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SMSFs maintain investment strategy

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A new survey revealed two thirds of self managed super fund (SMSF) trustees are not changing their investment strategy despite almost half experiencing paper losses.

The AMP Capital/Investment Trends 2008 SMSF Investor Report found 46 per cent of SMSFs reported paper losses as a result of bad markets and 35 per cent said their portfolio had been slightly impacted.

Yet, 66 per cent of respondents said market volatility had made no difference to their investment approach, a quarter said they were buying under valued assets and 14 per cent planned to accumulate cash and wait for equity market to stabilise.

The report found only eight per cent had realised significant losses during bad equity markets, while seven per cent of respondents said they had recently invested a large amount of new money into shares that had gone down.

"There are a lot of SMSF investors who are waiting for market conditions to stabilise before investing their excess cash, but it's significant to note that two thirds intend to keep their long term investment plans untouched," said Brian Delaney, AMP Capital Investors business director of client, product and marketing.

SMSFs are still holding approximately \$11 billion in cash left over from last year. Indeed, more than half of respondents are holding recent contributions in cash because they had not had time to choose investments.

When SMSF trustees are investing, they are favouring blue chip stocks, the report found. In fact, 61 per cent intend to invest in blue chip shares in the next 12 months.

The Australian Prudential Regulation Authority (APRA) found SMSF assets grew \$29 billion or 11 per cent to \$286 billion in the year to March.

The AMP Capital/Investment Trends SMSF Investor Report is based on a sample of 2,545 SMSF investors completed in July.

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