

## DIY Super Smart Money

Proportion of  
**DIY** FUND  
assets in cash



SOURCE: ATO

My super

## Gearing adds extra dimension

Zoë Fielding

It seemed only logical for financial planner Marshall Brentnall and his business partner Jeff Thurecht to establish their own self-managed superannuation fund.

The directors of Evalesco Financial Services, licensed by Professional Investment Services, specialise in advising others on self-managed super. Brentnall says they decided if they were going to concentrate on that area in their business, it was worthwhile – if not imperative – to have practical, first-hand experience of all aspects of running and administering a fund.

Brentnall and Thurecht established their self-managed fund in early 2010 with Thurecht's wife as a third individual trustee. Brentnall has since married and his wife joined the fund as a fourth individual trustee. With four in the fund, the individual-trustee member structure is cumbersome and the group is considering switching the fund to a corporate trustee structure.

The advisers typically recommend their financial-planning clients set up self-managed super funds using a corporate structure rather than individual trustees. Brentnall says



**A do-it-yourself fund has allowed the trustees to reduce fees.**

Marshall Brentnall, financial planner

this gives greater flexibility and certainty should something happen to one of the fund members.

The trustees sit together once a quarter, and review investment strategy. Brentnall and Thurecht lead the processes and, in conjunction with their wives, sign off on the investment choices.

"In terms of the methodologies and what we've invested in, it's really no different to what we would advocate for some of our more assertive clients," Brentnall says.

Between 40 and 60 per cent of the fund is invested in Australian equities and 30 to 50 per cent in international shares.

The remainder is in cash, through a Macquarie Cash Management Account, which acts as the hub of the fund and helps the trustees to keep track of cash flows.

The fund's Australian shares component is made up of directly held blue-chip stocks, a large listed investment company and an exchange-traded fund that invests in the 20 largest companies listed on the Australian Stock Exchange.

At the most recent quarterly review, trustees agreed to top up some of their direct share holdings and establish investments in two small-companies managed funds, one concentrating on Australian

smaller companies and the other an international smaller companies trust. For broader international equities, the fund is invested in two actively managed share funds and two global exchange-traded funds, which give exposure to companies in developed markets.

Where the portfolio differs most from what Brentnall and Thurecht would recommend to their clients is that investments are geared using a product called Macquarie Equity lever (it includes a basket of blue-chip Australian shares with a gearing of about 30 to 35 per cent).

Having a do-it-yourself fund has allowed the trustees to reduce fees and gives them control over after-tax returns, Brentnall says.

Public-offer superannuation funds charge an average of 1 per cent in administration fees and anything up to 1.5 per cent in investment management fees. "We were able to really dial back both that admin fee and, where the Australian shares are concerned, in effect remove the investment-management fee," Brentnall says.

This is an updated article from the Financial Review's DIY Super website. Go to [www.afr.com](http://www.afr.com) Free 14-day trial available now