for ways to help our customers balance their financial commitments, and our Premier Home Equity Loan is a good example of that," says Jessica Power, head of wealth and personal banking at HSBC Australia.

"In this low-interest-rate environment we're seeing seasoned investors make the switch to this loan type, pairing low costs with the flexibility to use the loan in a way that best suits them."

BEST-VALUE THREE-YEAR FIXED HOME LOANS

Money MAGAZINE AWARDS 2021 BEST OF THE BEST 2021

GOLD WINNERS BANK **UBANK** MAJOR BANK **MACQUARIE BANK** NON-BANK **WELL HOME LOANS**

Buying a home becomes more affordable, thanks to a low interest rate and low fees

When it comes to interest rates, fixing for three years could be a smart move. Rates are at record lows and may go even lower.

First place for a major bank goes to the **Macquarie Bank** Basic Home Loan. It has no application, monthly or account management fees, nor is there a rate-lock fee. Ben Perham, head of personal banking at Macquarie Banking and Financial Services, says customers want low-cost loans with competitive rates.

For the second consecutive year, **Well Home Loans** has topped the non-bank list, while **UBank** takes out the general bank category.

		INSTITUTION	PRODUCT	COMPARISON RATE	TOTAL PAID	UPFRONT FEE	FEE PA
BANK	1	UBank	UHomeLoan Fixed Rate Loan	2.41%	$62,416	$395	None
	2	Bank First	Complete Home Loan – Owner Occupied	2.98%	$61,668	None	None
	3	Bank Australia	Premium Package Loan	3.29%	$62,732	None	None
MAJOR BANK	1	Macquarie Bank	Basic Home Loan	2.65%	$63,806	None	None
	2	HSBC	Premier Fixed Rate Loan	2.95%	$63,088	None	None
	3	Westpac	Fixed Options Home Loan Premier Advantage Package	3.36%	$63,561	None	$395
NON-BANK	1	Well Home Loans	Well Balanced Fixed Rate	2.34%	$62,946	None	None
	2	Tic:Toc	Fixed Rate Home Loan	2.50%	$63,303	None	None
	3	Reduce Home Loans	Home Owners Dream 3 Years Fixed	2.53%	$63,785	$697	None

Source: InfoChoice/Rainmaker Information. Ranked by fixed interest comparison rate for a $400,000 owner-occupied, principal and interest mortgage over three years with at least 80% LVR.

BEST-VALUE FIVE-YEAR FIXED INVESTMENT LOANS

Money MAGAZINE AWARDS 2021 BEST OF THE BEST 2021

GOLD WINNERS BANK **UBANK** MAJOR BANK **MACQUARIE BANK** NON-BANK **WELL HOME LOANS**

A five-year lock-in makes it easier to budget and brings peace of mind

In this age of volatility, a fixed rate for five years could provide peace of mind – you know exactly what you'll be up for.

On the downside, fixed loans typically have high discharge fees and lack flexibility – a function of the risk the bank is taking on to commit to the prevailing interest rate environment. So it's worth staying the course until the end of the fixed term.

"During uncertainty, people want security, so we're seeing more people looking to the certainty of fixed-rate loans," says Philippa Watson, from **UBank**, the bank winner. "We're also seeing an increase in refinancing existing loans to take advantage of historically low interest rates."

		INSTITUTION	PRODUCT	COMPARISON RATE	TOTAL PAID	UPFRONT FEE	FEE PA
BANK	1	UBank	UHomeLoan Fixed Rate for Investor Loans	2.83%	$110,987	$395	None
	2	Macquarie Bank	Basic Home Loan Investment	3.07%	$114,311	None	None
	3	Qudos Bank	Fixed Rate Loan (Investment)	3.17%	$113,686	None	None
MAJOR BANK	1	Macquarie Bank	Basic Flyer Home Loan (Investment)	3.12%	$114,311	None	None
	2	HSBC	Fixed Rate Loan – Investment	3.21%	$114,937	None	None
	3	Bank of Queensland	Investment Fixed Discount Rate	3.52%	$111,207	None	None
NON-BANK	1	Well Home Loans	Well Balanced Fixed Rate (Investor)	2.92%	$113,686	None	None
	2	Tic:Toc	Fixed Rate Home Loan P&I INV	3.04%	$113,686	None	None
	3	Freedom Lend	Investment Fixed 5 Yrs P&I 80%	3.05%	$115,944	None	None

Source: InfoChoice/Rainmaker Information. Ranked by fixed-interest comparison rate for a $400,000 investor-only, principal and interest mortgage over five years with at least 80% LVR.

BEST-VALUE BASIC HOME LOANS

GOLD WINNERS BANK **ME** NON-BANK **WELL HOME LOANS**

No-fuss banks wins in the long run as customers seek ways to save money

The coronavirus pandemic and the economic fallout have brought interest rates to historic lows. But getting the best rate isn't the only way to save money. Basic home loans fit the bill here, being simple products with low fees – or no fees at all.

ME Bank takes out first place, with a comparison rate of 2.6%, a $400 upfront fee and no annual fee. "No-fuss banking is what ME does best," says Andrew Bartolo, ME's head of home loans. "The big trend is that customers are fed up with fees."

He says the pandemic looks like a property-buying opportunity. "Anecdotally, we're hearing of a lot of interest outside the big cities, and that's starting to show up in new business volumes. Regional hubs could boom over the next few years. The Basic Home Loan has a very low loan amount tier of $150,000 to qualify for its cheapest rates, so these regional bargain hunters won't be disadvantaged."

Well Home Loans takes out the non-bank category for its Well Balanced product, after scoring second with it last year.

		INSTITUTION	PRODUCT	COMPARISON RATE	TOTAL PAID	UPFRONT FEE	FEE PA
BANK	1	ME	Basic Home Loan	2.60%	$543,588	$400	None
	2	St.George	Basic Home Loan	2.66%	$547,440	$600	None
	3	BankSA	Basic Home Loan	2.66%	$547,440	$600	None
NON-BANK	1	Well Home Loans	Well Balanced	2.35%	$527,527	None	None
	2	Freedom Lend	Owner Occupied Special Variable	2.39%	$531,717	None	None
	3	Reduce Home Loans	Rate Crusher 1 Year Intro Variable	2.39%	$503,500	$697	None

Source: InfoChoice/Rainmaker Information. Ranked by variable comparison rate for a $400,000 owner-occupied, principal and interest mortgage over 25 years with at least 80% LVR. Must offer redraw.

BEST-VALUE GREEN LOANS

GOLD WINNER BANK **AUSTRALIAN MILITARY BANK**

Both the environment and your budget will benefit from this arrangement

Need a loan for a new solar system, water tank or electric car? Green loans could be the way to go.

A surge in sustainable finance is set to be one of the silver linings of the coronavirus pandemic, with green loans rising in popularity along with decarbonisation activities, sustainable debt issuance and ESG fund performance.

A new category this year, green loans help you finance money-saving initiatives at lower rates than comparable personal loans. It's a win for the environment and a win for your hip pocket.

Products were ranked by the comparison rate for a $30,000 unsecured loan over five years. Of course, the loans can only be used for the purchase of green products.

Australian Military Bank tops the tables with a market-leading rate of 4.1%. While there is a large upfront fee of $750 and a monthly fee of $10, the total amount paid for the loan was more than $1000 cheaper than the next best product in the market. A $30,000 loan paid off over five years would see you pay only $33,231 all up.

		INSTITUTION	PRODUCT	COMPARISON RATE	MAX LOAN	TOTAL PAID	UPFRONT FEE	MONTHLY FEE
BANK	1	Australian Military Bank	Green Loan	4.10%	$40,000	$33,231	$750	$10
	2	Sydney Mutual Bank	Green Loan	6.10%	$30,000	$34,883	None	None
	3	Community First Credit Union	Green Loan	6.26%	$100,000	$35,017	$195	None

Source: InfoChoice/Rainmaker Information. Ranked by cost of a $30,000 green loan over five years where the applicable interest rate is the variable comparison rate or the five-year fixed comparison rate. The loan can only be used for the purchase of green products.

BEST-VALUE DEBT CONSOLIDATION LOANS

Money MAGAZINE AWARDS 2021 BEST OF THE BEST 2021

GOLD WINNERS BANK **GREATER BANK** MAJOR BANK **SUNCORP** NON-BANK **MONEYPLACE**

Bundle all your repayments together so it is easier and cheaper to manage your debts

If you have trouble keeping track of all your repayments, debt consolidation loans could be the answer. These loans warehouse all your debt, from credit cards to personal loans, in one place.

Consolidation loans also typically have lower rates than other debt facilities. So credit card debts will be less expensive if rolled over to a debt consolidation loan.

These types of loans also help streamline your payments, all for one set of fees, if any at all, so you don't need to worry about which loans to pay first and which to pay later.

According to buy now, pay later service ZipCo and its personal finance app Pocketbook, debt consolidation has been at the forefront of consumers' minds during the pandemic.

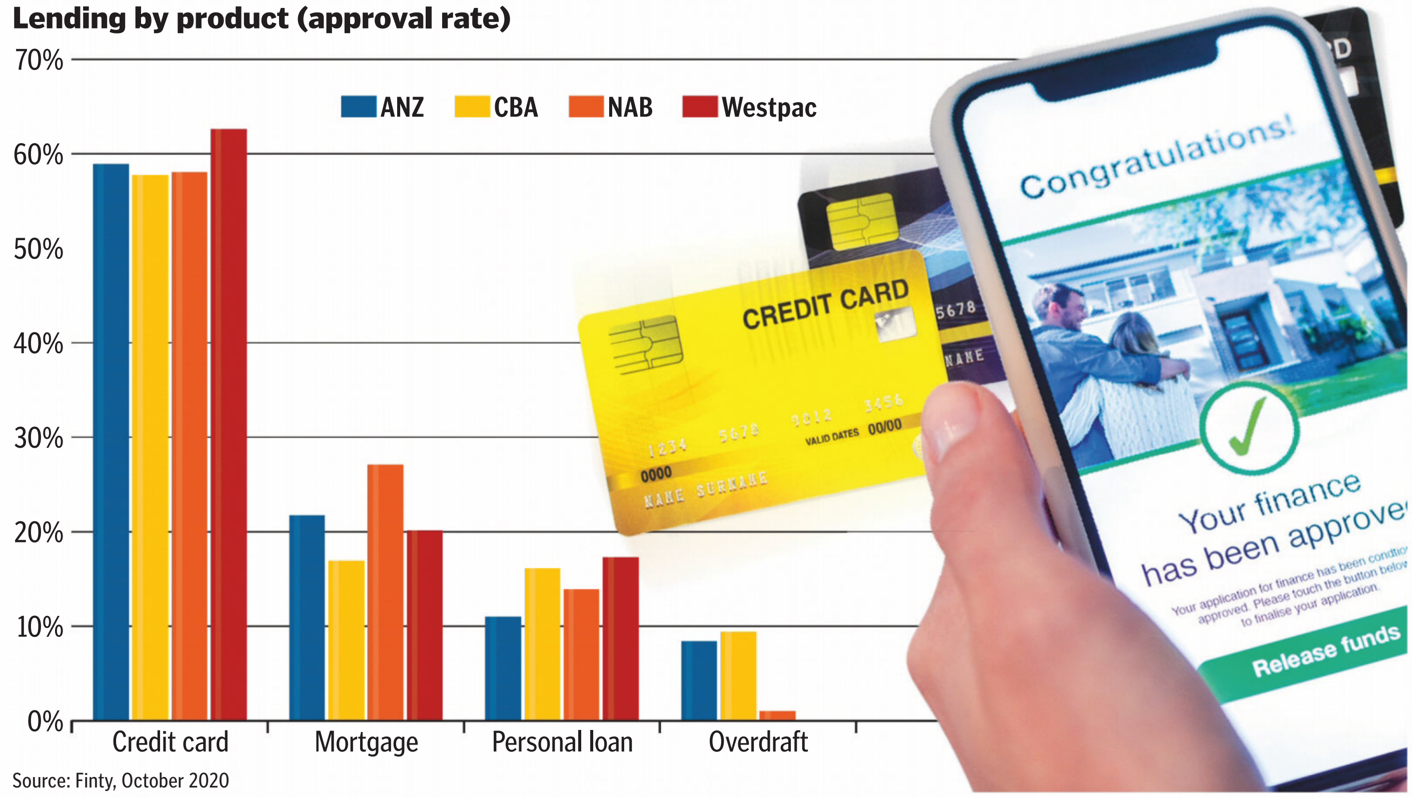
From more than 1.8 million ZipCo and Pocketbook accounts, data suggests that spending for debt consolidation services was at its highest rate during the peak of the Covid-19 pandemic, up 38%. As an example, ZipCo says there were three weeks in July when debt consolidation featured among the highest spending categories.

		INSTITUTION	PRODUCT	COMPARISON RATE (PA)	MAX LOAN	TOTAL PAID	UPFRONT FEE	MONTHLY FEE
BANK	1	Greater Bank	Unsecured Personal Loan	9.34%	$50,000	$37,913	$250	None
	2	Teachers Mutual Bank	Fixed Rate All purpose Loan	9.38%	$80,000	$37,798	$100	None
	3	RACQ Bank	Personal Loan Special	9.74%	$60,000	$38,215	$200	None
MAJOR BANK	1	Suncorp Bank	Unsecured Personal Loan	10.08%	$80,000	$38,791	$175	$5
	2	Bank of Queensland	Unsecured Fixed Rate Flexible Personal Loan	11.71%	$40,000	$40,407	$150	$8
	3	Bankwest	Unsecured Personal Loan	11.81%	$50,000	$40,542	$195	$8
NON-BANK	1	MoneyPlace	Unsecured Personal Loan (Excellent Credit Rating)	7.65%	$45,000	$36,197	None	None
	2	Harmoney	Unsecured Personal Loan (Excellent Credit)	7.79%	$50,000	$36,917	$600	None
	3	Plenti	Plenti Personal Loan (Excellent Credit – Fixed)	7.84%	$45,000	$36,509	$149	None

Source: InfoChoice/Rainmaker Information. Ranked by cost of a $30,000 unsecured loan over five years. Loans must be available for debt consolidation purposes.

CREDIT CARD DEBT TOPS THE CHARTS

Lending by product (approval rate)



Source: Finty, October 2020

With debt consolidation high on our minds during the pandemic, this Best of the Best category holds great significance. Products were ranked by their comparison rate for a $30,000 unsecured loan over five years.

Not surprisingly, the lowest rates are offered by the non-banks. **MoneyPlace** tops the tables in this category with a comparison rate of 7.65%, no upfront fee and no monthly fee.

In the bank category, **Greater Bank** offers the lowest rate this year at 9.34%. While it has a $250 upfront fee, there is no ongoing monthly fee.

Among the major banks, **Suncorp** offers a still very competitive rate of 10.08%pa, an upfront fee of $175 and a $5 monthly fee.

BEST-VALUE PERSONAL LOANS (UNSECURED)

GOLD WINNERS BANK **AUSTRALIAN MILITARY** MAJOR BANK **HSBC** NON-BANK **MONEYPLACE**

If you have no assets and need some funds, there are lenders who can help out

Unsecured personal loans provide access to funds in cases where you don't have assets to use as security or you want to protect the assets you have. Caution is needed, however. If you default on the loan, the provider may pursue legal action, which could lead to involuntary bankruptcy or a court order to sell assets.

As with its car loan, **Australian Military Bank** offers a comparison rate between 5.71% and 13.3%, depending on your credit history, with a maximum loan period of seven years.

HSBC, by comparison, offers slightly lower loan periods, from one to five years, with a comparison rate from 9.06%.

		INSTITUTION	PRODUCT	COMPARISON RATE (PA)	MAX LOAN	TOTAL PAID	UPFRONT FEE	MONTHLY FEE
BANK	1	Australian Military Bank	Variable Rate Personal Loan – Excellent Credit	5.71%	$80,000	$35,257	$100	$10
	2	Teachers Mut Bank	Fixed Rate Car Loan	7.37%	$80,000	$36,057	$100	None
	3	Sydney Mut Bank	Personal Loan Unsecured	8.20%	$40,000	$36,820	$150	None
MAJOR BANK	1	HSBC	Personal Loans	9.06%	$50,000	$37,867	$150	$5
	2	Suncorp Bank	Variable Unsecured Personal Loan	10.08%	$80,000	$38,791	$175	$5
	3	Bank of QLD	Unsecured^Personal Loan	11.71%	$40,000	$40,407	$150	$8
NON-BANK	1	MoneyPlace	Unsecured Personal Loan	7.65%	$50,000	$36,497	$300	None
	2	Harmoney	Unsecured Personal Loan (Excellent credit)	7.79%	$50,000	$36,917	$600	None
	3	Plenti	Plenti Personal Loan: Excellent Credit	7.84%	$45,000	$36,509	$149	None

Source: InfoChoice/Rainmaker Information. Ranked by cost of a $30,000 unsecured loan over five years. Eligible loan must be used for any worthwhile purposes.

BEST-VALUE PERSONAL LOANS (CAR)

GOLD WINNERS BANK **AUSTRALIAN MILITARY** MAJOR BANK **SUNCORP** NON-BANK **CREDIT UNION SA**

Don't despair if you have your heart set on a car but haven't got the full purchase price

Car loans can be a handy way to get the set of wheels you need but can't afford in full.

These loans typically carry lower interest rates than credit cards or personal loans, and the debt amount is set. Just ensure you meet the repayments – you could lose the car if you don't.

The offering from **Australian Military Bank** tailors the interest rate depending on your personal credit history, with rates ranging from 4.51% to 8.76%.

The **Credit Union SA** Online-Only Special fixed-rate personal loan offers an even lower comparison rate of 4.4%. However, it is only available for cars less than two years old.

		INSTITUTION	PRODUCT	COMPARISON RATE (PA)	MAX LOAN	TOTAL PAID	UPFRONT FEE	MONTHLY FEE
BANK	1	Australian Military Bank	AMB Car Loan – Excellent Credit	4.51%	$80,000	$34,266	$100	$10
	2	MOVE Bank	New Car Loan	5.16%	$150,000	$34,295	$195	None
	3	Beyond Bank	Low Rate Special	5.16%	$125,000	$34,275	$175	None
MAJOR BANK	1	Suncorp Bank	Secured Car Loan $5000 and over	6.09%	$80,000	$35,349	$175	$5
	2	Bank of Queensland	Fixed Rate Flexible Car Loan	8.19%	$80,000	$37,336	$195	$8
	3	Commonwealth Bank	Secured Car Loan	8.05%	$300,000	$37,391	$250	$10
NON-BANK	1	Credit Union SA	Online-Only Special Fixed	4.4%	$100,000	$33,776	$300	None
	2	Driva	Car Loan	5.5%	$250,000	$34,390	None	None
	3	Transport Mutual CU	Car Loan	5.3%	$150,000	$34,428	$220	None

Source: InfoChoice/Rainmaker Information. Ranked by cost of a $30,000 unsecured loan over five years. Eligible loans must be used to purchase a motor vehicle.

BEST FEATURE-PACKED BANK ONLINE BROKERS

GOLD WINNER COMMSEC

A world of trading opportunities and research is available for a low price

Setting the bar for user experience, support and a slew of other features that assist investors of all levels, **CommSec** wins for the 14th consecutive year. Trading starts from $19.95 for Aussie shares for transactions over $1000 and up to $10,000.

Customers have access to global markets through the New York and London stock exchanges and NASDAQ, plus listed companies in Asia Pacific and Europe.

Nabtrade has moved up the ladder from third place thanks to a range of products (over 10,000 securities) and investor education features. Trading Aussie shares and mFunds, ETFs, warrants, bonds as well as global stocks in the UK, US, Germany and Hong Kong (for up to $5000) incurs $14.95 in brokerage. Nabtrade's cash-management offering allows customers to transfer funds in real time between their nabtrade and other NAB accounts. A Nabtrade High Interest Account offers a competitive variable rate of 0.75%pa.

Customers can catch expert insights, ideas and market commentary via the news hub, webinars and fortnightly podcast.

Westpac Share Trading debuts in third place this year. Brokerage fees start from $19.95 or 0.11% trade value (whichever is greater). With more than 2200 investment options on offer, customers have access to the ASX and Chi-X, 25 global markets, options, ETFs and bonds.

	BROKER	COSTS	MOBILE APP	AUSTRALIAN SHARES	INTERNATIONAL SHARES	RESEARCH
1	CommSec	$19.95	✓	✓	✓	✓
2	nabtrade	$19.95	✓	✓	✓	✓
3	Westpac Online	$19.95	✓	✓	✓	✓

Source: Rainmaker Information. Fees are based on the latest Financial Services Guide (FSG) of the broker and assume Australian securities traded to the value of $10,000. Features of the broker assume the average investor of $100,000, trading infrequently with a long-term investment objective. All features are equally weighted.

CHEAPEST ONLINE BROKERS

GOLD WINNER SELFWEALTH

Cut-price trading fees allow investors to maximise their returns

For the third year running, **SelfWealth** has taken out the award as the most affordable online broker, charging a low $9.50 brokerage fee for every trade regardless of the size.

While customers can only trade Australian shares and products currently, they will soon be able to invest in US stocks for a flat fee, with more than 7500 shares on offer.

Other features customers can expect from the new feature include a competitive foreign exchange rate and free same-day transfer from Australian to US dollars.

In October, the ASX-listed trading platform reached a milestone of 60,000 active traders and is increasingly taking market share away from incumbents.

IG Group is the next best-value trading platform, catering for beginners and experienced traders interested in shares and contracts for difference (CFDs). For Aussie shares, IG charges as little as $5 or 0.05% if customers traded shares three or more times in the previous month.

The IG Community offers an interactive space where customers can share tips.

CMC Markets has won this award numerous times and keeps its third place from last year. Customers can trade in a range of products and markets, from foreign exchange commodities to cryptocurrency CFDs.

It has won a number of awards for its CFD and share trading platforms, which offer advanced charting packages and in-depth market research.

	BROKER	COSTS	MOBILE APP	AUSTRALIAN SHARES	INTERNATIONAL SHARES	RESEARCH
1	SelfWealth	$9.50	✓	✓	✗	✓
2	IG Group	$10.00	✓	✓	✓	✓
3	CMC Markets	$11.00	✓	✓	✓	✓

Source: Rainmaker Information. Fees are based on the latest Financial Services Guide (FSG) of the broker and assume Australian securities traded to the value of $10,000.

BEST FEATURE-PACKED NON-BANK ONLINE BROKERS

GOLD WINNER CMC MARKETS

Investors can take advantage of sharp pricing, powerful trading and research tools to build and manage their portfolios

	BROKER	COSTS	MOBILE APP	AUSTRALIAN SHARES	INTERNATIONAL SHARES	RESEARCH
1	CMC Markets	$11.00	✓	✓	✓	✓
2	IG Group	$10.00	✓	✓	✓	✓
3	Bell Direct	$15.00	✓	✓	✗	✓

Source: Rainmaker Information. Fees are based on the latest Financial Services Guide (FSG) of the broker and assume Australian securities traded to the value of $10,000. Features of the broker assume the average investor of $100,000, trading infrequently with a long-term investment objective. All features are equally weighted.

This year's award goes to **CMC Markets** for its range of products and competitive pricing structure.

Its innovative trading tools, news and research with advanced charting and intuitive interfaces were highly commended by users with different trading skills.

The platform has three tiers of users. Classic customers typically transact fewer than 11 trades a month and pay $11 or 0.10% for the first 10 trades. They have free access to the standard stockbroking platform and the Stock Screener analysis, as well as free tax and portfolio reporting with Sharesight for up to 10 holdings.

Active Investor customers usually register between 11 and 30 trades a month, paying $9.90 or 0.10% for the first 10 trades.

Finally, Premium Trader customers can make more than 30 trades a month and pay just $9.90 or 0.075% for all trades.

IG Group takes second spot, catering for beginners, professionals and institutional investors such as hedge funds, asset managers and family offices.

The platform provides access to 17,000 markets, with round-the-clock pricing on global indices and extended hours on over 70 key US shares.

Customers can trade in a range of products and markets, from shares, foreign exchange, commodities to cryptocurrencies.

IG Group also offers customers algorithmic or automatic trading, which uses computer codes and chart analysis to enter and exit trades according to set parameters such as price movements or volatility levels. This can help investors execute trades almost instantly and save time from scanning the market.

Bell Direct has won third place for the affordable fees and competitive features it offers customers, who are either new investors or professionals, or are thinking about taking control of their superannuation and want to establish a self-managed fund that invests in shares.

The first 10 trades in a month incur $15 (up to $10,000), while mFund trades start from $30.

Customers have free access to email alerts, conditional orders, broker research, tax reports and data feed (delayed 20 minutes).

Frequent traders receive discounts, paying just $10 per trade if they transact more than 30 for the month.

Bell Direct's premium service is ideal for experienced traders who want a constant stream of live market data, real-time charting and a customisable interface. Prices start from $27.50 a month for Platinum Live Streaming and $79 a month for Integrated Viewpoint.

BEST-VALUE INSURANCE IN SUPER

Money MAGAZINE AWARDS 2021 BEST OF THE BEST 2021

GOLD WINNER SUNSUPER

A focus on rehabilitation through TPD cover supports comprehensive, competitively priced policies

The insurance industry has faced many challenges this year: the pandemic, increasing costs and regulatory changes.

The **Sunsuper for Life Business** product came out on top for the second year in a row, followed by **Equip MyFuture** and **Intrust Super**, which were also repeat finalists.

Sunsuper is one of Australia's biggest super funds, with $65 billion under management and 1.5 million members. While it is based in Queensland, it operates around the country and it is one of Australia's most awarded super funds. Its core job is to deliver good investment returns to members, but it can also use its scale to help them get good-value insurance cover.

	PRODUCT		DEATH & TPD COVER (PER $1 PER WEEK)		
		INSURANCE RANGE	30 YEARS	40 YEARS	50 YEARS
1	**Sunsuper for Life Business**	Medium	$92,857	$73,239	$30,233
2	**Equip MyFuture**	High	$120,930	$82,540	$23,423
3	**Intrust Super**	Medium	$63,291	$63,291	$32,616
4	**Virgin Money Super**	High	$170,603	$79,570	$24,310
5	**AMG Super**	High	$184,720	$72,225	$24,937

Source: Rainmaker Information. Super funds scored by lowest average ranks of annual cover cost for 30-, 40- and 50-year-olds with white-collar professional rates and $300,000 cover.

Sunsuper has one of the most comprehensive ranges of insurance offered by any super fund, and one of the overall sharpest-priced offerings, but what makes it stand out is a strong focus on rehabilitation.

Sunsuper and its insurer AIA have taken the view that the real point of total and permanent disability cover is to help fund members to get back to work. To facilitate this, they have a scheme called TPD Assist, through which affected members can receive their TPD payments in up to six instalments over a minimum of five years. Sunsuper is not the only fund shifting towards this feature, but is among the first to champion it.

The fund's insurances are also flexible as they offer most types and cover members up to age 70 for death, up to 67 for TPD Assist and up to 65 for income protection. Its standard cover insures members for up to $240,000, depending on their age, for about $1 a day.

Sunsuper just pipped Equip, which also has some highly competitive deals.

AUSTRALIA'S MENTAL HEALTH

- The Australian Bureau of Statistics' National Survey of Mental Health and Wellbeing reported in 2007 that 45% of Australians have experienced a mental health disorder in their lifetime.
- The ABS National Health Survey 2014-15 reported 17.5% of the population has a mental health condition, including both those with a diagnosis and those who self-reported.
- The National Mental Health Commission estimated the cost of mental health conditions in 2016 to be about $4000 a person.
- According to the Australian Institute of Health and Welfare, 2.4 million people received Medicare-subsidised mental health services in 2018-19 and more than four million people received mental health-related prescriptions.

Source: TAL Mental health and life insurance white paper, 2020.

BEST-VALUE DEATH INSURANCE IN SUPER

GOLD WINNERS VISION SUPER & VIRGIN MONEY SUPER

Death cover in super can be good value, but make sure it suits your circumstances, especially if you're young

There have been big changes to insurance in super in 2020. Since October, if you are aged under 25 or have a fund balance of less than $6000 you are no longer automatically signed up for insurance in super.

The change was made to prevent insurance fees eating away at balances when cover was not required or when members entered into it by default.

But if you want some form of life insurance because you have shared debts or dependants, you are able to opt in for group insurance.

Many people still don't realise that they have insurance in their super, while others think they are covered for more than they are. But insurance in super can be good value that can help you and your family endure bad times.

Group insurance through your MySuper fund is usually cost effective, but unlikely to be transferable, so this should be a consideration if changing or consolidating funds. Typically these policies are based on age and group characteristics, including the industry in which you work.

This category recognises super funds with the cheapest death insurance for men and women; there are different winners because there are different underlying assumptions in price for the risk of men and women. Clearly, men are judged to be a higher risk in most age groups.

The difference in comparing super funds typically is for the amount of insurance required. In our tables, funds are assessed for white-collar professional rates, for $300,000 of cover, and at the different ages of 30, 40 and 50 for men and women.

	PRODUCT	AGE OF MALE FUND MEMBER, COST PA		
		30 YEARS	40 YEARS	50 YEARS
1	Vision Super	$44	$50	$186
2	Christian Super	$57	$108	$199
3	VicSuper FutureSaver	$58	$73	$269
4	Virgin Money Super	$64	$86	$204
5	QSuper Accumulation Account	$58	$104	$257

	PRODUCT	AGE OF FEMALE FUND MEMBER, COST PA		
		30 YEARS	40 YEARS	50 YEARS
1	Virgin Money Super	$31	$67	$126
2	AMG Super	$31	$86	$184
3	Vision Super	$44	$50	$186
4	Hostplus	$44	$75	$181
5	Bendigo SmartOptions Super	$38	$95	$246

Source: Rainmaker Information. Super funds with the cheapest death insurance for men and women. White-collar professional rates for $300,000 cover. Funds sorted by lowest ranks of annual cover for 30-, 40- and 50-year-olds.

If you need more or less insurance, you will need to do your own comparisons between funds – each fund usually has an insurance calculator.

The winner of the Best-Value Death Insurance in Super for men, **Vision Super**, also features in the top three in the women's category and was the winner of the Best Value Insurance in Super for women (see previous page).

Virgin Money Super has been judged to have the Best-Value Death Insurance in Super for women, and also features in the finalists for the Best-Value Insurance in Super for men.

Stephen Rowe, Vision Super's chief executive, says he's delighted to see the fund's efforts to maintain the best value insurance product recognised in the Best of the Best.

Also featuring on the table for Best-Value Death Insurance in Super (men) is **Christian Super** (second for the second year running), **VicSuper FutureSaver** and **QSuper Accumulation Account**. In the women's category, **AMG Super**, **Hostplus** and **Bendigo SmartOptions Super** are also finalists.

BEST-VALUE DEATH & TPD INSURANCE IN SUPER

GOLD WINNERS AUSTRALIAN SUPER & VIRGIN MONEY SUPER

While having suitable cover is the main concern, it's a bonus when your fund has managed to keep a lid on costs

More than 70% of Australians hold life insurance through their super, according to ASIC's MoneySmart.

Until October 2020, most super funds automatically provided members with death and TPD insurance cover. This changed through legislation that made super an opt-in choice for anyone aged under 25 or with a balance below $6000.

This year's tables show some interesting trends. The category winner for men, **AustralianSuper**, hasn't changed its pricing, new finalist **Child Care Super** has also provided sharp pricing and **NGS Super** has left its prices untouched from last year to retain third place.

"Providing cost-effective insurance to members is important to the fund and we're always conscious of providing the best cover at the best possible price," says Rose Kerlin, Australian Super's group executive.

	PRODUCT	AGE OF MALE FUND MEMBER, COST PA		
		30 YEARS	40 YEARS	50 YEARS
1	**AustralianSuper**	$73	$164	$362
2	**Child Care Super**	$62	$168	$376
3	**NGS Super**	$85	$159	$409
4	**Russell SuperSolution**	$102	$153	$363
5	**Vision Super**	$98	$112	$416

	PRODUCT	AGE OF FEMALE FUND MEMBER, COST PA		
		30 YEARS	40 YEARS	50 YEARS
1	**Virgin Money Super**	$55	$173	$502
2	**NGS Super**	$69	$176	$397
3	**REST Super**	$78	$156	$429
4	**Vision Super**	$98	$112	$416
5	**AMG Super**	$58	$185	$557

Source: Rainmaker Information. Super funds with the cheapest death and TPD insurance for men and women. White-collar professional rates for $300,000 cover. Funds sorted by lowest ranks of annual cover for 30-, 40- and 50-year-olds.

LIFE INSURANCE PAYS OUT

- In the past financial year, the life insurance industry paid out $12 billion to 101,821 Australians.
- For death cover there were 13.4 million covers in force, 97% of lodged claims were paid and the highest cause of claim was cancer at 43%.
- For TPD there were 11.1 million covers in force, 90% of lodged claims were paid and the highest cause of claim was mental health at 25%.
- For income protection/disability income there were 5.8 million covers in force, 95% of lodged claims were paid and the highest cause of claim was accidents at 33%.

Source: Financial Services Council

"AustralianSuper is a major fund and we have a lot of buying power, so we aim to have the best value premiums for members that we can."

During the pandemic, community needs changed and insurers had to adapt.

"The increasing prevalence of mental health claims means that rehabilitation needs to provide tailored support to members and Covid-19 has meant that increased communication with members has been vital," says Kerlin. "We have assured members that there are no pandemic exclusions for existing or new cover."

AustralianSuper offers a comprehensive rehabilitation service for income protection that has recently been extended to TPD cover.

Kerlin says the fund helped more than 2100 of its members with rehabilitation in the last financial year. "Importantly, our insurer TAL is among the very lowest for claims processing time and disputes based on the ASIC MoneySmart claims comparison tool," she says.

This year's pricing for Best-Value Death & TPD Insurance for women was won by **Virgin Money Super**, which managed to provide sharper pricing than last year's winner. Premiums for women seem to lurch heavily upwards from age 50, becoming more expensive than the costs for men. At 30, women pay less for insurance in this category and at 40 it's largely gender neutral.

NGS Super and **REST Super** were second and third respectively in the women's rankings and are both sharply priced in this category.

When it comes to TPD insurance, it's not all about price; it's important to read the fine print and understand exactly what you are covered for. Do your research before making any changes.

ARE YOU COVERED?

Death and total permanent disability insurance is the most common type of insurance you can hold through your super fund. The level of this cover in 2020 averaged up to $189,000 for an average premium of $5.72 a week if you were aged 40, according to Rainmaker Information research. It's always good to check the details as some funds offer much higher insurance cover.

BEST-VALUE INCOME PROTECTION INSURANCE IN SUPER

GOLD WINNERS COLONIAL FIRST STATE & AMG SUPER

There's a spot of good news for women, who usually have to pay higher premiums than men to safeguard their income

PRODUCT		AGE OF MALE FUND MEMBER, COST PA		
		30 YEARS	40 YEARS	50 YEARS
1	Colonial First State – FirstChoice	$50	$89	$254
2	AMG Super	$53	$100	$291
3	Sunsuper for Life	$59	$103	$289
4	Prime Super	$58	$105	$294
5	Bendigo SmartStart Super	$55	$105	$312

PRODUCT		AGE OF FEMALE FUND MEMBER, COST PA		
		30 YEARS	40 YEARS	50 YEARS
1	AMG Super	$27	$50	$145
2	Russell iQ Super	$64	$118	$337
3	Aware Super	$79	$133	$329
4	MTAA Super	$70	$127	$403
5	LUCRF Super	$77	$168	$405

Source: Rainmaker Information. Super funds with the cheapest income protection insurance for men and women. White-collar professional rates for $100,000 salary cover, 90-day waiting period. Funds sorted by lowest ranks of annual cover for 30-, 40- and 50-year-olds.

Last year we reported that women tend to pay higher fees for income protection than men in the comparable groups, but this year we're seeing that isn't always the case.

AMG Super, the winner of the women's category, has premiums that are nearly half the corresponding costs for men. However, the other finalists show it is more expensive to buy income protection as a woman.

AMG Super takes out top spot in each of the age categories for women with a large margin between it and runners-up **Russell iQ Super** and **Aware Super**.

"The award is a result of the hard work of the team and the fantastic relationships we have with our long-term insurance partner Hannover Life Re Australasia," says Alan Hegerty, AMG Super's chief executive. "We've always had some of the most competitive insurance premiums and benefits in the industry, and still the team was able to secure a reduction in premiums for the majority our members."

According to Alex Dunnin, head of research at Rainmaker Information, AMG is building its reputation. The small Queensland-based platform player run by an accounting group has been taking over some other retail funds such as Freedom of Choice and Emplus.

"They are a smart mix of what a good retail fund does and what a smart not-for-profit fund does. They have been a regular SelectingSuper category winner. On insurance, this ground has reset," he says.

AMG's rates are $27pa for a 30-year-old woman, $50pa for a 40-year-old and $145pa for a 50-year-old. This award focuses on the cheapest income protection insurance for women, working in a white-collar professional role, with $100,000 salary cover (typically calculated at 75% of salary) and a 90-day waiting period, paid for two years.

In the men's category, while AMG Super has done well, the **Colonial First State** (CFS) product is cheaper than its competitors across the three age groups – ages 30, 40 and 50. **AMG Super** is close behind at 30, but starts to drop away a little at 40 and 50. **SunSuper for Life** rounds out the top three.

Kelly Power, general manager of product at Colonial First State, says FirstChoice Wholesale Personal Super is designed to help members reach their super and retirement goals by providing value, service and choice.

"We're pleased to accept the award as recognition of our income protection insurance offering," she says. "The affordability of insurance has been an area of increased focus for the industry, especially during times such as these. We work closely with our insurer to ensure premium rates are as low as possible and that we continue to offer quality insurance cover.

"Colonial First State will continue to focus on our insurance offerings, including providing great service to members and paying claims to members in their time of need."

This award focuses on the cheapest income protection insurance for men, working in a white-collar professional role, with $100,000 salary cover and a 90-day waiting period, paid for two years.

While all income protection rates shown in the tables are relatively low, before moving into these products consumers should consider their present fund's overall performance and fees and whether it is the right fit for their personal needs.

BEST-VALUE CAR INSURANCE

GOLD WINNER BUDGET DIRECT

A strong focus on value ensures premiums remain competitive

For the third year running, **Budget Direct** has been awarded *Money's* best-value car insurance.

This category focuses solely on price and has been judged on a 35-year-old employed male parking his car on his property in the median suburbs in Melbourne, Brisbane and Sydney.

To find the lowest-cost car insurers, Rainmaker Information ran hundreds of price comparisons. When consumers do this they can see what makes insurance expensive – complex car colours, exclusive car brands, fancy features, where you park it, how you drive and how far you drive each year. Budget Direct ranked either first or second in almost two-thirds of the scenarios tested.

Rainmaker reviewed about 20 insurers in this category and found that Budget Direct focuses on value by keeping its business costs low, using online and social media to market itself and by making it easy for customers to interact with the business online.

Budget Direct also offers the ability for customers to save by restricting a policy to drivers over a certain age: 21+, 25+, 30+, 40+, 50+ – the biggest age range of any major insurer.

Coles and **Bingle** (owned by Suncorp) are in second and third spot respectively.

	PROVIDER	SMALL CAR	MEDIUM CAR	LARGE CAR
1	**Budget Direct**	$666	$673	$766
2	**Coles**	$707	$656	$918
3	**Bingle**	$587	$747	$887
4	**AustPost**	$700	$707	$804
5	**Virgin Money**	$709	$717	$802

Source: Rainmaker Information. Insurers scored on the average ranking for the price of comprehensive car insurance for a 35-year-old employed male parking on his property in a top-quartile, median, and bottom-quartile suburb in Sydney, Melbourne and Brisbane. Suburbs ranked by average income. Premiums were benchmarked against a white Toyota Corolla, Camry and Kluger with standard features and standard excess. Premiums sourced from insurer websites as at August 2020.

BEST-VALUE HOME & CONTENTS INSURANCE

GOLD WINNER ALLIANZ

The bigger insurers have been able to take advantage of their scale to cut prices

Insurance is a relentlessly competitive product, and the fact that larger companies **Allianz** and **AAMI** have knocked Budget Direct out of the top spot shows how hard they have worked to sharpen their prices.

The bigger players also stand out because they are able to cover more people in harder-to-insure locations.

Allianz Australia's chief technical officer James Fitzpatrick says it is important that Australians continue to have access to affordable and adequate insurance so they can feel secure.

"We recognise 2020 has been a tremendously hard year for so many Australians. From the devastating impact of the bushfires at the start of the year, through to the Covid-19 lockdown and now heading into increased chance of storms, flooding and cyclones due to La Niña, we are there for our customers when they need us most," he says.

Allianz is strong in all categories in all states, and AAMI in medium- and high-value locations especially. **Budget Direct**'s strength is in mid-priced homes.

	PROVIDER	HIGH	MID	LOW
1	**Allianz**	$2004	$1437	$1114
2	**AAMI**	$1744	$1259	$1220
3	**Budget Direct**	$2626	$1445	$1750
4	**Hume Bank**	$2255	$1536	$1148
5	**Virgin Money**	$2653	$1459	$1954

Source: Rainmaker Information. Insurers scored on the average ranking for the price of home and contents insurance for a 30-year-old freestanding house in a top-quartile suburb ($1 million replacement), a median suburb ($500,000 replacement), and bottom-quartile suburb ($300,000 replacement) in Sydney, Melbourne and Brisbane. Contents of $200,000 with no special items. Basic policy options with standard excess. Premiums sourced from insurer websites as at August 2020.

›› THE BIG QUESTIONS FOR 2021

Speed at the right price

Kenny McGilvary
communications manager, WhistleOut

Well, what a year it's been. Covid-19 has stress-tested the NBN with so many more people working from home. Thankfully, performance levels have held up quite well, particularly for those on higher-speed tiers.

WhistleOut research from earlier in 2020 showed that people using an NBN 50 (now called Standard Speed) plan or higher were much more satisfied with the performance of their internet service than those signed up to slower speeds.

With the NBN roll-out now fully complete (or at least 99% of the way there at the time of writing), and more flexible working becoming the norm, choosing the right home internet deal has never been more important.

Until recently people would choose internet packages based on cost, data and speed. However, today most plans come with unlimited data so the focus is now on price and speed, particularly speed with faster NBN tiers now being introduced and carriers battling on price to win customers.

Our advice would be to select the fastest speed plan your budget can afford in order to get the best experience. Just make sure to try the service on a no-contract basis first of all, so you know what kind of performance that service actually gives you before committing to a longer-term contract.

Competition in the mobile space was as fierce as ever in 2020, with new providers joining the market and a number of highly compelling promotions. Data allocations are where providers are competing and those people who check the market from time to time will likely find some excellent deals that should make them consider switching plans.

Flagship phone prices have continued to rise, with some handsets now reaching an eye-watering $3000. That said, there is a clear trend developing of people holding onto their phones for longer and moving away from buying high-end handsets on plans.

The next big thing for the mobile industry is more ubiquitous availability of 5G and the internet speed increases it offers. 2021 should see good progress made here with many more 5G-ready handsets on the market and, more importantly, the roll-out of competing 5G networks expanding into broader areas.

Of course, there's no real point in getting a 5G phone if there's no 5G network in your area, so by visiting the interactive network coverage map at whistleout.com.au you can discover if 5G is an option for you.

GENERATIONS

Q: HOW WILL MILLENNIALS CONTRIBUTE TO THE FOURTH INDUSTRIAL REVOLUTION?

Millennials (broadly 24 to 39) have now become the largest demographic group on the planet. Not only will they be major influencers of the development of the fourth industrial revolution, they will live it.

So, how do Australians feel about the influence of the millennials over the coming decade? I put that question to the test this year.

More than half (52%) of Australian professionals agreed with the statement: "I believe this generation will be better transformational leaders of organisations, politics, technology and religious institutions for this next decade, than older leaders of the past decade", compared with 20% who disagreed. This result dismisses many of the stereotypes that target this generation.

What's also important here is the other generations who agreed with the statement: about one in two Gen Xers (39 to 53) and baby boomers (54 to 72). When it came to those who disagreed, the count was about one in five Gen Xers and baby boomers. Only 8% of millennials (24 to 38) disagreed.

Rocky Scopelliti
author of *Australia 2030, Where the Bloody Hell Are We?*

NEW NORMAL

Q: WHAT DOES WORKING FROM HOME MEAN FOR OUR SPENDING HABITS?

We have quickly adjusted to a new life of working from home, and as our lifestyle has changed, so has our bank balance.

Mozo research found that 64% of remote workers are now spending less as they pocket extra funds from not commuting, eating out and buying coffee. While working from home presents cost increases such as higher energy and broadband bills, on the whole Australians are saving money.

Recent figures from the ABS support this notion, with household savings moving from well below 5% in 2017 to 20% in 2020.

Mozo's research found that 78% of remote workers indicated they'd like to continue working from home in a full-time or part-time capacity when restrictions are eased, indicating that remote work could remain "the new norm".

Nearly half of workers surveyed felt they were more productive working from home, highlighting that the working life we once knew may remain where it is – in the past.

Gemma Rasmussen
communications manager, Mozo

HOME WORKS

Q: WHICH GENERATION SPENDS THE MOST ON HOME RENOVATIONS?

Aussies are avid renovators, with nearly half of homeowners on our platform completing a renovation project. However, some generations spend more than others. In our 2020 Houzz & Home renovation report, we found that Gen Xers spend the most on renovations, with a median $20,000. For bigger renovations, the top 10% of Gen Xers spent $200,000 or more on their project. It's not surprising, as this age group typically reports having the most time and financial means to carry it out.

Among the other generations, baby boomers reported a median spend of $18,500, while millennials spent $12,000.

What is interesting is that the Gen Xers are the least likely to use cash or savings to fund their renovations. They often prefer to use a credit card or cash from refinancing a home mortgage.

What we do see across the board is that renovations are a big financial investment that require a lot of planning, so homeowners on Houzz always want them to be done properly, regardless of their age.

Tony Been
managing director, Houzz Australia & New Zealand

DOWNLOAD NOW

QANTAS POINTS-PROMPTER
This internet plug-in is a valuable tool that reminds you when Qantas Frequent Flyer points are available across certain online shopping websites. The tool is available on Chrome, Firefox and Safari browsers; is a free browser extension to install and lets you compare points rates in your Google search results.

THREDUP
ThredUP.com is a US-based fashion thrifting website where you can buy and sell second-hand clothing. Not only can you find good deals on some of the world's best brands, you are helping to reduce fashion waste. According to the site, one new garment will use more than 290 litres of water in its creation.

FUEL CHECK
The NSW-based website gives you the latest fuel prices across the state. It's accessible across any device connected to the internet, as long as you've turned your location services on and give permission. It works for all fuel types, and if you search for a particular location you can sort the list by price or distance.

BEST-VALUE NBN BROADBAND PLANS

GOLD WINNER BELONG

The modern family lives through the internet, so think carefully about your whole household's needs when choosing a provider

One of the lessons of Covid-19 is the importance of having a reliable, fast internet connection at home that can support your needs. Meeting this requirement is likely to be the biggest consideration when you're selecting an NBN broadband provider.

Winning this award for the second consecutive year, Belong says whether you're working from home, schooling from home or entertaining family and friends, people "are thinking more deeply about the decision" when selecting which NBN plan and provider is the right one.

Newly appointed Belong chief executive Jana Kotatko says there's a lot more to selecting an NBN plan than price.

"What you're going to be using the connection for is really important," she says.

"You start to look at the speed of your connection and whether that speed can support what you're going to be doing with it. It might be the number of laptops and streaming services and mobile phones or smartphones that are going to be connecting to your internet."

Another consideration is whether you just want to use the internet or the phone line as well, says Kotatko. There are providers that offer phone lines at an added cost so it's something to keep an eye out for, she says.

She also says it's a good idea to think about what your service provider can deliver you.

For $65 a month, the **Belong** NBN Standard Plus – Unlimited plan is true to label. There are no bundled or unnecessary extras and you can choose whether to be in a 12-month contract or pay month-to-month (with an upfront fee for the modem). Once connected you can also move the plan's price up and down as needs change. Belong also prides itself on being a carbon-neutral telco.

A finalist for the second consecutive year, **Tangerine Telecom's** XL Speed Boost Unlimited plan sits among our top three plans. It currently offers a $10 discount every month for the first six months before returning $69.90 per month.

Re-entering the group of finalists this year is the **Mate** #bestmates NBN plan.

Belong's Kotatko says competition in NBN 50 plans is continuing to heat up, especially now that most Australians have transitioned to NBN.

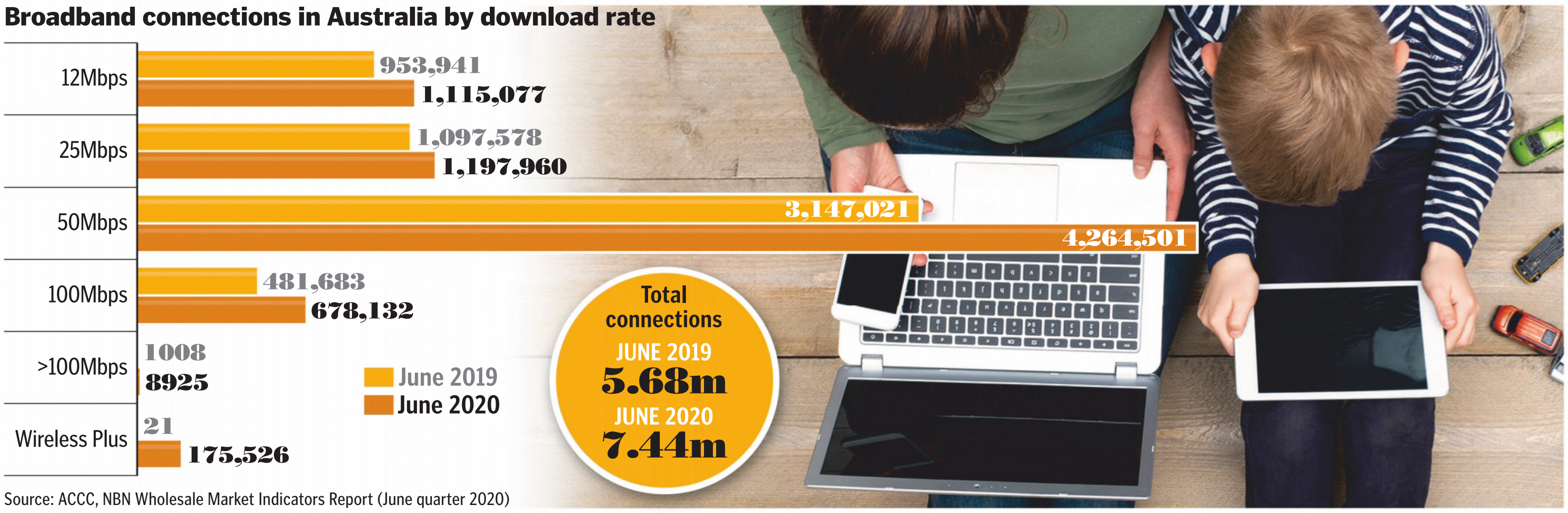
"Once you're on the NBN and the premises are connected, the ability to connect to different providers is easier than ever before," she says. "You don't need a technician visit, you don't need new hardware or cables being laid, it's often just a case of notifying the service provider and switching over. In many cases, beyond turning the old modem off and plugging a new one in, you don't even lose service."

	PROVIDER	COST PER 24 MTHS	COST PER MTH	SET-UP FEE	TYPICAL EVENING SPEED	MODEM	CONTRACT TERM
1	**Belong NBN Standard Plus – Unlimited**	$1560	$65	None	40mbps	Modem included (saves $60)	12 months
2	**Tangerine Telecom XL Speed Boost Unlimited**	$1617.60	$59.90[1]	None	42mbps	BYO (free) or purchase modem from $119.90	No contract
3	**Mate NBN #bestmates**	$1656	$69	None	42mbps	BYO (free) or purchase modem from $165	No contract

Source: whistleout.com.au. at September 21, 2020. [1] This includes a special price offer: $59.90pm for six months, then $69.90pm.
● Winners are ranked by the total cost over 24 months to receive unlimited data including set-up costs. The set-up cost includes the cost of a modem if it is unavoidable. Only NBN 50 plans were considered. Service quality is not considered.

WE'RE THE CONNECTED COUNTRY

Broadband connections in Australia by download rate



Source: ACCC, NBN Wholesale Market Indicators Report (June quarter 2020)

BEST-VALUE PREMIUM NBN BROADBAND PLANS

BEST OF THE BEST 2021 Money MAGAZINE AWARDS 2021

GOLD WINNER MATE

Households that are big on streaming need a speedy connection to handle the demand

	PROVIDER	COST PER 24 MTHS	COST PER MTH	SET-UP FEE	TYPICAL EVENING SPEED	MODEM	CONTRACT TERM
1	MATE NBN #soulmates	$1896.00	$79.00	None	83mbps	BYO (free) or purchase modem from $165.00	No contract
2	Dodo nbn100 Unlimited Plan	$1944.90	$80.00[1]	None	82mbps	$0 upfront with $24.90 delivery. Also includes a home phone service with PAYG calls	12 months
3	Tangerine Telecom XXL Speed Boost UNLIMITED	$2068.00	$74.90[2]	None	83mbps	BYO (free) or purchase modem from $119.90	No contract

Source: whistleout.com.au. as at September 21, 2020. [1] This includes a special price offer: $5.00pm discount for 12 months, then $85pm. [2] This includes a special price offer: $74.90pm for six months, then $89.90pm.

• Winners are ranked by the total cost over 24 months to receive unlimited data including set-up costs. The set-up cost includes the cost of a modem if it is unavoidable. Only NBN 100 plans were considered. Service quality was not considered.

This category is for broadband users who have a need for speed. While technically it's not the fastest internet connection available on the NBN, it is the speediest connection you'll get at a consumer-friendly price before you jump into corporate and high-end plans.

To give you an indication of how fast NBN 100 plans are, the Australian Competition and Consumer Commission says that 95% of services can stream five high-definition Netflix screens during busy hours. It drops back to 79% of services if you're watching five ultra-HD Netflix screens. An NBN 50 plan can only stream three ultra-HD Netflix screens on 20% of services during busy hours.

In this award's first year, gold winner **MATE** takes top honours with its #soulmates plan. At $79 a month, you're saving about $50 over two years compared with the nearest rival.

Second-placed **Dodo** might be slightly more expensive, but you'll have a modem sent for a small fee, and a home phone service is included with PAYG calls.

Rounding out the top three is **Tangerine Telecom**, which currently offers a $15 discount each month for the first six months on its XXL Speed Boost plan.

Winners are ranked by the total cost over 24 months to receive unlimited data, including set-up costs.

BEST-VALUE DATA SIM CARDS

BEST OF THE BEST 2021 Money MAGAZINE AWARDS 2021

GOLD WINNER MOOSE

Behind-the-scenes support to handle any issues can be just as important as price

	PROVIDER	COST PER 12 MTHS	COST PER MTH	DATA (GB)	COST PER GB	NETWORK	CONTRACT TERM
1	Moose Mobile Moose 50GB 12M Data SIM	$432.00	$36.00	50	$0.72	Optus 3G or 4G	12 months
2	Dodo Mobile Broadband 50GB	$480.00	$40.00	50	$0.80	Optus 3G or 4G	12 months
3	amaysim 50GB DATA PLAN	$480.00	$40.00	50	$0.80	Optus 3G or 4G	Prepaid (28 days)

Source: whistleout.com.au as at September 21, 2020.

• Winners are ranked by the total cost over 12 months to receive a minimum of 50GB data including set-up costs. SIM-only data plans can be used in portable modems or tablets. Service quality was not considered.

There's no need to pay the high prices of the big three telcos when you can get the same data speeds and inclusions from resellers for a fraction of the cost.

But it isn't just about price, speed and inclusions. As our gold winner **Moose Mobile** points out, data SIM cards are about the need to be connected wherever and whenever you want.

Moose Mobile chief executive Dean Lwin says, "You need to be able to call and talk to someone if you have an issue [at any time]. It's not a bad idea before you choose who you go with to call them up and ask a few questions. You don't want to be caught out when you need help and there is zero support."

Last year's winner, **Dodo**, moves down one place and **amaysim** fills third spot.

BEST-VALUE MOBILE PLANS – AVERAGE USAGE

GOLD WINNER SPINTEL

An extra data allowance should make more expensive occasional top-ups unnecessary

Gold winner **SpinTel** should be a familiar name to readers as it has won this category four years in a row. While its $24.95 mobile plan is not the cheapest for average users, it does offer a little extra data, which pushes it over the line to take top spot.

There are two important details to note about this category for 2021. The first is that average-usage prices have increased for mobiles over the past 12 months. Last year SpinTel won with its $15.95 mobile plan and now it's gone up about $10 – something that's reflected across the finalists. The second point to note is that telecommunications comparison site WhistleOut and *Money* have moved the dial on the data limits for average use. Winners had to offer at least 10GB for 2021, whereas last year it was 5GB.

Second-placed **Vaya** does come in cheaper and has a good mid-range offering for its data at 18GB. Third is **TeleChoice**, which operates on the Telstra network if you're looking for a point of difference.

	PLAN	COST PER MTH	COST PER 12 MTHS	INCLUDED		EXCESS DATA	NETWORK
				CALLS & SMS	DATA		
1	SpinTel $24.95 Mobile Plan	$24.95[1]	$299.40	Unlimited	20GB	$10/GB	Optus 3G/4G
2	Vaya $24 Unlimited 18GB	$24.00	$288.00	Unlimited	18GB	$10/GB	Optus 3G/4G
3	TeleChoice Super Saver Plan	$24.00	$288.00	Unlimited	14GB	$10/GB	Telstra 3G/4G

Source: whistleout.com.au as at September 21, 2020. [1] This plan is currently on sale for $19.95pm for the first six months.
● Winners were ranked by the price of a no-contract monthly or prepaid plan that includes at least 10GB of data and SMS within Australia. Service quality is not considered.

BEST-VALUE MOBILE PLANS – INTERNATIONAL CALLS

GOLD WINNER AMAYSIM

Look at the whole package, rather than just the cost, for connecting with the world

The number one rule when selecting a mobile plan for international calls is to "assess the total package", says amaysim chief marketing officer Renee Garner. Price is one factor, but also consider the countries included and the number of international minutes that are free or included, as well as data and network, she says.

Gold winner **amaysim** isn't the cheapest, but it delivers value in spades. Second-placed **Lebara Mobile** is the cheapest among our finalists, though only marginally, and with a lot less data.

For the second consecutive year, **ALDI** is in the top three.

Garner says mobile providers should rise to the challenge to offer customers the best deal possible. And this will only increase as 5G rolls out over the coming months. She says 5G will offer faster network speeds and lower latency for a better experience of real-time applications. Plus "simultaneous connections to ensure speeds don't suffer in highly populated areas as well as increased reliability".

	PLAN	COST	COST PER 12 MTHS	INCLUDED		EXCESS DATA	NETWORK
				CALLS & SMS	DATA		
1	amaysim $30 UNLIMITED Plan	$30	$360.00	unlim[1]	30GB	7.2c/MB or $10/1GB	Optus 3G/4G
2	Lebara Mobile $24.90 Small Plan	$24.90	$298.80	unlim[2]	12GB	2c/MB or $20/GB	Vodafone 4G
3	ALDI mobile $25 Mobile Plan	$25	$305.00[3]	unlim[4]	18GB	5c/MB or $50/GB	Telstra 3G/4G

Source: whistleout.com.au as at September 21, 2020. [1] Unlimited international calls to 28 selected countries + unlimited SMS & MMS to mobiles in 42 selected countries. Calls to other countries are charged extra. [2] Includes $5 international call credit for up to 300 minutes to selected countries (per 30 days); and unlimited calls to 20 selected countries. [3] $5 set-up cost. [4] Unlimited calls and SMS to 15 selected countries; as well as several bundles of call minutes and 50 SMS to selected countries.
● Winners are ranked by range and type of international calls included and the price of a no-contract monthly or prepaid plan. The plans have at least 10GB of data for local use and unlimited international calls to more than 10 countries. Service quality was not considered.

BEST-VALUE MOBILE PLANS – HIGH USAGE

GOLD WINNER LEBARA

The ability to bank unused data can make a big difference to your monthly bill

As an exclusively prepaid deal, the **Lebara** Mobile $29.90 Medium Plan has plenty to offer those who are constantly glued to their phone. Its prepaid period runs over 30 days (some providers offer only 28 days), has unlimited international calls to 30 selected countries and recently upgraded its included data to 50GB.

Geordi Penrose, head of Lebara, says there are many features that you should look for when selecting a high-level prepaid mobile plan, including long recharge expiry, bonuses for automatic direct debit recharges (or automatic top-ups), the availability of international call inclusions and roaming, and the flexibility to store the data you don't use each month.

	PLAN	COST PER MTH	COST PER 12-MTH	INCLUDED		EXCESS DATA	NETWORK
				CALLS & SMS	DATA		
1	Lebara Mobile $29.90 Medium Plan	$29.90[1]	$358.80	Unlimited[2]	30GB	$20/GB[5]	Vodafone 4G
2	numobile $30 Medium SIM Plan	$30.00	$360.00	Unlimited[3]	30GB	$10/2GB or $25/5GB[5]	Telstra 3G/4G
3	Woolworths Prepaid Mobile $30 Recharge	$30.00	$360.00	Unlimited[4]	30GB	$10/GB or $25/5GB[5]	Telstra 3G/4G

Source: whistleout.com.au as at September 21, 2020. [1] This is a prepaid plan over 30 days. [2] Unlimited international calls to 30 selected countries + $5 call credit for up to 500 minutes to selected countries (per 30 days). [3] Unlimited international calls and SMS to 15 selected countries. [4] Unlimited international calls and SMS to 22 selected countries. [5] Unused data (including any bonus or add-on data) is added to your data bank (maximum 200GB at any time.)

● Winners are ranked by the price of a no-contract monthly or prepaid plan that includes at least 30GB of data and unlimited calls and SMS within Australia. Service quality is not considered.

In terms of 5G, Penrose says the Vodafone mobile network now has coverage in select parts of six capital cities with the goal of covering 85% of these cities by the end of 2021.

BEST-VALUE MOBILE PLANS – LOW USAGE

GOLD WINNER TANGERINE TELECOM

A top-up option, as well as data banking, are features of already sharp deals

As you would expect, the price competition in low-usage mobile plans comes down to the wire. A common theme with many of this year's broadband and mobile awards is that, to truly get the best value, you have to look under the hood of each product.

Many mobile plan providers offer data banking, which means any excess unused data on your monthly plan is rolled over into the next month, until it reaches a data cap. Third-placed **Woolworths** with its $10 prepaid recharge is a good example of the data bank option.

Then there's always the option to increase your data limit if you expect to use your phone more often in the coming month. Gold winner **Tangerine Telecom** is a good example, allowing a maximum of five top-ups in a calendar month for $10/GB.

If you're regularly increasing your data, though, it might be time to re-think your plan as there may be an alternative that is cheaper in the longer term.

	PLAN	COST PER MTH	COST PER 12 MTHS	INCLUDED		EXCESS DATA	NETWORK
				CALLS & SMS	DATA		
1	Tangerine Telecom 1GB SIM Only	$9.90	$118.80	unlim	1GB	$10/GB with a maximum of 5 top-ups in a calendar month	Telstra 3G/4G
2	SpinTel $9.95 Mobile Plan	$9.95	$119.40[1]	unlim	1GB	$10/GB	Optus 3G/4G
3	Woolworths Prepaid Mobile $10 Recharge	$10.00	$120.00	unlim	1GB	$10/GB or $25/5GB[2]	Telstra 3G/4G

Source: whistleout.com.au as at September 21, 2020. [1] $10 SIM activation fee waived for a limited time. [2] Unused data (including any bonus or add-on data) is added to your data bank (maximum 200GB at any time).

● Winners are ranked by the price of a no-contract monthly plan that includes at least 1GB of data, and unlimited calls and SMS within Australia. Service quality was not considered.

Top drops $25 or less

STORY PETER FORRESTAL

Aussie wine lovers are spoilt for choice, with something for everyone at great prices, especially if you shop around for a deal. Here are 20 of the best whites and reds, plus three splurges for a special event.

Since the Best of the Best awards started some 20 years ago, this column has offered its readers an annual round-up of the best-value-for-money wines in the country for $20 or less.

We've been tough in our selection, only choosing wines that have a recommended retail price at that price point. With the increased dominance of supermarkets in recent years, consumers have been able to pay less than the recommended retail price by shopping around. That is still very much the case.

We have decided to increase the price point to $25 because we feel this will give our readers a better range of wines to choose from. And even at $25 a bottle, many of these wines represent extraordinary value for money. It's not cheap wines that you are looking for but wines that represent great value for your money.

Clever shoppers can keep prices down. Buying six packs or dozen lots (even if you share these with a friend) will invariably get you a better deal. If you have a special affinity with a particular winery, consider joining their wine club or subscribing to the mailing list. Wineries love their mailing list customers and offer them decent discounts. Developing a relationship with a local retailer will not only give you someone to talk to about what you buy but should also give you a discount that will make this worthwhile.

Australia also has many reputable wine writers who make their living from giving considered, impartial advice. These are worth following. Try the Real Review, therealreview.com, and Wine Pilot, winepilot.com. And, of course, the monthly column in *Money* magazine for its quaffing and splurge wines. Quaff on!

An expert view

Peter Forrestal writes for a variety of national and international publications and is a long-time *Money* contributor. He is also co-author of *The Way It Was*, a history of the early days of the Margaret River wine industry.

10 BEST WHITES $25 or under

NV BROWN BROTHERS PREMIUM BRUT PROSECCO $25
This release of a new prosecco for the Brown Brothers label is sourced from the Banksdale Vineyard in Victoria's King Valley. It has gently yeasty aromas, is fresh and lively in the mid-palate, before a crisp, dry finish that is soft and pleasantly satisfying. Available through Dan Murphy's and BWS.

2020 D'ARENBERG 'THE DRY DAM' RIESLING $19
This multi-regional blend is a rarity, taking fruit from D'Arenberg's home in McLaren Vale and blending it with grapes from the Adelaide Hills and Clare Valley. The result is a harmonious white with powerful lime juice aromatics that drive full throttle through a rich, concentrated mid-palate. The sweetness there is masked by crisp acidity on the finish.

2019 JACOB'S CREEK RIESLING $11.95
Taking advantage of economies of scale while keeping quality at the forefront of its thinking enables Pernod Ricard to produce this impressive riesling at a low price. In 2019, it has lemony aromas, fresh, vibrant lemon and lime juice flavours that are full-on in the mid-palate. It is powerful, crisp and zesty to finish.

2020 PIKES RIESLING, CLARE VALLEY $25
This stunning white illustrates how good the rieslings of the region can be in their youth. Its voluminous lemon/lime pith aromas and the juicy flavours of the mid-palate make it a satisfying drink, while its bright acidity adds length to a memorable aftertaste. Harmonious.

HAYDEN BROTCHIE

2020 LEEUWIN ESTATE 'SIBLINGS' SAUVIGNON BLANC $23

Margaret River's Leeuwin Estate is best known for its 'Art Series' Chardonnay and increasingly impressive cabernets and shiraz. Its entry level 2020 sauvignon blanc is a ripper. Subtle aromas build in the glass, showing grassy, green bean aromas. The palate is vibrant and deep with fresh garden peas, ripe peach and tropical fruit flavours. The finish is crisp, zesty and long.

2020 STELLA BELLA SAUVIGNON BLANC $25

From vines situated in the southern parts of Margaret River. This has resulted in Stella Bella's whites coming to be regarded as among the region's finest. This is a delight: wonderfully aromatic with ripe passionfruit and guava aromas; it is juicy, full-flavoured and satisfying. The finish is crisp, dry and long, with wonderful purity.

2020 ZONTE'S FOOTSTEP 'EXCALIBUR' SAUVIGNON BLANC $22

While the cellar door for Zonte's Footstep is in McLaren Vale, it sources its wines from a range of nearby regions. This sauvignon blanc is made with fruit from the chilly slopes of the Adelaide Hills. Its aromas are pure tropical fruit and white peach, while the palate is ripe and fleshy, with almost sweet rockmelon flavours, intense and full, finishing crisp, lively and dry. Perfect for summer.

2020 HODDLES CREEK ESTATE PINOT BLANC $22

Pinot blanc is pretty rare in Australia: at its best, it's a personal favourite, like this example from Franco D'Anna and the slopes of the cool Upper Yarra Valley. I'm attracted by the wine's texture: it's gently aromatic, fresh, lively and juicy with crisp apple flavours, impressively intense, pure with taut acidity providing a kick to finish.

2020 TIM ADAMS PINOT GRIS $24

Tim Adams is one of the Clare's most consistently great winemakers and this wine has all the hallmarks of his mastery of the craft. It has marvellous viscosity, is intense and powerful yet has finesse and purity of flavour. There are apple and pear characters, impressive depth, a savoury feel and a pristine dry finish of considerable length.

2019 WEST CAPE HOWE CHARDONNAY $17

The entry level range of this Great Southern producer features West Australian wines in the Cape to Cape range. This lightly wooded style has intense tropical notes in the honeydew melon spectrum and fresh garden pea flavours that give power to the mid-palate and grip to the finish. Ideal with gently spicy Thai dishes.

10 BEST REDS $25 or under

2020 OLIVER'S TARANGA 'CHICA' MENCIA ROSÉ $25

Winemaker Corrina Wright is convinced the Spanish variety menica is ideal for rosé made in McLaren Vale. Its savoury flavour profile is ideal for those wanting a dry style of rosé. This has fragrant, wild red berry aromatics and silky smooth texture, which gives it an alluring quality on the mid-palate before a lively finish that is long and dry.

2019 LA KOOKI 'TEN FOOT' TEMPRANILLO $25

This densely flavoured Geographe red begins with gentle aromas of blackcurrant and brambles. It is juicy and delightfully fleshy in the mid-palate with power and substance adding definition. Its long finish features well-integrated, balanced tannins. Statuesque and complete.

2018 HAY SHED HILL SHIRAZ TEMPRANILLO $22

Shiraz in Margaret River is often improved with small amounts of other varieties: tempranillo here offers some restraint without impacting on the vibrant, juicy mulberry and blackberry flavours of shiraz. There's balance and a pleasing grip to finish.

2018 GLAETZER 'WALLACE' SHIRAZ GRENACHE $23

Barossa shiraz and grenache is pretty hard to resist. It's full of rich, ripe concentrated flavours – think redcurrant, mulberry, blackberry – and so smooth it slips down far too easily. Ben Glaetzer and the team have consistently offered excellent value with this wine.

2018 BREMERTON 'SELKIRK' SHIRAZ $22

Rebecca Willson continues to impress with the delicacy and quality of her whites, but the best of Langhorne Creek's reds take some beating in the value for money stakes. This gluggable red is supple, round and fleshy with ripe redcurrant and blackberry flavours that are rich, concentrated and pleasingly smooth. Memorable, too.

2018 OAKDENE SHIRAZ $24

This well-priced shiraz from the Bellarine Peninsula shows how far the area has come in the past 10 years. Steven Paul has crafted a restrained shiraz with ripe red berry flavours, silky smooth texture and a gentle finish that is long and satisfying. A winery and area to watch for – and, eventually, visit.

2018 JUNIPER CROSSING SHIRAZ $25

Juniper Estate's Mark Messenger makes a substantial raft of wines, all of which represent value for money. Here's a good example: bright blackberry and dark plum aromas, smooth fleshy texture with good depth, concentration and restrained power, finishing with the gentlest grip.

2019 RISKY BUSINESS MALBEC $25

Though difficult to grow, malbec has been a hero variety in Margaret River since the early days. This is well-priced though supply is limited. Youthful yet drinking well now, it has restrained, dark berry, black cherry aromas, is smooth, lively and full of flavour.

2018 BLEASDALE 'MULBERRY TREE' CABERNET SAUVIGNON $22

Bleasdale quality has been strong in recent years. This is excellent value: gentle blackcurrant aromatics, black plum and bramble flavours, power and structure in the mid-palate yet soft and smooth. Long and satisfying finish.

2018 ROSILY 'THE CARTOGRAPHER' $18

This is a rare Margaret River blend of all five Bordeaux red varieties: cabernet sauvignon, cabernet franc, merlot, malbec and petit verdot. It's tighter and firmer than many reds from the region. There's deep, dark berry fruit, power and dense blackcurrant, black cherry flavours. Just perfect with a hearty beef casserole.

SPLURGE

2015 DAOSA BLANC DE BLANCS $90

One of Australia's finest bubblies made by Xavier Bizot and Lucy Croser from chardonnay grapes grown at their family vineyard on the higher reaches of the Piccadilly Valley. The name is an acronym for "dedicated artisans of South Australia" (day/oh/sah). This is a powerful, fresh and vibrant bubbly. Tight, complex and concentrated in the mid-palate, it finishes crisp, fine, long and dry.

2018 SOUMAH 'EQUILIBRIO' CHARDONNAY $80

The Yarra Valley's Soumah was one of seven Aussie wineries that won platinum with a Best in Show trophy at the 2020 Decanter World Wine Awards in London with its 2018 Soumah 'Equilibrio' Chardonnay, a small batch of Mendoza cloned from their Hexham vineyard. This is a very impressive white with ripe peach and tropical fruit aromas, a hint of nougat and some gentle toast. The palate is very fine and tight and bright acidity binds it as it flows through the mid-palate. The finish is dry, powerful and long. A winery worth following.

2018 YARRA YERING 'CARRODUS' PINOT NOIR $275

Named for its founder, the late Bailey Carrodus, this wine is from a small batch sourced from the original 1969 planting at Yarra Yering. In 2018, Sarah Crowe has produced a subtle, gentle pinot of great finesse and delicacy, wonderfully fragrant with black cherry, strawberry and mulberry aromas. The 2018 'Carrodus' Pinot is light to medium-bodied yet amazingly intense; its purity and satiny texture satisfy in the mid-palate before a lingering finish of great complexity.

High and mighty

Flexible layouts and roomy interiors are big attractions of these family-friendly bestsellers

BEST OF THE BEST 2021 Money MAGAZINE AWARDS 2021

BEST-VALUE SUVs

GOLD WINNER KIA SORENTO SPORT+

Australia's love affair with high-riding SUVs continues unabated into 2021. Although SUVs typically are larger and heavier than their sedan counterparts, they also offer more flexible interior layouts and, in many cases, room for the whole family. They should also deliver a degree of go-anywhere ability.

That's why in the 2021 deliberations, by the editorial team at carsales.com.au, seven seats and all-wheel drive were key requirements. Top ANCAP crash rating performance, decent fuel economy and family-friendly features were also must-haves.

Priced from $55,850, the **Kia Sorento Sport+** sits near the top of the new Sorento range and is the top-rated SUV for 2021. Built on state-of-the-art mechanicals with a choice of both petrol and turbo-diesel powertrains, the new Sorento range is a step-change for the Korean brand in terms of fit, finish, tech and on-road performance. And Kia's value for money, strong resale and seven-year warranty all take some beating.

Barely known in Australia just a decade ago, the Czech brand Skoda is part of the giant Volkswagen Group and benefits from technology sharing and billions of euros worth of research and development. Its slogan "Simply Clever" is no better applied than to the smart upper-mid-sized **Skoda Kodiaq 132TSi Sportline**. Seven seats and a roomy cabin co-exist in a package that is smaller than most three-row SUVs and, at $52,490 drive-away, the Kodiaq delivers an impressive blend of style and practicality.

A cousin under the skin to the winning Kia, the **Hyundai Santa Fe Elite** is priced from $55,100 and is an accomplished, refined and equipped seven-seat SUV.

$55,850 Kia Sorento Sport+	**$48,890** Skoda Kodiaq 132TSi Sportline	**$55,100** Hyundai Santa Fe Elite
BODY: 7-seat wagon	**BODY:** 7-seat wagon	**BODY:** 7-seat wagon
ENGINE:: 2.2-litre 4-cylinder turbo-diesel	**ENGINE:** 2.0-litre 4-cylinder turbo-petrol	**ENGINE:** 2.2-litre 4-cylinder turbo-diesel
DRIVER RATING: 8	**DRIVER RATING:** 7	**DRIVER RATING:** 6
FUEL CONSUMPTION: 6.1L/100km	**FUEL CONSUMPTION:** 7.6L/100km	**FUEL CONSUMPTION:** 7.5L/100km
EMISSIONS: 159g/km	**EMISSIONS:** 176g/km	**EMISSIONS:** 198g/km
INSURANCE: $3275.19	**INSURANCE:** $3334.77	**INSURANCE:** $2775.42
RESALE: 75.5% (3yrs/45,000km)	**RESALE:** 73.5% (3yrs/45,000km)	**RESALE:** 72% (3yrs/45,000km)
PLUS: Plenty of tech, great drive, 7-year unlimited warranty	**PLUS:** Smart interior, tech and usable space.	**PLUS:** Roomy, all the mod cons.
MINUS: Room for baggage, not much else.	**MINUS:** Third row more cramped than others.	**MINUS:** Turbo-diesel engine is getting on.

BEST-VALUE GREEN CARS

GOLD WINNER KIA PICANTO S

You don't have to be able to afford a battery-electric vehicle or even a hybrid to drive green. Indeed, there are still a significant number of new cars on the Australian market that boast impressive fuel economy using conventional internal combustion engines. Typically small hatches, they're also frugal in terms of their demands on both infrastructure and the wallet.

At the top of our fuel miser list is the budget-priced **Kia Picanto S**, a light hatch that combines a high level of standard equipment with decent on-road manners and one of the best warranties in the business.

Recently updated, the downsized five-door doesn't quite match the runners-up in terms of safety tech but it's hard to argue with the price: $16,290 for the auto ... and better if you haggle. Inside there's full smartphone compatibility, decent space for four and style that's at odds with the price tag.

"The Kia Picanto looks and feels more sophisticated, and every time you hop into its stylish cabin you feel a bit special," says Carsales.

That resurgent Czech brand Skoda also combines value for money and frugality. The **Skoda Fabia 81TSi** narrowly edges out its almost-twin-under-the-skin **Volkswagen Polo 85TSi Comfortline** to take runner-up spot.

Both Europeans beat the Kia for fuel economy and standard safety kit and crash rating but each is more expensive – both to buy and service. The driving experience is a plus too – this was a hard-fought category.

$16,290 Kia Picanto S	$20,790 Skoda Fabia 81TSi	$23,390 Volkswagen Polo 85TSi Comfortline
BODY: 4-door hatchback	**BODY:** 4-door hatchback	**BODY:** 4-door hatchback
ENGINE: 1.2-litre 4-cylinder petrol	**ENGINE:** 1.0-litre 3-cylinder turbo-petrol	**ENGINE:** 1.0-litre 3-cylinder turbo-petrol
DRIVER RATING: 5	**DRIVER RATING:** 7	**DRIVER RATING:** 8
FUEL CONSUMPTION: 5.8L/100km	**FUEL CONSUMPTION:** 4.7L/100km	**FUEL CONSUMPTION:** 5.0L/100km
EMISSIONS: 134g/km	**EMISSIONS:** 109g/km	**EMISSIONS:** 115g/km
INSURANCE: $2187.33	**INSURANCE:** $2464.56	**INSURANCE:** $2569.38
RESALE: 71.0% (3yrs/45,000km)	**RESALE:** 68.0% (3yrs/45,000km)	**RESALE:** 71.5% (3yrs/45,000km)
PLUS: Cheap, great cabin.	**PLUS:** Safety tech; connectivity.	**PLUS:** Arguably the best light car today.
MINUS: Not the best drive here.	**MINUS:** A little conservative for many.	**MINUS:** And you'll pay for the above.

BEST-VALUE SMALL CARS

GOLD WINNER HYUNDAI i30 ELITE

Small hatchbacks have always been go-to choices for value-conscious buyers. And there are few that are better value than the **Hyundai i30 Elite**.

The latest generation of Hyundai's five-door staple has been one of Australia's best-selling cars since it arrived in 2017. And for good reason – it's a smart and spacious hatchback that is loaded with the latest tech, a strong safety story and suspension that has been tuned in Australia for Australians.

Toyota has long claimed number one spot in the Australian marketplace and the **Toyota Corolla SX Hatch** is one of the reasons. Although some buyers will need more boot space than the current more curvaceous Corolla provides, there are plaudits for the Corolla's cabin and equipment.

Stylish, efficient with rock-solid retained value (like the Toyota), the **Mazda3 G20 Touring** is our third recommendation in this category.

$28,320 Hyundai i30 Elite	$28,795 Toyota Corolla SX Hatch	$30,590 Mazda3 G20 Touring
BODY: 4-door hatchback	**BODY:** 4-door hatchback	**BODY:** 4-door hatchback
ENGINE: 2.0-litre 4-cylinder petrol	**ENGINE:** 2.0-litre 4-cylinder petrol	**ENGINE:** 2.0-litre 4-cylinder petrol
DRIVER RATING: 7	**DRIVER RATING:** 6	**DRIVER RATING:** 8
FUEL CONSUMPTION: 7.4L/100km	**FUEL CONSUMPTION:** 6.0L/100km	**FUEL CONSUMPTION:** 6.2L/100km
EMISSIONS: 173g/km	**EMISSIONS:** 139g/km	**EMISSIONS:** 146g/km
INSURANCE: $2338.53	**INSURANCE:** $2535.66	**INSURANCE:** $2777.04
RESALE: 74.0% (3yrs/45,000km)	**RESALE:** 82.5% (3yrs/45,000km)	**RESALE:** 78.5% (3yrs/45,000km)
PLUS: Lacks for little, Australian-developed suspension.	**PLUS:** It's a Corolla – money in the bank.	**PLUS:** Looks to kill, beautiful cabin.
MINUS: Interior is conservative but effective.	**MINUS:** Small boot; clunky infotainment.	**MINUS:** Can be a little claustrophobic in the rear seats.

BEST-VALUE FAMILY CARS

GOLD WINNER SKODA OCTAVIA SPORT 110TSi

There's much to be said for the refinement of conventional sedans and wagons as family cars – not everybody feels the need to go all Steve Irwin and haunt the suburbs in a jacked-up 4x4.

Our winner in this category looks like a sedan but packs added versatility. The five-door **Skoda Octavia Sport 110TSi** is a liftback. Although the car has the refinement and quietness of a conventional sedan, the rear hatch lifts to reveal a luggage bay that's huge.

A small, efficient 1.4-litre turbo petrol engine performs like one a litre larger and the driving dynamics are top notch. The cabin features high levels of tech and is simple but not spartan.

"There's no doubt lazy drivers will continue to flock to ubiquitous, jacked-up SUVs. But for everybody else, a more nimble, efficient better-value Octavia makes an awful lot of sense," says Carsales.

In practical terms, the **Toyota Camry Hybrid Ascent Sport** is a whole class larger than the Skoda, with room for three adults across the rear bench seat and plenty of boot space. Its petrol-electric hybrid drivetrain delivers incredible fuel economy.

Sporty families will want to check out the stylish and beautifully finished **Mazda6 GT Sportwagon**. It's a lot more expensive than our top two but delivers strong turbo-petrol performance and handling, and cabin ambience that puts $70,000 Euro premiums to shame.

$34,390 Skoda Octavia Sport 110TSi	$33,790 Toyota Camry Hybrid Ascent Sport	$47,290 Mazda6 GT Sportwagon
BODY: 5-door liftback	**BODY:** 4-door sedan	**BODY:** 5-door wagon
ENGINE:1.4-litre 4-cylinder turbo-petrol	**ENGINE:** 2.5-litre 4-cylinder petrol hybrid	**ENGINE:** 2.5-litre 4-cylinder turbo-petrol
DRIVER RATING: 7	**DRIVER RATING:** 6	**DRIVER RATING:** 7
FUEL CONSUMPTION: 5.2L/100km	**FUEL CONSUMPTION:** 4.2L/100km	**FUEL CONSUMPTION:** 7.6L/100km
EMISSIONS: 122g/km	**EMISSIONS:** 96g/km	**EMISSIONS:** 178g/km
INSURANCE: $2932.74	**INSURANCE:** $2605.26	**INSURANCE:** $3366.99
RESALE: 65.5% (3yrs/45,000km)	**RESALE:** 74.5% (3yrs/45,000km)	**RESALE:** 67.5% (3yrs/45,000km)
PLUS: Huge boot; good tech and infotainment.	**PLUS:** Hybrid is frugal; big cabin.	**PLUS:** Beautifully built, refined wagon.
MINUS: You'll need to tell people what it is.	**MINUS:** Camrys rarely set hearts racing.	**MINUS:** Not cheap (but still good value).

BEST-VALUE SPORTS/ LUXURY CARS

GOLD WINNER GENESIS G70 SPORT

Number crunching and the tape measure are important parts of buying a car, but so too is emotion. A car can be a reward as well as transport.

We've stepped off the beaten track for our top choice here. Genesis is taking on the Europeans at their own game. While the **Genesis G70 Sport** will suffer in terms of retained value, it shines in other aspects of ownership: lots of tech, top-grade safety and comfort equipment, impressive cabin and quality, five-year warranty plus free servicing and more. Best of all, it looks the part and it's a cracking drive.

"Dynamically, the G70 feels right on the money. It steers positively, corners sharply for a circa-1750kg sports sedan, changes direction confidently, yet handles bumps with aplomb. There's a sporty premise to the ride, handling and controls, but as a daily, it stands up nicely as an alternative to European rivals," says Carsales.

The **BMW 220i M Sport Gran Coupe** is a new generation of BMW built to take on the burgeoning range of compact Mercedes-Benz models. In a single leap it has passed its German rival and landed as a refined, fun-to-drive, thinking person's compact sports sedan.

In contrast, don't think too hard about the **Ford Mustang GT** coupe – just drive it. V8 engine, room for four (barely), a decent suite of tech and infotainment, but the highlight is its big booming soundtrack. Great retained value might be your excuse.

$63,300 Genesis G70 Sport	$53,990 BMW 220i Sport Gran Coupe	$66,690 Ford Mustang GT
BODY: 4-door sedan	**BODY:** 4-door sedan	**BODY:** 2-door fastback
ENGINE: 2.0-litre 4-cylinder turbo-petrol	**ENGINE:** 2.0-litre 4-cylinder turbo petrol	**ENGINE:** 5.0-litre 8-cylinder petrol
DRIVER RATING:: 8	**DRIVER RATING:** 6	**DRIVER RATING:** 8
FUEL CONSUMPTION: 9.0L/100km	**FUEL CONSUMPTION:** 6.3L/100km	**FUEL CONSUMPTION:** 12.7L/100km
EMISSIONS: 122g/km	**EMISSIONS:** 205g/km	**EMISSIONS:** 290g/km
INSURANCE: $2932.74	**INSURANCE:** $3464.19	**INSURANCE:** $4546.11
RESALE: 65.5% (3yrs/45,000km)	**RESALE:** 51.5% (3yrs/45,000km)	**RESALE:** 72.5% (3yrs/45,000km)
PLUS: Huge boot; good tech and infotainment.	**PLUS:** Refined; good tech; build quality; free servicing.	**PLUS:** Muscle car looks; great retained value.
MINUS: You'll need to tell people what it is.	**MINUS:** It's a what?	**MINUS:** Average crash rating.

BEST-VALUE ELECTRIC/HYBRID CARS

GOLD WINNER TOYOTA COROLLA SX HATCH HYBRID

There's no doubt that battery-electric vehicles will play a huge role in future, but right now the high cost makes it hard for the numbers to add up. Hybrids, on the other hand, are having their moment in the sun.

Top of the pops here is the **Toyota Corolla SX Hatch hybrid** but it could have easily been one of the brand's SUV hybrids – a RAV4 or C-HR.

The latest Corolla is a winner in another category in our awards, but the new hybrid might be the best Corolla yet, with even better refinement and performance than the petrol versions with better fuel economy and no damage to retained value, thanks to the electrification.

Two great examples of plug-in hybrids that deserve to grace more driveways are the **Hyundai Ioniq Elite** and the family-sized **Mitsubishi Outlander ES**.

They may not wow the crowds like the headline-stealing EVs from Tesla, but right now they make more sense.

$30,795 Toyota Corolla SX Hatch hybrid

BODY: 4-door hatchback
ENGINE: 1.8-litre 4-cylinder petrol hybrid
DRIVER RATING: 7
FUEL CONSUMPTION: 4.2L/100km
EMISSIONS: 97g/km
INSURANCE: $2419.50
RESALE:82.5% (3yrs/45,000km)
PLUS: All the traditional Corolla values plus hybrid economy.
MINUS: Small boot; average infotainment.

$42,410 Hyundai Ioniq Elite PHEV

BODY: 4-door fastback
ENGINE: 1.6-litre 4-cylinder petrol plug-in hybrid
DRIVER RATING: 5
FUEL CONSUMPTION: 1.1L/100km
EMISSIONS: 26g/km
INSURANCE: $2677.68
RESALE: 68.5% (3yrs/45,000km)
PLUS: Good battery range; decent cabin and equipment.
MINUS: Looks aren't for everyone.

$48,390 Mitsubishi Outlander ES ADAS PHEV

BODY: 2-door fastback
ENGINE: 2.4-litre 4-cylinder petrol plug-in hybrid
DRIVER RATING: 6
FUEL CONSUMPTION: 1.9L/100km
EMISSIONS: 43g/km
INSURANCE: $2803.92
RESALE: 58.5% (3yrs/45,000km)
PLUS: Family sized; real-world balance of performance and economy.
MINUS: Can be thirsty if not charged at home.

BEST-VALUE TRADIE CARS

GOLD WINNER FORD RANGER XLT 4X4 DUAL-CAB

Australia used to ride on the sheep's back – now it's a passenger in a dual-cab 4x4 ute! More than half of the 10 best-selling new vehicles last year and year to date in 2020 are dual-cabs, with Toyota's HiLux and our category winner this year, the **Ford Ranger XLT 4x4**, traditionally duking it out for top spot most months.

Utes have come a long way since the very first was built by Ford Australia. While they attract more family buyers than ever, their key appeal is to user-choosers who want the same vehicle for playing on Sunday and working on Monday.

It's appropriate that the current Ford Ranger was engineered and designed in Australia by Ford for the world – it's not built here but its Aussie intellectual property hits the market in more than 160 countries. "The current Ford Ranger has been on the market for so long now that you almost expect it to wearily slump to the bottom of the ute pecking order. It hasn't. Quite simply, the Ranger's performance, ride quality, handling dynamics, interior space, general comfort and overall refinement are a clear notch above the others," says Carsales.

Canny tradies want value for money and the other standout dual-cab is the **Mitsubishi Triton GLX-R 4x4 dual-cab**. It can't ultimately match the Ford for overall performance but it's great value. So, too, the **Mitsubishi Express GLX SWB van**. A rebadged version of the Renault Trafic, it beats the original hands down for retained value, such is Mitsubishi's brand collateral.

$59,440 Ford Ranger XLT 4x4 dual-cab

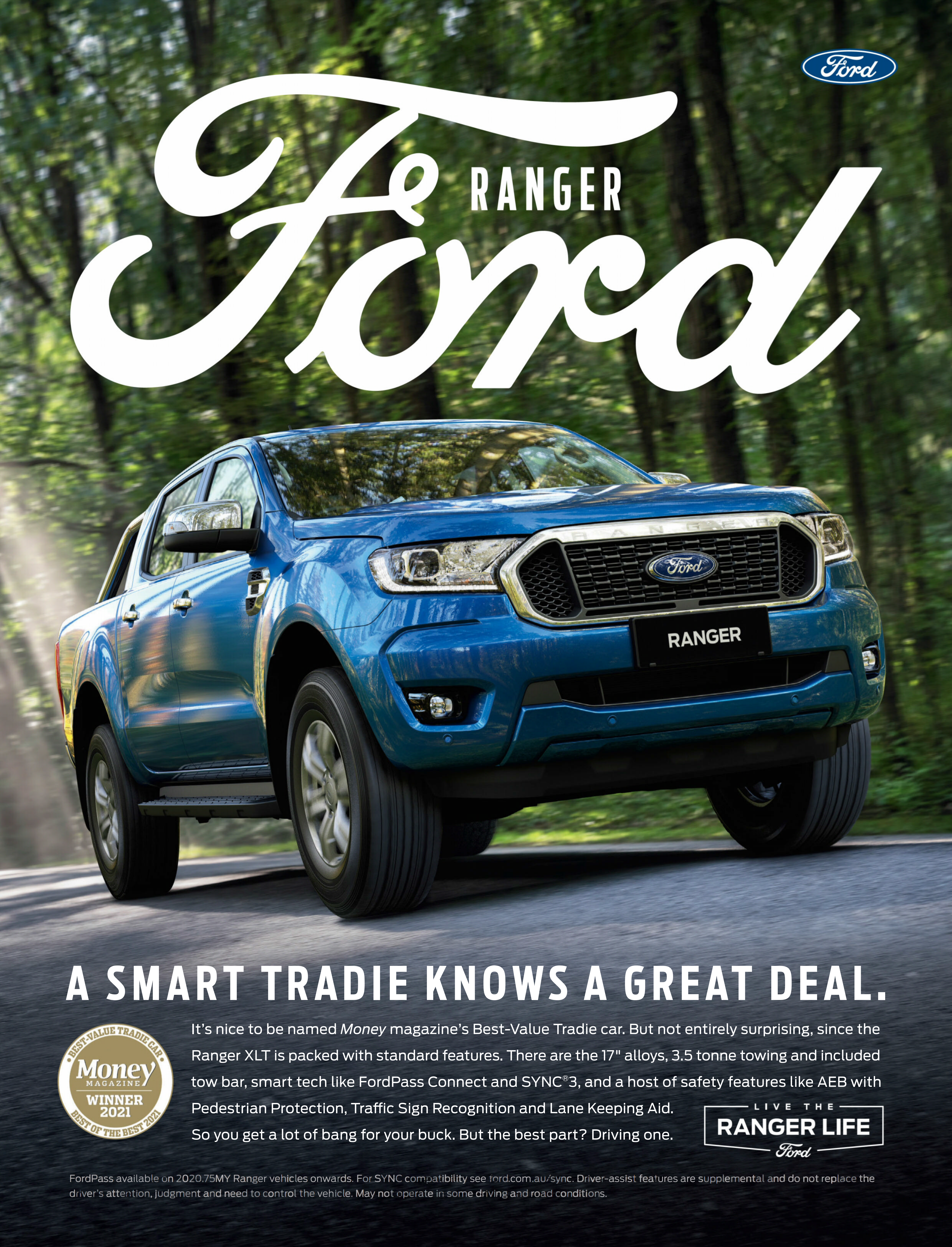
BODY: 4-door utility
ENGINE: 3.2-litre 5-cylinder turbo-diesel
DRIVER RATING: 7
FUEL CONSUMPTION: 8.9L/100km
EMISSIONS: 234g/km
INSURANCE: $3410.01
RESALE: 73.5% (3yrs/45,000km)
PLUS: Best ute today, still.
MINUS: Bigger than you think.

$44,490 Mitsubishi Triton GLX-R 4x4 dual-cab

BODY: 4-door utility
ENGINE: 2.4-litre 4-cylinder turbo-diesel
DRIVER RATING: 6
FUEL CONSUMPTION: 8.6L/100km
EMISSIONS: 225g/km
INSURANCE: $3019.05
RESALE: 76.5% (3yrs/45,000km)
PLUS: Hard to beat for value.
MINUS: Not a Ranger on the road or off it.

$42,490 Mitsubishi Express GLX SWB van

BODY: Van
ENGINE: 2.0-litre 4-cylinder turbo-diesel
DRIVER RATING: 7
FUEL CONSUMPTION: 7.3L/100km
EMISSIONS: 191g/km
INSURANCE: $2650.32
RESALE: 71.5% (3yrs/45,000km)
PLUS: A van that drives like a car.
MINUS: Quirky French switchgear takes getting used to.


Ford
Ford
RANGER
RANGER
A SMART TRADIE KNOWS A GREAT DEAL.
BEST-VALUE TRADIE CAR
Money
MAGAZINE
WINNER
2021
BEST OF THE BEST 2021
It's nice to be named *Money* magazine's Best-Value Tradie car. But not entirely surprising, since the Ranger XLT is packed with standard features. There are the 17" alloys, 3.5 tonne towing and included tow bar, smart tech like FordPass Connect and SYNC®3, and a host of safety features like AEB with Pedestrian Protection, Traffic Sign Recognition and Lane Keeping Aid.
So you get a lot of bang for your buck. But the best part? Driving one.
LIVE THE
RANGER LIFE
Ford
FordPass available on 2020.75MY Ranger vehicles onwards. For SYNC compatibility see ford.com.au/sync. Driver-assist features are supplemental and do not replace the driver's attention, judgment and need to control the vehicle. May not operate in some driving and road conditions.