

Index overview

FTSE
Russell

FTSE All-World ex Australia Net Tax (Super) Index

Providing global equities after-tax solutions to the superannuation fund industry

Supporting the superannuation market

The superannuation industry is being challenged with a large volume of regulatory changes and reforms, which are designed to foster a stronger industry. Australian superannuation funds are under increasing pressure to provide more transparent disclosure of fees and costs incurred by beneficiaries.

One form of indirect cost borne by superannuation funds is taxation on dividend income, whether received from investment in domestic or foreign equities. Given the growing demand for performance measurement net of costs, index providers can assist superannuation funds and their beneficiaries by providing indexes that accurately measure post-tax performance.

The FTSE ASFA Australia Index Series, launched in 2009, serves this purpose by recording tax-adjusted equity returns from domestic equities. Now, the FTSE All-World ex Australia Net Tax (Super) Index provides accurate tax-adjusted equity performance for superannuation funds investing in the global equity market.

To support those clients that are subject to closer scrutiny in cost disclosure under the new regulated rules, the FTSE All-World ex Australia Net Tax (Super) Index is tailored for superannuation funds, bringing greater consistency and transparency to investment reporting.

Key features

Established global provider of net-of-tax indexes

FTSE Russell calculates net-of-tax total return indexes for a number of its indexes including the FTSE Global Equity Index Series. FTSE Russell offers standard net-of-tax indexes using four investor types: an Australian superannuation fund, a US Regulated Investment Company (RIC), a UK pension fund and a non-resident investor who is unable to take advantage of any double taxation treaties.

Researched approach

A specialist third party advises FTSE Russell on changes to the standard and treaty-based withholding tax rates. Upcoming changes are communicated to clients and implemented on the first working day of the month.

History of providing after-tax solutions

FTSE Russell has calculated after-tax benchmarks for the Australian market since 2009, with the first industry standard tax-adjusted index series, the FTSE ASFA Australia Index Series.

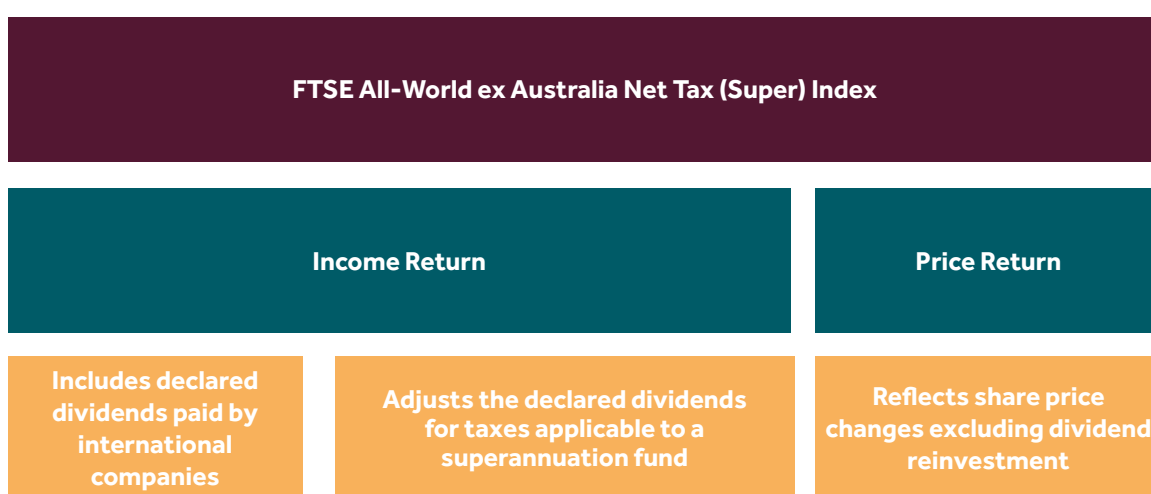
Construction matters

The FTSE All-World ex Australia Net Tax (Super) Index is a market-capitalisation weighted index representing the performance of large and mid cap companies in Developed and Emerging markets, excluding Australia. The index is comprised of approximately 3,000 securities from 46 countries, and derived from the larger universe of the FTSE Global Equity Index Series (GEIS), which covers 98% of the world's investable market capitalisation.

The FTSE All-World ex Australia Net Tax (Super) Index applies tax rates to dividends that are applicable to superannuation funds.

Measuring index returns

The index is constructed from the standard pre-tax FTSE All-World ex Australia Total Return Index in Australian Dollars.



What is withholding tax?

Withholding tax is a tax deducted at source from income (dividend and interest) paid to shareholders that are not resident in the same country as the remitting company. Withholding tax may be reclaimed in part or in full if a double-taxation treaty exists between the country in which the dividend is paid (the tax residence of the company) and the country in which it is received (the tax residence of the investor). Australia has different tax agreements with different countries around the world to benefit the Australian superannuation industry.

Example of double taxation treaties in four countries

Country	Withholding tax rate applicable to Australian superannuation funds (super rate)	Maximum withholding tax rate (maximum rate)
USA	15.00%	30.00%
Japan	10.00%	15.32%
Germany	15.00%	26.38%
Canada	15.00%	25.00%

Source: FTSE Russell as at 1 January 2017

For example, a superannuation fund holding equities would be taxed 15% on dividends from an American company instead of the maximum tax rate applicable in the USA which is 30%.

A Withholding Tax Rates guide is available for more detailed methodology construction http://www.ftse.com/products/downloads/FTSE_Russell_Withholding_Tax_Guide.pdf

For more information about our indexes, please visit ftserussell.com.

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About FTSE Russell

FTSE Russell is a leading global index provider creating and managing a wide range of indexes, data and analytic solutions to meet client needs across asset classes, style and strategies. Covering 98% of the investable market, FTSE Russell indexes offer a true picture of global markets, combined with the specialist knowledge gained from developing local benchmarks around the world.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on index innovation and customer partnership applying the highest industry standards and embracing the IOSCO Principles. FTSE Russell is wholly owned by London Stock Exchange Group.

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