

Australia Persistence Scorecard

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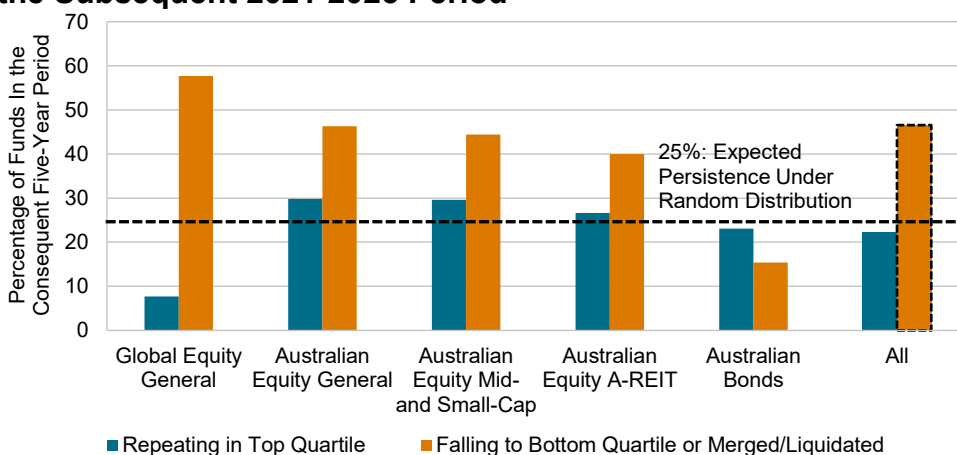
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Summary

Can investment results be attributed to skill or luck? Genuine skill is more likely to persist, while luck is random and fleeting. Thus, one measure of skill is the consistency of a fund's performance relative to its peers. The Persistence Scorecard measures this consistency and reveals that, **regardless of asset class or style focus, active management outperformance tends to be relatively short-lived.**

Among the top-quartile funds in all reported Australian fund categories over the five-year period ending in December 2020, only 22.4% maintained their top-quartile status in the subsequent five-year period, while 46.6% dropped to the bottom quartile or were merged or liquidated. Australian Bonds funds provided an exception, with more funds staying in the top quartile than falling to the bottom quartile or being merged or liquidated (see Exhibit 1 and Report 5).

Exhibit 1: Performance of Top-Quartile Funds from 2016-2020 in the Subsequent 2021-2025 Period



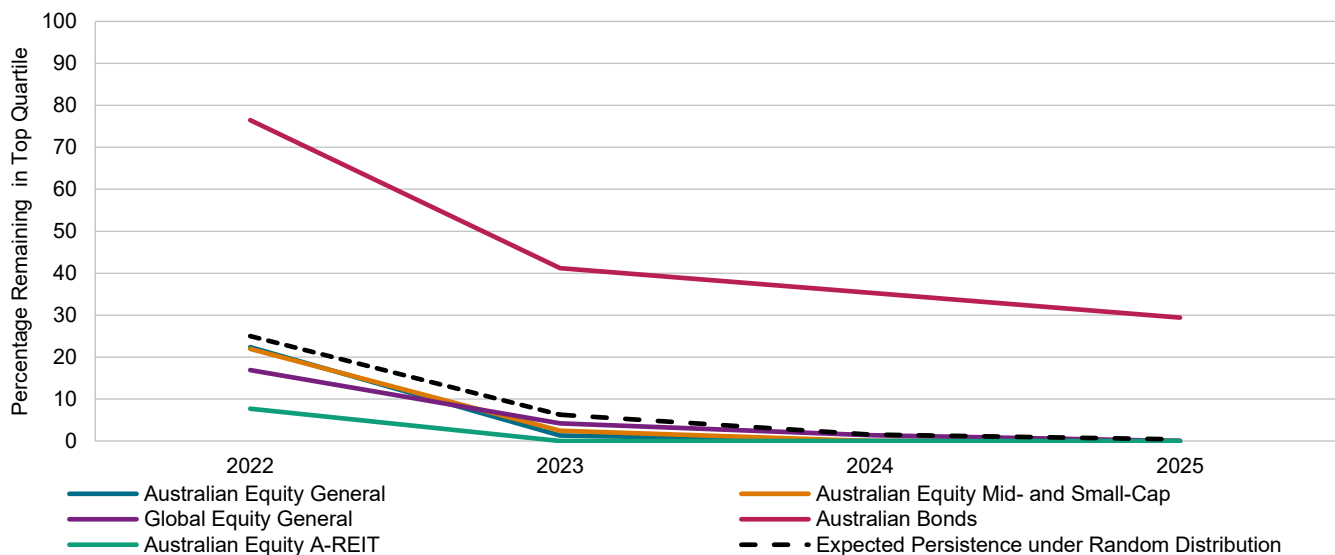
Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2025. "All" is calculated as fund-weighted average of all categories. Chart is provided for illustrative purposes. Past performance is no guarantee of future results.

Report Highlights

Among Australian active funds, persistent outperformance relative to peers was generally difficult to find in equity strategies. Conversely, fixed income funds showed some signs of skill, with a number of funds consistently outranking their peers over the past five years.

- Among Australia’s top-performing equity funds, most failed to maintain their outperformance in subsequent years. Of the 75 Global Equity General funds ranked in the top quartile in 2023, only 12 (16.0%) remained in the top quartile in 2024 and 2025. The results were worse for Australian Equity General funds, with only 5 (7.1%) of the 70 top-quartile funds sustaining their status for the following two consecutive years (see Report 1).
- Persistence in outperformance was rarer over longer time horizons. Among the funds that were ranked in the top quartile in 2021, none of the equity funds managed to remain in the top quartile for all four subsequent years (see Report 2 and Exhibit 2).
- In contrast, Australian Bonds funds showed notably better persistence. Of the 17 top-quartile funds in 2023, 7 (41.2%) remained in the top quartile each of the next two years (see Report 1). Of the 17 top-quartile funds in 2021, 5 (29.4%) retained their top-quartile status, significantly surpassing the odds of a random distribution¹ (see Report 2 and Exhibit 2).

Exhibit 2: Percentage of Top-Quartile Funds in 2021 Repeating in Top Quartile over Four Consecutive Years



Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2025. Chart is provided for illustrative purposes. Past performance is no guarantee of future results.

¹ The probability of top-quartile funds retaining their status under a random distribution is 25%, 6.25%, 1.56% and 0.39% in the subsequent four years, respectively.

About the Persistence Scorecard

The phrase “past performance is not an indicator of future results” (or some variation thereof) can be found in the fine print of most mutual fund literature. Yet, due to either force of habit or conviction, investors and advisors consider past performance and related metrics to be important factors in fund selection. So, does past performance really matter?

To answer this question, the annual S&P Persistence Scorecard tracks the degree to which historical relative performance is predictive of future relative performance. For a more detailed description of the Persistence Scorecard’s allocation of funds to appropriate categories, and how funds are screened and selected for inclusion, please see the corresponding [SPIVA Australia Year-End 2025 Scorecard](#)—which also includes a section on the market environment that puts the most recent results in context.

Key features of the S&P Persistence Scorecard include:

- **Historical rankings without survivorship bias:** For anyone making an investment decision, all funds available at the time of that decision are part of the initial opportunity set. Ignoring funds that liquidate or merge during a period of study biases measurements of persistence.
- **Clean universe:** The fund universe used in these reports comprises actively managed domestic Australian funds.² Index funds, sector funds and index-based dynamic (bull or bear) funds are excluded from the sample. To avoid double counting of multiple share classes, only the share class with the highest previous period return of each fund is used.
- **Transition matrices:** Transition matrices show the movements between quartiles and halves over non-overlapping three- and five-year periods. They also track the percentage of funds that have merged or liquidated.
- **Tracking reports of top performers:** The tracking reports show the percentage of funds that remain in the top-quartile or top-half rankings over three and five consecutive one-year periods.

² Includes open-ended managed funds and ETFs.

Reports

Report 1: Performance Persistence of Funds over Three Consecutive 12-Month Periods

Fund Category	Fund Count at Start (December 2023)	Percentage Remaining in Top Quartile	
		December 2024	December 2025
Top Quartile			
Global Equity General	75	58.67	16.00
Australian Equity General	70	37.14	7.14
Australian Equity Mid- and Small-Cap	42	38.10	7.14
Australian Equity A-REIT	12	25.00	0.00
Australian Bonds	17	52.94	41.18
Total	216	45.37	12.50
Fund Category	Fund Count at Start (December 2023)	Percentage Remaining in Top Half	
		December 2024	December 2025
Top Half			
Global Equity General	149	68.46	41.61
Australian Equity General	139	61.87	29.50
Australian Equity Mid- and Small-Cap	84	48.81	21.43
Australian Equity A-REIT	24	62.50	25.00
Australian Bonds	34	67.65	58.82
Total	430	62.09	34.19

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2025. Table is provided for illustrative purposes. Past performance is no guarantee of future results.

Report 2: Performance Persistence of Funds over Five Consecutive 12-Month Periods

Fund Category	Fund Count at Start (December 2021)	Percentage Remaining in Top Quartile			
		December 2022	December 2023	December 2024	December 2025
Top Quartile					
Global Equity General	71	16.90	4.23	1.41	0.00
Australian Equity General	76	22.37	1.32	0.00	0.00
Australian Equity Mid- and Small-Cap	41	21.95	2.44	0.00	0.00
Australian Equity A-REIT	13	7.69	0.00	0.00	0.00
Australian Bonds	17	76.47	41.18	35.29	29.41
Total	218	23.85	5.50	3.21	2.29
Fund Category	Fund Count at Start (December 2021)	Percentage Remaining in Top Half			
		December 2022	December 2023	December 2024	December 2025
Top Half					
Global Equity General	141	51.06	24.11	19.15	16.31
Australian Equity General	151	54.30	17.88	3.97	3.31
Australian Equity Mid- and Small-Cap	81	48.15	19.75	6.17	4.94
Australian Equity A-REIT	25	12.00	0.00	0.00	0.00
Australian Bonds	34	55.88	29.41	26.47	23.53
Total	432	49.77	20.14	10.88	9.26

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2025. Table is provided for illustrative purposes. Past performance is no guarantee of future results.

Report 3: Three-Year Transition Matrix – Performance over Two Non-Overlapping Three-Year Periods (Based on Quartiles)

Quartile	Fund Count at Start (December 2019- December 2022)	Three-Year Percentages at End (December 2022-December 2025)				
		1st Quartile (%)	2nd Quartile (%)	3rd Quartile (%)	4th Quartile (%)	Merged/ Liquidated (%)
Global Equity General						
1st Quartile	60	28.33	11.67	25.00	20.00	15.00
2nd Quartile	60	26.67	30.00	11.67	20.00	11.67
3rd Quartile	60	8.33	33.33	15.00	31.67	11.67
4th Quartile	61	21.31	9.84	32.79	13.11	22.95
Australian Equity General						
1st Quartile	68	29.41	13.24	16.18	32.35	8.82
2nd Quartile	68	20.59	32.35	23.53	11.76	11.76
3rd Quartile	68	14.71	32.35	22.06	11.76	19.12
4th Quartile	68	17.65	4.41	20.59	27.94	29.41
Australian Equity Mid- and Small-Cap						
1st Quartile	36	22.22	8.33	36.11	25.00	8.33
2nd Quartile	36	19.44	41.67	25.00	5.56	8.33
3rd Quartile	36	25.00	25.00	16.67	22.22	11.11
4th Quartile	36	22.22	13.89	11.11	38.89	13.89
Australian Equity A-REIT						
1st Quartile	12	41.67	8.33	25.00	16.67	8.33
2nd Quartile	12	8.33	41.67	33.33	0.00	16.67
3rd Quartile	12	25.00	8.33	0.00	16.67	50.00
4th Quartile	12	0.00	8.33	8.33	41.67	41.67
Australian Bonds						
1st Quartile	16	62.50	6.25	6.25	12.50	12.50
2nd Quartile	15	20.00	46.67	33.33	0.00	0.00
3rd Quartile	16	6.25	31.25	25.00	31.25	6.25
4th Quartile	16	0.00	0.00	18.75	43.75	37.50

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2025. Table is provided for illustrative purposes. Past performance is no guarantee of future results.

Report 4: Three-Year Transition Matrix – Performance over Two Non-Overlapping Three-Year Periods (Based on Halves)

Half	Fund Count at Start (December 2019- December 2022)	Three-Year Percentage at End (December 2022-December 2025)		
		Top Half (%)	Bottom Half (%)	Merged/Liquidated (%)
Global Equity General				
Top Half	120	48.33	38.33	13.33
Bottom Half	121	36.36	46.28	17.36
Australian Equity General				
Top Half	136	47.79	41.91	10.29
Bottom Half	136	34.56	41.18	24.26
Australian Equity Mid- and Small-Cap				
Top Half	72	45.83	45.83	8.33
Bottom Half	72	43.06	44.44	12.50
Australian Equity A-REIT				
Top Half	24	50.00	37.50	12.50
Bottom Half	24	20.83	33.33	45.83
Australian Bonds				
Top Half	31	67.74	25.81	6.45
Bottom Half	32	18.75	59.38	21.88

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2025. Table is provided for illustrative purposes. Past performance is no guarantee of future results.

Report 5: Five-Year Transition Matrix – Performance over Two Non-Overlapping Five-Year Periods (Based on Quartiles)

Quartile	Fund Count at Start (December 2015- December 2020)	Five-Year Percentages at End (December 2020-December 2025)				
		1st Quartile (%)	2nd Quartile (%)	3rd Quartile (%)	4th Quartile (%)	Merged/ Liquidated (%)
Global Equity General						
1st Quartile	52	7.69	11.54	23.08	44.23	13.46
2nd Quartile	51	15.69	15.69	31.37	9.80	27.45
3rd Quartile	52	25.00	21.15	9.62	7.69	36.54
4th Quartile	52	25.00	23.08	9.62	11.54	30.77
Australian Equity General						
1st Quartile	67	29.85	13.43	10.45	31.34	14.93
2nd Quartile	67	23.88	22.39	17.91	8.96	26.87
3rd Quartile	67	8.96	10.45	29.85	16.42	34.33
4th Quartile	68	8.82	25.00	13.24	16.18	36.76
Australian Equity Mid- and Small-Cap						
1st Quartile	27	29.63	3.70	22.22	37.04	7.41
2nd Quartile	26	26.92	19.23	23.08	11.54	19.23
3rd Quartile	26	19.23	26.92	30.77	11.54	11.54
4th Quartile	27	11.11	33.33	7.41	25.93	22.22
Australian Equity A-REIT						
1st Quartile	15	26.67	20.00	13.33	20.00	20.00
2nd Quartile	15	6.67	20.00	26.67	0.00	46.67
3rd Quartile	15	13.33	13.33	13.33	13.33	46.67
4th Quartile	15	6.67	0.00	0.00	26.67	66.67
Australian Bonds						
1st Quartile	13	23.08	53.85	7.69	0.00	15.38
2nd Quartile	13	23.08	15.38	23.08	23.08	15.38
3rd Quartile	13	0.00	0.00	23.08	46.15	30.77
4th Quartile	14	28.57	0.00	14.29	7.14	50.00

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2025. Table is provided for illustrative purposes. Past performance is no guarantee of future results.

Report 6: Five-Year Transition Matrix – Performance over Two Non-Overlapping Five-Year Periods (Based on Halves)

Half	Fund Count at Start (December 2015- December 2020)	Five-Year Percentages at End (December 2020-December 2025)		
		Top Half (%)	Bottom Half (%)	Merged/Liquidated (%)
Global Equity General				
Top Half	103	25.24	54.37	20.39
Bottom Half	104	47.12	19.23	33.65
Australian Equity General				
Top Half	134	44.78	34.33	20.90
Bottom Half	135	26.67	37.78	35.56
Australian Equity Mid- and Small-Cap				
Top Half	53	39.62	47.17	13.21
Bottom Half	53	45.28	37.74	16.98
Australian Equity A-REIT				
Top Half	30	36.67	30.00	33.33
Bottom Half	30	16.67	26.67	56.67
Australian Bonds				
Top Half	26	57.69	26.92	15.38
Bottom Half	27	14.81	44.44	40.74

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2025. Table is provided for illustrative purposes. Past performance is no guarantee of future results.

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