

# Herald Sun

## Shares back in favour among wealthy

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**AUSTRALIA'S richest people aim to have 40 per cent of their assets held in direct shares and expect the share market to rise by eight per cent in 2011.**

But high net worth investors (HNW) and the ultra rich are setting more conservative investment goals and turning their backs on risky strategies such as gearing, research from Investment Trends and Centric Wealth shows.

Australia's HNW investors have more than \$1 million each in investable assets.

In the 12 months to December, they shifted their money away from investments in residential properties in favour of direct shares and term deposits, the companies reported today.

Their online survey of 7,811 investors, conducted in November and December, produced a snapshot of 1,967 HNW investors, with 88 qualifying as Ultra High Net Worth (UHNW) investors with between \$10 million and \$60 million to invest.

As a combined investor class, 32 per cent of their total assets were invested in direct shares by December 2010.

That's up four per cent from a year earlier when the All Ordinaries was hovering around 4,720 - just 26 points lower than its closing level today.

In December 2009, HNW investors expected the All Ordinaries would surge 12 per cent in 2010.

But 12 months later, having observed the market's fall on the European debt crisis, their expectations remained positive, but more modest, with the group tipping an eight per cent rise for the index in 2011.

Still, most HNW investors think 40 per cent of their portfolio should be in direct shares, nine per cent in managed funds and 17 per cent in residential property investments - four per cent lower than the allocation they had made by December 2010.

They have also become more interested in investing in offshore markets, particularly China, India and other emerging markets.

But on other fronts, rich investors have become more conservative, increasing the proportion of their assets held in cash and term deposits in 2010 and telling Investment Trends and Centric Wealth they would like to allocate more to these asset classes.

Fewer are targeting maximum capital growth as an investment goal, and now say they want to maximise their investment income, preserve their existing wealth and build sustainable income streams for their retirement.

They've also shunned gearing as an investment strategy, with about half of all HNW investors now using debt to fund their investments, compared to 72 per cent two years ago.

UHNW investors were more likely to invest in commercial property and term deposits than residential property and direct shares, Investment Trends and Centric Wealth said.

They also pay more for investment advice - \$9,100 per investor, compared to \$1,800 spent by their poorer HNW counterparts.

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