



**Hayden Financial Services Pty Ltd**  
ABN 40 081 684 406, Australian Financial Service No. 239062

6 July 2018

Productivity Commission – Superannuation  
To Be Lodged Online

Dear Productivity Commission Committee

Superannuation System Review – Assessing Efficiency & Competitiveness  
Options for True Long-term Investors

I am writing to request that long-term investment options receive a fair opportunity to play a valuable role in the superannuation industry.

I applaud the commission's use of long-term historical analysis to compare past performance, but I am concerned that some aspects of the dashboard and related matters may adversely affect the prospects for long-term investors. Whilst ideally the proposed 10 "best in show shortlist for new members" should include at least one true long-term fund, it is more important that at least one or more true long-term funds is included amongst the choice funds.

The Super Industry, Funds Management Industry and Financial Planning Industry all focus predominantly on short-term matters. This is understandable.

A successful long-term fund can be in the bottom quartile for a number of rolling one year periods. This is fine but there is a danger that the dashboard process may lead to many Trustees removing such a long-term fund from their choice panel.

The plan for a dashboard – eg a simple, single-page product dashboard - is good, but there are risks when Trustees and members are potentially comparing apples with oranges (long-term focussed funds with traditional funds aiming to dampen short-term volatility). It would not be good if a true long-term fund was excluded or removed from lists because of short-term underperformance.

The Hayden Investment Paradox included in my book, The Hayden Investment Model, states that "Of two equally skilled Investors, the one who targets the best return each year for 10 successive years will underperform the one who targets the best 10 year returns". Importantly, Long-term investors are playing a different game or running a different race; they do not need to win over 1, 3 or even 5 years.

Another consideration is that there is a "cost" to minimising short-term volatility and that cost is borne by members and their long-term returns.

In conclusion, I know there are some investors who would like to choose long-term investment funds and I would like to see these options be available for the majority of super fund members.

-----

If you have any questions, please call me.

Yours faithfully

MARK HAYDEN  
BEc, DipSM, DipFP  
CFP, Director and  
Authorised Representative