

# InvestorDaily

## Planners steer 28pc of new client money to cash

### Figure up from 18pc in June: survey

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Fri 20 Jan 2012

The proportion of new client money allocated to cash rose sharply in the five months to November 2011 as financial planners took a dim view of other asset classes, an Investment Trends survey showed.

The Investment Trends November 2011 Adviser Product & Marketing Needs Report, released to clients earlier this week, showed that planners were putting 28 per cent of new client money into cash and term deposits as of November, up from 18 per cent in June and 16 per cent a year earlier.

"The most significant shift happened between June and November 2011," Investment Trends senior analyst Recep Peker told *InvestorDaily*.

"Planners said that they had invested 28 per cent of new client money into cash and term deposits. This has come at the expense of both listed investments and managed funds."

The percentage of new client money allocated to managed funds and listed investments fell to 65 per cent by November from 75 per cent in June.

"A lot of investors are parking their funds in cash and term deposits given the uncertainty in the markets," Peker said.

"In fact, we asked planners how much cash they thought they had across their entire client base which they would have otherwise invested in growth assets. The average estimated total cash holding was \$3.9 million [per planner]. That's up from \$3.2 million last year."

The Investment Trends report showed that in November investors expected the benchmark S&P/ASX 200 stocks index to increase by only 3 per cent in 2012.

"Basically, return expectations have collapsed. People are going to cash and term deposits because they don't expect markets to perform well," Peker said.

When asked what would trigger a return to financial markets, Peker said: "Essentially, it's investor confidence."

However, 46 per cent of planners said their advice would be the catalyst for clients to resume investing in equities and instruments other than cash.

Investment Trends surveyed 966 planners across Australia from October to November.

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