

## Cash a valid SMSF asset class

 Darin Tyson-Chan | 02 Sep 2011

Page 1 of 1

*Darin Tyson-Chan is a journalist with InvestorDaily, a Morningstar publication.*

The latest research performed on the self-managed superannuation fund (SMSF) sector has revealed cash is now being treated as a legitimate long-term asset class among the trustees of these funds.

The 2011 Vanguard/Investment Trends Self-Managed Super Funds Report has shown SMSFs held \$113 billion in cash as at May 2011.

Of this total, only \$39 billion was classified as excess cash, or funds that have been allocated to cash that would usually be a part of other asset classes had it not been for the recent market volatility.

"The really interesting thing is not how much excess cash is in there, but how much other cash is in there," Investment Trends principal Mark Johnston said.

"That means there is a lot more money currently sitting in things like term deposits that they now think will stay in there for the foreseeable future," he explained.

Following on from this statistic, survey participants were asked what events would encourage them to allocate this excess cash to other asset classes.

"The biggest factor is really about condition of the markets, so that's things like confidence in the stockmarket, confidence the economic recovery is real, a better economic outlook, and a sustained upturn in the market," Johnston said.

In terms of which sectors of the industry new SMSF members are being attracted, the period from 2008 to 2011 saw a larger proportion of industry fund members moving across (from 22 per cent to 29 per cent).

"This was informative for us and explained why over the last few years we've seen more industry funds taking an interest in buying research about SMSFs," Johnston said.

"From their perspective it's still a small number of people but often very high balanced members leaving, so the impact of some of those members leaving is reasonably significant," he said.

This report appeared on [www.morningstar.com.au](http://www.morningstar.com.au)

2011 Morningstar Australasia Pty Limited

© Copyright 2011 Morningstar Australasia Pty Ltd ABN: 95 090 665 544 ("Morningstar"), AFSL no 240892. (a subsidiary of Morningstar, Inc.). This information is to be used for personal, non-commercial purposes only. No reproduction is permitted without the prior written content of Morningstar. Some of the material provided is published under licence from ASX Operations Pty Limited ACN 004 523 782 ("ASXO").

DISCLAIMER: To the extent that any of the content above constitutes advice, it is general advice that has been prepared without reference to your objectives, financial situation or needs. Before acting on any advice, you should consider the appropriateness of the advice and we recommend you obtain appropriate financial, legal and taxation advice before making any financial investment decision. If applicable, investors should obtain the relevant product disclosure statement and consider it before making any decision to invest. Please refer to our Financial Services

Guide (FSG) for more information at [www.morningstar.com.au/About/FSG](http://www.morningstar.com.au/About/FSG) or phone Morningstar on 1800 03 44 55 to request a copy. The data and content contained herein are not guaranteed to be accurate, complete or timely. Neither Morningstar, nor its affiliates nor their content providers will have any liability for any use or distribution of any of this information

Dow Jones & Co, Inc. is not a registered investment adviser and, under no circumstances shall any of the information provided herein be construed as a buy or sell recommendation, or investment or tax advice of any kind. You acknowledge that you are responsible for determining the nature, potential value and suitability for yourself of any particular security, transaction or investment strategy and that Dow Jones & Co, Inc. does not give such advice or recommendations.

DISCLOSURE: Employees may have an interest in the securities discussed in this report.