

SMSFs returning to equities

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New research has shown SMSFs are consolidating their moves back into equities. The May 2010 Multiport SMSF Investment Trends survey has shown self-managed superannuation fund (SMSF) trustees have reduced their cash holdings mostly in favour of domestic equities.

The research revealed in the 12 months from December 2008 to December 2009 that SMSF asset allocations to Australian shares rose from 31.9 per cent of portfolios to 42.6 per cent. This shift has been maintained over the following quarter to March 2010 where the allocation to domestic equities stabilised at 42.6 per cent.

International equities were not as popular over this period with its allocation falling in the year to 31 December 2009 from 8 per cent to 7.3 per cent. However, in the first quarter of 2010 the sector has received a small allocation boost now representing 7.4 per cent of portfolios.

Increased emphasis on fixed income noticeably moved in the March quarter of 2010 rising from a 10.8 per cent allocation in December 2009 to an 11.5 per cent allotment.

"This move may reflect more attractive income yields with increasing interest rates and hybrids which reset yields periodically," Multiport chief executive John McIlroy said.

The asset class that has had to make accommodations for the resetting of portfolio balances is cash and short-term deposits with allocations falling from 28.8 per cent in December 2008, to 21.9 per cent a year later, and finally 21 per cent as at March 2010.

Attitudes towards property seem to have stabilised after allocations dropped a little in the 12 months to December 2009 from 17.8 per cent a year earlier to 15.6 per cent. As at March 2010 property made up 15.8 per cent of SMSF portfolios.

The sample used for the survey was Multiport's client base that contains over 1200 funds.

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