

DIY brigade prefers CommSec

By Mike Taylor

MOST do-it-yourself investors use CommSec Direct Funds, according to a survey conducted by firm Wealth Focus.

The research, the Funds Focus DIY Investor Report, was completed last year and revealed that 69 per cent of do-it-yourself investors use CommSec as their main DIY investment broker, nearly six times more than the com-

bined market shares of its nearest competitors.

The survey found that the top five market shares based on the most recent DIY products purchase were CommSec Direct Funds (69 per cent), InvestSmart (8 per cent), Direct Access (4 per cent), E*Trade (6 per cent), Westpac (6 per cent) and 20/20 DirectInvest (3 per cent).

Commenting on the outcome of the survey, Wealth Focus director

Suliman Ravell said CommSec's decision in 2006 to purchase Neville Ward direct had proven astute.

"Their deep pockets have allowed them to buy out the only real competition they had and with an estimated \$10 billion in funds under management with do-it-yourself investment brokers and \$300 billion sitting in SMSFs, it seems only natural that DIY investment brokers will benefit," he said.



Suliman Ravell



Education costs double inflation rate

By Lorna Thornber

PARENTS would be well-advised to develop a financial plan to cope with skyrocketing education costs as early as possible, according to the Australian Scholarships Group (ASG).

The latest figures from the Australian Bureau of Statistics show that the education sub-index of the Consumer Price Index more than doubled the inflation rate last year and costs can only be expected to rise further. ASG pointed out that education costs have more than doubled the inflation rate for the past 15 years.

"Education is a major expense for parents whatever school setting they choose," ASG general manager of communities Warwick James said.

"Despite ever-increasing school fees and expenses, parents are still grossly underestimating the costs that lie ahead. Starting to plan early will help to ease the financial burden in the long term."

ASG recommends working out exactly how much a child's education is like-

ly to cost as early as possible and embarking on a disciplined savings program to raise the necessary funds.

"The key is starting early to minimise the pain," James said.

"Specific tax-effective education programs simplify the task for parents of young children. Saving between \$38 and \$45 per week will manage the pain of government secondary school, \$94 to \$112 per week will meet the total costs of systemic (for example, Catholic) schooling and \$187 to \$221 per week is needed for private schooling."

According to ASG, parents can expect to pay between \$2,662 and \$6,952 in 2008 for their child's preschool education, between \$5,317 and \$12,561 for their primary school education and between \$5,618 and \$21,112 for their secondary education, depending on whether they opt for government, systemic or private schooling.

ASG is one of several Australian member-based organisations specialising in helping parents to plan financially for their children's education.

RREEF gets top rating

By John Wilkinson

RESEARCHER Adviser Edge has awarded the RREEF Global (ex Australia) Securities Fund 4.75 stars in its first report on the property sector, the highest rating.

The companion fund, the RREEF Global Property Securities Fund rated 4.5 stars.

Adviser Edge head of property research Louis Christopher said the two funds' high scores were influenced by their strong returns since inception, which were continually above their peers.

"A strong management team and process as well as access to extensive in house research also influenced the strong rating given to the funds," he said.

The BT Wholesale Global Property securities fund also scored 4.5 stars while the AMP Capital Global Property Securities Fund was rated 4.25 stars.

In all, six funds scored four stars and above while six scored three stars and above.

The UBS Global Property Securities Fund achieved a 2.5 star rating, which was the lowest.

Christopher said there were several factors that contributed to the rating despite the fund manager having a "well-qualified" investment team.

"The fund's rating was negatively influenced by the turnover in the investment team during the past two years, which represents a major risk going forward," he said.

"Also, returns both on an absolute 12-month rolling basis and risk-adjusted basis (as measured by the Sharpe Ratio) have significantly underperformed the peer average of those funds under review."

The report said the property securities market will have a difficult year ahead in light of the US sub-prime crisis.

"Highly-leveraged property securities, especially those who utilise short-term debt, will find significantly increased margins on

those funds that they can borrow," Christopher said.

"Also vehicles that exhibit lower credit ratings and need debt refinancing will find it hard to obtain funding in the current market conditions in light of the credit crunch.

The ability of property securities managers to identify investments least affected by the credit crunch will be the key to success during the year, he said.

"The reality is that there have been few places to hide for portfolio managers, other than through increased fixed interest cash holdings," Christopher said.

"An economic slowdown of the global market is expected to negatively affect REITs going forward, with demand for the underlying commercial property assets already showing signs of easing."

The Adviser Edge Global Property Securities Fund Sector Review 2007-8 is also being made available to van Eyk subscribers as part of the strategic alliance between

Russell issues new mandates

RUSSELL Investment Group has issued two new mandates adding ClariVest Asset Management to its International Shares Fund and Harris Associates to the Global Opportunities Fund.

ClariVest will manage approximately 15 per cent of the Russell International Shares Fund alongside existing managers ICAP, MFS, Bernstein, Alliance, Turner, and Russell Global Opportunities Fund.

The mandate has come at the cost of Jacobs Levy and Altrinsic.

The Harris Associates mandate will see allocated a 10 per cent large cap portfolio alongside existing managers MFS, Arrowstreet, T Rowe Price and Axiom.

Commenting on the moves today, Russell Portfolio manager Phil Hoffman said the ClariVest appointment enhanced the International Shares Fund quantitative exposure globally.