



## SMSF

Thursday 1/1/2009

Page: 5

Section: Editorials

Region: National Circulation: 11,000

Type: Magazines Business

Size: 203.47 sq.cms.

Published: Quarterly

Brief: TRENDS



Industry experts involved in the SMSF sector at the time of the last bear market say there is usually a spike in the establishments of these types of funds in this environment. And recent statistics compiled by research house Investment Trends have revealed the spike for this economic downturn may be just about to happen.

The research was completed in November 2008 and was performed for the purpose of assessing the sentiment of people who are more engaged with their investments. Not surprisingly, it identified a group of investors who believed the current financial crisis was caused by greedy people within the financial services sector and it was this group who most strongly expressed their likelihood to switch from their existing superannuation fund to their own SMSF. Investment Trends principal Mark Johnston recognised this finding as the first sign the SMSF spike from the downturn might be about to begin.

But the fact there could potentially be a greater number of SMSF clients to service is not necessarily something to make advisers operating in this space automatically rub their hands with glee. Knowledge of the driving factors behind the switch and the addressing of these issues will be the key for those advisers looking to build their book of business or even properly serve their existing clients in these challenging times.

Getting back to the research, it also showed 52 per cent of respondents who belonged to a retail super fund felt they were uninformed about what was happening in the investment markets and that they felt it was a problem. Of this group 35 per cent were thinking about changing providers. There it is - proof that communication is the critical element when keeping investors satisfied right now.

And getting the proper channels of communication up and running as soon as possible for clients is equally as important, as they seem to be completely uncompromising on this subject.

In the context of fund manager relationships, again the survey showed being informed was the single most important factor in regard to maintaining the incumbent association. Once a manager had failed on that score, there was just about no chance they would ever earn another favourable rating.

On a positive note, a lot of advisers in the SMSF arena have already identified the need for greater client communication and are currently having an increased number of face-to-face meetings and information seminars. They are also sending more newsletters to keep their clients up to date.

The methods of communication do not necessarily have to be as elaborate as a seminar. For a lot of people, an email after a significant event explaining the impact it might have on their investments may suffice. But the overriding sentiment is that people want more rather than less contact.

Right now it would appear that in the world of investments no news is good news. But according to investors, even bad news is better than no news.

Darin Tyson-Chan  
EDITOR