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24 September 2009

SMSFs more upbeat as global financial crisis begins to ease AMP Capital / Investment Trends research

The latest research from AMP Capital Investors and Investment Trends reveals that self managed super fund (SMSF) investors are feeling more upbeat, with only 17 per cent remaining extremely concerned about the situation in global financial markets.

The AMP Capital / Investment Trends 2009 SMSF Investor Report was compiled from more than 1,600 surveys completed by SMSF trustees in May of this year.

Launched today, the report found that the number of SMSF investors expressing extreme concern over recent market volatility had declined from 33 per cent in 2008 to 17 per cent in 2009.

Encouraged by the more favourable economic outlook, a third said they would be more focused on buying undervalued assets on an opportunistic basis in the coming year.

While SMSFs have experienced losses on their portfolios, most have weathered the storm reasonably well:

- 32 per cent have sold assets at a loss, while 48 per cent say they have only suffered paper losses
- the average expected retirement age for SMSF investors remained steady at 63. Only 5 per cent say they will need to delay retirement as a result of the global financial crisis
- only 3 per cent said they will need to make extra contributions to their funds to make up for recent losses.

AMP Capital Investors Head of Retail Distribution Ben Harrop said it was encouraging that sentiment amongst SMSF investors was returning to more positive territory.

“The shift in sentiment amongst SMSF investors will have been helped along by the more positive signs beginning to emerge in the economy and the fact that 40 per cent of self managed superannuation funds say they posted a positive return in the twelve months to May,” Mr Harrop said.

Two thirds of SMSF investors expressed confidence in their decision to set up their own superannuation fund, and were glad to have one during the global financial crisis. Only 4 per cent regret the decision.

In response to the crisis, 36 per cent of SMSF investors made substantial changes to their asset allocation

strategies during the past 12 months, up from 27 per cent the year before. Among those who changed their asset mix, 55 per cent did so in order to adopt a more defensive position.

These asset allocation changes contributed to the growing cash reserves of SMSFs which reached \$34 billion in 2009, up from \$11 billion in 2008.

Investment Trends Principal Mark Johnston said: "The research shows SMSF investors have been increasing their surplus cash during the past twelve months in order to position themselves for buying opportunities as markets begin to stabilise.

"SMSF investors now have \$34 billion in excess cash set aside that would normally be invested in other asset classes, but has accumulated on the sidelines due to recent volatility."

According to the Australian Prudential Regulation Authority (APRA), there were 410,000 SMSF investors as of June 2009, a net increase of 7 per cent over the previous year. The APRA figures also show SMSF assets increased by 0.6 per cent (or \$2 billion) in the same period.

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About the report

The 2009 AMP Capital / Investment Trends SMSF Investor Report is the fifth annual survey of SMSF investors. This year's report is based on the findings from an online survey of 1,623 SMSF investors completed in May 2009. The study is conducted by Investment Trends.

About Investment Trends

Investment Trends is Australia's leading specialist market research organisation for the investment industry. Current clients of Investment Trends include ASIC, IFSA, all of the top five Australian banks, top 10 investment platforms, top six online brokers, top six margin lenders, as well as industry regulators, peak industry bodies, leading dealer groups, providers of financial planning software and CFDs.

About AMP Capital Investors

AMP Capital Investors is an Australian investment manager with \$90 billion* in assets under management. As a wholly owned subsidiary of ASX-listed AMP Limited, AMP Capital operates independently with a pure investment focus, yet benefits from the resources of its parent company. AMP Capital Investors employs more than 200 in-house investment professionals across offices in Auckland, London, Tokyo, Mumbai, Singapore and Sydney.

** As at 30 June 2009.*