

Team effort

Our *Best of the Best* edition takes months of hard work to prepare – *Money* couldn't do it without a line-up of willing outside experts

CANSTAR

www.canstar.com.au

CANSTAR is Australia and New Zealand's most comprehensive specialist research service in consumer and business finance. It has a team of 45 talented people researching the products offered by more than 250 institutions – including home loans, savings accounts, credit cards, rewards programs, margin lending, personal and car loans, business banking, life insurance, bonds, car insurance and more. The research results are freely available to consumers, who can use the star ratings as a guide to product excellence – the CANSTAR website has more than 2 million visits each year. CANSTAR is neither owned nor controlled by financial institutions, nor does it sell financial products.

► HOW WE CHOSE THE WINNERS

CANSTAR crunched the numbers behind all the banking awards, as well as home and contents insurance and personal insurance. It also ran data for investment loans and brokers, including cash-back providers. Where appropriate, a combination of six-month historical averages and current rates was used. This way the best savings account, for example, was not simply one that happened to have a good rate on a particular day, but rather one with a proven track record. The methodology for each of the awards can be found next to each of the tables. The rankings used data as at September 1, 2013, and current rates were as at October 11, 2013. Where used, historical interest rates were for the period of March-August 2013.

MORNINGSTAR

www.morningstar.com.au

Morningstar is a leading provider of independent investment research in North America, Europe, Australasia and Asia. It offers an extensive line of products and services for individual investors, financial advisers, asset managers and retirement plan providers and sponsors. Morningstar provides data on about 437,000 global

investment offerings, including stocks, mutual funds and similar vehicles, along with real-time global market data on more than 10 million equities, indices, futures, options, commodities and precious metals, in addition to foreign exchange and treasury markets. It also offers investment management services through its registered investment adviser subsidiaries.

LONSEC

www.lonsec.com.au

Lonsec Research is a specialist business that focuses on providing investment insight, advice and solutions to financial professionals, always with the prosperity of investors in mind. Lonsec's expertise in combining business intelligence with investment expertise makes it a valuable research partner for financial advisers and investors. The experienced research team provides timely insights and in-depth reports covering a range of investments, spanning traditional managed funds, property and infrastructure investments, through to multi-manager funds and exchange traded funds (ETFs), as well as alternative investments such as hedge funds, long-and-short funds and structured products. Lonsec is a wholly owned subsidiary of Lonsec Fiscal Holdings, a privately owned and independent entity with a multi-brand strategy of providing financial services research and investment execution.

ZENITH

www.zenithpartners.com.au

Zenith Investment Partners is Australia's leading independently owned investment research provider, dedicated to the delivery of premium investment research solutions for financial advisers, other investment intermediaries and their clients. Established in 2002, Zenith is 100% owned by its directors and key members of staff. It provides "advice-



based" research solutions to match each client's unique business requirements. The key services Zenith offers are: online research, including data on more than 2000 funds, economic and asset class reports, detailed performance analysis tools and model portfolios, consistently delivering returns well above the median manager with lower volatility.

SQM RESEARCH

www.sqmresearch.com.au

SQM Research is one of Australia's most respected property research companies, specialising in providing accurate property-related information, ratings and forecasts. It focuses on residential property research and the performance of real estate-related managed funds. Its research on investment products is for its wholesale clients and uses a proprietary review and star rating system. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. SQM has been an official rater of managed investment schemes since 2007 and, while perhaps better known for its



CARS

Money recruited regular *Driving Passion* contributor and long-time motoring journalist Chris Gable to bring you the best-value cars.

► HOW WE CHOSE THE WINNERS

- A subjective driver rating (out of 10) aims to indicate how a particular car makes you feel when you drive it.
- Official fuel consumption and emissions data, as rated (out of five) by the official Green Vehicle Guide.
- Comprehensive insurance as provided by AAMI, based on a 35-year-old resident of Sydney's Chatswood with an immaculate driving record and requiring no finance.
- Resale ratings after three years provided by RedBook.

residential property research, its ratings sector is a core and integral part of its business.

► HOW WE CHOSE THE WINNERS

Morningstar, Lonsac and Zenith were responsible for providing the ratings for all managed funds (with the exception of Best Mortgage Fund, where we combined SQM Research ratings with those from Lonsac and Zenith) and ETFs. We asked all research houses to tell us their highest-rated funds and ETFs: no fewer than four stars for funds and recommended for ETFs by Morningstar; "recommended" and better from Lonsac and Zenith; and 4 stars and above from SQM Research. Funds qualified only if they were open to new investment and had a minimum initial investment of \$25,000 or less. Funds and ETFs were then ranked according to a points system. For example, a fund or ETF that was "highly recommended" or had five stars scored five points and one that was "recommended" or four stars scored four points. We then applied a further filtering process.

The Best Fund Manager and Best ETF Provider were chosen by allocating points based on individual managed fund and ETF categories. Fund managers were awarded five points for every gold win, three points for every second place and one point for third. Morningstar provided the data for

the tables except Best Mortgage Fund which was provided by SQM Research. The performance data and ratings are both as at September 30, 2013.

SUPERRATINGS

www.superratings.com.au

SuperRatings is an independently owned Australian company dedicated to superannuation research. It has been active in highlighting the need for increased transparency within the industry and promoting healthy competition. SuperRatings does not charge funds to be rated and uses a purely fee-for-service business model.

► HOW WE CHOSE THE WINNERS

SuperRatings crunched the data for this year's superannuation categories. It assessed more than 320 of Australia's major superannuation products and 170 pension products. The primary determinant of the ratings is the ability of a fund to provide value. The Best Super Fund Manager award is given to the fund that provides the best overall value to members during their accumulation phase, while the Best Pension Fund Manager award highlights the fund that has provided exceptional value to members during retirement. In assessing funds, SuperRatings takes into account investment performance, fees, insurance, service delivery,

member education, financial planning facilities, education, employer support, fund governance and product flexibility. The judging is primarily based on quantitative analysis but does contain a qualitative overlay based upon extensive site visits and ongoing discussions with funds. Returns are as at June 30, 2013, and are after fees and taxes.

FINDER.COM.AU

www.finder.com.au

Finder is one of Australia's biggest comparison websites, helping more than 300,000 Australians find better products each month. It is a free service comparing a huge range of products: mobile phones, home loans, credit cards, savings accounts, insurance, shopping discount codes and more. Thousands also come to finder.com.au with queries they post or raise in live chat, in email or by phone; and to learn from guides and calculators.

► HOW WE CHOSE THE WINNERS

Finder helped with the mobile plan and broadband categories. The methodology was based on best price and lowest number of TIO Network complaints. Individual category details can be found next to each of the tables. The data is correct as at October 28, 2013.

BEST AUSTRALIAN SHARE FUNDS

GOLD WINNER FIDELITY

Stock-picking skills show in a newcomer's performance

RANK	FUND	APIR CODE	START DATE	RETURNS (%PA)			ENTRY FEE	MER/ICR (%PA)	MIN INV'T
				1 YEAR	3 YEAR	INCEPT			
1	Fidelity Australian Equities	FID0008AU	30-Jun-03	26.54%	11.30%	13.81%	none	0.85%	\$25,000
2	Hyperion Aust Growth Cos	BNT0003AU	31-Jan-94	39.00%	12.09%	11.43%	none	0.95%	\$20,000
3	Antares Dividend Builder	PPL0002AU	6-Sep-05	29.51%	15.39%	7.77%	none	0.60%	\$20,000
3	Antares Elite Opportunities	PPL0115AU	18-Nov-02	24.73%	9.07%	12.09%	none	0.70%	\$20,000
3	Arnhem Australian Equity	ARO0011AU	31-Aug-00	30.67%	10.79%	9.14%	none	0.85%	\$20,000
3	CFS Ws Aust Share - Core	CFM0404AU	14-Apr-93	23.79%	9.68%	11.09%	none	0.95%	\$5,000
3	Greencape Ws Broadcap	HOW0034AU	11-Sep-06	28.24%	11.93%	9.55%	none	0.95%	\$10,000
3	UBS Australian Share	SBC0817AU	15-Jul-92	27.65%	9.14%	11.51%	none	0.90%	\$20,000

Source: Morningstar.

DID YOU KNOW?

Entry fees apply not only on your original investment but on a regular savings plan. You can get this fee rebated if you use a cash-back provider such as those listed on page 78.

Our winner this year, the **Fidelity Australian Equities Fund**, is a newcomer to the category. It invests in around 30 to 50 Australian companies, but the top 10 holdings comprise more than 50% of the portfolio. As at August 31, 2013 these included all four big banks (see chart).

The portfolio manager, Paul Taylor, who has been with the fund since its inception in 2003, takes a bottom-up stock-picking approach and favours large and medium companies as they tend to have better track records, management and creditworthiness. He uses regular company visits in his stock-selection process to assess a company's corporate governance, busi-

ness quality, earnings quality, financing strategy and long-term growth outlook, says the fund flyer.

A report by Zenith, one of the research houses Money used to judge the award, says that "Zenith believes Taylor exhibits exceptional stock-selection skills, evident in the fund's consistent outper-

formance of its benchmark, the S&P/ASX 200 Accumulation Index. The fund has established itself as one of Zenith's preferred choices within the Australian equities sector."

In second place is the **Hyperion Australian Growth Companies Fund**, one of two funds offered by Hyperion Asset Management. It invests in growth-oriented companies with predictable earnings, low debt, high interest cover, sustainable competitive advantages, high return on capital, strong free cash flow, organic growth options and experienced and proven management teams. The fund is concentrated, containing between 15 and 25 stocks, with low turnover. The top five holdings at September 30 included REA Group (10.48%), Carsales.com (7.13%), SEEK (7.11%), Brambles (6.13%) and WorleyParsons (5.65%).

"We remain confident that the companies in the portfolio will achieve attractive rates of revenue and EPS growth over the next five years," says Hyperion in the September fund update.

AUSTRALIAN EQUITIES



At August 31, 2013

SOURCE: MORNINGSTAR

FACT FILE

Convenience at a cost

Many of the funds that appear in our Best of the Best winners list have high minimum investment amounts – often as much as \$25,000. If you don't have quite that much to invest, you may still be able to access these funds through a wrap or master

trust. These can give you access to a wide range of investments, let you consolidate all of your investments in one place, and provide centralised reporting, so they can be convenient.

The problem is that the convenience comes at a cost.

"Sometimes they can save you money and sometimes they cost you extra," warns MoneySmart. "If you don't have a large or complex investment, using a master trust or wrap may not be the best way for you to manage your investments."