

## SMSFs cash deposits reflect volatility

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By **Elise Burgess** | In **Superannuation**

SMSFs trustees are hesitant investors with too much focus on cash deposits, moving \$40 billion into cash products since 2009, according to a report from Vanguard and Investment Trends.

This 'wall of cash', as the report calls it, has developed over the last two years as self-managed super funds (SMSF) trustees continue to distrust investment markets. As a result, the total cash and cash products held by SMSFs in Australia has grown by \$40 billion since May 2009 to \$113 billion.

The Vanguard / Investment Trends Self Managed Super Funds (SMSF) Report, released yesterday, found market volatility was the main cause behind SMSF trustees preference for cash products with excess cash attributing to 35% of SMSFs' total cash holdings.

This is down from 53% in May 2009.

The report found 152,000 SMSFs allocation changed last year with 76% of those, or 115,000, were done so to be more defensive.

[Short-termism](#) is blamed for the trend as investors are driven by short-term emotional influences and not sticking with a long-term investment strategy.

"Given recent market volatility that's not surprising, but you worry about investors trying to time markets rather than staying on course with a long-term asset allocation plan," said Robin Bowerman, head of corporate affairs and market development, Vanguard Investments.

Bowerman said investors should look past volatility for a diversified, low cost approach to investing that maintains market exposure.

The survey, which had over 3,000 SMSF trustee respondents, found allocation to direct shares grew from 37% to 40% year on year while cash and cash products climbed from 21% to 26% of total SMSF assets for the same period.

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