



The Multiport SMSF Investment Patterns Survey March 2012

John McIlroy, CEO Multiport Pty Ltd

To get a closer insight into where SMSF trustees invest, Multiport undertakes an analysis of our SMSF's investments each quarter to look at the up to date asset allocation and investment trends which have or may be emerging.

The survey covers around 1,800 funds, a sample of the SMSF's that we administer and the investments they held at 31 March 2012. Funds are administered on a daily basis which ensures that data is based on actual investments and is completely up to date. The assets of the funds' surveyed represent approximately \$1.4 billion.

Decrease in Cash, increase in Australian Equities and Fixed Interest

The March quarter saw cash holdings decrease by nearly 4.1% while Australian share exposure increased by 3.4%. Fixed Interest exposure increased by 0.8%.

Approximately a third of the increase in Australian share exposure is the result of an increase in the All Ordinaries, with the remaining increase being the result of further investments in the market.

The overall asset allocation break-up as at 31 March 2012 was:

Sector	31 March 2011 (%)	30 June 2011 (%)	30 Sept 2011 (%)	31 Dec 2011 (%)	31 March 2012 (%)
Cash and short term deposits	21.8	22.8	24.7	26.7	22.9
Fixed Interest	11.0	12.3	14.1	11.5	12.3
Australian Shares	41.0	38.9	36.0	35.4	38.8
International Shares	8.8	8.7	7.9	7.7	7.6
Property	16.1	16.0	16.8	17.6	17.4
Other (Hedge funds, agricultural funds, and private geared and ungeared trusts)	1.3	1.2	0.5	1.1	1.0
Total	100	100	100	100	100

Source: Multiport Pty Ltd

Significant decrease in Cash holdings

While the allocation to Australian Equities and Fixed Interest increased, overall Cash holdings decreased by nearly 4.1%.

	31 March 2011 (%)	30 June 2011 (%)	30 Sept 2011 (%)	31 Dec 2011 (%)	31 March 2012 (%)
Cash	13.7	15	16.7	15.6	13.8
Term Deposits	8.1	7.8	8	11.1	9.1
Total %	21.8	22.8	24.7	26.7	22.9

Source: Multiport Pty Ltd

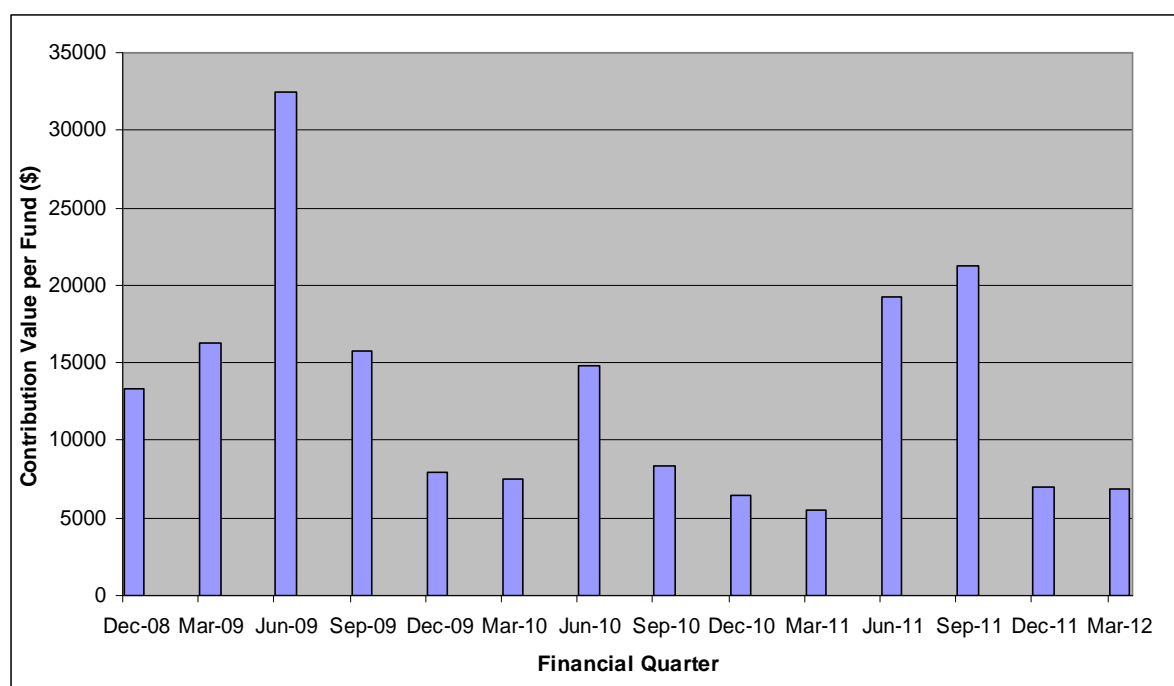
Just over 39% of the cash holdings is represented by short term Term Deposits, while almost 32% of Fixed Interest is represented by Term Deposits for a period of over one year.

The decrease in cash holdings during the quarter is the first significant decrease since December 2008.

Contributions, Benefit and Pension payments

The average contribution inflow for the quarter was almost identical to the previous quarter at \$6,911.

The bulk of contributions are generally made in June with some flowing over to the third quarter. The table below summarises the average contribution for the past three years. We anticipate the June quarter level will again rise as people over age 50 take advantage of the last opportunity to contribute up to \$50,000 in concessional contributions.



Source: Multiport Pty Ltd

Benefit and pension payments from the SMSF's were higher than the average inflow of contributions, at around \$12,894 per fund in the March quarter, slightly higher compared to the December. The withdrawals appear to be mostly related to re-contribution strategies as well as meeting minimum pension levels.

Australian equities exposure increases

Overall asset allocation in Direct Australian Equities rose approximately 4.2% with approximately one third of this increase being the result of an increase in the All Ordinaries. The majority of the increase was represented by additional investments in the market, partially as a result of share purchase plans and capital raisings during the quarter.

	31 March 2011 (%)	30 June 2011 (%)	30 Sept 2010 (%)	31 Dec 2011 (%)	31 March 2012 (%)
Direct Shares	34.2	32.5	30.0	30.0	34.2
Managed Fund	6.8	6.4	6.0	5.4	4.6
Total Australian Shares %	41.0	39.0	36.0	35.4	38.8

Source: Multiport Pty Ltd

Top 10 Australian Shares

The March 2012 quarter saw Fortescue Metals Group Ltd enter the Top 10 all the way to the top. This is mostly the result of significant holdings in Fortescue Metals Group Ltd in relation to new clients.

The remainder of companies in the Top 10 remain unchanged compared to the previous two quarters with a small shuffle in positions at the tail end. The Top 10 shares make up 18% of total assets held.

The most commonly held (\$ invested) shares at 31 March 2012 were:

Ranking	Company	S & P Top 10 Constituents by Market Cap
1	Fortescue Metals Group Ltd	BHP Billiton Limited
2	BHP Billiton Limited	Commonwealth Bank Ltd
3	Commonwealth Bank Ltd	Westpac Banking Corporation
4	Westpac Banking Corporation	ANZ Limited
5	ANZ Limited	National Australia Bank Ltd
6	National Australia Bank Ltd	Telstra Corporation Limited
7	Woolworths Ltd	Wesfarmers Limited
8	Telstra Corporation Limited	Woolworths Ltd
9	Woodside Petroleum Ltd	Rio Tinto Ltd
10	Wesfarmers Limited	Newcrest Mining Ltd

Source: Multiport Pty Ltd

The Top 10 by Market Cap in the index are four banks, three miners, two retailers and a telco (51.66% of the index). The difference with the survey results are only the order and which miners.

International holdings

Exposure to International Equities reduced slightly for the quarter. This indicates that there is still uncertainty in the direction of offshore markets.

The split between managed funds and direct investment continues to show investors comfort in using managed funds as a preferred method of investing in overseas markets. This is possibly impacted by the complication still present in investing overseas directly.

We have not yet seen a significant take up of ETF's as a replacement for managed funds with just over 4% of the overall international holdings being done via ETFs.

	31 March 2011 (%)	30 June 2011 (%)	30 Sept 2011 (%)	31 Dec 2011 (%)	31 March 2012 (%)
Direct Shares& ETFs	0.8	0.9	1.0	1.0	0.8
Managed Funds	8.0	7.8	6.9	6.7	6.8
Total %	8.8	8.7	7.9	7.7	7.6

Source: Multiport Pty Ltd

Property allocation

Direct Property allocation has remained at approximately the same level compared to last quarter at 15.3%. While the total amount of assets invested in direct property has increased for the quarter, in percentage terms the asset allocation remains consistent with the previous two quarters due to the fact that direct property is often only revalued at year end.

Direct property allocation continues to be its highest level since December 2008. This reflects the ongoing acquisitions in this asset class and use of gearing strategies.

Out of the total number of properties held by the funds in the survey, 82% are residential and 18% are commercial properties.

Managed funds remained at approximately the same level compared to the last quarter at 2.1%.

	31 March 2011 (%)	30 June 2011 (%)	30 Sept 2011 (%)	31 Dec 2011 (%)	31 March 2012 (%)
Direct Property	13.7	14.5	15.4	15.4	15.3
Listed Property, Managed Funds & Syndicates	2.3	2.3	2.2	2.2	2.1
Total %	16.0	16.8	17.6	17.6	17.4

Source: Multiport Pty Ltd

Fixed Interest

This quarter longer dated Term Deposits and other holdings increased by 0.8% and managed funds remaining fairly steady. The increase in longer Term Deposits indicates investors are regaining confidence as to the future direction of long term interest rates combined with the banking sector's appetite for funding.

	31 March 2011 (%)	30 June 2011 (%)	30 Sept 2011 (%)	31 Dec 2011 (%)	31 March 2012 (%)
Hybrids & Other direct holdings	6.6	6.8	7.9	7.6	6.2
Term Deposits > 1 year	2.1	3.1	3.7	1.6	4
Managed Funds	2.4	2.4	2.5	2.3	2.4
Total %	11.0	12.3	14.1	11.5	12.3

Source: Multiport Pty Ltd

Exposure to Managed Funds

The survey has again reflected a continued decline in use of Managed Funds with a direct investment approach highly favoured. For the 12 month period, a 20% reduction in SMSF investments via Managed Funds can be identified. This indicates that fund managers do not seem to be designing products that appeal to SMSF investors.

The major exception is still International Shares where 86% of the exposure is via Managed Funds.

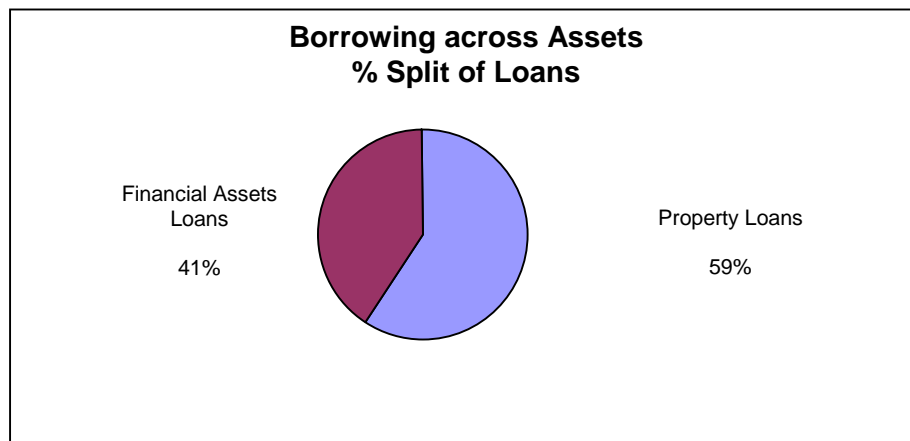
The table below summarises the Managed Funds exposure as a percentage of total investments amongst the different categories.

	31 March 2011 (%)	30 June 2011 (%)	30 Sept 2011 (%)	31 Dec 2011 (%)	31 March 2012 (%)
Cash & Fixed Interest	2.6	2.6	2.7	2.6	2.5
Australian Shares	6.8	6.4	5.7	5.4	4.6
International Shares	8.1	7.8	6.9	6.7	6.8
Property & Other	3.3	2.9	2.9	2.8	2.6
Total	20.8	19.8	18.2	17.5	16.5

Source: Multiport Pty Ltd

SMSF Trustees utilising limited recourse borrowing arrangements

Around 14% of the funds in the survey are currently utilising a borrowing arrangement. The graph below shows the split of borrowing arrangements across direct property and financial assets at 31 March 2012.



On analysing our data we see that 20% of our total direct property investors have geared their properties. We will continue to monitor this figure for future reference.

The average property loan amount is \$294k compared to \$100k against financial assets.

John McIlroy is the CEO of Multiport, a leading specialist SMSF and Managed Account administration company. The vast majority of Multiport administered SMSF's have a wide range of financial advisers providing investment advice to the trustees and this may make the analysis results different to the wider SMSF community.