

**HD BEST OF THE BEST 2014**

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**LP**

**BLUE RIBBON AWARDS**

**TD**

Overall savings account  
 RaboDirect Notice Saver 90  
 Up to \$250,000, 90 days 3.90%

Cash management account  
 Big Sky Cash Management Account  
 Rate 2.55%  
 \*Interest calculated daily and credited monthly.

Online saver account  
 RaboDirect Notice Saver 90  
 Up to \$250,000, 90 days 3.90%  
 \$250,001 to \$2m, 90 days 3.75%

Term deposit - short (30270 days)

ME Bank Term Deposit  
 3 months 3.55%  
 5 months 3.55%  
 7 months 3.66%  
 9 months 3.66%

Term deposit - long (over 360 days)  
 RaboDirect Term Deposit  
 1 year 3.60%  
 2 years 3.80%  
 3 years 4.00%  
 4 years 4.25%  
 5 years 4.40%

Dream Home Loan  
 Average rate (3 yrs) 4.56%  
 Features No application or monthly fees.

Newcastle Permanent Fixed Rate Home Loan  
 Rates 4.49%6.70%  
 Fees No ongoing. Establishment fee \$550  
 Features Can borrow up to 95% of **property** value

Suncorp Bank Home Package Plus  
Fees Package fee of \$375  
Features Eligible loans include home and personal loans, credit cards and more

Newcastle Permanent Secured Personal Loan  
Rates 7.49%  
Fees \$195 application fee (if approved)  
Features Minimum loan amount of \$1000

MyState Financial Unsecured Personal Loan  
Average rate 8.99%  
Features Loan size: \$3000 to \$30,000

Citibank Signature  
Rates 20.99% **purchases**  
Fees \$199  
Features Excellent rewards program

Community First CU Low Rate Visa Card  
Rates 8.99% **purchase** rate  
Fees \$40 annual fee  
Features 55 days interest free

NAB Low Fee Card  
Rates 0% for 15 months  
Fees \$30 annual fee  
Conditions For new and approved customers

Get your goals off to a good start by making sure the banking, investment or insurance product you use has been awarded one of Smart Investor's Blue Ribbon Awards for 2014.

At Smart Investor we take our role as providers of investment information very seriously. We have a responsibility to call it as we see it, whether the results are good or bad.

So we're pleased to say that this, the ninth annual Blue Ribbon Awards, features the strongest line-up we have reviewed to date.

The purpose of the awards is to recognise excellence, innovation and quality across a range of financial products and services.

This year we have selected almost 50 individual winners and finalists from the entire range of banking, insurance and investment sectors.

Working hand in hand with our research partners, we put the leading candidates through a series of stringent tests before awarding the Blue Ribbon Award for each category.

We are extremely grateful for the heavy lifting performed by leading research houses Morningstar, InfoChoice, Rice Warner and Lonsec Fiscal in this respect. Without their participation and expertise the awards simply would not happen.

Twelve months in the planning, we think of this edition as a valuable reference that can help save you time and money. Many readers hang onto the edition for up to a year and circulate it among family and friends.

They do this because they know that if a financial product or service has won a Blue Ribbon Award they can be sure it has been put through its paces. And experienced investors know the difference a superior financial product or service can make to their wealth over the long term.

We hope you can use the following recommendations to make a few smart investments of your own.

## OVERALL

### Bank of the year

#### National Australia Bank

What the judges say: For the second year in a row, NAB has led the market by delivering cost-effective and flexible banking products to consumers. By removing many of the fees associated

with personal banking, NAB simplifies the banking process. NAB's commitment to providing quality products and services separates them from the competition. – InfoChoice

The winner of Smart Investor's flagship Blue Ribbon Award goes to the financial institution that not only best meets the needs of our readers but is deserving of our custom. The winner needs to offer customers the complete package of products and services along with that special X factor, the willingness to go an extra mile for the customer.

That's why we are pleased to announce NAB as the winner for the second year in a row.

When it came to the crunch, the bank simply trounced the competition for its overall offerings across the key deposit and lending categories.

NAB chief executive Andrew Thorburn accepted the award on behalf of the bank's 4.3 **million** customers from across Australia. He says the win is a testament to a strategy put in place several years ago.

"We're extremely proud to be recognised for our efforts to change banking for the better – and to take out the Blue Ribbon Award for the second year in a row," Thorburn says.

"For five years NAB has been working to redefine the relationship we have with our customers.

"We have abolished the fees and charges that annoy our customers the most. We are the only major bank to have a **transaction** account with no monthly fees for all customers."

This focus on fees has produced a new approach to how it calculates credit card interest, ensuring that higher-rate **transactions** are paid off first.

NAB has also been ruthless in lowering mortgage costs, inspiring many others to try to ape the savings it was able to create for customers. Its standard variable home loan rate has remained unbeaten for five years, producing savings of \$2420 in interest payments compared with its nearest rival.

"We will keep listening to customers to identify ways to help them," Thorburn says.

"Our success is their success, and I'm going to make sure that NAB continues to raise the bar. We have a number of customer-focused initiatives in the pipeline – so stay tuned."

Finalists: ANZ and Citibank.

Mutual bank of the year

Victoria Teachers Mutual Bank

What the judges say: Victoria Teachers is committed to providing value to its members, offering affordable products to help customers with all their banking needs. This commitment means it leads the way, producing back to back wins for Victorian Teachers – InfoChoice

It makes a difference when deposit holders own the bank they've entrusted with their funds, and the feeling is mutual.

"We're in **business** for [our customers], not to make money for shareholders," says Adam Alsbury, executive manager strategy and marketing of the Victoria Teachers Mutual Bank, which is helmed by chief executive William Wolke.

Australians who love owning bank shares and receiving generous dividends will be slightly shocked about what a mutual bank does with profits.

"We try to balance any profit with better rates and lower fees," Alsbury says.

It's a unique approach and there might be message in there for all bank shareholders.

The bank started in 1972 when 48 teachers pitched in \$10 each. That starting capital of \$480 has grown to \$1.9 **billion**. "We've never merged," Alsbury says. "It's a pretty good organic growth story."

The education community makes up the majority of account holders, but the bank is open to all Victorians, with two branches in metropolitan Melbourne and an arrangement that allows members to use Commonwealth Bank ATMs for free.

It also runs a financial planning **business** and its team of relationship officers visits about 2500 schools a year.

The bank is tapped into its customer network via monthly satisfaction surveys and regular market research, Alsbury says. "It also takes in where we should put funds in terms of donations and sponsorship of the education community."

Victoria Teachers has more than 100,000 customers, with about 3500 new accounts opened each year.

Home lending and retail deposits are the most popular services and products the bank offers, and it has been increasing customer access with mobile banking apps. Most applications for lending and deposit products are processed online, Alsbury says, with video conferencing, web chat and text messaging streamlining communications.

Finalists: BankVic and Heritage Bank.

Building society of the year

Newcastle Permanent Building Society

What the judges say: Newcastle Permanent is the highest-ranking building society across all deposit and lending categories. Being the home lender of the year reflects its strong point. It is a top contender, making sure members always get a great deal. – InfoChoice

Small in size but big on value, Newcastle Permanent Building Society has taken out the Blue Ribbon Award in this category now for four years in a row.

Topping our judges' rankings in all categories, the New South Wales-based lender is managing to keep itself ahead of the game.

"It is simply our superior product value and quality," Newcastle Permanent chief executive Terry Millett says.

"Our products are very competitively priced with practical and flexible features and they're also simple for people to understand," he says.

"We like to say that we are sophisticated without being complicated."

Despite the constant stream of awards, Millett says the **group** will never allow itself to become complacent.

"One way Newcastle Permanent remains competitive is through a sustained and substantial investment program to improve our products and systems," he says.

"If we scaled ourselves up to the size of major banks, we are reinvesting a similar amount in major **business** improvement projects."

The building society, which currently has 325,000 members, employs just 900 people, a tiny fraction of the rivals it beat out for the numerous Blue Ribbon Awards it received this year.

Finalists: Greater Building Society and Big Sky Building Society.

Credit union of the year

Queenslanders Credit Union

What the judges say: Queenslanders Credit Union offers members competitive products across deposits and lending. The **group's** strengths lie in its home loans, providing attractive solutions to help customers with their borrowing needs. – InfoChoice

As more customers look beyond the scope of the big four banks, credit unions are growing in popularity because of their reputation as a friendlier lending alternative.

Queenslanders Credit Union, the winner of this year's Blue Ribbon Award for credit union of the year, is proud of its ability to relate to customers better than its bigger, traditional banking rivals.

"Unlike banks, who are focused on profit, credit unions are focused on providing a high level of personalised service," QCU chief executive John Weier says.

"I think there's a trust factor there. Our staff are a dedicated bunch.

"They make sure that our customers get the best product or service at the right price."

QCU edged out rival CUA, the winner of the past two credit union gongs, to take out this year's award.

The relatively small QCU, which has only about 60 staff according to Weier, celebrated 50 years in operation in 2013 and is proudly a niche player.

"We have to be competitive, and pricing is important," he says.

This year's Blue Ribbon judges say QCU's strength is in its home loan packages. Weier says that has been a focus at QCU, and it's working – the **company** grew its housing loans by 7 per cent in the last nine months of the 2013-14 financial year.

"Our home loans are our number one product," Weier says.

"We've got very sharp pricing."

Finalists: People's Choice Credit Union and CUA.

Direct institution of the year

UBank

What the judges say: UBank offers an attractive choice of direct banking solutions to its customers. With significantly fewer costs than traditional banks, UBank is able to pass these savings to its customers, offering outstanding lending and deposit products. – InfoChoice

It's a pretty simple equation when it comes to UBank.

The bank's **operations** are entirely online, which means its overheads are less demanding than a bricks and mortar operation, which is where the savings begin.

"The fact that we don't have the same costs as a traditional bank allows us to pass these savings straight on," UBank general manager Alex Twigg says.

"What this translates to is low fees and great rates."

UBank has now taken out the Blue Ribbon Award for direct institution of the year for three years on the trot.

The lender, which is backed by the larger National Australia Bank, calls itself Australia's fastest-growing bank, having expanded by about 75 per cent, on average, for the past six years.

"Demand for online products and services continues to grow at a pace, and you see that in every aspect of the digital world," Twigg says.

"The same is happening in digital banking."

Customers don't just want a bank that is digital, Twigg says. What they want is a digital bank.

It's an important definition, and UBank is attempting to provide its customers with exactly that.

"We stay relevant by focusing on our customers and meeting their changing needs," he says. UBank customers can speak to someone at the bank 24/7.

The bank is not standing still and is looking to expand its services. "We're on a journey to build a full digital retail bank," Twigg says.

"Understanding what our customers want and need, how they interact with us and being able to deliver to that is what sets us apart from the competition. "

Finalists: ING Direct and AMP.

Regional bank of the year

MEBank

What the judges say: ME Bank provides customers with a genuine banking alternative. ME Bank has maintained consistency across its entire range of banking products, offering customers lowcost borrowing solutions and highreturn deposits. – InfoChoice

A real alternative to Australia's market-dominating big four lenders, ME Bank puts its success down to the fact that it offers customers the best of both worlds when it comes to banking.

One hundred per cent owned by some of Australia's largest industry super funds, ME Bank has taken out this year's Smart Investor Blue Ribbon Award for regional bank of the year.

ME Bank chief executive Jamie McPhee says the bank offers its customers the enviable combination of the fairness that comes with customer-owned banks and the capability and strength you would expect from a **commercial** bank.

Overall though, McPhee says, ME is a customer-centred bank.

"Awards such as this resonate with customers," he says.

Showcasing its commitment to that cause, ME Bank responded to record-low fixed-rate settings by three of the big four banks in late July by undercutting them, attracting national headlines in the process.

Its three-year and five-year fixed loans are now among the lowest in the market. In a good time to be a borrower, ME bank could be one of the borrower's best friends.

"Our policy is to give customers a fairer deal across all our products and services," McPhee says.

To achieve this, he says, ME Bank balances the returns of its shareholders, which are 30 industry super funds, with the benefits it can provide customers.

"It's an approach that resonates with customers and that gives us a unique opportunity to challenge [the big banks]," McPhee says.

And that's something that is likely to continue.

Looking to the future, McPhee says ME Bank is working on a major transformation on the technology side of its **business**.

McPhee says the changes will put ME at the forefront of technological innovation and give the bank the "opportunity to compete like never before".

And if history is any sort of reliable guide, it's a change that could well prove to be a big windfall for ME Bank customers, too.

Finalists: Bankwest and Bank of Melbourne.

Private bank of the year

UBS

What the judges say: We believe UBS is best placed to service the needs of wealthy private clients and sophisticated investors, particularly those who have an interest in using global assets to build their wealth or diversify their risk profile. The global backing of UBS combined with its dedicated approach to client service makes it highly competitive in the private banking marketplace. – Smart Investor

The race for private banking Blue Ribbon was a tough one this year. Bank of Queensland, for instance, is competing with more traditional private bank offerings at the entry level and has an enticing model. However, if it's a traditional private bank you are after, with vast experience in wealth management, then look no further than the team at UBS.

UBS Wealth Management head Mike Chisholm recounts the time a client had a particular interest in **Chinese** financial institutions and the lengths he went to in order to ensure those needs were met.

"We were able to set up a one-on-one discussion with our key analyst who works on the ground covering these institutions to talk in detail about our recommended investments and the reasons for those recommendations."

Chisholm says that while 99.9 per cent of investors begin by managing their own affairs, there comes a time when those who have grown their wealth realise they require the services of a dedicated and

professional team. That time, he says, "is when you can't keep track of all the events that affect your portfolio; when you have complex needs and wonder if you need a family trust; when you start looking to put in place structures that will protect your wealth for generations".

UBS has wealth management in its DNA. It is the largest wealth manager in the world, with \$US2 trillion (\$2.15 trillion) under management. Despite – or perhaps because of – its Swiss heritage, it is also rapidly becoming the first port of call for Asia Pacific's wealthy too.

UBS boasts a team of 900 analysts and financial experts behind your personal UBS adviser. Thus, they have no problem managing your family office, complex assets, **business** and personal structures and portfolios. Multi-currency accounts and margin loans are available, along with bespoke investments and structured products. All key markets and asset classes are covered, all over the globe.

Finalist: Bank of Queensland.

**Business** bank of the year

Bankwest

What the judges say: Bankwest takes out the **business** bank of the year for the second year running. Bankwest is committed to offering small **business** owners competitive deposits, credit cards and lending solutions with flexible options to suit their needs. – InfoChoice

How does a **business** bank stand out when the economy is sedate? With debtors paying later and consumers saving their spare cash, the landscape for many businesses has been looking arid. It's easier to feel good about the risk of running a **company** if you have a good bank behind you.

"We strongly believe that a **business** bank can stand out when you have relationship managers who really understand a customer's **business**, not just their banking," says Bankwest executive general manager of **business** banking Sinead Taylor. **Business** banking is always competitive, she says, no matter where you are in the economic cycle.

"Success for us is meeting the varying needs of our **business** customers and ensuring we're focused on delivering competitive products and great service," she says. "Ultimately, we want our customers to spend less time on banking and more time on their **business**."

Taylor says any good organisation should be able to learn from its customers, and having strong relationships with **business** owners gives Bankwest a special advantage.

"**Business** banking customers are highly sophisticated and expect more from their bank than just a loan or **transaction** account," she says. "We learn about new disruptive businesses and how stable businesses change to meet the demands of the market at any given point."

The bank's customers are offered insights through its Future of **Business** Series, which shares research on innovation, leadership, the economy and finance. A recent report from the bank showed mid-size businesses are preparing for growth and increased revenue over the next five years.

"History tells us the businesses that take considered and confident steps now to support their growth agenda will be the ones that have the best prospects to emerge as market leaders."

Finalists: AMP and St George.

Fund manager of the year

Vanguard Investments Australia

What the judges say: The people and processes, short-, medium- and long-term risk-adjusted track record, and performance over the past year of Vanguard Investments Australia have been exemplary relative to competitors. Vanguard was the winner in the multi-sector conservative and multi-sector growth categories, and runner-up in the multi-sector balanced and global/Australian bond categories. Vanguard's unrelenting commitment to providing Australian investors with low-cost and disciplined investment solutions makes it the deserving winner of this accolade. – Morningstar.

It's often proven that those with the clearest view and the most straightforward approach are the ones who tend to rise to the top, which certainly rings true for this year's fund manager of the year, Vanguard Investments Australia.



Part of the United States-based Vanguard **Group**, which manages more than \$3 trillion, Vanguard's Australian investments **business** employs the low-cost investing philosophy and asset allocation model that has made it one of the most successful funds management companies in the world.

While most funds managers will point to complicated investment themes and trends to articulate their ability to generate returns, Vanguard prefers to talk about costs and long-term discipline through strategic asset allocation to explain their famous approach to investing.

"We say, 'get your asset allocation right, keep your costs low and you're 90 per cent there,'" says John James, Vanguard Australia managing director.

Being strategic rather than tactical with allocating capital means the manager is prepared to take a position and hold it for the long term rather than aim to take advantage of short-term trends.

"We're more likely to make changes to asset allocation once a year instead of five times a year," James says.

This approach is Vanguard's "secret sauce" and enables them to keep costs low. Combined with the **company's** ownership structure, this ensures Vanguard can keep its costs down and pass the savings onto investors. "Costs do matter," says James. "We consider cost to be the one controllable aspect of investing."

Vanguard is a mutually owned **company**, meaning all the profits generated by the **business** have the potential to go back into it rather than distributed to external shareholders, as is the case with listed companies.

Finalists: Hyperion and Ausbil.

Personal super fund of the year

AIA Australia

What the judges say: From the perspective that the financial retirement goals of each super fund member are unique, every candidate was assessed across the three main options. Aon Master Trust scored extremely highly across the capital stable, balanced and growth options. – Lonsec Fiscal

The extremely strong returns of Aon Hewitt's Master Trust offering are impossible to ignore. But there's more to a superior personal super fund than just good returns.

Aon Hewitt is the biggest risk broker in the world and its partnerships with companies such as insurance giant AIA Australia and Vanguard (Blue Ribbon Award winners for insurance and managed funds) allow it to provide features at a cost few can match.

CEO of Aon Hewitt Pacific Steven Gaffney says: "Through our partners, Aon provides the scale that allows you to reduce fees accordingly. We are very proud of the insurance offering, it's very competitive and we have been in association with AIA for some years now.

"But the key to any superannuation service is the investment side. The relationships we have with Russell and Vanguard, and the tweaking of the product mix we provide really sets us apart," he says.

Aon Master Trust topped the three-year returns for the capital stable and growth options over three years, returning 7.62 per cent and 10.81 per cent a year. The balanced option came second from 55 funds over the same period, returning 9.75 per cent, leaving us in no doubt this is truly "best of breed". Today Aon Hewitt counts 55,000 Australians as members of its superannuation offering and has about \$2.5 **billion** and counting under management.

Aon's long-standing partnership with English super club Manchester United and the 2014 Blue Ribbon Award for personal super fund of the year will only win the **firm** more fans in the years ahead.

Finalist: Asgard Infinity eWrap.

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Finalist: Asgard Infinity eWrap.

Industry super fund of the year

CareSuper

What the judges say: After reviewing the performance of more than 100 accumulation funds across the key diversified investment strategies, CareSuper was a clear leader in our survey. The fund delivers extremely strong short- to medium-term performance across the growth, balanced and conservative options, with returns delivering the fund a top-four finish or better. – Lonsec Fiscal

The 258,000-plus members of CareSuper are unlikely to be surprised at the top-performing fund's back-to-back Blue Ribbon Awards for best industry super fund.

Led by chief executive Julie Lander since 2002, the fund has endeavoured to deliver members superior investment outcomes across 13 investment options and retirement solutions.

As Lander explains, the success of the fund is due to the hard work of a dedicated team who go the extra mile to ensure that all their members' needs are met.

"We aren't just competing on cost," she says. "Winning the Blue Ribbon Award for a second consecutive year is testament to the efforts and professionalism demonstrated by the entire CareSuper team."

Lander says it's important that the fund treats members as individuals, not numbers. CareSuper has its membership roots in the administration profession and, as such, has a higher proportion of female members than many other funds.

Recognising that different members have different requirements, CareSuper spends a lot of time making sure that it delivers to its members tailored communications that are relevant to their life stage and circumstances. This includes ensuring members are alerted to strategies available to them that can help improve their balance over the long term.

Speaking of returns, the fund has excelled at producing results that are consistently above the industry average by more than 100 basis points, or 1 percentage point, each year.

Over the past three years, the growth option delivered annualised returns of 11.11 per cent, compared with the median return of 9.87 per cent; the balanced version delivered 10.52 per cent, compared with a median of 9.08 per cent; while the conservative option delivered 7.72 per cent, compared with a median of 6.81 per cent.

The fund's market-leading returns, combined with its personalised approach to members, makes CareSuper a worthy Blue Ribbon Award winner for 2014 – and a compelling option for anyone considering switching funds.

Finalist: REST.

## DEPOSITS

### THE BEST DEPOSIT ACCOUNTS

Cash is the one asset class we all need but rarely think about all that much. It's often a case of set and forget. Unlike, say, the process of choosing a fund manager or mortgage, which we are much more likely to agonise over.

But with the overnight cash rate at record lows and unlikely to get back off the floor any time soon, there are tangible benefits to be gained by comparing and contrasting the rates and features on offer. Just a few basis points can make all the difference if, say, it's a core component of your super fund.

Cash, however, is more than just a rate of return. Experienced investors will tell you it is equal parts a safe haven and the option to take advantages of opportunities when they present themselves – be it a new float or an oversold blue chip. In these circumstances you'll want to be able to access and deploy your reserves quickly.

Over the next few pages you'll find the very best deposit products available, as selected by Smart Investor in conjunction with our research partner InfoChoice. Whether you are after a long-term deposit, a convenient online savings account or a cash management account, we are sure you won't be disappointed.

#### Best savings institution

##### RaboDirect

What the judges say: With two cuts to the cash rate over the past year, competition in the savings market heated up. RaboDirect beat the competitors by offering low-cost products with market-leading rates. It has performed well across most products, but its strengths are in online savings and term deposits. – InfoChoice

The growth of DIY superannuation has been a blessing for savings institutions, so long as they offer competitive rates and absolute certainty. It's not unusual for SMSFs to have hundreds of thousands of dollars in cash balances, and it pays to leave nothing to chance.

"Our **brand** seems to resonate with DIY super," says RaboDirect **group** executive Greg McAweeney, "but we have customers across all age groups and the one thing they all want is consistency of an offering – not just the rate, but in customer service and how they interact with the bank."

RaboDirect's status as a co-operative bank helps it put the customer at "the beginning and centre of what we do", McAweeney says. That includes the rates it offers.

"If you have a mature investor who's in term deposits and trying to derive an income from those, they really like to have a bit of safety and security," McAweeney says. "That's important for that demographic."

RaboDirect is part of RaboBank, a Dutch-based institution which lends primarily to the food and agribusiness sector. Profits made in Australia are kept here, with part of them used to maintain a tier-one capital ratio of 13.5 per cent. "The food and agribusiness sector is very cyclical, so you need to have large buffers," McAweeney says.

Deposit holders shouldn't be concerned about risk, however, as the bank only deals with the top 20 per cent of primary producers. "We're only banking the top tier."

When rates were falling, it was easy to sniff that SMSFs were over-allocated to cash. But that's not seeing things from the DIY trustee's driver's seat.

"The GFC probably taught a lot of people some good lessons," McAweeney says. "What is my actual risk appetite? Is it what I think it is? It's only when you've lost a bit of money that you get a good sense of these things. You think it will never happen to you until it does."

Beyond taking out the best savings institution award, RaboDirect was also awarded best online savings account, best overall savings account and best term deposit (long). Well done.

Finalists: ME Bank and Citibank.

#### Overall savings account

##### RaboDirect

What the judges say: RaboDirect continues to **lead** the way by offering one of the highest average interest rates, zero fees and no minimum balances on the Notice Saver 90. – InfoChoice

RaboDirect **group** executive Greg McAweeney has a good feeling about a savings product he describes as a natural fit between an at-call account and a term deposit.

"It's a nice product and I wouldn't be at all surprised if you see the other banks start to copy it," he says, pointing to the regulatory benefit to a bank of not having to hold liquid assets against deposits where access to funds is restricted.

Deposit-holders appreciate a bit of discipline from time to time, especially as the after-effects of the global financial crisis are still evident in portfolios. "If [deposits are] on call it's too easy to dip into it, and if you've got a savings goal it can be easily eroded by your being tempted to drop into that product," he says.

The 90-day product also has benefits for small-**business** clients who may want to quarantine funds for quarterly tax payments, he says, although the Notice Saver is also available in 31-day and 60-day variants.

RaboDirect is about to launch a mobile app, which McAweeney says will be distinctive, in that it will have a higher **transaction** limit than competitors' offerings. "It would not be unusual to see a DIY super investor with anywhere between \$150,000 to \$250,000 in an account, or more," he says. "You see some large balances."

Finalists: HSBC and Citibank.

Cash management account

Big Sky Building Society

What the judges say: The Big Sky Building Society cash management account offers one of the highest rates in the market, with no monthly fees, no minimum opening balance and no minimum ongoing balance. – InfoChoice

The cash rate may be at an historically low level but government-backed building societies are still a great place to **park** money. And with the government guarantee on deposits there's no chance of losing any capital. What's not to like about that?

Big Sky's cash management account took out top spot in last year's awards and beat all competition again this year by doing what it does best: offering a comparatively high rate with no fees. Account holders can access funds at any hour using the internet or telephone banking, and the Melbourne-based institution has metropolitan and regional service centres in Western Australia, Queensland, South Australia and Victoria, with a focus on the resources industry.

"It's very rewarding we've been recognised for the second year in a row," says Big Sky product manager Vincent Lewis. "We have a keen eye on making sure our customers have products that work for them."

The bank has launched a similar product in the DIY superannuation market, he says.

The financial services **company** started out as the BHP Employee's Credit Co-operative about 40 years ago and has since absorbed members of other credit unions.

One recent signing has been Santos. "That's a big feather in our cap," Lewis says.

Big Sky also offers a financial planning service aligned to Australian Unity Personal Financial Services after LifePlan Australia integrated with Big Sky in 2012.

Finalists: Quay Credit Union and NAB.

Online saver account

RaboDirect

What the judges say: RaboDirect has been a standout performer in the online savings account space. The new Notice Saver offers serious savers a competitive rate to help them achieve their savings goals. – InfoChoice

Online banking saved the world from queuing and we are forever grateful for that, but some banks are better at gearing the full power of the internet than others.

By opening one account with RaboDirect, a customer will be able to easily access all the bank's products if the desire strikes. "You're not setting up these contracts, which banks will typically make you do, and it's highly secure," says RaboDirect **group** executive Greg McAweeney.

The Notice Saver 90 was launched in 2013, with the stipulation that customers can't withdraw funds until a notice period expires. For the bank, there is a regulatory benefit in that liquid assets do not need to be held against deposits in the account class. For customers, the 90-day curfew between a withdrawal request and access to funds is like a little angel sitting on the shoulder, hissing: "Don't touch that money!"

The product is a nice balance between at-call accounts and term deposits, McAweeney says. "We found some people like to have their cake and eat it, and this product suits that."

A term deposit won't allow extra deposits, for example, and customers often end up with multiple accounts over varying terms. With a Notice Saver, there are no restrictions about deposits or withdrawals other than the curfew. Options that apply a 31-day and 60-day timer to withdrawals are also available.

"The upside for the client is that you're getting a higher rate than you would on a term deposit account," McAweeney says. "DIY super clients get that type of product and like the flexibility it brings."

Finalists: Newcastle Permanent Building Society and UBank.

Lending

## THE BEST LOANS AND CREDIT CARDS

With mortgage rates falling and credit card options multiplying, finding the right product for the needs of you and your family is getting harder than ever. Thankfully, the team at InfoChoice has analysed the market in order to make your choice easier. We recommend paying particular attention to those winners of back-to-back awards, including Newcastle Permanent Building Society, which this year won four awards.

Home lender of the year

Newcastle Permanent Building Society

What the judges say: Newcastle leads the way in the home loans market. Ranking in the top five for all home lending categories, it challenges the norm by focusing on competitive rates, low fees and plenty of features for their customers. – InfoChoice

If you're thinking of getting a home, then you should be thinking of Newcastle Permanent Building Society, according to the judges of our Blue Ribbon Awards. This year, they have again handed Newcastle Permanent the award for best home lender.

As the winner in this category for five out of the past six years, Newcastle continues to wallop the competition, ranking in the top five of all the judges' home-lending categories.

On accepting the gong at the Blue Ribbon Awards night, chief executive Terry Millett said it was recognition of the fact that Newcastle Permanent had set out to market the best retail banking products on offer.

Don't be put off by the name; the giant-slaying **group**, which Millett says is a mere one-eightieth the size of big rival Commonwealth Bank, is not just limited to the Newcastle area. "Approximately 40 per cent of our home loan customers are outside our home territory and we have \$1.2 **billion** in home loans to customers who live in Sydney," he says.

Millett puts some of the success down to the fact that Newcastle is focused solely on its customers, which, due to it being a building society, serve as the **group**'s owners as well. "Hopefully this gives us an advantage over the big banks," he says.

Finalists: UBank and Pacific Mortgage **Group**.

Variable rate home loan

Loans.com.au

What the judges say: With no application or monthly fees and one of the consistently lowest rates in the market, loans.com.au sets the benchmark for home loan providers. – InfoChoice

One of the features that allows increasingly popular lender loans.com.au to provide the variable rate loan which took out the Blue Ribbon Award for 2014 is the fact that the **group** operates wholly online.

This "all clicks, no bricks" approach, as managing director Marie Mortimer puts it, allows loans.com.au to pass on overhead savings to its customers.

Loans.com.au took out this year's award with its Dream Home Loan product, after just missing out in 2013 when it was named as a finalist.

The Dream Home Loan's average rate over three years was just 4.56 per cent, according to our judges. The loan's lack of application, monthly, establishment and any ongoing fees came in for particular praise from the judges.

"It is always loans.com.au's goal to compete on price by striving to bring the lowest interest rates to customers," Mortimer says.

Getting the loan has also never been easier. Loans.com.au offers a paperless application process and extended **business** hours for contact with potential customers, including over the phone, live chat and even Skype.

"It means our customers don't have to go out of their way to do **business** with us," Mortimer says.

A lack of street presence means loans.com.au gets a lot of its **business** from repeat customers and personal recommendations.

Mortimer says that's "a strong motivator" for the **group**, as it means customers are happy with what it offers.

Finalists: Ubank's Uhome loan and Pacific Mortgage **Group's** standard variable home loan.

Fixed rate home loan of the year

Newcastle Permanent Building Society

What the judges say: For borrowers wanting to fix their home loan, Newcastle Permanent leads the market by consistently offering customers low fixed rates over a one- to five-year term. – InfoChoice

One of the star's of this year's Blue Ribbon Awards, Newcastle Permanent picked up its third gong by securing the fixed-rate home loan of the year.

Backing up its win from 2013, Newcastle Permanent Building Society chief executive Terry Millett puts the success of its fixed-rate product down to a combination of attractive interest rates and flexibility.

"Winning these awards again this year is yet another reminder that consumers can get a better deal from Newcastle Permanent than the major banks without compromising on service or product features," he says.

Finalists: Aussie Home Loans' Select Basic fixed loan and iMortgage's Fusion product.

Premium banking package

Suncorp Bank

What the judges say: Suncorp Bank's Home Package Plus combines great interest rate discounts with an impressive list of benefits and savings on key banking products. – InfoChoice

Queensland-based insurer Suncorp Bank picked up the Blue Ribbon Award for premium banking package in 2014.

The lender's Home Package Plus offering is the standout in the category, beating rival products from a popular credit union and a big four bank.

The attraction of the package comes from the benefits customers receive from combining their multiple banking demands with Suncorp Bank.

This allows the lender to tailor its products to a customer's banking needs, according to executive general manager of customer development, David Carter.

Our judges were impressed by the great interest rates attached to the Home Package Plus as well as its long list of benefits and savings.

Products available under the package include both fixed and variable home loans, personal loans, margin loans and some credit cards, among others.

Finalists: People's Choice Credit Union Home Loan Plus and Westpac Premier Advantage packages.

Personal loan (secured)

Newcastle Permanent

Building Society

What the judges say: Newcastle Permanent's personal loan offers customers an affordable and flexible range of options to meet their financing needs. – InfoChoice

Newcastle Permanent Building Society's name keeps popping up in these award pages because the **group** continues to deliver products that stand head and shoulders above the competition.

Newcastle Permanent chief executive Terry Millett says the success is a factor of the building society's focus, which lies solely on the financial well-being of its customers. as opposed to maximising profits purely for shareholders, an accusation often levelled at Australia's bigger banks.

"We also have very responsible lending policies to ensure our members can comfortably meet their repayments," Millett says.

Those policies, which the **group** says it is constantly improving, include offering competitive fixed rates of interest on all of its personal loans.

Newcastle Permanent says this allows borrowers to plan out their repayments well ahead of time and create an appropriate budget to suit their financial needs.

Finalists: IMB and BCU.

Personal loan (unsecured)

Shane White

What makes MyState Financial's unsecured personal loan – the winner of this year's Blue Ribbon Award in that category – so compelling for borrowers is that, as MyState's head of marketing, communications and products Stephen Pender says: it's not a "gimmick or a special offer". Instead, it's just a no-fuss, inexpensive way to get a personal loan.

Tasmania-based MyState, which beat out last year's winner Quay Credit Union to take out the 2014 award, strives to provide its customers with highly competitive products, Pender says.

The flexibility of MyState's unsecured personal loan was a key aspect that stood out to our Blue Ribbon judges.

The product offers loans of between \$3000 and \$30,000, while allowing repayments to occur weekly, fortnightly or monthly.

The term of the loan can range from between one and seven years, subject to the specifics of the loan. MyState also offers a redraw facility on the product, with a minimum size of \$500, should you need it.

The interest rates on loan are variable, with an average rate of 8.99 per cent, according to our judges. Additionally, borrowers can make extra payments on the loan at any time, or even pay off the balance in its entirety early without penalty.

"These features enable our customers to reduce the interest they pay, as well as pay off their loan sooner," Pender says.

"Having our personal loan product recognised in this way is very satisfying and proof of our continued commitment to our customers and their financial well-being."

Finalists: Gateway Credit Union and Quay Credit Union.

Fully featured credit card

## Citibank

What the judges say: Citibank's Signature card scored strongly across both features and rewards. Offering the most generous rewards scheme for popular items, it trumped the competition. – InfoChoice

There are credit cards and then there are ones packed with features. This year's Blue Ribbon Award for fully featured credit card has more in common with a Swiss army knife than most cards in the market.

As highlighted by the judges, the benefits package for Signature card holders is almost unparalleled. It has a genuinely attractive rewards scheme, 0 per cent balance transfers for six months and all the bells and whistles you would expect from a global bank's premium credit card offering.

First, the rewards program. Card holders are eligible for 1.5 points for every dollar spent in Australia and another 4 points for every dollar spent outside of Australia.

You may link the card to the Qantas loyalty program for an additional \$49 a year and have eligible **purchases** matched with frequent flyer points on a one-for-one basis.

Speaking of flying, the card includes Priority Pass membership to over 600 airport lounges worldwide for you and a guest and, of course, free travel insurance to eligible destinations.

And lest we forget, a complimentary bottle of premium **wine** at any of the fine restaurants that Citi has partnered with (see [www.citibankdining.com.au](http://www.citibankdining.com.au)).

The rates are competitive rather than groundbreaking. You'll pay 20.99 per cent on **purchases** and 21.74 per cent on cash advances. And of course there's that generous 0 per cent balance transfer.

For razor sharp rates you may want to look elsewhere but when it comes to rewards and benefits this card can't be beaten.

Finalists: Westpac Altitude Black and CBA Diamond Awards.

## Low rate credit card

### Community First Credit Union

What the judges say: This low rate card has an unbeatable combination of the lowest market rate, low annual card fee, and 55 interest-free days. – InfoChoice

For the third year running Community First Credit Union has taken out the Smart Investor Blue Ribbon Award for best low rate credit card. And that's no happy accident.

Community First CU has been providing its members with a range of financial products and services at low cost since 1959. The organisation has had plenty of time to hone its offering and, with this category-killing credit card, it shows.

For budget-conscious shoppers, there is simply no better choice. This credit card offers a super-low headline rate of 8.99 per cent on **purchases** and cash advances, ensuring that you don't get sluggish with any unwelcome charges when the time comes to pay your monthly bill.

The card offers an even lower introductory rate of 4.74 per cent on **purchases**, cash advances and balance transfers for up to nine months.

Its \$40 annual fee is half that charged by its nearest rival, Victorian Teachers Mutual Bank, and what's more, if you opt for the McGrath Foundation Pink Visa credit card, \$20 from that annual fee will be donated to the McGrath Breast Cancer Nurses in Communities across Australia.

Community First Credit Union doesn't discriminate between big and small spenders either, offering credit limits for as little as \$1000 up to as much as \$15,000.

The standard offer of 55 days interest-free is helpful for those who prefer to spread payments over more than one pay packet.

Community First Credit Union is the largest community-based credit union in the Sydney and Central Coast area, with 11 financial services stores spread throughout the region.

Finalists: Victorian Teachers Mutual Bank Visa Platinum Card and bankmecu Low Rate Visa Card.



## Balance transfer credit card

### NAB

What the judges say: With a 15-month balance transfer offer at 0 per cent and a \$30 annual fee, the NAB Low Fee Card offers consumers an unbeatable solution for debt reduction. – InfoChoice

The market for balance transfers is fierce and fluid as banks fine-tune offers to trump already competitive rates offered by rivals.

During the judging period, however, NAB's Low Fee Card came out on top with an offer designed to catch the eye of anyone who has ever spent more than they should have.

Low rate cards such as these are perfect for anyone returning from an overseas holiday with a few unexpected expenses but is disciplined enough to put in place a short- to medium-term debt reduction plan.

Make sure, however, that your plans are realistic, as most cards in this category revert back to industry standards.

For instance, NAB's promise of 0 per cent interest for 15 months trumped an offer from rival Westpac by just one month. After the 15 months is up, the rate reverts to 19.49 per cent, while Westpac's Low Rate card reverts to 13.49 per cent after 14 months.

Finalists: Westpac Low Rate Credit Card and Bank of Melbourne/BankSA/St. George Vertigo MasterCard.

### Investment

#### THE BEST INVESTMENT PRODUCTS

Consumers are famously sticky when it comes to brokers; they don't like to change things on a whim. But the speed at which developments are taking place online means there is much to be gained from seeing what else is out there. This year we have streamlined the category by judging it in-house and only offering two awards for broking. For Bell Financial to take out both of these means investors from all walks of life should seriously consider the **firm**.

#### Full-service broker

##### Bell Potter Securities

What the judges say: Bell Potter has an extensive retail network, excellent research and a view of markets and investment opportunities that is from the perspective of the Australian investor. It also has a comprehensive range of services, solid and experienced senior management and excellent client access. – Smart Investor

Bell Potter is Australian owned and operated, meaning it sees operated. This means it markets and investment opportunities from a local investor's perspective and has a robust understanding of the needs and circumstances of its retail client base. But it also has **equity** capital market expertise through its servicing of corporate clients and this flows through to its retail client offering.

Its research focuses on the top end of the ASX but this ensures the client receives high-level guidance on the best opportunities in the domestic market, which is still the preference of most retail clients. Mid-cap and emerging stocks also receive analysis.

Bell Potter boasts expert and stable senior management, while core activities of retail client service and research are run in a cost-effective and dependable manner. Client access is outstanding, both to traditional expertise and advice on securities and other areas such as managed funds, derivatives, fixed interest and superannuation.

It provides clients with access to outstanding domestic IPO and debt opportunities. Finalists: BBY and Macquarie Equities.

#### Online broker

##### Bell Direct

What the judges say: Bell Direct's marketing slogan, "Designed by brokers not bankers", rings true. Bell Direct Silver ticks all the boxes for a non-advice, online brokerage platform that has the backing of

Bell Potter's excellent research and expertise. If you need live data, you will need to step up a package. However, the basic offering is a great starting point with its highly competitive \$15 or 0.1 per cent brokerage, 20-minute delayed dynamic data, backed up by daily trading updates and market intelligence. – Smart Investor

At Bell Direct your first 10 trades (provided they're under \$10,000 each) will cost just \$15 each. This is a highly competitive rate. Trades between \$10,000 and \$24,999 have brokerage of \$25 each, and **transactions** over \$25,000 will be billed at 0.1 per cent.

A Silver account with Bell Direct has no ongoing fee but you must be comfortable with delayed dynamic data, compared with live market data. For live data you will need to upgrade your account and pay a monthly ongoing fee that can be waived once you complete more than five trades per month.

Live data aside, the Bell Direct Silver account gives access to everything else you need unless you are a high-volume frequent trader. You'll get daily trading updates and the technical team has worked hard to develop a platform that is easy to use for trading from any mobile device. And you can still place an order over the phone if you like.

Finalist: CMC Markets.

Margin loan

Westpac Online Investment Loan

What the judges say: This loan represents the best value in the margin loan market. Its 5.95 per cent variable rate is streets ahead of the 7 per cent-plus on offer from competitors and its fixed rate offerings are similarly ahead. Its margin call buffer is 10 per cent and it has no account fees or early repayment penalties. Westpac is serious about building market share, particularly at the retail end of the marketplace. – Smart Investor

We had to triple-check the variable and fixed rates offered by Westpac on its Online Investment Loan – they just looked too good to be true.

The average variable rate of the margin loans we compared is 7.28 per cent, so Westpac's 5.95 per cent is excellent value. Of the 12 loans promoting a fixed three-year rate, Westpac is offering 6.09 per cent. The next best is its stablemate St George's Margin Loan (above \$500,000) for 6.79 per cent – all others are above 7 per cent.

Shorter fixed-term rates range from Westpac's 5.49 per cent for three to 12 months, up to 8.35 per cent for three months, or up to 7.4 per cent for one year.

Finalist: Leveraged Equities.

INSURANCE

THE BEST INSURANCE PRODUCTS

Insurance can be a difficult sell, but it shouldn't be. After all, these products are the ones that can protect you and your family in the case of loss of life, serious injury or illness. But as statistics from the Financial Ombudsman Service show, after credit cards, disputes over insurance top the list. This year we've teamed up with the sharp minds at Rice Warner again to help you narrow the field and make sure you choose the product and service provider that best suit your needs.

Best income protection

OnePath

What the judges say: OnePath's OneCare Income Secure Comprehensive offers excellent pricing across a broad spectrum of occupations, benefit periods, waiting periods and ages. Its total and partial disability definition includes a wide range of benefits and options. An excellent balance of features for the price. – Rice Warner

The "she'll be right" attitude never really pays off when the primary income earner in a family is struck down by some terrible calamity. Suddenly there is no money. Employees are sometimes lucky to discover their super fund includes income protection cover, but it might not be especially generous. Anyone in small **business** should definitely have income cover, but few do.

"Income protection cover is a core need, whether you're married, single, dependent, non-dependent," says ANZ Wealth head of life insurance, Gerard Kerr. "You have to ask yourself, what can you do if you're not getting any income? It intuitively makes a lot of sense." Anyone with a six-month savings buffer might be OK, but that's all too rare.

Kerr says customers are increasingly taking out longer policies, to age 65 and 70. If people are planning on working longer, it makes sense to bet against an accidental event that might turn off the money.

Finalists: TAL and BT.

Term/TPD

AIA Australia

What the judges say: AIA Australia's Priority Protection Life Cover Plan with TPD receives the top score for a sharp price, excellent features and backing by a strong financial institution. AIA has partnered with South Africa's Discovery to provide "Vitality" to new and existing policy holders. It offers discounts to premiums and health programs based on the client's behaviour. Of note are: excellent TPD definition and flexibility, family protection and forward underwriting. – Rice Warner

AIA Australia chief executive officer Damien Mu is quick to share the credit for first place this year.

AIA Australia chief executive Damien Mu is quick to share the credit for first place. "This is a great reflection of the efforts of the team," he says. The biggest job for any insurer is gently convincing consumers they may face financial ruin in the event of unlikely events, and that task falls to AIA front-line workers.

Consumers with financial advisers have much better risk cover, Mu says, although some super funds might include total and permanent disability cover in life options. "You've got trauma and critical illness in retail as well, which you can't have inside super," Mu says.

The need for TPD cover arises when least expected. "People are going about their busy lives, working, raising families and, as we know, things happen."

Finalists: MLC and BT.

Trauma

AMP

What the judges say: AMP's Flexible Lifetime Protection, Trauma Optimum has an excellent balance of features and prices all covered by a strong financial strength rating. The cover is a well-featured trauma product and, in particular, covers a wide range of claim events with comprehensive definitions, including heart conditions, cancer and stroke. It also offers a wide range of policy upgrade options, including children's trauma cover and a partials package. – Rice Warner

Trauma insurance is a hard sell, which is surprising considering so many Australians suffer from cardiac or cancer events from which they recover. Without adequate cover, their finances may be wiped out.

"For many Australians, confusion reigns about the different types of insurance cover and just how much they should have," says AMP director of insurance Megan Beer.

"We're used to hearing life insurance is a lose-lose game – either something terrible happens or a person never gets a tangible benefit from their cover. But this kind of thinking goes against the very purpose of life insurance. It's about peace of mind."

Beer says AMP's focus is to guide clients back to an active life. "Getting back to work and an active life can really help a person's recovery process," she says.

Finalists: OnePath and AIA Australia.

Funds

THE BEST MANAGED FUNDS

Did you know there are more managed funds than there are stocks listed on the ASX? How are you supposed to stand a chance when presented with all this choice? Well, you could start here.

Morningstar, one of the foundation partners for Smart Investor's Blue Ribbon Awards, has combed its database to arrive at the definitive list of the best managed funds available to Australian investors. To be eligible, funds must be open to new investors and have at least \$5 million invested.

The next filter is qualitative: funds must have Morningstar analyst ratings of Gold, Silver, or Bronze; in other words, be a fund in which the analysts have meaningful conviction and which they believe is likely to outperform their category peer group and appropriate benchmarks on a risk-adjusted basis over five years or more.

The next test is quantitative and removes funds that have produced poor relative risk-adjusted historical performances for their investors. To sum up, the methodology carefully weighs up key qualitative and quantitative characteristics of each fund relative to their competitors, before arriving at a short list of the premier choices in the Australian funds management industry.

#### Multisector conservative

##### Vanguard Australia

What the judges say: Vanguard LifeStrategy Conservative is an excellent way of gaining diversified asset class exposure at a good price. Its robustly constructed, well-executed, low-cost indexing strategy is an outstanding approach to multi-asset class investing. – Morningstar

Experienced and capable investors Jeffrey Johnson and Rodney Comegys oversee a large and long-tenured team at Vanguard, which operate an indexing approach, determining risk and return expectations, applying them to local market characteristics.

The conservative option is one of four within Vanguard's LifeStrategy series of broadly diversified, low-cost funds.

The Conservative Growth Fund seeks to provide current income and low to moderate capital appreciation. The fund holds 60 per cent of its assets in bonds, a portion of which is allocated to international bonds; and 40 per cent in stocks, a portion of which is allocated to international stocks.

Investors with a long-term time horizon who can accept modest movement in share price and can tolerate the risk that comes from the volatility of the stock and bond markets will be best suited to consider this fund.

Finalists: BlackRock Scientific Stable and Russell Conservative.

#### Multisector balanced

##### BlackRock

What the judges say: BlackRock Global Allocation is an excellent choice for investors seeking active exposure across multiple asset classes. Market-leading insights from an impressive set of investors make BlackRock a superb multisector

Portfolio manager Dennis Stattman's skill at guiding this offering through turbulent markets has been on show for the past 20-plus years and it has underpinned the fund's flexible approach, which is defined by its resilience in falling markets and strong performance in better times.

In the current market, the fund favours equities over fixed income, actively managing duration and inflation risk. Amid speckled opportunities in fixed income, the team has been able to take opportunities in corporate and convertible bonds as well as local currency emerging market government bonds.

Finalists: Vanguard Life Strategy Balanced and Russell Diversified 50.

#### Multisector growth

##### Vanguard Australia

What the judges say: Vanguard LifeStrategy High Growth is an excellent way of gaining diversified asset class exposure at an economical price. Vanguard LifeStrategy High Growth's robustly-constructed, well-executed, low-cost indexing strategy is an outstanding approach to multi-asset class investing. – Morningstar

The fund's strategic allocation reflects its growth intentions, with a 70 per cent allocation to growth assets and a 30 per cent allocation to income assets. The growth assets are sprinkled throughout

various segments: Australian and international **property** securities; Australian and international shares, as well as small companies and emerging markets stocks.

One of the main highlights of the fund's approach is its tried and tested **buy** and hold strategy, which enables it to take advantage of capital gains discounts and deferral of capital gains liabilities where they are available.

The team that manages the LifeStrategy High Growth fund is part of the large and long-tenured team at Vanguard that presides over the LifeStrategy fund series and is responsible for maintaining the existing indexing approach from which the determination of risk and return expectations are set and applied to local market characteristics. The Vanguard fund pipped other high-quality investment firms, including Russell Investments and Advance Funds management to take out the multi-sector growth gong this year.

Finalists: Russell Growth A and Advance High Growth Multi-Blend.

Australian large-cap shares

Hyperion Asset Management

What the judges say: Hyperion Australian Growth Companies is run by one of the most stable and seasoned teams around, which has applied a consistent approach for over a decade, and continues to deliver impressive results. Long-term investors in the fund have great prospects of being handsomely rewarded. – Morningstar

Hyperion's benchmark agnostic approach, long-term investing view is what sets it apart from a lot of other investment firms in the large-cap Australian shares category. "Our investment philosophy is focused on capital preservation and we believe that investing in high-quality organic growth businesses over the long term is the best way to achieve this," says chief investment officer Mark Arnold.

In the prevailing investment environment, Arnold expects an extended period of positive but subdued economic growth in which it will be difficult for most businesses to grow their revenues and profits at attractive rates.

He says Hyperion is well suited to this type of environment where growth is scarce. "We only invest in businesses that offer strong and sustainable value propositions to their customers and other stakeholders."

Arnold says that stocks do not make it into Hyperion's portfolio merely because they have a large weight in the benchmark, a point of differentiation from other large-cap Australian equities funds managers.

Finalists: Perpetual Wholesale Concentrated **Equity** and Ausbil Australian Active **Equity**.

Australian small-cap shares

Ausbil Investment Management

What the judges say: Ausbil Australian Emerging Leaders is an attractive option for investors seeking exposure to medium-sized and smaller companies. The distinctive stock-picking approach marries top-down, big-picture sector views with bottom-up research, selecting stocks most likely to have positive earnings surprises. – Morningstar

Paul Xiradis and his investment team have made a name for themselves for the strong and consistent performance of the Ausbil Australian Emerging Leaders fund. As he highlights during his interview on page 16, Xiradis starts with the big picture themes but then finds catalysts for surprise earnings performance on an individual **company** level.

"The reason I talk about the bigger picture is that around 35 to 40 per cent of earnings for our large-cap companies is sourced internationally, so having an appreciation of global economies is important," he says.

Xiradis also plays themes within Australia to find companies positioned to grow faster than the broader economy. "We like companies which are more exposed to an improving economic environment, such as cyclical stocks," he says.

Xiradis also points to those groups that have been operating under pressure, taking costs out of the **business** and streamlining. "They're pretty fit and any uptick in volume may see them deliver surprising performance," he explains.

An important part of outperforming in the medium and small cap space is managing the size of the fund so the manager is able to transact stocks without disrupting the market, and Xiradis is very aware of this issue.

Finalists: NovaPort Smaller Companies and Hyperion Small Growth Companies.

Global listed **property**

Resolution Capital

What the judges say: Resolution Capital Global **Property** Securities' market-leading industry insights and high-conviction approach impress. The collegial approach to investing is a sensible one which gets the best out of a strong team, and makes the fund a standout option. – Morningstar

The pervasive effects of interest-rate movements on listed **property** means central banks have been dictating a lot of the sector's global trends.

When the Bank of England governor recently intimated an imminent rate cut, for example, it led to a sharp **sale** in UK REITs.

Meanwhile, continental Europe benefited from the European Central Bank becoming the first major central bank to cut rates to below zero.

Despite this difficult backdrop, Andrew Parsons and his colleagues are seasoned investors, willing to back their convictions, favouring **property** stocks showing long-term sustainable earnings growth potential and low debt/earnings multiples.

Finalists: AMP Capital Global **Property** Securities H and UBS Clarion Global **Property** Securities I.

ETF international shares

iShares by BlackRock

What the judges say: iShares S&P Global 100 Index (IOO) is a sound one-stop shop for exposure to the biggest, most recognised global brands. IOO's major sector weightings include consumer staples, information technology, **energy** and healthcare stocks, making it a useful diversifier for Australian investors given the paucity of these in the local sharemarket. – Morningstar

Looking down the top holdings of the iShares S&P Global 100 Index EFT, it's clear there's more to the global sharemarkets than the banks and resource companies dominating Australia's market. Apple, Microsoft, Johnson & Johnson, General Electric and Nestlé all feature in the Global 100's top holdings.

This ETF gives Australian investors exposure to these companies through an ASX-listed vehicle; the ETF is well diversified and is reasonably priced at 0.4 per cent annually.

ETF Australian shares

State Street Global Advisors

What the judges say: The SPDR S&P/ASX 200 ETF (STW) is a very strong candidate for investors seeking core passive exposure to Australian equities. The broad market coverage, scale, liquidity, low turnover and low cost are all very favourable characteristics. – Morningstar

The high level of franking credits attached to the income of the SPDR S&P/ASX 200 ETF is an attractive feature to many investors. While index strategies don't offer downside protection in falling markets, STW's diversification, liquidity and affordability all render it an extremely appealing offering within a market that's grown substantially recently and continues to be a destination for self-directed investors.

Personal pension

AustralianSuper Pension Stable

What the judges say: AustralianSuper's disciplined approach to investing affords it distinct advantages over rivals. With all the right elements in place, it has the ability to continue producing superior risk-adjusted results. – Morningstar

When it comes to building your retirement savings, we are spoilt for choice. However, as the Murray inquiry recently identified, when the time comes to turn your nest egg into an income stream, it gets a little tougher.

Thankfully we have options like those presented by AustralianSuper, our largest industry super fund, with \$75 **billion** under management.

That figure is important because it enables the fund to drive a hard bargain with service providers.

In addition to external managers, AustralianSuper also has a growing team of in-house experts who can help you stretch your dollars further in the retirement phase. But the best bit is that all the services and expertise is reflected in one annual low fee.

Diversified credit/ multistrategy income

Bentham

What the judges say: Bentham Global Income's sophisticated portfolio management and risk systems enable the investment **firm** to pinpoint the risk/reward opportunities and diligently identify the particular nature of the risks. – Morningstar

In a world where yield is highly prized, those with the courage and the skill are well placed to reap the rewards. Bentham Asset Management has proven its ability to step down the risk curve in international high-yield and leveraged loans where many other investors fear to tread.

Taking on credit risk means higher returns but it also means the investment becomes less defensive.

Richard Quin and his colleagues have demonstrated their superior judgment in the application of high-conviction investment ideas over many years with the global income strategy.

This more aggressive fixed income option within the fund is most appropriately used in a supporting role, but the strong team and process instil confidence that it will remain a leading income opportunity.

Finalists: PM Capital Enhanced Yield and Macquarie Income Opportunities.

International large-cap shares

Arrowstreet

What the judges say: Arrowstreet Global **Equity** warrants acclaim because its accomplished team of investors has built a sophisticated, successful method of selecting global stocks. Its desirable features make it a convincing vehicle for rewarding investors in international shares. – Morningstar

One aspect of the Arrowstreet Global **Equity** Fund that inevitably captures attention is its active quantitative investment process, which has a strong academic pedigree linked to Harvard University.

The fund investment team led by Peter Rathjens, Bruce Clarke and John Campbell considers a range of factors when forecasting returns – from the obvious, such as earnings and value, to the not-so-obvious "indirect linkages" between countries, sectors and short-term patterns in markets.

Available in Australia via the Macquarie Professional Series, Arrowstreet has a 15-year history of applying its research to find innovative ways to use data sources to uncover investment insights, particularly between related companies.

Finalists: Generation Wholesale Global Share and Goldman Sachs International.

Australian **bonds**

Perennial

What the judges say: Perennial Fixed Interest is a top-ranked vehicle run by one of the most seasoned of Australian bond investors. Perennial's relatively uncomplicated approach to income investing and its stable, highly capable team are appealing traits for bond funds. – Morningstar



It's not been an easy time to manage a bond portfolio, with pitfalls awaiting even seasoned investors. In an environment with record low interest rates, the risk of inflation and the potential risk of falling bond prices, active management of bond portfolios is key.

This is especially true given that market dynamics can shift at a moment's notice, depending on what is gleaned between the lines of statements made by global monetary authorities such as the US Federal Reserve's Federal Open Market Committee in relation to interest rate adjustments.

Head of fixed interest Glenn Feben and his team of analysts and portfolio managers have risen above the rest by adding value through duration and yield curve management, plus maintaining a pragmatic view by continuing to make measured and sensible adjustments to their process.

Finalists: Tyndall Australian **Bonds** and Schroder Fixed Income.

Global/Australian **bonds**

UBS

What the judges say: UBS Diversified Fixed Income provides a convenient, risk-aware, one-stop solution for investing in both domestic and global fixed income. Warren Tease and his experienced and stable team look set to continue producing reliable results. – Morningstar

The majority of the UBS Diversified Fixed Income fund portfolio (54 per cent) was in AAA or AA credit quality assets within funds at the end of June, with the manager taking some bets (27 per cent) on BBB, BB credit quality and lower.

The fund does not invest directly in Australian or international **bonds** to achieve this mix, but rather in funds managed by UBS. In doing so, this fund aims to achieve a better risk-return outcome than pure Australian or international bond exposure.

The fund is dynamic; its asset holdings change as expected returns change. This is driven by UBS's long-run valuation models and also employs various "overlay" strategies such as cross-country, yield curve, break-even inflation and relative value trades.

Australian listed **property**

Cromwell Phoenix

What the judges say: Cromwell Phoenix **Property** Securities's thorough analysis, adept team, and conviction adds up to a very high-quality approach to investing that should provide abundant rewards over time. The **firm** has a sound, active approach to investing in Australian listed **property** securities. – Morningstar

The Cromwell Phoenix **Property** Securities Fund has expertly navigated the nuanced Australian real **estate** investment trust market in the past year, which has seen continuing weak retail conditions, mixed office performance, relatively strong **residential** conditions and some wrangling of control of assets between listed trusts.

Under Stuart Cartledge's skilful stewardship, the **firm** seeks **property** stocks possessing clear competitive advantages and the ability to allocate capital appropriately. With the ability to take a 20 per cent position in any one security, with at least 20 securities held at any given time, the **firm** has been able to construct a portfolio which produces meaningfully different returns to the index.

Finalists: EQT SGH **Property** Income and Zurich Investments Australian **Property** Securities.

<b>CO</b>	meebpl : Members Equity Pty Ltd   npbsoc : Newcastle Permanent Building Society Ltd.   ncbnk : National Australia Bank Ltd   isuhpl : Industry Super Holdings Pty. Ltd.
<b>IN</b>	i814 : Banking   i81402 : Commercial Banking   i81501 : Credit Types/Services   i8150103 : Mortgages/Real Estate Credit   ibnk : Banking/Credit   ifinal : Financial Services
<b>NS</b>	c22 : New Products/Services   ccat : Corporate/Industrial News   ncat : Content Types   nfact : Factiva Filters   nfcpin : FC&E Industry News Filter
<b>RE</b>	austr : Australia   melb : Melbourne   victor : Victoria (Australia)   apacz : Asia Pacific   ausnz : Australia/Oceania
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