Switzer Super Report

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Trend setters

Charlie Aitken is back from his European vacation with some great themes and ideas for investing. He's definitely not in that school of thought that thinks we're all going to hell in a hand basket. He couldn't believe the MDA (mobile data addiction) he came across and is utterly convinced of the buying power of the Chinese consumer. He suggests a few companies – like Telstra, Apple and Google – to buy on these trends.

Also in the *Switzer Super Report* today, on the back of the Archibald Prize, art critic Tim Olsen takes a look at investing in art. In *Buy, Sell, Hold – what the brokers say*, Ramsay and Henderson get upgrades, and Roger Montgomery wonders if there is something fishy about Tassal.
In *Short 'n' Sweet*, we examine the trends you need to be long on – like financial services, and Tony Negline explains how an actuary can save you tax.

Sincerely,

Peter Switzer

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European Vacation themes

by Charlie Aitken

I have to say at times over the last four weeks I did feel like Chevy Chase's character Clark Griswold in National Lampoon's *European Vacation* as I dragged my young family around Europe.

Holidays, particularly somewhat extended international ones, are great for clearing the mind and racking up credit card bills. Thankfully this time around neither the Australian equity market nor the Australian dollar collapsed while I was away, in fact quite the opposite, they remained relatively resilient, with low volatility as did all global markets.

Over the years, all 21 of them writing about equity and investment strategy, many of my best ideas have come from either direct observation, talking to people, clear-minded thinking on holidays or a combination of all three. When I don't have the daily/hourly dealing desk pressure of where the next ticket is coming from, and the associated *"white noise"*, it makes it far easier to see the bigger medium-term picture and investment themes.

I strongly believe in the power of observation as an investment tool: in fact it may well be the best tool we all possess. However, I suspect we all under-utilise it in the investment process because we feel if we can see it, it is most likely a "known known" and priced in. In a world of high frequency everything and instant information, as far I can see, the present is discounted accurately, but the future is not.

I thought today I'd start writing again by making a few comments on what trends I observed in Europe over the last month.

1. The euro is overvalued

Europe remains very expensive in US dollar terms and I can't see how you can get a sustained Eurozone recovery with the euro/US dollar above 1.20. I remain of the view the euro at 1.3462 is great shorting versus the US dollar and will correct as the ECB starts expanding its balance sheet right as the Fed's balance sheet peaks (October QE end).

2. Cashless society is here

While I was negatively surprised by just how poor value Europe was due to the overvalued euro, I was positively surprised by just how little physical euro cash I required. Remember it wasn't that long ago that French/Italian shop assistants would decline every card in your wallet just to get cash, but this time around I found not a single service provider tried the old trick of saying *"your Amex has been declined"* in an attempt to get you to use Visa because of their lower commission rate, or physical cash. It was chip and pin technology everywhere and I could have pretty much existed without any physical euro cash.

The cashless society is a major global theme playing out through VISA, American Express, PayPal, retail banks (less branches/ATMs required) and other financial intermediaries, but I think as Australians we need to realise we are quite a few years behind the rest of the world in terms of the percentage of transactions still using physical cash. This will change and we need further exposure to the cashless society theme. P.S. This is good news for the Australian Taxation Office (ATO) as eventually the vast majority of transactions will have an electronic record.

3. Mobile data addiction (MDA)

One of my big themes remains mobile data addiction (MDA) and in Europe I witnessed a whole new level of MDA. Everywhere you looked there were people on smartphones. I even saw a couple in a three Michelin-starred restaurant spend the vast bulk of their evening on their smartphones!

Similarly, just about everyone sitting on a beach on the Mediterranean was surfing a smartphone, not waves.

Points two and three above are obviously interrelated with the rise of Internet shopping etc. but all I could think was that this MDA theme is a HUGE one. I believe we are ALL underestimating the demand of high-speed mobile data and what incumbent telcos can charge for it. I remain of the view that the P/E arbitrage between telcos and the anti-social media sector, for example, is likely to narrow in favour of the telcos as the world works out they are GROWTH stocks, particularly the telcos with high leverage to mobile data.

Telstra (TLS) remains my number one Australian play on this theme and I note the stock is performing well into the FY14 result and final dividend lift in August. I still think Telstra will be a $6.00 stock over the next 12 months as earnings and dividend upgrades come through and the market pays a higher multiple each day for a stock the increasingly digital economy simply can't open for business each day without. As I have said before, I can see Telstra moving to a consumer staple multiple over the next few years and it remains an absolutely core high conviction buy in my view.

For investors who can invest internationally, I also like the smartphone makers, but particularly Apple ahead of the iPhone 6 launch. A bigger screen iPhone with better battery life is what we all want and we are about to get it and "Google" more and therefore pay Telstra more each month. I suspect if you hold TLS, AAPL, and GOOG for the next few years, you won't regret it. You must be exposed to the mobile data addiction theme: it's becoming a global epidemic.

4. Smoking: so yesterday

On the other side of the "addiction" trade I was pleasantly surprised by a clear fall in smoking rates in Europe. Europe is probably only second to China in the smoking stakes, but this trip I didn't have smoke blown in my face on any occasion. Not in a lift, not in a restaurant, not at a beach, not even in the street. It was amazing and a sign of the times, as it becomes harder and harder to be a smoker. Short tobacco stocks, long Telcos is the "utility trade" of the 21st century.

5. Chinese tourists

Another of my big macro themes is the rise of the Chinese tourist. They are now everywhere, but particularly in the capital cities of Europe. The Chinese are the Japanese of 20 years ago and I saw this with my own eyes at the Hermes flagship store in Paris. Without incriminating my wife, I may have been in the store for other reasons, but there was a 50-person queue to buy handbags. Now I am not talking about the special super high end Hermes handbags, I am talking about their standard ready-to-wear type bags.

When I asked the shop assistant is this an "unusual queue" she told me it happens every single day from open to close, with some Chinese tourists missing out on buying a bag when the shop shuts, only to return the next morning to be at the front of the queue. It was stunning and anyone who thinks you've seen the top in Chinese demand for luxury goods I think is mistaken.

Sure, anti-corruption laws have taken some of the demand out of high end wine, whiskey etc, but to me, to bet against luxury jewellery, fashion, accessory, accommodation, entertainment or lifestyle brands will remain a medium-term mistake. The recent dip in Chinese GDP growth rates to 7.5% has seen P/E indiscriminately take from all China facing stocks. I think that's a buying opportunity in plays on Chinese outbound tourism and its structural growth. I remain long luxury and my core Australian play on this theme remains Crown Resorts (CWN).

6. Airports

Airports are actually becoming a more pleasant and efficient experience. Even the worst European airports have some sort of retail offering now and, a bit like telcos, I suspect, the absolutely critical nature of airports to today's economy will lead to further re-rating. Airports are truly irreplaceable assets and with global tourist numbers increasing annually, and airline capacity rising in line with that increase in tourists, it's hard to see how airports are not GDP+ plays.

Interestingly, all the flights we were on were full, yes including QANTAS ones, and the airline industry is clearly doing better. Airlines are trading stocks and airports are investments: either way I think we all need more *"air"* exposure in portfolios despite the tragic events of last week.

7. Trophy property prices

Sydney prices are CHEAP compared to London, Paris etc. I remain of the view that Asian money will drive Sydney high-end property prices into the same stratosphere as leading European cities. As we make it easier for high net wealth global money to buy Australian property, you will see a further re-rating of Sydney trophy homes. Sydney, and only Sydney of the Australian capital cities, has the ability to attract that true trophy home/trophy apartment buyer. They are coming and Lend Lease (LLC) is the listed play on that theme.

8. Disney

Let it go, let it go.. the cold never bothered me anyway... Yes, even I now know the songs from *Frozen* after my four-year-old daughter watched it 6,789 times on our holiday. Walt Disney (DIS.US) are content creation and marketing geniuses as again evidenced by the success of Frozen. On 20x earnings, Disney is cheap.

I will expand more on these themes in the weeks and months ahead, but after a 30hr flight home, that will do for now.

I hope you're all well.

Go Australia, Charlie

100% of Charlie Aitken's fees for writing for the Switzer Super Report are donated to The Sydney Children's Hospital Foundation.

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Archibald provides platform for investing

by Tim Olsen

When I walked in to the Archibald Prize this year at the Art Gallery of New South Wales, even before judging had taken place, it was clear that Fiona Lowry's portrait of Penelope Seidler (wife of architect Harry) was a standout to take the top prize for many reasons, aside from it being a very good painting.

Fiona Lowry's Archibald-winning portrait of Penelope Seidler. Photo: Supplied by Art Gallery of NSW.

To start with, it was time for a winning subject that wasn't a famous actor. With Del Kathryn Barton winning with Hugo Weaving last year, it was always going to be difficult for Paul Ryan's Richard Roxburgh, Tim Maguire's Cate Blanchett or Tim Storrier's vulgar take on the gregarious Sir Les Patterson to get a look in, in regard to the judges keeping the award on an even playing field.

Investment opportunities

But alas, don't be put off by the politics, as the Archibald provides the greatest platform to start collecting and investing in Australian art. It's not only the award that brings prestige to the winning artist but to all the artists whose works are hung in the rarefied environment and it provides a who's who of the artist's currently making art in Australia. The added benefits of marketing and advertising of the exhibition, and the subsequent tour to other museums in other states, gives the artist a huge push in public awareness of their work.

Over the years, we have had winners such as Tim Storrier, Ben Quilty, and John Olsen, who needed little branding. But artists such as Guy Maestri, Sam Leach, Nicholas Harding and Adam Cullen (all past winners) saw a definitive surge after they won the coveted prize. This can be seen in auction house results and also sell out exhibitions at their respective commercial galleries.

Even though the prize is based on portraiture, it is the true metal of an artist to handle this subject matter in regard to their overall ability as talented painters. It is well known in the trade that portraiture is very hard to sell at the best of times. Gone are the days when it was fashionable to hang an Edwardian portrait of "a man of letters" or a "woman of aristocracy" above the mantlepiece.

Living with portraiture these days is like having to live with an uninvited non-family member and it is rare that such confronting images of other people are sort after for a domestic setting. The Archibald Prize is a window into an artist's overall skill and intellect as an emerging or established talent. Often the Archibald Prize can reinvent an artist's career and can be a

gateway for collectors to engage in these artists on a broader level.

Affordable quality

In recent years, since the GFC, if you were an artist who did not have an established career, it has been lean times. Young decorative artists of little consequence have maintained their status as readily collectables with little, to no, investment potential. Equally blue chip artists in the big league such as William Robinson, Fred Williams, Arthur Boyd and Brett Whiteley have maintained their bulletproof status, however there is a huge middle ground where collectors went quiet.

With medium income earners still buying inexpensive art and the very wealthy still investing in major names, it is the frugalness of middle class Australia that has hit in recent times and has hurt mid-career artists, who fall into the tens of thousands bracket. Effectively there is much activity under $20,000 or above $100,000 but in between it has been slim pickings. Lately, there has been a slight pick up in this area. There has been some, but still limited, international collectors dabbling in Australian art with many art lovers recognizing that Australian art provided affordable quality compared to our international contemporaries. This is mainly a result of the fact that we do not have a glut of billionaires to propel the prices of our most loved artists and sadly, in most cases, they are philistines as well.

Support the arts

Another factor is the Government's strict regulation of art as a self managed super fund investment. It has become complicated to administer collecting art on this basis, as one cannot live with the investment and must store and insure it accordingly. This form of collecting was generally a solid backup for mid-career artists in tough times but it is now more like investing in a racehorse and never racing it but being allowed to pat it in the stable! In the end, it seemed that the Labor Party, as advised by the Cooper Report, was trying to find a way to manipulate what people could, or could not, do with their spare super cash. Similarly, the banks were making it harder for people to take their money elsewhere. In the end, wealthy investors have other places to put their money and it is the artists, the suppliers and the peripheral employees who were hit hardest; not the rich. What our current Government has to do is to make it easier and encourage people again to buy and invest in quality art.

When it comes to our international identity, it is people in the arts who are the leading lights in showcasing us to the world as the "Clever Country". Not just our actors but also, with the huge involvement in international art fairs, some of the rising stars on the international scene are our visual artists. Ben Quilty currently has an exhibition at the Saatchi Gallery in London. We need to encourage our art lovers to buy our art here and not take their cash off shore, we need to keep it here to maintain and build our fragile art economy. Art is potentially still the golden egg in regard to investment, but the Government has to support the notion that in creating a market you need to support and encourage a market, not undermine it. As art is a rarefied commodity of limited production it will always be a case of "supply and demand" dictating the market. This market has cultural and ethical ramifications, as to how intelligent and sophisticated we are as a nation. As the great poet W.H.Auden once wrote, in regard to the role of the arts in our society, "It is in the prison of our days; to teach the blind man how to praise".

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Tassal – something smells fishy

by Roger Montgomery

It has been hard to find high quality businesses trading at attractive valuations in recent times. With share prices growing faster than earnings in recent years, valuations have started to become stretched across the board.

At times like this, one option for investors is to lift their heads above the immediate detail and scan the distant horizon; to try to spot large structural changes early and position accordingly for the long term. This is not easy to do, but potentially very profitable. For example, investors who anticipated the strength and duration of the mining boom could have enjoyed many years of rising tides.

Food bowl oversold

One potential area of opportunity is agriculture. It has been said that Australia should aspire to be the "food bowl of Asia", and there are some obvious reasons why this might be argued. In particular, the emergence of a very large middle class in Asia with increasingly Western tastes, combined with Australia's long-standing agricultural credentials and clean environment.

For an investor wanting to explore this road, however, the going starts to get tricky quite early in the journey. In contrast with the resources sector, where many of the world's premier listed mining businesses operate out of Australia, the ASX contains relatively little by way of large, world-class agricultural businesses.

While there are no doubt many good unlisted agriculture businesses in Australia that could also be considered, the sector is highly fragmented, and there are few enterprises with the scale to match even a mid-tier listed resources company.

The Tassal tale

One of the few listed Australian agriculture investments, Atlantic Salmon producer Tassal (ASX:TGR), may provide a case in point. Tassal shares have more than tripled from around $1.20 in 2014 to almost $4.00 currently, and on the face of it, TGR represents a live example of the "food bowl" theme bearing fruit for investors. However, a look at the underlying dynamics identifies some issues.

Tassal (TGR)

Source: *Yahoo! 7 Finance, 24th of July 2014*

Tassal's recent run comes on the back of a significant capital investment program. Between 2008 and 2012, it invested around $200 million in developing its production and infrastructure capabilities, with the aim of bringing its operations to world's best practice. While profitability has improved somewhat, Tassal's return on equity has been consistently below 15% in recent years and is forecast to remain there for the foreseeable future. At this rate, investors do not have a strong incentive to put capital into the business.

Perhaps a more surprising development is Tassal's export sales. In 2012, Tassal generated a small, but meaningful, percentage of its revenues from exports. Since then, exports have shrunk to near zero. At its first half results, the company commented on this: "Tassal's previous reliance on volatile export markets has been successfully eliminated." It seems

that competing overseas was much less rewarding for Tassal than selling domestically.

As a purely domestic supplier, Tassal may well have the ability to generate improving profits. However, like many domestic food producers, it must deal with very powerful supermarket chains, which may constrain potential returns, and clearly the "food bowl of Asia" theme does not apply. At this stage, it appears the strong run in Tassal's share price may not have a strong fundamental underpinning.

At the risk of generalising, it seems to us that investors need to be careful in navigating the agriculture investment theme. Where large capital investments are required in what are essentially commodities businesses with limited value add, we may find more examples of modest returns, and relatively few glowing success stories. Certainly Australia should not ignore the growth opportunities afforded by agriculture, but, in the long run, if we want a balanced, thriving economy, we may need to look beyond digging things out of the ground (or water) and shipping them to Asia.

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Buy, Sell, Hold – what the brokers say

by Staff Reporter

The health sector was in focus in the early part of this week with Macquarie noting the continued dominance of the supermarkets in the pharmaceutical space and downgrading Australia Pharmaceutical and Sigma. Ramsay was luckier with BA-Merrill Lynch upgrading after a review of its recent French acquisition.

In the good books

Macquarie upgraded fund manager Henderson Group (HGG) to Outperform from Neutral. The broker notes 80% of Henderson's funds are outperforming over one and three years but this is not reflected in the current share price, given concerns around European political risk. The broker believes performance and inflows offset macro and regulatory risks.

BA-Merrill Lynch upgraded Ramsay Health Care (RHC) to Buy from Neutral after reviewing the acquisition of Generale de Sante. A more positive view of the value of the French business is based on the procurement savings in the next three years and greater margin leverage from volume growth. Merrills thinks Ramsay can leverage a comparable lower cost now that it has purchasing power in France and drive up to $100 million in savings in Ramsay Australia over the next two to three years.

In the not-so-good books

Macquarie downgraded Australia Pharmaceutical Industries (API) to Neutral from Outperform. With supermarkets moving more aggressively into the health and beauty space, which the broker estimates represents around 30% of pharmacy sales, more pharmacy insolvencies and distributor bad debts may result and Aust Pharma's own Priceline franchises will come under increased competitive pressure. Cost controls and sales growth mean API should hit the top end of guidance in the short term, the broker notes, but longer term the outlook is less certain.

Macquarie downgraded Sigma Pharmaceutical (SIP) to Neutral from Outperform for the same reasons that it downgraded Australian Pharmaceutical. Sigma has reduced the potential impact of supermarket dominance through various measures including tighter credit controls. The broker remains positive on SIP's longer term outlook but near term structural headwinds are making current valuation look a bit stretched.

Iluka Resources (ILU) was downgraded to Underperform from Neutral by Credit Suisse. Disappointing sales in the first half have led Credit Suisse to downgrade its rating to Underperform from Neutral. The company has advised that 2014 sales may only match 2013?s 370,000t. The broker slashes zircon sales forecasts across the forward estimates with a view that 300-500,000 tonnes per annum is looking like the new norm.

Seek (SEK) was downgraded to Sell from Neutral by UBS. UBS has initiated coverage of Seek's 67% owned Chinese subsidiary Zhaopin following its IPO. The broker has put a Buy rating on Zhaopin, but has downgraded parent Seek to Sell on the local market. The Zhaopin IPO has left Seek in a stronger position to drive growth, but it failed to crystallise value for shareholders.

The above was compiled from reports on FNArena, which tabulates the views of eight major Australian and international stock brokers: BA-Merrill Lynch, CIMB, Citi, Credit Suisse, Deutsche Bank, JP Morgan, Macquarie and UBS.

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Short ‘n’ Sweet – on-trend stocks to buy

by Penny Pryor

Structural change is a constant theme. The key thing for investors is being able to identify which trends will prosper and which will fall by the wayside.

Telcos and the internet

In Europe for a four-week break, Charlie Aitken witnessed an even greater level of mobile data addiction than he’d seen before. MDA is not going away anytime soon and Charlie is big on Telstra locally and Google and Apple internationally.

If you want to know how to buy international stocks, check out this Short ‘n’ Sweet from earlier this year. The rates may have changed but the method is still relatively straightforward.

Telcos are also a theme of Gen Y. On Monday, James Dunn examined some of the sectors and companies that the spending habits of this generation are driving. Their approach to life is very different to previous generations but you need to understand their habits if you want to know which sectors are going to grow in the years to come.

As well as Telstra, James singles out TPG as a Gen Y stock. Big players in the online and data space should benefit from Gen Y but don’t be complacent. The other thing about this generation is that they can be fickle. Think Myspace, which was quickly overtaken by Facebook, which has just reported above expectation sales of $US2.91 billion for the second quarter in the US.

“Companies struggle to retain Gen Y customers, because of the line between what’s hot and what’s not – if a product or service falls out of favour, it is tough to get it back. This makes it difficult to tap into that Gen Y buying power and invest to capture it,” James says.

And just because something is hot, doesn’t always make it a good investment proposition. Twitter will announce its earnings next week but it has suffered from negative reports about declining user numbers, although it has still managed to increase revenue.

Financial services

Financial services is another key trend. Putting the banks’ traditional activities aside for a moment, what they, and other major financial services companies, stand to benefit from, is the increasing pool of superannuation savings. This is now at over $1.8 trillion dollars and will only grow as the superannuation guarantee increases from 9.5% to 12% over the next few years.

In our limited edition eBook on key trends for 2014/2015, Peter Switzer and Paul Rickard comment on the rise in the number of SMSFs and their funds under management.

“SMSFs may account for the lion’s share of superannuation assets but trustees have been notoriously hard to nail down. Fund managers vie for their attention but SMSF trustees are reluctant to be told what to do, after all, for many their distaste of relying on others is actually what led them to start up an SMSF in the first place,” they write.

But there are companies that have been relatively successful at securing a piece of the SMSF market, such as AMP through its acquisition of administration platforms Cavendish and part ownership of SuperIQ, which also owns Super Concepts.

“Locally-listed international fund managers Magellan Financial Group (MFF) and Platinum Investment Management (PLA) have performed particularly well over the past 12 months to two years, but investors might be better off finding exposure to the nuts and

bolts companies involved in superannuation," they say.

Computer registry business Computershare (CPU), is another company that should benefit from increased trading activity.

If you'd like a full copy of ***5 Big Investment Ideas for the New Financial Year*** *click* here.

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Save tax – use an actuary

by Tony Negline

Running a pension in your SMSF may mean that you'll need an actuary. In simple terms, actuaries use various mathematical techniques to make educated predications about the future. The profession has existed for several centuries.

Actuaries are amongst the most highly respected professionals operating in any field of work. The Government restricts the ability to describe yourself as an actuary unless you hold suitable qualifications from the Institute of Actuaries of Australia – IAA – which publicly trades as "Actuaries Institute".

However, the Government leaves the IAA to determine what initial and ongoing studies you need to gain and hold these credentials. If a complaint is made against an actuary, then it's the IAA that determines any penalties unless a client seeks formal legal redress.

When will you need an actuary and an actuarial certificate?

You will need an actuary if your fund is paying a pension, and your fund has not segregated the assets between the pensions it pays and any accumulation monies in the super fund.

The actuarial certificate's sole purpose is to deliver a tax exemption on the taxable income (including realised capital gains) on your fund's pension assets. No certificate, no tax exemption.

The certificate only has economic value to your fund if its cost is less than the tax the fund won't have to pay. For example, if the certificate costs you $300 and it delivers only a $200 tax saving then you might consider not bothering to get one.

When your SMSF won't need an actuary

There are three situations:

1. For the whole of a financial year, your SMSF only has members who receive pensions and the account balances of those pensions equals the total value of assets of the super fund.
2. None of your SMSF members are receiving a pension.
3. Your super fund pays one or more pensions and the account balances of these pensions is less than the total value of your super fund's assets but your fund uses the segregated assets approach to prepare its financial accounts and regulatory return. At the very least, you would have to segregate assets between pension interests and non-pension – or accumulation – interests. For a detailed discussion on segregated assets please see my previous article.

The actuarial certificate process

In essence, the actuary will ask you for details of all the transactions that have taken place in your fund.

The actuary then calculates a percentage and that number is placed on your certificate. You then use that number when completing your fund's tax return to work out how much tax the fund doesn't have to pay on its pension assets.

This percentage is the total average pension assets divided by the total average assets of your fund.

In effect, this is a weighted average. This means that the size and timing of transactions throughout the year affect the outcome. Transactions that occur on 1 July (at the start of a financial year) have a weighting of 1 and transactions that occur on 1 January (roughly half way through the year) have a weighting

of approximately 0.5.

There is a range of circumstances – for example, your fund has had significant realised capital gains or losses or has had large withdrawals – when these calculations can become a little complicated.

It's this percentage value, which you then use to determine the amount of taxable income that is exempt from super fund tax.

Unless an SMSF is being wound up, these certificates aren't issued for part of a financial year. They're only issued for a full income year. Regardless of these more complex situations, SMSF actuarial certificates aren't complex for a highly trained actuary. In fact, most of this work is done by an actuary's less qualified and experienced staff. Many actuarial firms have automated most of the work involved in completing these certificates.

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Market timing and PE as a guide

by Questions of the Week

Question: How do you know if a share price is too high? Are PE ratios a guide, what about future earning, sales growth, debt/ equity ratio etc. Is there something else that is a helpful guide to determine if the stock is a hold or sell or buy?

Answer (By Paul Rickard): There is no right or wrong answer. More common measures around pricing include Price/Earnings (PE) and Price/Book (PB) ratios.

In terms of whether a stock can justify a high PE or PB, you would also consider sales or revenue growth, profit or EPS growth, return on equity, and in particular, how these compare to their competitors. As it is a global market for capital, these comparisons will also consider companies operating in different market places.

Question 2: I am setting up my SMSF shortly. I could simply take all my rollover and immediately invest in the portfolio strategy (across asset allocations, combo of ETF, funds, cash). The other thought is to hold a lot more in cash and then progressively invest in the strategy over the next 12 months. The latter would (presumably) give me better choice to invest at the "right" time. I guess the old advice of "time in the market is better than trying to time the market" is still relevant though. However very interested to hear about the right timing strategy to transfer into an SMSF.

Answer 2 (By Paul Rickard): As you would know from reading Peter's regular column, our view is that the Australian share market can get up towards 6000 by the end of the year, and that the property market probably has another 12 to 18 months in it.

While offshore markets (particularly the US) look fully priced, if interest rates stay at or near 0%, it is hard to see too much of a downward correction.

On that basis, we would probably suggest that you invest earlier rather than later.

That said, we don't really see our skill set as "market timers", and have found that the adage 'time in the market' stands up pretty well.

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Did you know?

This week, Paul Rickard and I got together to talk about some key investment themes for 2014/15.