



SMSF SPRING CLEAN! 5 MISTAKES SMSF INVESTORS MAKE

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Agenda:

- Where to begin?
 - Reporting
 - Performance
 - Fees / Brokerage / Accounting
 - Asset allocation
- 5 major mistakes SMSF trustees make in asset allocation
- Our view on best practice for asset allocation

Reporting:

- Common area of confusion with most SMSF Trustees
- Key statistics often not readily available from the accountant's reports
- May need to ask them to prepare or highlight some key figures that you can use to get a better picture

Reporting:

'The Bottom Line'

- EOFY Balance, adding in any withdrawals and pension payments and subtracting contributions.
- An asset category breakdown is fantastic for comparisons

Fees, costs and other expenditure

- Brokerage – might need to be averaged from total cost vs. total trades
- Admin, audit and accounting costs
- Advice
- Investment management - fees can be hidden, need ICR

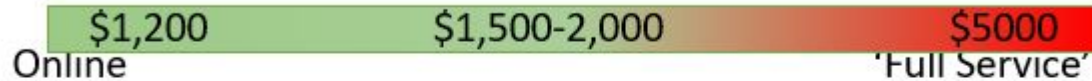
Reporting:

Returns

- Accumulation indexes are important
- ETFs (make sure to do total return) can be a good proxy - eg Vanguard
- Asset allocation vs stock selection really important
- Property - subtract costs from yield. Should get a regular valuation

Reporting:

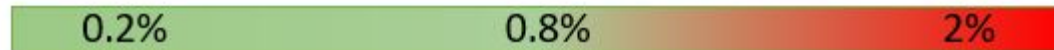
SMSF Accounting and Audit costs:



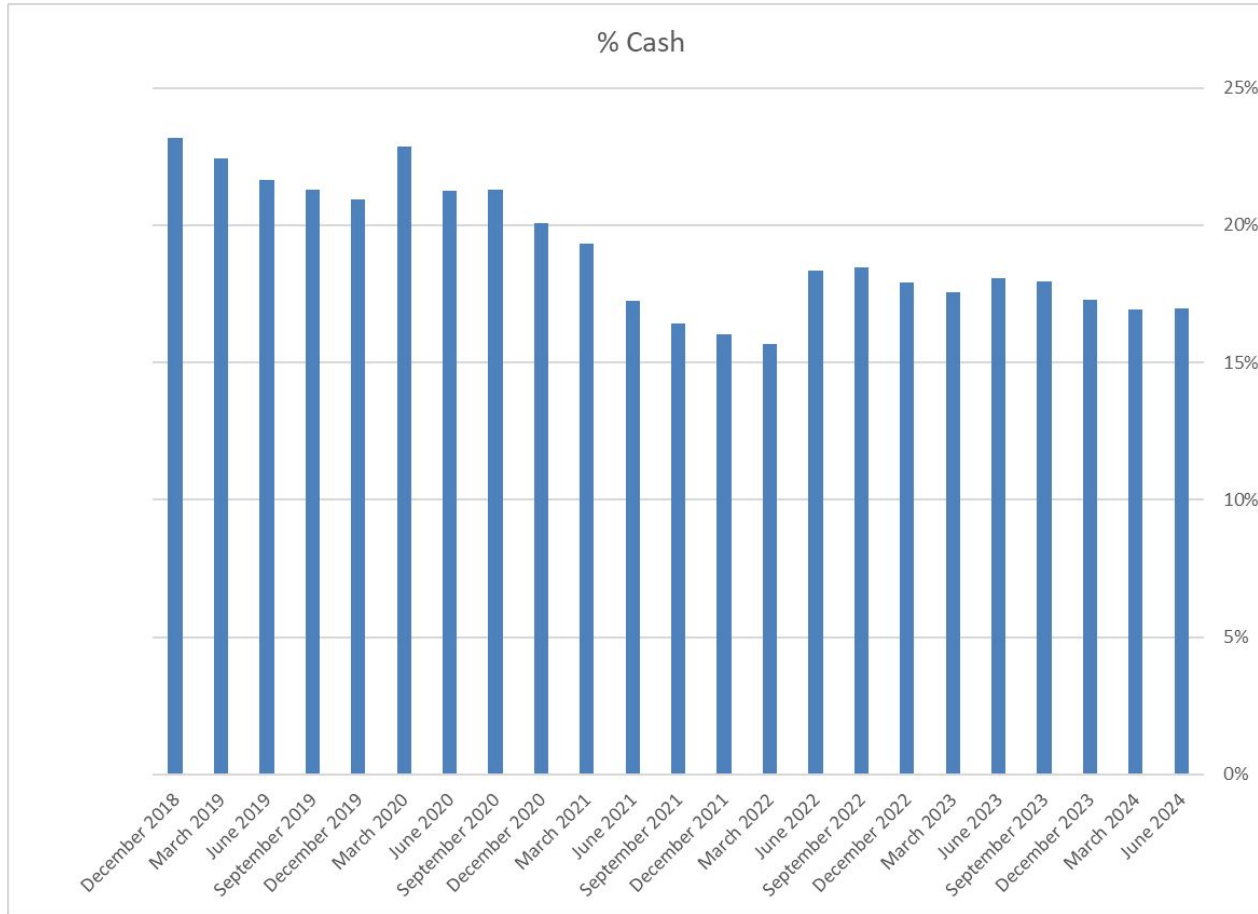
Brokerage Costs:



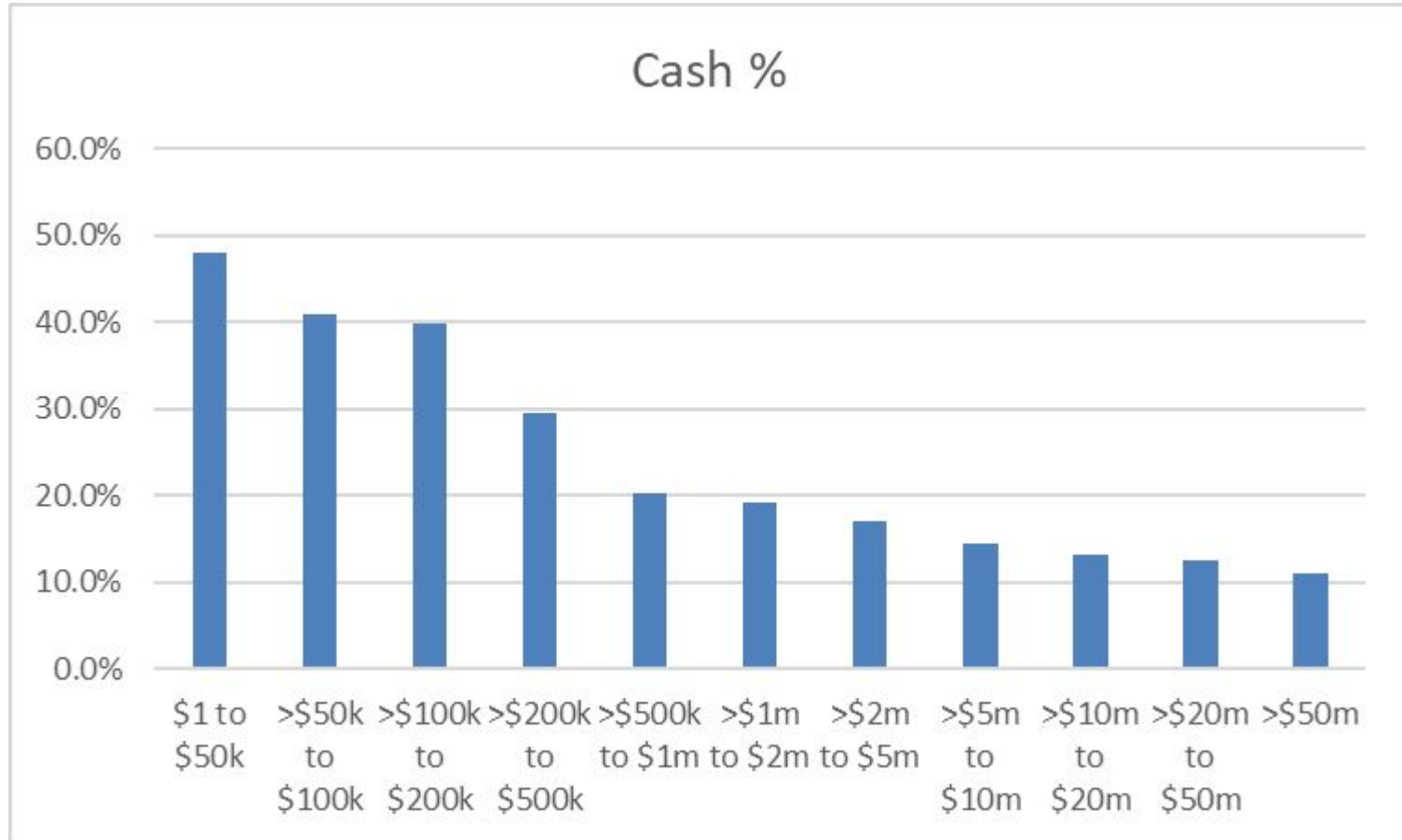
Financial and Investment Advice Costs:



Asset Allocation: Mistake 1 doing nothing



Asset Allocation: Mistake 1 doing nothing

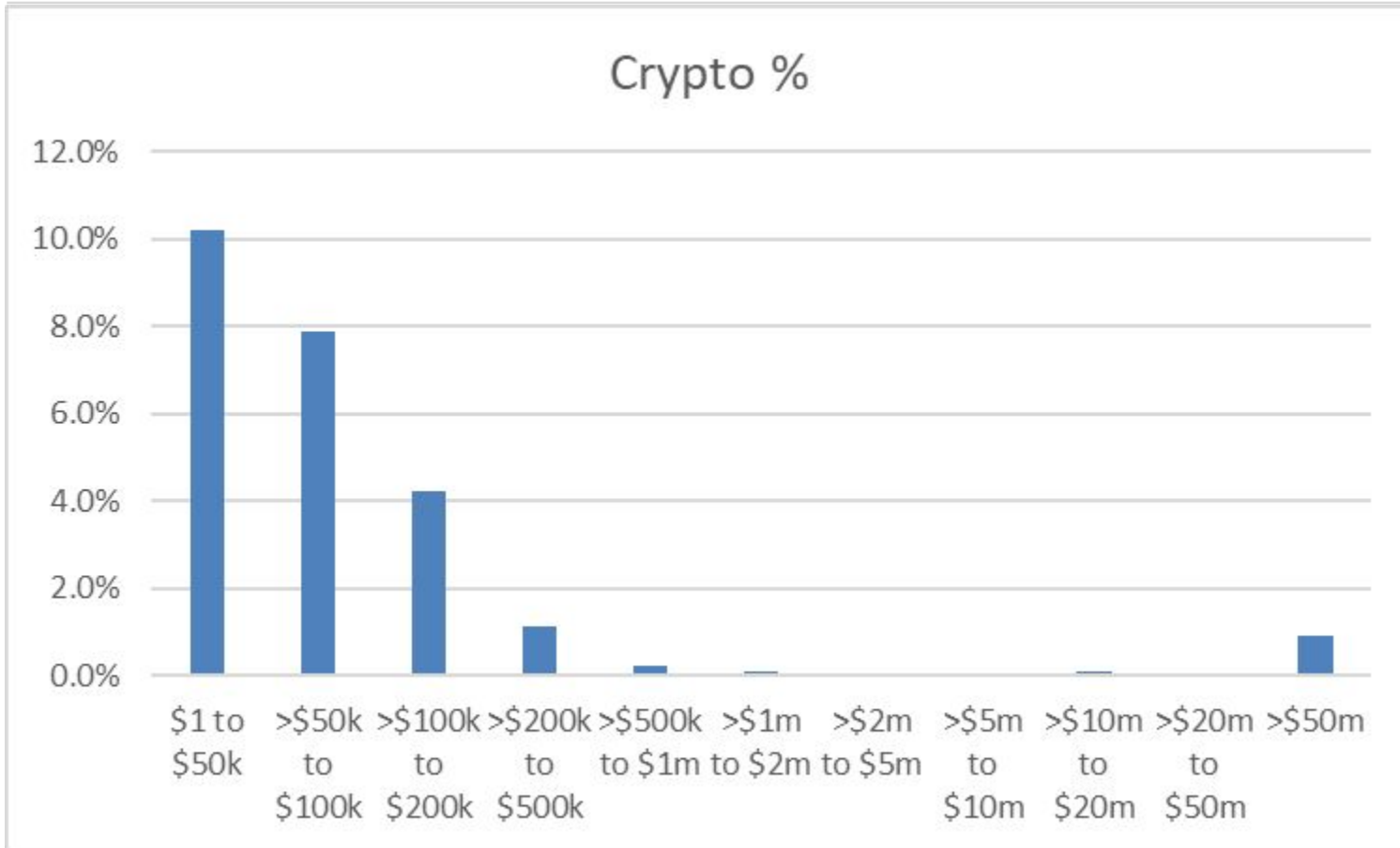


Asset Allocation: Mistake 2

2nd Mistake
Only sticking with
what you know

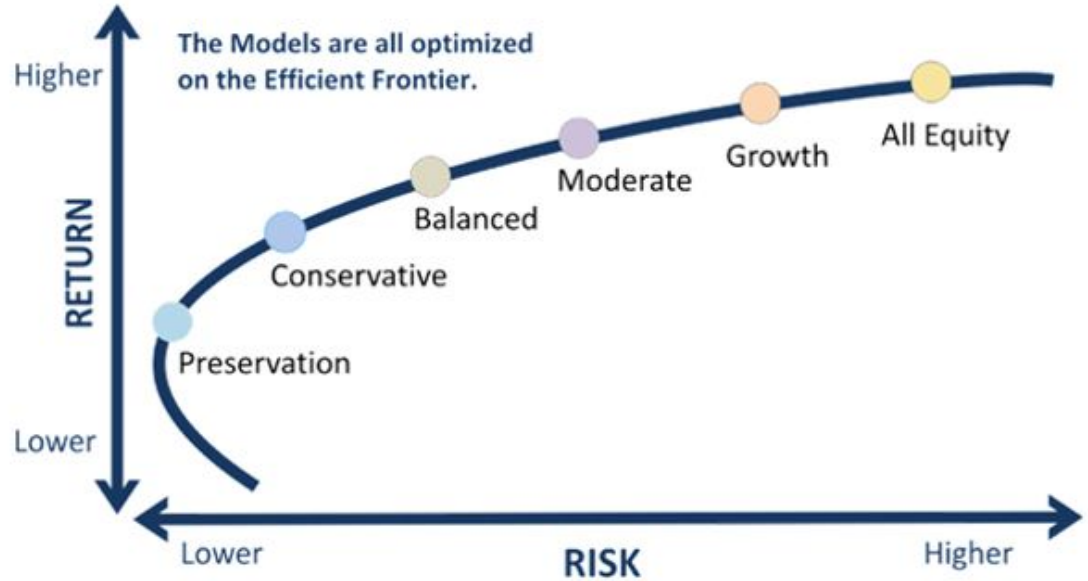
1. This is stock picking advice not asset allocation advice
2. These are books about how to find stocks that you are going to take big bets on
3. Asset Allocation is about diversifying

Asset Allocation: Mistake 2 Only what you know



Asset Allocation: Mistake 3

3rd Mistake
Not having the
time to run it
properly



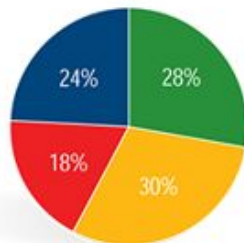
Asset Allocation: Mistake 3

3rd Mistake
Not having the
time to run it
properly

Rebalancing discipline



Period 1

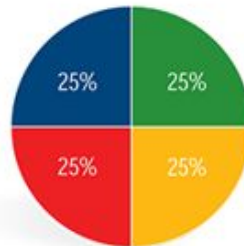


Period 2



Period 3

Rebalance



- Asset Class 1
- Asset Class 2
- Asset Class 3
- Asset Class 4

Asset Allocation: Mistake 4

4th Mistake Bad Timing

1. Average Retail investor underperforms by around 2% p.a.
2. Most of the gap is due to bad timing – selling low, buying high
3. It's a natural tendency that you need to fight against – have a plan and stick to it

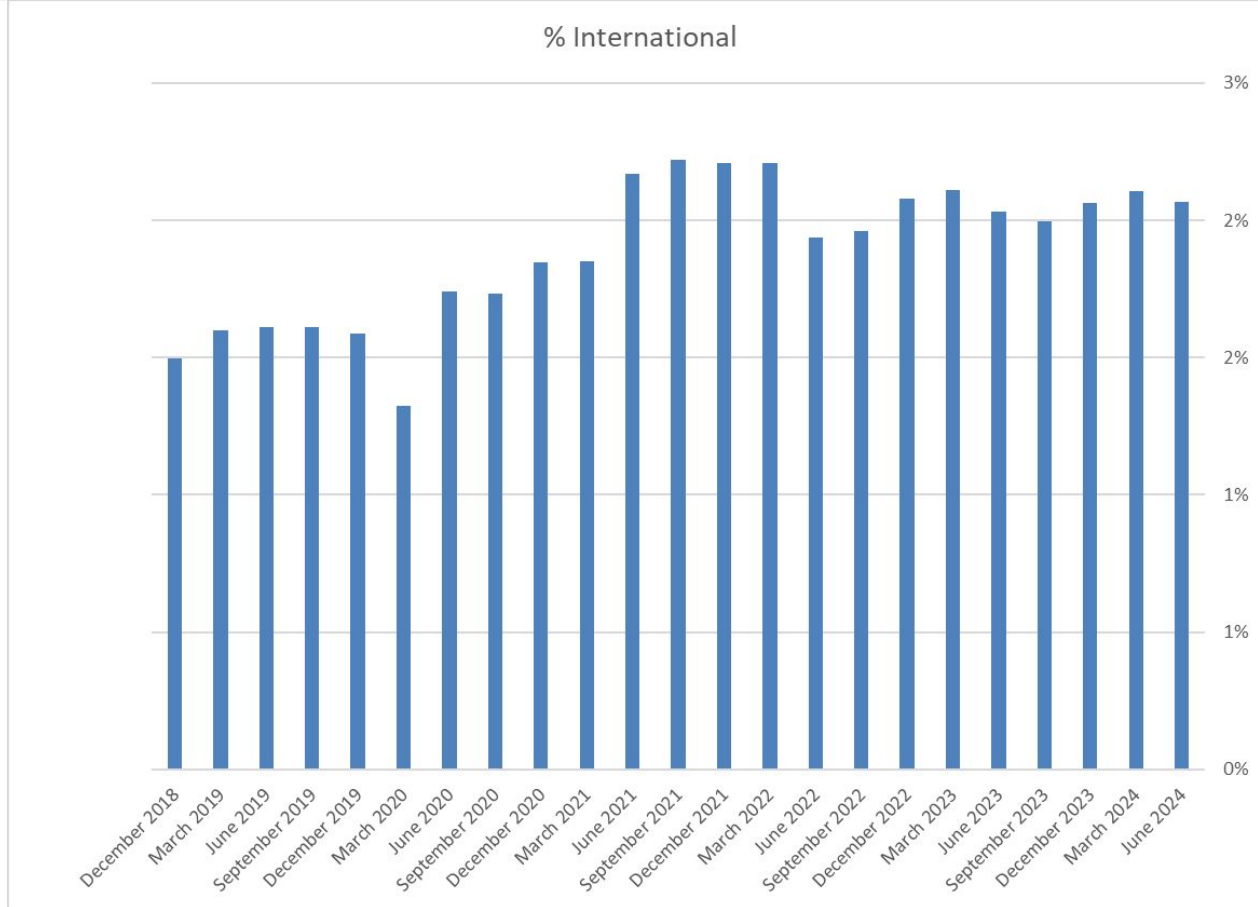
Asset Allocation: Mistake 5

5th Mistake Under- Diversification

Typical Australian Portfolio

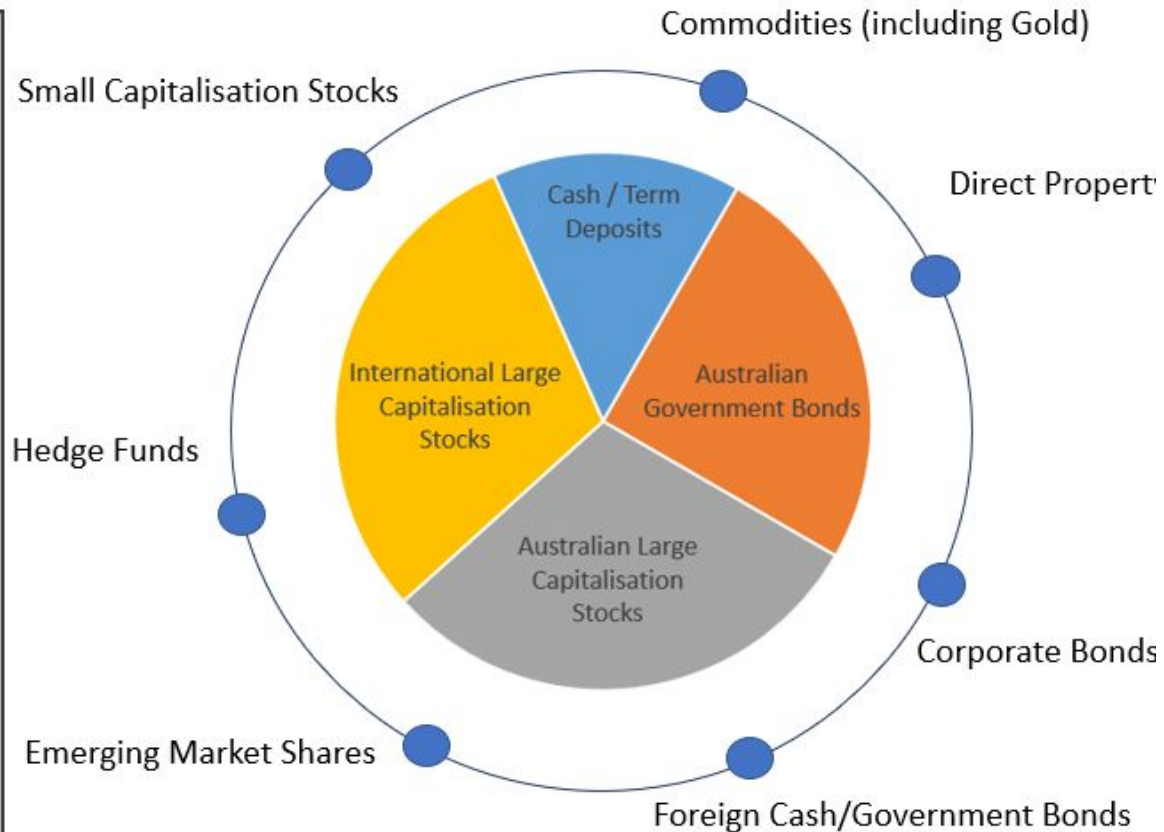
1. Cash and Term Deposits
2. Residential Home
3. Investment property
4. Bank Shares
5. Hybrids
6. Corporate Bond ETF

Asset Allocation: Mistake 5 Diversification



Asset Allocation: Best practice

How we view the
best practice for
asset allocation



Choose themes to screen from your portfolio away from (i.e. remove stocks)

Climate Change

War

Human Rights

Health

Vices

Animal Rights

Religion

Asset Class

Thematic

Climate Change

- No Fossil Fuels (Worst Offenders) 
- No Fossil Fuels (Any) 
- No Coal Seam Gas or Fracking 
- No Nuclear Power 
- No Old Growth Forest Logging 

Reporting:

Returns

- Doing Nothing
- Sticking with what you know
- Not having the time
- Bad timing
- Underdiversification
- Best practices

Personalise Your Portfolio

Screens

You can exclude the below to customise your portfolio

Climate Change	War	Human Rights	Health	Vices
Animal Rights	Religion	Asset Class	Thematic	

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?

Tilts

You can add the below to customise your portfolio

Investment Style Factors	Climate Change	Technology	
Consumption	Commodities	Military	GICS Sectors

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?



Personalise your portfolio now >



Build Your Portfolio

Need help with this page? Video Tutorial

- Account Selection
- Investment Choice
- Risk Profile
- Build Your Portfolio**
- Ethical Overlay
- Review
- Applicants
- Bank Details
- Compliance
- Final Review

Portfolio Tilts



Quality Stocks

Value Stocks

Growth Stocks

Oil & Gas Stocks

Gold Stocks

Agribusiness

Large Technology Stocks

Cloud Computing Stocks

Robotics/AI

Video Gaming

Cybersecurity

Clean Energy

Defensives

Battery Supply Chain

Nuclear Power

Defense Contractors

Travel

Luxury Goods

Logistics

Global Communication Services

Global Consumer Discretionary

Global Consumer Staples

Global Energy

Global Financials

Global Health Care

Global Industrials

Global Information Technology

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