

## SMSF Numbers Jump, Cash Holdings Hit Fresh Highs

**9 March, 2016:** A rise in the number of self-managed superannuation funds (SMSF) to record numbers during the December 2015 quarter highlights the appeal of do-it-yourself investing, but SMSFs still pumped millions into cash, with Ben Bucknell, chief executive of OnMarket BookBuilds (OMB), warning that such a strong cash bias could harm wealth creation over the longer term.

The net assets of SMSF surged to a fresh record of \$594.6 billion during the quarter, up 3.0% from \$578.9 billion in the September quarter, according to the latest Australian Tax Office (ATO) statistics. Those funds represented 30% of the total superannuation asset pool of \$2.0 trillion as at the end of the December quarter.

SMSFs' holdings of cash and term deposits rose to a fresh high of \$155.4 billion in the December quarter, up from \$154.5 billion in the previous quarter, with cash investments now representing 26% of all SMSF assets.

There were a record number of 566,735 SMSFs in Australia as at December 31, 2015 (up from 560,998 as at September 30) with 1,075,267 members.

Ben Bucknell, chief executive of OnMarket BookBuilds (OMB), an Australian fintech opening up access to ASX initial public offerings (IPOs), said the data highlights that too many SMSFs are falling into the trap of investing into assets which they know rather than into a more diverse range of equities, which over the long-term would help to growth wealth at a much faster rate than cash.

"To put total SMSF assets into perspective, an average of \$40 billion of new equity is issued by Australian companies every year via IPOs and capital raisings conducted by listed companies. That means that just 7% of SMSF balances could fund Australian companies' entire annual new equity capital requirements. Or put another way: today's SMSFs could fund the equity capital requirements of ASX listed companies for the next 14.8 years," Bucknell said.

SMSF Australian share holdings jumped 6.3% to \$178.4 billion, up from \$167.9 billion in the September quarter, accounting for 30% of all SMSF assets. Against that, just \$1.9 billion was invested directly in offshore equities.

"Like investors everywhere, Australian investors have a home bias. But added to this is a strong bias towards bank and mining shares. A greater exposure to a more varied group of companies, including those listing on the ASX and high-growth small-cap companies, would help to build wealth more effectively over time.

"The average return of the 93 companies that listed on the ASX in 2015 was 23% in 2015, according to analysis of Dealogic data by OnMarket. Compare that with the ASX All Ords, which lost 4.3% last year and losses for household names like BHP Billiton (down 33%) and NAB (down 9% in 2015), and this highlights the need for investors to diversify out of the large caps into higher-growth opportunities such as IPOs," Bucknell said.

[OnMarket](#) is an innovative online investment access portal that gives the public direct access to ASX IPOs. Via this app, retail investors don't need to go through a broker to participate. It's completely free to bid and invest directly in an ASX IPO.

OMB's presence as a fintech disruptor was firmly established when the technology was launched by Prime Minister Malcolm Turnbull in October 2015, who said at the time: "The brilliance of this is simply that it makes it easier to buy, to trade. This will open up the investment market considerably."

Bucknell said [OnMarket](#) is unique in that it is opening up direct access to IPOs and it treats all investors equally. "To date, most retail investors have largely been denied access to IPOs. Even when retail investors have been able to participate, allocations have been significantly scaled back. For example, in the Medibank IPO for bids over \$14,000, retail investors were given just \$0.05 of every \$1 they asked for above their initial \$7,150 allocation, while the institutional scale-back was never disclosed."

"Our own tool is a game changer - the OnMarket allocation algorithm ensures investors get treated equally and fairly whether they are a wealthy institution or a mum-and-dad investor. Our platform is built to generate instant notifications and to host free company information and research. All of this can be done on a desktop or mobile device such as a smart phone, which also meets the key trend of investors accessing information and managing their finances on mobile devices," he said.

#### [About On-Market BookBuilds \(OMB\)](#)

OnMarket BookBuilds' mission is to empower investors and companies through innovation in financial technology. OMB believes that investors and companies benefit when capital raisings are conducted fairly, transparently, and efficiently.

OMB is emerging as a leader in Australian fintech. OMB conceived, developed, and patented intellectual property which it licensed in Australia to ASX to build the ASX BookBuild facility – the world's first exchange-hosted capital raising platform. The ASX BookBuild facility is a tool for companies and their lead managers to combine control over pricing and allocations with the all-of-market reach of ASX.

The new OnMarket online investment portal is a wholly-owned and operated initiative of OMB. OnMarket is not a joint venture with ASX and is independent of OMB's association with ASX in relation to the ASX BookBuild facility.

OMB has also been acknowledged internationally. The UK Lord Myners Review, which was commissioned following the UK Government's IPO of Royal Mail, 'strongly recommended' the ASX BookBuild facility to business leaders and for into future government privatisations. The United States Securities and Investments Commission (SEC) has published a no-action letter confirming foreign private issuers may rely on the ASX Bookbuild rules to meet their compliance with the US Securities Act Rules. More recently, OMB was invited by UK Trade & Investment to London FinTech Week, in September 2015, the world's largest fintech event.

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