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SMSF sector a positive for fund managers

Need to ride out the cycle

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Rising positive sentiment in the self-managed superannuation fund (SMSF) sector will present fund managers with plenty of new business opportunities in the coming year, according to AMP Capital Investors head of retail distribution Ben Harrop.

The latest Investment Trends/AMP Capital 2009 SMSF Investor Report showed 32 per cent of SMSF members in May were looking to buy undervalued assets on an opportunistic basis over the next 12 months. This was up from 25 per cent of SMSF members expressing the same attitude in July last year.

However, fund managers would appear to be facing a challenge to appeal to the SMSF arena, with the study also revealing only 4 per cent used a managed fund as their most recent non-cash investment.

"At a first glance when we got this report we thought this is not great news, because there is very little appetite for any kind of managed investments," Harrop said.

"But when we get through this cyclical reaction ... there is a fair bit of opportunity. With cash coming back into the marketplace and with confidence clearly coming back into the market there are going to be opportunities for fund managers to give access to products and services in the market they can't get out of blue-chip shares," he said.

Harrop cited investment avenues to emerging markets, global funds and real estate investment trusts as examples of this.

As such, it would be more difficult for fund managers only dealing with domestic equities to take advantage of this growing sector, he said.

"If you are an investment house with only Australian equities on your shelf, in the longer term you'd wonder what the opportunity is because clearly people are going to be self-directed in that asset class," Harrop said.

"So there are going to be challenges for some of the smaller shops with just one strategy," he said.

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