

# The CommSec SMSF Trading Trends Report

September 2018

This report looks at some of the key share trading trends for SMSFs over the six-month period from 1 January 2018 to 30 June 2018, relative to the previous six months. All commentary and tables are based on CommSec data, unless otherwise stated.

## Report highlights



### SMSFs are still looking beyond the top 20

Frustrated by the underperformance of many of the large blue-chips that have traditionally been among their favourite stocks, SMSF investors have continued to turn to a more diversified group of mid and small cap companies.



### SMSFs have become blue-chip bargain hunters

At the same time, many SMSF investors have taken advantage of share price weakness to snap up blue-chip shares with a history of strong dividends at bargain basement prices.



### SMSFs are using Exchange Traded Funds to diversify

Exchange Traded Fund (ETF) holdings continue to grow, as investors use ETFs to diversify offshore and into other asset classes.



### International Listed Investment Companies and Listed Investment Trusts are increasingly popular

Internationally focused Listed Investment Companies (LICs) and Listed Investment Trusts (LITs) have carved out a significant niche as investors seek out diversification opportunities.



### Direct international share trades continue to climb

From a low base, the value of direct international share trades by SMSFs has jumped more than 57% over the last year, with a growing focus on Chinese equities.



# Markets pick up pace in 2018

The first half of 2018 saw the global economy continuing to gather pace, led by the United States, where growth was driven by tax cuts and strong employment. China also continued to grow strongly, and while the risk of a trade war has been a concern, markets currently seem to be taking it in their stride. As a result, the International Monetary Fund expects the global economy to continue growing above its long-term average.

Locally, the Australian economy is growing at 3.1% per annum, with low inflation and business conditions near record highs – all providing a promising backdrop for the Australian sharemarket.

The ASX200 finished 2017 strongly at 6049, but retreated in February when investors became increasingly concerned about the potential for rising inflation and higher US interest rates. A recovery in March was

checked after President Trump proposed tariffs on Chinese goods. The market reached a low point on 2 April 2018, with the ASX200 at 5752. However, it soon regained its upward momentum, rising to finish FY2017/18 at 6195 on 29 June, just below its 10-year high.

This strong performance was underpinned by large resource and energy companies, along with the continued strength of mid and small cap companies, despite lacklustre returns from some of the biggest companies in the ASX20. However, after a difficult period, signs of life are returning to the banks, Telcos and other key blue-chips which are helping to support further gains.

**For a comprehensive analysis of the FY2017/18 financial year, see CommSec Chief Economist [Craig James' Financial Year Wrap](#).**

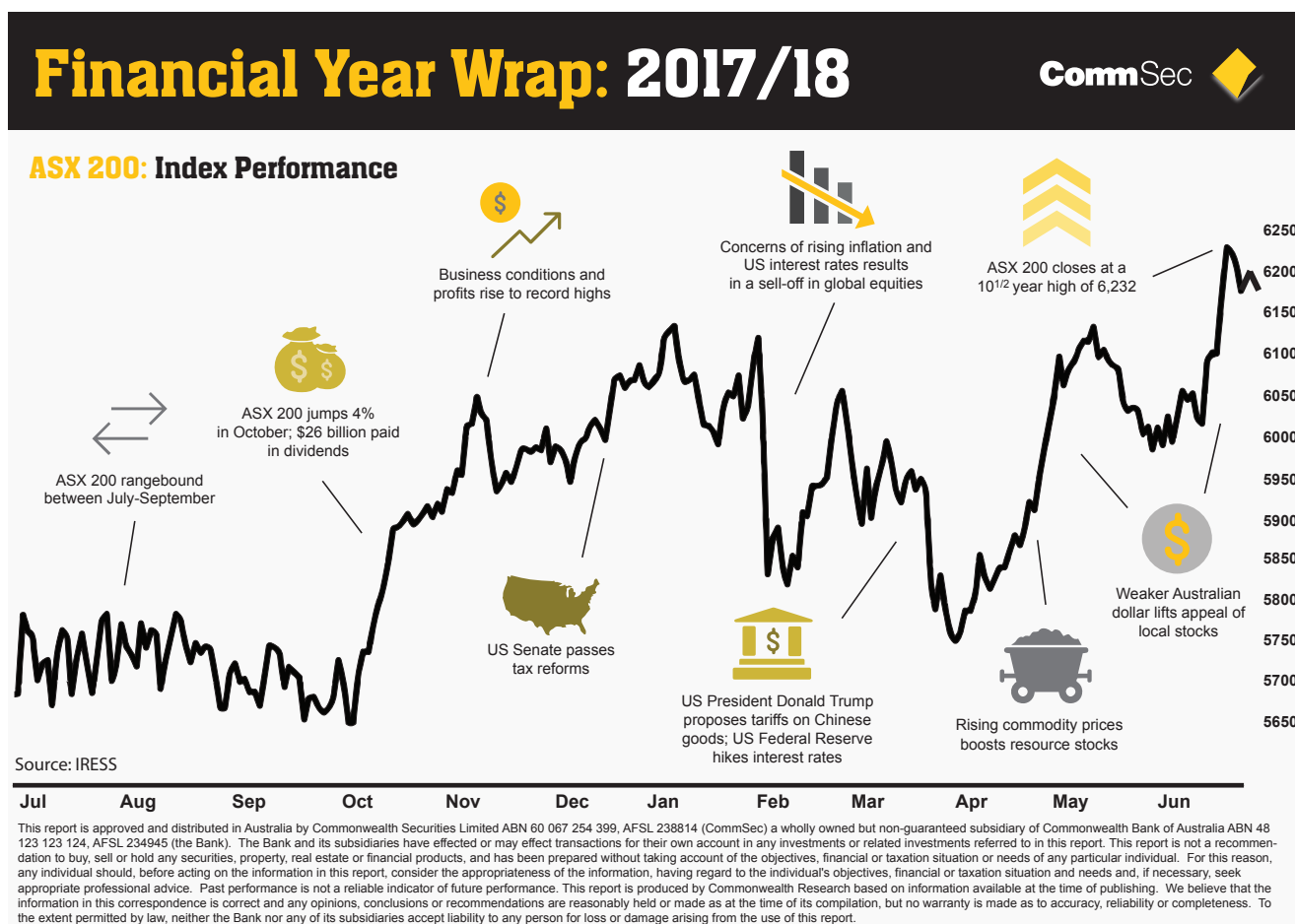


CHART 1: Financial Year Wrap 2017/18

# SMSFs are still looking beyond the top 20

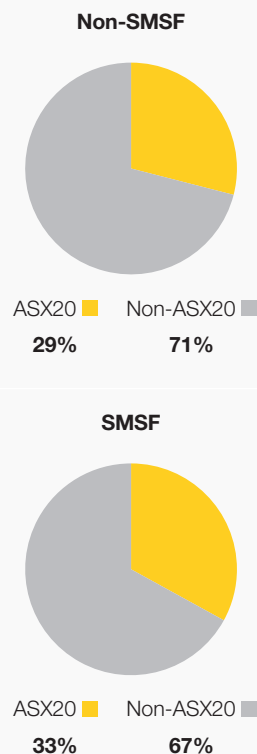
In our last report, we noted that SMSFs were more frequently looking beyond the ASX20 for investment opportunities. Frustrated by the underperformance of many of the large blue-chips that have until recently been among their favourite stocks, SMSF investors have increasingly turned to a more diversified group of mid and small cap companies that have shown strong gains over the past 12 months.

This trend has largely continued in 2018, with ASX20 shares now accounting for just 33% of the total value of shares traded by SMSFs, down from 40% a year ago and 34% at the end of 2017. However, SMSFs are still more likely to trade ASX20 shares than other investors, with ASX20 stocks accounting for only 29% of trades by value performed by non-SMSF investors.

Meanwhile, a rising market has seen overall SMSF trading activity rise, with the total value of shares traded up 2.1% and volumes up 5.8%, resulting in the average deal value falling more than 3.3%. Notably, the average deal size of ASX20 trades has dropped by 10.8%.

Despite these trends, the list of stocks most traded by SMSFs has remained largely unchanged over the last six months, with only a few significant shifts. The top three most traded stocks by value remain Commonwealth Bank (CBA), Telstra (TLS) and National Australia Bank (NAB) although they now account for a smaller proportion of trades overall – 13.8%, down from 15.5% six months ago. CSL Limited moved into the top 10 shares traded by value, while continued strong trading in A2 Milk (A2M) saw that stock move from eighth to fifth. At the same time, trading in some of the larger resources and energy stocks was weaker, with Woodside (WPL) falling out of the top 10, and Fortescue Metals (FMG) falling from fourth to eighth reflecting uncertainties around the future of oil and iron ore prices.

**TABLE 1: Trade value of the ASX20 as a proportion of total trading**



**TABLE 2: Top 15 shares traded by SMSFs (by value, as a proportion of total trades)**

July to December 2017		January to June 2018	
CBA	7.14%	CBA	6.02%
TLS	4.37%	TLS	4.01%
NAB	3.98%	NAB	3.80%
FMG	3.26%	WBC	3.31%
WBC	3.26%	A2M	2.70%
ANZ	2.75%	BHP	2.60%
BHP	2.46%	ANZ	2.32%
A2M	1.96%	FMG	2.17%
RIO	1.60%	RIO	1.56%
WPL	1.16%	CSL	1.50%
MQG	1.12%	MQG	1.35%
WES	1.09%	WPL	1.33%
CSL	1.09%	WES	1.13%
STO	1.02%	RHC	0.94%
RHC	0.99%	BOQ	0.88%

Looking beyond the top 10, some of the biggest positive movers included Mirvac (MGR), with trading by value up 937%, Wisetech Global (WTC), up 161%, AMP, up 154%, and Afterpay Touch (APT), up 126.5%. In most cases, this rise was driven by large positive price movements, with AMP falling sharply following a period of intense public scrutiny, and WTC and APT performing strongly with the rest of the technology sector, as discussed below.

The biggest decliners were Healthscope (HSO), with trading by value down 43%, Bubs Australia (BUB), down 42%, Lynas (LYC), down 34%, Suncorp (SUN), down 34%, Fortescue, down 32%, and Brambles (BXB), down 51%.

In comparison, non-SMSF investors showed an obvious bias toward smaller, more volatile stocks like JAT energy (JAT) and King River

Copper (KRC), reflecting a higher proportion of traders within their ranks, with trading values in JAT jumping from just under \$1 million in the second half of 2017 to \$136 million within the first half of 2018.

At a portfolio level, the average number of stocks held by SMSFs also remained largely unchanged, declining slightly from 12 to 11.9 stocks. Nonetheless, SMSFs remain considerably more diversified than other investors, with the average number of stocks held by non-SMSF investors falling from 5.0 to 4.9.

SMSFs are also more likely to own hybrids, which make up 3.6% of total SMSF CHESS Holdings, compared to around 2.3% among non-SMSF investors. 11% of SMSFs hold hybrids which represents 41% of the total hybrid balances.

**TABLE 3: Largest percentage changes in traded value July to December 2017 versus January to June 2018**

CHANGES IN THE ASX20 INDEX				CHANGES IN THE TOP 50 TRADED STOCKS			
NON-SMSF		SMSF		NON-SMSF		SMSF	
AMP	▲ 186.6%	AMP	▲ 153.9%	JAT	▲ 14100.8%	MGR	▲ 937.5%
WPL	▲ 43.6%	BXB	▼ 51.0%	KRC	▲ 1220.7%	WTC	▲ 161.6%
BHP	▲ 37.2%	CSL	▲ 41.0%	BLK	▲ 923.3%	AMP	▲ 153.9%
SUN	▼ 35.8%	SUN	▼ 33.8%	AMP	▲ 186.6%	APT	▲ 126.5%
BXB	▼ 34.6%	WFD	▼ 30.9%	AC8	▲ 160.3%	AGL	▲ 83.9%
WBC	▲ 23.2%	MQG	▲ 22.9%	APT	▲ 153.9%	AJM	▲ 80.1%
TCL	▲ 19.0%	WPL	▲ 17.3%	AGO	▲ 128.1%	SYD	▲ 72.0%
CSL	▲ 18.9%	CBA	▼ 13.8%	ORE	▲ 71.7%	HSO	▼ 43.4%
WFD	▼ 17.4%	SCG	▼ 13.6%	BPT	▲ 69.8%	BUB	▼ 42.0%
NAB	▲ 14.9%	ANZ	▼ 13.5%	BOQ	▲ 65.6%	A2M	▲ 41.2%
WES	▼ 14.6%	S32	▲ 13.3%	AGL	▲ 62.0%	CSL	▲ 41.0%
IAG	▼ 13.7%	TCL	▼ 10.9%	AUZ	▼ 61.8%	BAL	▲ 39.2%
ANZ	▼ 13.4%	WOW	▲ 9.0%	BUB	▼ 58.7%	CTW	▲ 38.8%
MQG	▲ 12.4%	BHP	▲ 8.0%	AWC	▲ 53.3%	BPT	▲ 38.6%
CBA	▲ 10.7%	TLS	▼ 6.3%	WPL	▲ 43.6%	AVZ	▲ 38.6%
S32	▲ 7.5%	WES	▲ 6.0%	FMG	▼ 40.7%	COH	▲ 37.5%
TLS	▲ 5.8%	WBC	▲ 4.0%	STO	▼ 39.6%	LYC	▼ 34.4%
SCG	▲ 5.8%	NAB	▼ 2.2%	BAL	▲ 38.5%	NCM	▲ 34.4%
RIO	▲ 5.0%	IAG	▲ 0.1%	BHP	▲ 37.2%	SUN	▼ 33.8%
WOW	▼ 0.2%	RIO	▲ 0.0%	QAN	▼ 34.7%	FMG	▼ 31.9%

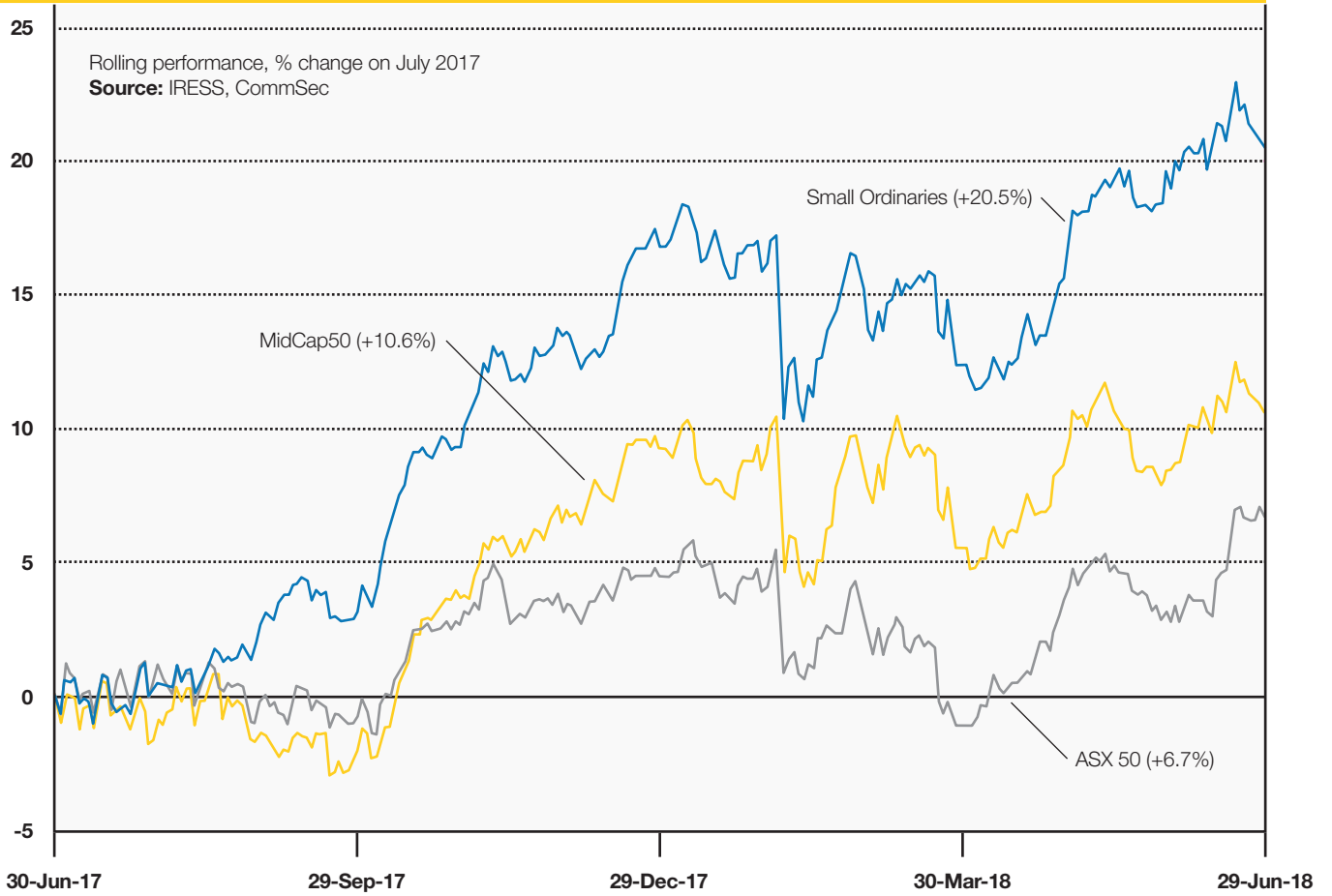
The top 20 largest holdings by value among SMSF investors closely mirror the most frequently traded stocks, with CSL now in sixth position following a strong share price performance. Notable exceptions are the two listed investment companies (LICs) among the top 20, Australian Foundation Investment (AFI) and Argo Investments (ARG).

Overall, these top 20 stocks comprise 54% of the total value of SMSF CHESS holdings.

**TABLE 4: Top 20 stocks by CHESS holding and as a % of total CHESS holdings**

SMSF		NON SMSF		SMSF	
CBA	9.0%	CBA	11.9%	CSL	▲ 35.2%
WBC	6.0%	WBC	5.9%	RMD	▲ 31.3%
NAB	5.8%	NAB	5.1%	AMP	▼ 24.7%
ANZ	5.2%	BHP	4.8%	TLS	▼ 24.2%
BHP	4.6%	ANZ	4.6%	A2M	▲ 24.1%
CSL	3.7%	CSL	4.2%	MQG	▲ 22.4%
TLS	3.4%	WES	3.2%	RHC	▼ 22.1%
WES	3.1%	TLS	3.2%	TAH	▼ 19.3%
WOW	2.0%	WOW	2.4%	PTM	▼ 18.9%
MQG	2.0%	MQG	1.7%	APA	▲ 18.6%
WPL	1.7%	RIO	1.3%	CGF	▼ 17.6%
RIO	1.7%	WPL	1.1%	COH	▲ 16.8%
SUN	0.9%	ARG	0.9%	ASX	▲ 16.2%
AFI	0.8%	SUN	0.9%	MPL	▼ 13.7%
STO	0.8%	AFI	0.9%	WPL	▲ 13.2%
AGL	0.8%	A2M	0.8%	BXB	▼ 11.9%
TCL	0.7%	AGL	0.7%	IVV	▲ 10.9%
ARG	0.7%	STO	0.7%	BHP	▲ 10.9%
ORG	0.7%	ORG	0.7%	IAG	▲ 10.4%
RHC	0.7%	BEN	0.7%	VAS	▲ 9.9%

**CHART 1: Small caps outperform**



# SMSFs step up the blue-chip bargain hunt

These trends do not mean that SMSFs have abandoned the blue-chips that have traditionally made up much of their portfolios, but they do suggest that investors are increasingly looking for value. A key indicator here is the buy percentage of the total trading value, which dropped from 51.7% to 50.7% among SMSFs, while increasing from 50.0% to 51.1% among other investors. Analysing buy/sell ratios for individual stocks, we see SMSFs taking advantage of share price weakness to buy into companies like AMP, Ramsay Health Care and Telstra, in a blue-chip bargain hunt that reflects an underlying belief in the long term prospects for these ASX stalwarts. Outside the ASX20, we've seen SMSF bargain hunters turning to the resources sector, with buys heavily outnumbering sells in lithium miners Pilbara Minerals (PLS) and Galaxy Resources (GXY).

Given the importance of franked dividend income to many SMSF investors, a key factor in this search for value is a belief that blue-chips

will continue to offer sustainable dividends, helping to maintain their long-term performance. However, we should also note that this faith has not always been justified, with SMSFs having been on the wrong side of some well-known blue-chip trades for the past 12 months. Having said that there appears to be a growing weight of market commentary suggesting that the beaten up blue-chip sector of the market is either in or approaching buy territory. Time will tell if the SMSF play will be vindicated.

SMSF investors have also been actively selling stocks that have had strong gains over the past 12 months, suggesting that many view them as fully valued. They include BHP, Rio Tinto (RIO), CSL, Macquarie Group (MQG) and Woodside (WPL). This profit taking may reflect a belief that the strong run in resources, energy and popular food stocks like A2 and Bubs may have run its course, at least in the short term.

**TABLE 5: The top 20 stocks bought and sold by SMSF investors (by value, as a proportion of total trades)**

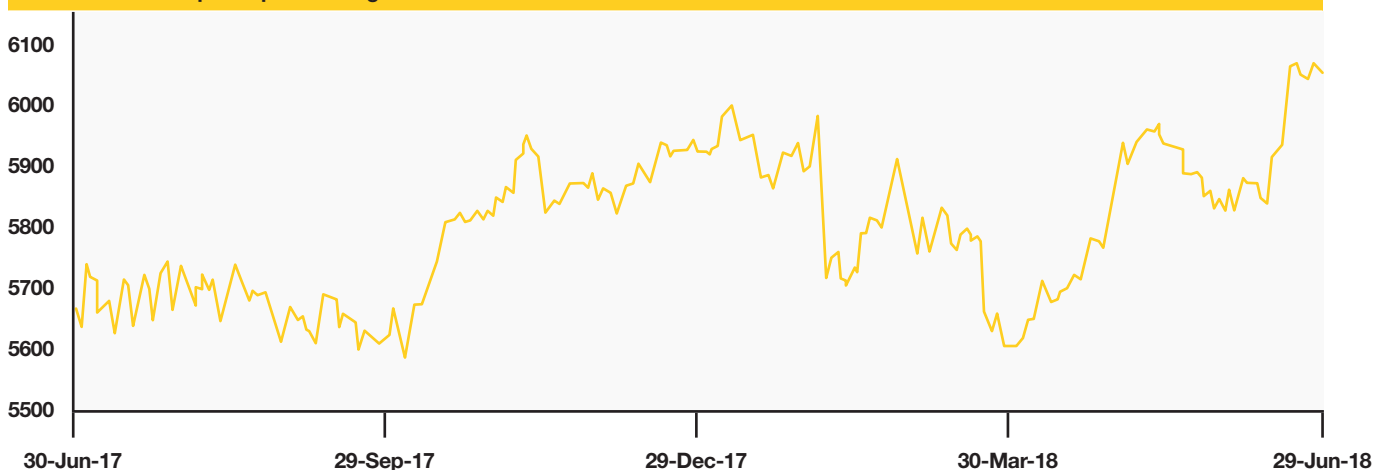
BUY		SELL	
CBA	3.64%	CBA	2.38%
NAB	2.29%	TLS	1.73%
TLS	2.28%	BHP	1.54%
WBC	1.94%	NAB	1.51%
A2M	1.27%	A2M	1.43%
FMG	1.10%	WBC	1.37%
BHP	1.07%	ANZ	1.28%
ANZ	1.04%	FMG	1.07%
RIO	0.72%	RIO	0.84%
CSL	0.69%	CSL	0.82%
MQG	0.65%	WES	0.73%
WPL	0.62%	MQG	0.71%
BOQ	0.62%	WPL	0.70%
RHC	0.48%	STO	0.53%
VCK	0.45%	RHC	0.46%
AGL	0.44%	WOW	0.46%
MGR	0.43%	MGR	0.43%
AMP	0.43%	VCX	0.42%
WES	0.40%	NST	0.40%
GXY	0.37%	S32	0.35%

This search for value among the blue-chips raises an interesting question, at a time when SMSFs are increasingly looking beyond the ASX20. Has a focus on large-cap stocks seen SMSFs miss out on other high return opportunities?

To answer this question, we looked more closely at SMSF trading behaviour in two strongly performing segments of the market:






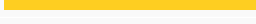





- The ASX Mid Cap 50 which includes BlueScope Steel (BSL), A2 Milk (A2M), Seek (SEK), Challenger (CGF), WiseTech Global (WTC), Orora (ORA), Reliance Worldwide (RWC), Xero, REA Group and CarSales.com.
- The technology sector, with stocks including Appen (APX), Afterpay (APT) and Altium (ALU).

**CHART 2: Mid-Cap companies surge<sup>1</sup>**



<sup>1</sup> Comprised of the companies in positions 51-100 of the ASX200 index.

**TABLE 6: Top 10 performing stocks in the ASX200 – period 1 July 2017 to 30 June 2018 and SMSF Interest**

S&P/ASX 200 INDEX		8.27%		
BEST PERFORMING	CODE	RETURN	POSITIVE PRICE RETURN	TOP 50 TRADED
APPEN LTD	APX	235.09%		N
AFTERPAY TOUCH GROUP LTD	APT	216.95%		Y
BEACH ENERGY LTD	BPT	210.19%		Y
A2 MILK CO LTD	A2M	179.79%		Y
ALTIUM LTD	ALU	162.66%		N
PILBARA MINERALS LTD	PLS	127.63%		Y
WISETECH GLOBAL LTD	WTC	126.30%		Y
BELLAMY'S AUSTRALIA LTD	BAL	124.89%		Y
LYNAS CORP LTD	LYC	122.86%		Y
WHITEHAVEN COAL LTD	WHC	108.66%		N

Both segments performed strongly over the last six months – and both featured prominently in the top 50 stocks by value traded by SMSF investors over the same period. In fact, seven of the top 10 performing stocks in the ASX200 over the 12 months to 30 June 2018 appeared on the top 50 stocks traded by SMSFs.

This reinforces the view that, while SMSFs have continued focusing on the blue-chip stocks they know well, they have also actively sought out opportunities elsewhere.

Looking more broadly across the market, we also analysed changes in SMSF trading activity in the five highest-performing market sectors

over the last six months. Here, we found that SMSF trades by value had increased in four out of the five. The exception was the Materials sector where, as noted above, many SMSF investors appear to have been taking profits. In comparison, non-SMSF investors were relatively less likely to follow these broad market trends.

As a result, it appears that SMSF investors have followed the money, increasing their trading activity in higher performing sectors to take advantage of a changing market.

**TABLE 7: Investment returns by economic sector 2017/2018**

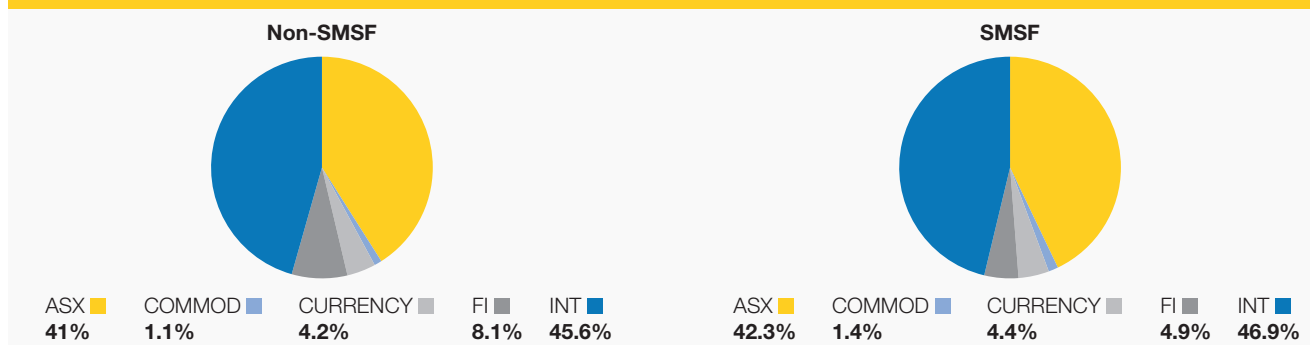
S&P/ASX 200 INDEX		8.27%	
NEGATIVE PRICE RETURN	ALL GROUPS	RETURN	POSITIVE PRICE RETURN
	S&P/ASX 200 ENERGYINDEX	38.19%	
	S&P/ASX 200 INF TECH IDX	29.50%	
	S&P/ASX 200 HEALTHINDEX	25.41%	
	S&P/ASX 200 MATERIALS IX	25.22%	
	S&P/ASX 200 CONS STAP IX	24.14%	
	S&P/ASX 200 CONS DISC IX	11.35%	
	S&P/ASX 200 Real Estate	9.16%	
	S&P/ASX 200 INDUSTR INDX	3.13%	
	S&P/ASX 200 FINANCINDEX	-3.85%	
	S&P/ASX 200 UTILITIES IX	-5.66%	
	S&P/ASX 200 TELECOM INDX	-34.89%	

# SMSFs are using ETFs to diversify

In our previous report we noted an emerging trend away from broad-based Australian share ETFs and towards international funds, as SMSFs increasingly use ETFs to diversify offshore. Over the last six months, we've seen this trend intensify, with internationally focused funds now comprising nearly 47% of all ETF trades, up

from 44%. As a result, Australian share ETFs now account for only 42% of ETF trades, down from 43%. This finding was also confirmed by Betashares in their 2018 half year review, where they reported that new investments in international equities were 2.5 times larger than those to Australian share funds.

**TABLE 8: ETF Trades by value and category**



**TABLE 9: The Top 10 ETF by Trade Value 1 January 2018 - 30 June 2018**

	EFT	CODE	CATEGORY
1	SPDR ASX200	STW	ASX
2	VANGUARD AUST SHARES	VAS	ASX
3	ISHARES S&P 500	IVV	INT
4	VANGUARD HIGH YIELD	VHY	ASX
5	VANGUARD INTER SHARES	VGS	INT
6	BETASHARES NASDAQ 100	NDQ	INT
7	BETASHARES US DOLLAR	USD	CURR
8	VANGUARD US TOTAL MKT	VTS	INT
9	VANGUARD ALL WORLD EX US	VEU	INT
10	ISHARES ASX200	IOZ	ASX
11	VANGUARD AUST PROPERTY	VAP	PROP
12	VANGUARD EMERGING MKTS	VGE	INT

And that isn't the only way SMSFs are using ETFs to invest beyond the Australian sharemarket. While the top four ETFs have remained unchanged over the last six months, an analysis of the top 12 ETFs traded by value shows SMSFs increasing their exposure to currency and property, as well as international equities. The strength of this shift suggests it is being driven by a desire for greater diversification, rather than simply the relative performance of different markets.

Combined with rising asset values, this drive for diversification has seen overall ETF holdings among SMSFs increase by 8% over the last six months, with the number of SMSFs holding ETFs also increasing by 5.8% and average deal sizes up 7.4%.

At the same time, value-conscious SMSF investors have also been taking profits, with the ETF buy/sell ratio falling from 66/34 to 56/44. In that respect, they have been slightly more cautious than non-SMSF investors, whose buy/sell ratio has declined from 68/32 to 62/38.



# International LICs and LITs are increasingly popular

Like ETFs, SMSFs are increasingly using Listed Investment Companies (LICs) and Listed Investment Trusts (LITs) to gain exposure to new asset markets, particularly offshore. During the last six months, the value of international LIC and LIT trades by SMSFs has risen from 23% to 26% of total LIC and LIT trades. That has seen the buy/sell ratio for LIC and LIT trades shift from 56/44 to 49/51, as investors shift their focus from Australia to international investments.

While the top four most traded funds by value have remained the same over the last six months, the MCP Master Income Trust has moved into fifth place, with trades increasing 60% by value. A fixed income LIC, its newfound prominence is further evidence of a growing tendency by SMSFs to use listed investment vehicles for greater diversification.

Overall, recent trading data confirms that the new, internationally focused LICs and LITs have carved out a significant niche, despite the considerable head start enjoyed by long-established domestic LICs. This has no doubt been helped by the high profile of the Platinum and Magellan brands in the SMSF space, with the original international funds from these two managers featuring in the top 10 holdings on both the Class and SuperConcepts SMSF administration platforms.<sup>2</sup>

**TABLE 10: Top 10 listed investment companies and trusts**

LIC	CODE	CATEGORY
WAM CAPITAL	WAM	ASX
AUST FOUNDATION INV CO	AFI	ASX
ARGO INVESTMENTS	ARG	ASX
MAGELLAN GLOBAL TRUST	MGG	INT
MCP MASTER INCOME	MXT	FI
WAM LEADERS	WLE	ASX
MILTON CORPORATION	MLT	ASX
DJERRIWARRH	DJW	ASX
AUSTRALIAN LEADERS	ALF	ASX
BKI INVESTMENTS	BKI	ASX

**TABLE 11: ASX200 vs NASDAQ**

## Nasdaq and ASX200 sharemarkets



<sup>2</sup> Class, June 2018 SMSF Benchmark Report, SuperConcepts SMSF Investment Patterns Survey – March 2018.

# Direct international share trades continue to climb

In our last report, we identified the growing appetite for direct international investments by SMSFs. As international trading becomes easier and international companies become an unquestioned part of everyday life, adding an Apple or a Facebook to an SMSF portfolio has become increasingly attractive. This attraction can be particularly

strong among SMSF investors using a core portfolio of ETFs or managed funds for diversification, then adding high conviction individual stocks in an effort to enhance performance. Increasingly, those individual stocks are likely to include offshore holdings.

Top 15 International stocks by Trading Value (AUD)			Top 15 International stocks by Holdings (AUD)		
	INTERNATIONAL	STOCK CODE		INTERNATIONAL	STOCK CODE
1	AMAZON	AMZN	1	APPLE	AAPL
2	APPLE	AAPL	2	BERKSHIRE HATHAWAY B	BRK B
3	FACEBOOK	FB	3	AMAZON	AMZN
4	TESLA	TSLA	4	FACEBOOK	FB
5	BERKSHIRE HATHAWAY B	BRK B	5	ALPHABET CLASS A	GOOGL
6	ALPHABET CLASS A	GOOGL	6	ALPHABET CLASS C	GOOG
7	MICROSOFT	MSFT	7	MICROSOFT	MSFT
8	ALI BABA	BABA	8	TESLA	TSLA
9	NETFLIX	NFLX	9	ALI BABA	BABA
10	JD.COM	JD	10	BANK AMERICA	BAC
11	NVIDIA	NVDA	11	NVIDIA	NVDA
12	ALPHABET CLASS C	GOOG	12	VISA	V
13	DIREXION DAILY 3X CHINA50 BULL	YINN	13	WELLS FARGO	WFC
14	BOEING	BA	14	NETFLIX	NFLX
15	BANK AMERICA	BAC	15	EXXON MOBIL	XOM

Over the last six months, the value of direct international shares traded by SMSFs has grown by 30%, building on a 27% rise in the prior period – a growth rate significantly higher than that for non-SMSF investors. That has seen international share portfolios become increasingly diversified, with the average number of international stocks held by SMSFs rising from 5.7 to 6.4, compared to just 3.4 among other investors. And while volumes are still small compared to the direct domestic equity market, the value of direct international share trades among CommSec SMSF clients is now around 50% of the value of ETF trades, with further increases likely.

Looking at the top 15 stocks held by SMSFs reveals a list of well-known names and strong share price performers, including the so-called FAANG stocks – Facebook, Amazon, Apple, Netflix and Google (or Alphabet). They also included trusted names such as Berkshire Hathaway and Microsoft, with a strong overall US focus. However, there are also signs that this focus is shifting.

Over the last six months, the largest increases in trading value have been recorded by two Chinese banks and an ETF that offers leveraged exposure to the top 50 Chinese stocks. From a low base, these three securities are now in or just outside the top 25 international stocks traded by Australian SMSFs. In fact, seven of the top eight fastest growing direct international investments by trade value are either Chinese-facing securities, or ETFs shorting US indexes. That suggests an emerging view among many SMSFs that the US market is fully valued and maybe susceptible for a correction, while value is emerging in a Chinese market where the key Shanghai Shenzhen CSI300 index has fallen around 20% from its 24 January 2018 high.

This interest in international diversification among SMSF investors extends beyond individual companies to ETFs available only on foreign exchanges. As a result, the value of offshore ETF holdings has increased 49% over the last six months, albeit from a low base.

We expect this trend to continue in the second half of 2018, with limited liquidity in the Australian ETF market for niche products encouraging investors to look offshore – notwithstanding the fact that some of these products are not for the faint hearted or novice investor.

**TABLE 12: Largest Increases in Trading Values for SMSFs with trading values over \$1M 1 January - 30 June 2018**

% change in trade value		SMSF		
1	BANK OF CHINA	BACHF	▲	13191.6%
2	AGRICULTURAL BANK OF CHINA	ACGBF	▲	11559.5%
3	DIREXION DAILY 3X CHINA50 BULL	YINN	▲	1035.8%
4	PROSHARES ULTRA SHORT DOW30	SDOW	▲	1035.4%
5	PROSHARES ULTRA SHORT S&P500	SPXU	▲	621.3%
6	CHINA MOBILE	CHL	▲	472.6%
7	NETFLIX	NFLX	▲	318.6%
8	PROSHARES SHORT 3X NASDAQ	SQQQ	▲	270.4%
9	BEIGENE	BGNE	▲	254.9%
10	INTEL	INTC	▲	220.3%
11	MICRON TECHNOLOGY	MU	▲	219.2%
12	FACEBOOK	FB	▲	196.8%
13	JOHNSON & JOHNSON	JNJ	▲	192.7%
14	VAN ECK JR GOLDMINERS ETF	GDXJ	▲	153.0%
15	BOEING	BA	▲	152.2%
16	AMAZON	AMZN	▲	129.0%
17	BERKSHIRE HATHAWAY B	BRK B	▲	117.3%
18	SKYWORKS	SWKS	▲	117.2%
19	ADOBE	ADBE	▲	114.6%
20	PROVIDENT FINANCIAL	FPLPF	▲	112.2%

# In summary

Looking back at the last six months, we have seen SMSF investors becoming increasingly diverse and sophisticated in their investment choices. While their portfolios are still heavily weighted towards larger stocks, SMSFs are also looking beyond the ASX20, as well as taking advantage of market dips to buy into blue-chip shares at a bargain price.

Only time can tell whether these value-based trades will play out as planned. Meanwhile, our analysis shows that SMSFs have continued to invest across the wider market and to actively trade in fast-moving sectors in search of new growth opportunities.

They are also increasingly likely to diversify offshore and into other asset classes using a variety of investment vehicles, including ETFs, LICs and direct international equities. Overall, this trend towards greater flexibility and diversification is a positive development that augurs well for the future of the sector.



**About the research:** The CommSec SMSF Trading Trends Report is an in-depth exploration of the online trading behaviour of SMSF investors, released every six months. SMSFs are a significant investor segment, representing 30% of all superannuation investments in Australia. This report is based on a detailed analysis of the trading behaviour of active CommSec clients between 1 January 2018 and 30 June 2018. The sample comprised a diverse cross-section of active share traders — defined as those who had traded at least once during the 12 months before the study period — including both SMSF and non-SMSF investors.

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