

The Australian

Wealthy investors back in the hunt for bargains

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WEALTHY Australians say they are scouring investment markets for bargains after hoarding cash during the global financial crisis.

A survey of more than 1600 high-net-worth (HNW) investors -- those with portfolios valued above \$1 million -- found that only 14 per cent planned to keep their cash on the sidelines for the time being, compared with 40 per cent at the end of 2008.

Released by researcher Investment Trends and financial planning group Centric Wealth, the survey also showed that more than half (52 per cent) of Australia's millionaires were snapping up undervalued assets on an opportunistic basis -- 10 per cent more than a year earlier.

There are about 300,000 HNW investors in Australia with more than \$1m excluding their home and super (except for self-managed super funds).

The latest survey was conducted between November last year and January and revealed the impact of the downturn on attitudes towards certain investment products.

"Those definitely out of favour post-GFC include agribusiness and mortgage trusts," Investment Trends principal Mark Johnston said. "However, demand for alternatives more broadly is returning, with HNW investors saying they would be comfortable allocating a maximum of 12 per cent of their portfolios to non-mainstream assets at this juncture, up from a ceiling of 10 per cent during the GFC."

Some of the areas that are starting to get more attention from this group of investors include exchange-traded funds, commodities funds and contracts for difference, with about 7 to 8 per cent considering them.

About half of HNWs already have alternative investments in their portfolios, with an average allocation of about 12 per cent.

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