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SMSF returns positive while other funds suffer

Positivity part of the picture

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Returns for self-managed superannuation funds (SMSF) remained positive for the 12 months to May 2008, in contrast to the negative returns generated by other categories of funds, preliminary data from Investment Trends shows.

Surveying almost 500 SMSFs, the results were compiled using the self-assessed after-costs investment returns for the year ended May 2008 and excluded any new contributions.

They showed the average return to be 14.2 per cent and the return for the median SMSF in the group to be 13.5 per cent.

In comparison, SuperRatings statistics released in July showed the 12-month median return for the balanced options of Australia's major super funds at June 30, 2008, was negative 6.39 per cent.

Although the results were a positive reflection on the performance of SMSFs, it might be dangerous to draw definitive conclusions from them, Investment Trends principal Mark Johnston said.

"If you look at when the survey was run it was kind of mid-May and if you look at the All Ordinaries index and what it has actually done in the 12 months to mid-May, it was down 8.5 per cent," Johnston said.

"But if you then look at the next six weeks from mid-May to June 30 it dropped 11 per cent, so during that six weeks it actually fell further than it had in the preceding year."

While accepting of the positive results, SMSF Professionals Association of Australia (SPAA) president Andrea Slattery said she hopes there won't be a significant rise in the number of SMSFs in the market, in response to statistics like these alone.

"This is an area that is complex, you shouldn't just go into it for the sake of it. In tandem with good advice comes the ability to manage the sector, so it isn't overblown by a knee-jerk reaction," Slattery said.

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