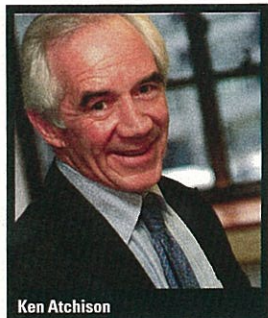


Direct property a head above the rest



Ken Atchison

Ruth Liew

Strong total returns, highest level of income and low volatility – direct property fits the bill and has beaten all other major asset classes in fattening investors' bottom lines in the last 20 years, new research shows.

According to the Australian Direct Property Investment Association (ADPIA) and Atchison Consultants, direct property provided strong returns, the highest

distributions, lowest volatility and best risk-adjusted returns when compared against other major asset classes including shares.

The asset class provided returns of 11.8 per cent over 10 years and 9.1 per cent over the past 20 years. It also provided income returns of 7.1 per cent per annum over 10 years, and 7 per cent over 20 years.

It was however important to note this was churned out at the lowest level of volatility and lowest downside risk of any

other investment, according to Ken Atchison.

Meanwhile direct property has also provided a very low level of income volatility of asset classes, delivering 0.2 per cent per annum over the last 10 years to December 2007. Over the last 20 years, the sector provided a low income volatility of 0.3 per cent per annum, compared with listed property (10.6 per cent), overseas shares (13.8 per cent) and local shares (10.6 per cent).

"Direct property is unique in

that valuations are not sentiment driven," said ADPIA president Linden Toll.

"It is therefore less likely to suffer the dramatic highs and lows of other markets and generally has a low performance correlation to other asset classes," said Toll.

"The study shows that investors should be increasing property allocations from five and 10 per cent to 20 per cent in balanced, growth and high growth portfolios," said Atchison. ■

Same sex super overdue: AIST

The Australian Institute of Superannuation Trustees (AIST) has thrown its support behind the Federal Government's proposal to eliminate same-sex discrimination in superannuation law.

AIST chief executive Fiona Reynolds claims the government's changes were long overdue. The new reform will ease gay and lesbian couples' access or split their superannuation entitlements in the event of a partner's death or relationship breakdown.

"Under existing laws, same-sex couples faced a completely different set of rules to married and opposite-sex defacto couples in regards to the splitting of superannuation in a relationship break-up. Unlike married couples, same-sex couples have to rely on general State Property Law in the event of a relationship breakdown," Reynolds said.

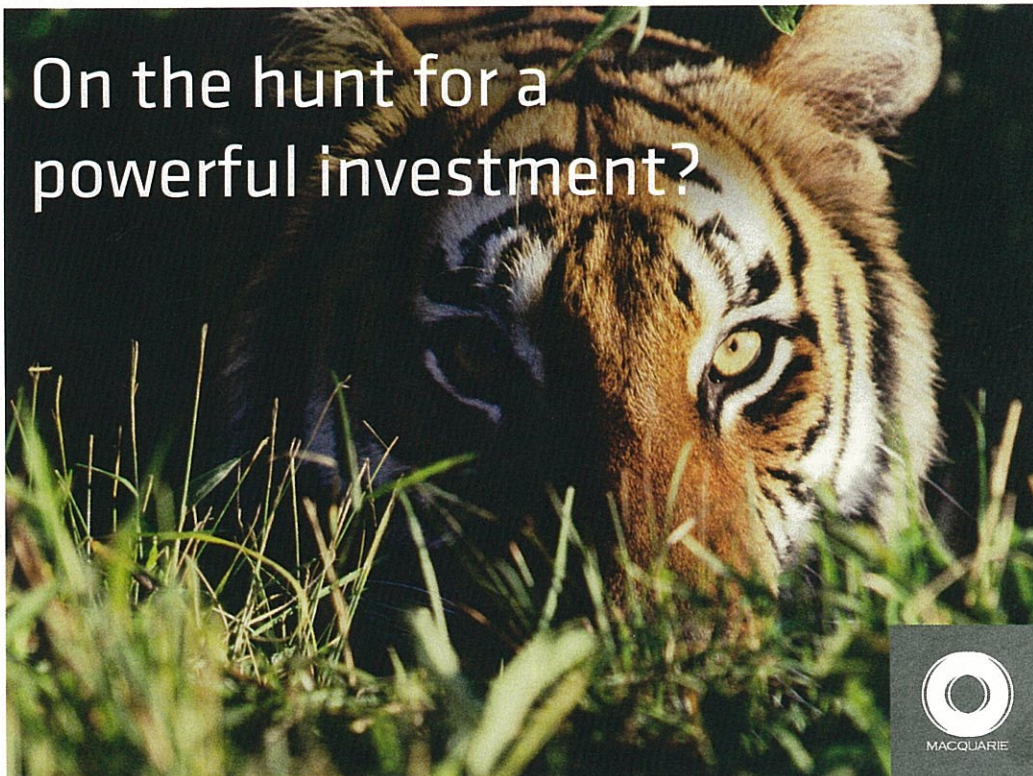
The same laws also prohibit same-sex partners benefiting from the \$540 per annum super contribution spouse tax offset, while lump sum death benefits are not automatically tax-free for surviving partners compared with their heterosexual counterparts. Unlike married couples, a same sex partner cannot engage in contribution splitting with their partner.

The underlying result of these changes will see gay and lesbian couples reap significant financial benefits, said Reynolds. ■



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