



Media Information

FTSE Group and ASFA launch Australia's first after-tax benchmarks with capital gains tax

Sydney, 22 March 2011: FTSE Group "FTSE" and ASFA (Association of Superannuation Funds of Australia), today announce the expansion of the FTSE ASFA Australia Index Series to provide superannuation funds with an additional set of industry standard after-tax benchmarks. These unique indices include the effects of capital gains tax, in addition to the effects of franking credits and off-market buy-backs.

Since the 2009 launch of the original FTSE ASFA tax-adjusted indices which include franking credits and off-market buy-backs, a significant number of superannuation funds have supported the need for a benchmark which also includes capital gains tax in order to facilitate after-tax assessments on a far more granular level. The structure of the series now provides greater flexibility, enabling superannuation funds to select the after-tax benchmark that best suits their requirements, whether it's franking credits, participation in off-market buy-backs, capital gains tax, or all three.

Donald Keith, Deputy CEO of FTSE, comments: "FTSE's focus on developing tailored benchmarking solutions is the foundation of our partnership with ASFA which resulted in the first ever standardised measure for Australian superannuation fund after-tax reporting. The addition of capital gains tax comes from our commitment to continually seek to engage with the market and respond to feedback to ensure the indices continue to be the optimal tool for the Australian superannuation community."

Pauline Vamos, CEO of ASFA, comments: "The continued development of the benchmark is an example of what the industry can do to help drive reform. After-tax reporting is of growing importance, given the Government's *Stronger Super* proposals around setting investment strategies with regard to the after-tax outcomes. The outcome of the *Stronger Super* reforms is to create a set of objective criteria to benchmark superannuation funds; these indices are clearly part of the solution. This additional set of after-tax benchmarks bring further clarity to market performance and will assist trustees in providing better investment performance for members. The development of this benchmark demonstrates the technical expertise of FTSE and the FTSE ASFA Australia Index Advisory Committee."

David Hartley, Chief Investment Officer, Sunsuper comments: "In a time when everyone is talking about fees and costs it is worth remembering that the biggest amount of money that goes out of members' accounts is in the form of tax. Managing tax outcomes is essential and I welcome the moves of FTSE and ASFA to develop this useful benchmark to help trustees achieve this aim".

Leigh Watson, Executive General Manager, Asset Servicing, National Australia Bank comments: "We recognise the huge advances FTSE and ASFA have taken towards providing the industry with comparative tools in such a complex environment and NAB was the first custodian to utilise the original FTSE ASFA tax-adjusted indices with franking credits and off-market buy-backs. Our analysis on super funds and managed investment schemes has shown tax expenses, in some cases, can represent over 70% of overall expenses and this has shed new light on the importance of effective tax expense identification and management compared to other more traditional methods of expense reduction."

The FTSE ASFA Australia Index Series is designed primarily for benchmarking purposes but its liquid and tradable nature means it can also be used as the basis for the creation of index-linked products such as Exchange Traded Funds (ETFs), structured products and other derivatives.

The series includes non tax-adjusted indices in addition to after-tax versions and excludes CHESS Depository Interests (CDIs) and investment trusts, providing investors with a clear representation of the Australian equity market. Moreover, FTSE can meet the requirements of specific mandates or products by customising either the indices or the after-tax methodology.

More information about the FTSE ASFA Australia Index Series is available at www.ftse.com/australia or www.superannuation.asn.au

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About FTSE Group

FTSE Group ("FTSE") is a world-leader in the creation and management of indices. With offices in London, Beijing, Dubai, Milan, Mumbai, Hong Kong, Madrid, New York, Paris, San Francisco, Sydney, Shanghai and Tokyo, FTSE works with investors in 77 countries globally. It calculates and manages a comprehensive range of equity, fixed income, real estate and investment strategy indices, on both a standard and custom basis. The company has collaborative arrangements with a number of stock exchanges, trade bodies and asset class specialists around the world.

FTSE indices are used extensively by investors world-wide for investment analysis, performance measurement, asset allocation, portfolio hedging and for creating a wide range of index tracking funds.

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About ASFA

The Association of Superannuation Funds of Australia (ASFA) is the peak industry body for the Australian superannuation industry. ASFA represents and consults with all sectors to develop sound public policy and its mission is to advance effective retirement outcomes for members of funds through research and advocacy. ASFA is a national, not for profit, non party political organisation that represents the interests of Australia's superannuation funds, their trustees and their members. <http://www.superannuation.asn.au/>