

INVESTMENT ADVICE | Where to get the biggest gains

Aussie shares are pick of the planners

ANTHONY KEANE
MONEY EDITOR

THREE years of world-beating investment returns have failed to dampen the enthusiasm of financial planners towards Australian shares.

Money asked 10 South Australian financial planners where they believed investors would get the biggest gains in 2006-07: Aussie shares, international shares, property, cash or bonds?

While the planners said it was important to spread investments across several categories, six out of 10 said Aussie shares offered the most growth potential.

Three thought international shares would lead investment returns, one said international property was the place to be, while no-one picked the more conservative cash and bonds.

Aussie shares returned 23.9 per cent in 2005-06, following gains of 26 per cent and 21.7 per cent in the two preceding years.

MBA Financial Strategists principal and AMP financial planner Mark

Borg chose Aussie shares but warned it would be a volatile ride.

"I'm confident with the Australian market because the world's still in an upward swing, and I believe resources stocks will still have more growth," Mr Borg said.

Rex Whittford of Monitor Money said: "research would indicate global equities, but if you don't want

We would still be favouring selected Australian shares as a strong performer

the currency risk associated with that, you get good international exposure through companies with a broader exposure to global markets such as BHP and Rio Tinto".

Thornton Group senior adviser Duncan Wiech said the recent share market correction in Australia had created "a more comfortable entry point" for investors, while Pointons

Financial Planners principal David Pointon said Aussie shares were looking solid but investors would need to be more selective.

"My thoughts are the resources side of the stock market will keep moving for the next number of years," Mr Pointon said.

Prescott Securities chief economist and financial adviser Darryl Gobbett said good opportunities were opening up in international shares - particularly the U.S. - but he still preferred the domestic market.

"We would still be favouring selected Australian shares as a strong performer in the coming financial year with banking, logistics and infrastructure-focused stocks among the standouts," he said.

Savings & Loans Credit Union financial services manager Phil Butterfield also liked Aussie shares.

"Company profits are strong, especially in the resources sector, and growth in the market's earnings per share for the last financial year was probably about 20 per cent to 25 per cent," he said.

Overseas market boost

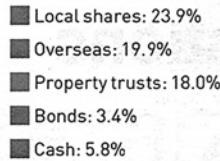
INVESTMENTS in overseas markets should receive a boost this financial year from an expected fall in the Australian dollar.

Financial planners who believe the best returns will come from offshore in 2006-07 say a weaker Aussie dollar automatically increases the value of international shares, which are typically bought through managed funds.

Ord Minnett financial adviser Tony Catt said a falling local currency would deliver holders of international shares a "double whammy".

"I think the overseas economies are tracking pretty well at the moment," he said.

UPTURNS IN 2005-06



Source: Intech

weight in international shares," he said.

Marinis Financial Group financial strategist Theo Marinis said international shares had been held back by a strong Aussie dollar.

"The international economy is booming along. With the troubles in the Middle East, people are concerned, but that won't last forever," he said.

"But you really need a diversified portfolio."

"If we knew everything, we would have the market cornered."

CPS Wealth Management financial planner Michael Schluter said global property trusts - more defensive than shares - were likely to do the best.

