

**Media contact**

Erin Taylor  
[e.taylor@fcr.com.au](mailto:e.taylor@fcr.com.au)  
+61 2 8264 1007  
+61 416 366 703

**MEDIA RELEASE****SMSF's reach record \$558.6bn - still heavy cash**

**Sydney, 5 June 2014** – Fresh data released this week shows Australian self-managed superannuation funds (SMSFs) have invested record amounts in cash investments despite low returns and the prospect of rising inflation. This may negatively impact their ability to grow or even protect their wealth, according to Arian Neiron, Managing Director of Market Vectors Australia.

SMSFs cash investments rose to a record \$156.2 billion during the March 2014 quarter, a 1.6% increase from \$153.7 billion in the December 2013 quarter. Those cash holdings represented 28% of all SMSF assets, which hit \$558.6 billion in the March quarter, up 2% from \$547.6 billion in December 2013, according to data released this week from the Australian Taxation Office (ATO).

The ATO data also reveals SMSFs had invested \$179.5 billion in listed shares, a rise of 2.7% from \$174.8 billion in the December quarter. Listed shares accounted for 32% of all SMSF assets in the March quarter.

“Given that inflation could head higher and cash rates could remain steady SMSFs are risking value erosion by being so heavily invested in cash”, Mr Neiron said.

“Annual inflation was 2.9% so the real returns on cash investments are close to zero, add in tax and you are in negative territory. The Reserve Bank has this week indicated that it is not likely to raise interest rates anytime soon and banks have lowered rates on term deposits. SMSF investors should consider their options to protect against rising inflation,” said Mr Neiron.

“One positive aspect of the data released by the ATO is that it reveals the quarterly growth rate in cash investments has slowed to 1.6% from 2.1% a year earlier, highlighting that SMSFs’ appetite for cash investments could be waning” he said.

The ATO data reveals SMSFs had invested \$20.4 billion in listed trusts (including Exchange Trade Funds) during the March quarter, up 2.3% from \$19.9 billion in the December quarter.

“SMSFs are adopting ETFs at a greater rate due to their instant diversification via a hassle free trade all with the benefit of liquidity and full transparency. Through diversification, ETFs may help SMSFs to reduce risk in their portfolios. They offer lower fees, full transparency of holdings and potential tax efficiencies, all of which are important to SMSF trustees,” said Mr Neiron.

**ENDS**

**IMPORTANT NOTICE****General information only**

This information is issued by Market Vectors Investments Limited ABN 22 146 596 116 AFSL 416755 (Market Vectors Australia) as the Responsible Entity of the Market Vectors Investments Australian Sector ETFs (ETFs). This information is general in nature and does not take into account your objectives, financial situation or needs (your circumstances). Before making an investment decision in relation to the ETFs you should read the current product disclosure statement (PDS) and with the assistance of a financial adviser consider if the ETFs are appropriate for your circumstances. The PDS is available at [marketvectors-australia.com](http://marketvectors-australia.com) or by calling 1300 MV ETFS.

**About Van Eck Global**

Market Vectors ETFs are sponsored by Van Eck Global. Founded in 1955, Van Eck Global was among the first US money managers helping investors to achieve greater diversification through global investing. Today, the firm continues this tradition by offering innovative, actively managed investment choices in hard assets, emerging markets, precious metals including gold, and other alternative asset classes. Van Eck Global has offices around the world and managed approximately US\$31 billion in investor assets as of 31 December, 2013.

**About Market Vectors**

Market Vectors exchange traded products have been offered since 2006 and span many asset classes, including equities, fixed income (municipal and international bonds) and currency markets. The Market Vectors family totalled US\$22 billion in assets under management, making it the seventh largest ETP family in the US and tenth largest worldwide as of 31 December, 2013. Market Vectors Australia is a wholly owned subsidiary of Van Eck Global.

**About Market Vectors Index Solutions**

Market Vectors Index Solutions (MVIS) develops, monitors and licenses the Market Vectors Indices, a selection of focused, investable and diversified benchmark indices. The indices are especially designed to underlie financial products. Market Vectors Indices cover several asset classes, including hard assets and international equity markets as well as fixed income markets and are licensed to serve as underlying indices for financial products. Approximately US\$11.7 billion in assets under management are currently invested in financial products based on Market Vectors Indices. The Indices are the exclusive property of MVIS. The ETFs are not sponsored, endorsed, sold or promoted by MVIS.

Market Vectors Australia and MVIS are wholly-owned subsidiaries of Van Eck Associates Corporation (Van Eck Global).

No Van Eck Global group entity makes any representation regarding the advisability of investing in the ETFs. Market Vectors® is a registered trademark of Van Eck Global. Further information about Market Vectors Australia is available at [marketvectors-australia.com](http://marketvectors-australia.com).

###