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SMSFs cashed up and ready to invest

Billions to be allocated

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An estimated \$11 billion of self managed superannuation fund (SMSF) member contributions is still sitting in cash waiting to be invested, new industry research has found.

The AMP Capital / Investment Trends 2008 SMSF Investor Report has found these monies originated from contributions over the past 12 months, and are still in cash because trustees feel they have not yet had time to choose appropriate investments for the funds.

The study showed 57 per cent of SMSF funds held cash that is yet to be allocated to other asset classes, while 43 per cent had none.

"SMSFs collectively have \$11 billion in excess cash, that is earmarked for investment but has not found a home yet," Investment Trends principal Mark Johnston said.

"Among the 57 per cent, the average amount per SMSF ready to be invested was \$49,000," he said.

Blue chip shares were still the most likely form of investment for these inflows, and will remain so over the next year.

"Blue chip shares remain the favourite, with 61 per cent of all SMSFs planning to put new money into blue chip shares," Johnston said.

In addition, 25 per cent of respondents revealed they would look to invest in high yielding shares, 21 per cent were considering resource stocks, 19 per cent were leaning towards term deposits, and a further 17 per cent said they would invest in managed funds.

Investment Trends compiled the research on behalf of AMP Capital Investors and used a sample size of 2545 SMSF investors.

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