

Home / SMSF Weekly / SMSF News /

Taking advantage of market rallies

26 March, 2012 Mike Taylor 0 comments

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Events since the beginning of this year should have reminded Australian investors of the dangers of missing out on market rallies, according to a senior analyst within boutique Australian equities manager [Prime Value Asset Management](#).



The analyst, Fiona Clark, said that few investors had foreseen the market rally of early 2012 and this had particularly been the case given the bearish close to 2011.

"There was understandably a lot of fear around in late 2011, with some reports suggesting that investors were pulling out of equities and allocating more to cash," she said.

"But missing out on market rallies such as this can be costly because markets rebounds are a big performance driver," Clark said.

She said flexibility to invest across the [Australian Securities Exchange](#) had proved important for getting the most out of the current rally, particularly as many smaller companies had moved first.

Clark pointed out that the small cap index had outperformed the 50 leaders by almost nine per cent including dividends so far this year, which showed the benefit of having some exposure to the smaller companies.

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