

Heatmaps latest – one-in-five choice products underperform

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One in five Choice investment options with an eight-year history has significantly underperformed the heatmap benchmarks, according to the latest Choice super products heatmaps released by the Australian Prudential Regulation Authority.

The regulator said it would be intensifying monitoring of poorly performing products.

The regulator said that of the 407 investment options with an eight-year history, 182 underperformed the benchmarks.

It said this included 80 options that underperformed the benchmarks by more than 0.5%. By comparison, in the 2021 Choice Heatmap, one in four Choice investment options significantly underperformed the benchmarks.

The heatmap also showed that Choice products closed to new members are more likely to underperform and have higher fees than those that are open.

Two-thirds of Choice investment options that are closed to new members had poor or significantly poor performance relative to the heatmap benchmarks. The heatmap showed 22 investment options (28 per cent) underperformed the benchmarks by up to 0.5 per cent, while a further 31 (39 per cent) significantly underperformed by 0.5 per cent or more.

Average fees are higher in Choice products that are closed to new members. The average annual administration fee for members with an account balance of \$50,000 in closed Choice products was \$225, compared with \$149 for open Choice products and \$137 for MySuper products.

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