

search the AFR

PREMIUM

NEWS ▾ BUSINESS ▾ MARKETS ▾ STREET TALK REAL ESTATE ▾ OPINION ▾ TECHNOLOGY ▾ PERSONAL FINANCE ▾ LEADERSHIP ▾ LIFESTYLE ▾ ALL ▾



**Smarter Money Investments™**

**Australia's Best-Performing Short-Term Fixed-Interest Solution: 4.4% pa** NET OF FEES LAST 5 YRS

1300 901 711, info@smitrust.com.au, www.smitrust.com.au

Read the product PDS for more on risks. This has been prepared by Smarter Money Investments Pty Limited (ACN 153 565 867), authorized representative #00444337 of Colonial Capital Institutional Investments Pty Ltd, AFSL #62235. The product issuer is Citifinancial Services Limited ABN 94 101 105 011 AFSL 232871. This is general information only and not personal financial advice. You should not rely on any of this information when making investment decisions.

Read the product PDS for more on risks. This has been prepared by Smarter Money Investments Pty Limited (ACN 153 565 867), authorized representative #00444337 of Colonial Capital Institutional Investments Pty Ltd, AFSL #62235. The product issuer is Citifinancial Services Limited ABN 94 101 105 011 AFSL 232871. This is general information only and not personal financial advice. You should not rely on any of this information when making investment decisions.

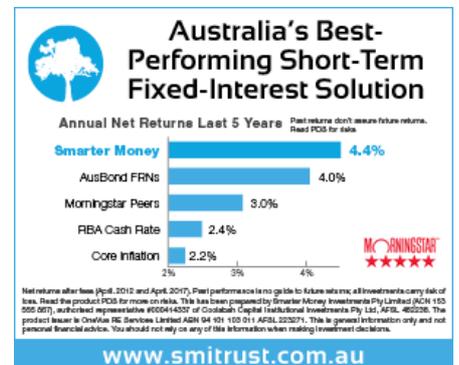
MORNINGSTAR ★★★★★

Home / Markets

May 29 2017 at 11:00 PM | Updated May 29 2017 at 11:00 PM

Save Article | Print | License Article

# Altair Asset Management hands back cash to clients citing looming correction



Australian housing affordability worsens



by Patrick Commins

Australian asset manager Altair Asset Management has made the extraordinary decision to liquidate its Australian shares funds and return "hundreds of millions" of dollars back to its clients, citing an impending property market "calamity" and the "overvalued and dangerous time in this cycle".

"Giving up management and performance fees and handing back cash from investments managed by us is a seminal decision, however preserving client's assets is what all fund managers should put before their own interests," Philip Parker, who serves as Altair's chairman and chief investment officer, said in a statement on Monday.

The 30-year veteran of funds management said that he had on May 15 advised all Altair clients that he planned to "sell all the underlying shares in the Altair unit trusts and to then hand back the cash to those same managed fund investors".

Mr Parker said he had "disbanded the team for time being", including his investment committee of chief economist Steve Roberts, senior healthcare analyst Sally Warneford and independent strategist Gerard Minack.

## Related articles

**Markets Live: ASX facing buyers strike**  
LIVE

**ASX poised to open flat**

"I would like to make clear this is not a winding up of Altair, but a decision to hand back client monies out of equities which I deem to be far too risky at this point," Mr Parker's statement said.

"We think that there is too much risk in this market at the moment, we think it's crazy," Mr Parker said more candidly.

"Valuations are stretched, property is massively overstretched and most of the companies that we follow are at our one-year rolling returns targets – and that's after we've ticked them up over the past year."

"Now we are asking 'is there any more juice in these companies valuations?' and the answer is stridently, and with very few exceptions, 'no there isn't'."

Mr Parker outlined a roll call of "the more obvious reasons to exit the riskier asset markets of shares and property".

They included: the Australian east-coast property market "bubble" and its "impending correction"; worries that issues around China's hot property sector and escalating debt levels will blow up "later this year"; "oversized" geopolitical risks and an "unpredictable" US political environment; and the "overvalued" Aussie equity market.

But it was the overheated local property market that was the clearest and most present danger, Mr Parker said.

"When you speak to people candidly in the banks, they'll tell you very specifically that they are extraordinarily worried about the over-leverage of the Australian population in general," he said.

He flagged how exposed the country's lenders were to a correction.

"If they get a property downturn anything similar to 1989 to 1991 then they are going to have all sorts of issues," Mr Parker said.

Altair's investment committee included former Morgan Stanley chief economist and noted bear Gerard Minack and former UBS economist Stephen Roberts.

The finance industry is not short of dire warnings.

One Melbourne fund manager [recently warned that interest-only loans had the potential to be "Australia's sub-prime"](#). More notoriously, [in early 2016 a Royal Bank of Scotland strategist urged clients](#) to "sell everything" at what fatefully proved to be a low point in the cycle in January 2016.

But Mr Parker's decision comes after a robust year of double-digit gains on the ASX. Not only that, but he is acting on his convictions by returning money to clients and abandoning the fees attached to a \$2 billion advisory agreement.

However Mr Parker, displayed little nervousness about making such a significant decision.

"Let me tell you I've never been more certain of anything in my life," Mr Parker said. "I am absolutely certain we are in a bubble in this property market."

"Mortgage fraud is endemic, it's systemic, it's just terrible what's going on. When you've got 30-year-olds, who have never seen a property downturn before, borrowing up to 80 per cent to buy three and four apartments, it's a bubble."

## Draghi says easy policy still needed

## Markets Live: Bruised ASX eyes iron ore

LIVE |

## ICOs drive 'next Bitcoin' gold rush

## Latest Stories



### Nuclear weapons tests come to YouTube

1 min ago



### 'No deals were done'

4 mins ago

[More](#)

Using the benchmark S&P/ASX 200 index as a proxy, he outlined a situation where the measure could fall as low as 5200 points in the coming months, depending on the confluence of his identified risk factors.

"Australia hasn't had its GFC event, we've been living in this fool's paradise. But if China slows down the way the guys think it will towards the end of this year, then that's 70 per cent of our exports [affected]. You can see already that the commodity market is turning down."

Mr Parker stridently denied any suggestion that there were other factors at play other than a pure investment decision. No personal issues, no position that has blown up and forced his hand.

"No, God no," he said. "We've sold out all of our positions at huge profits for our clients."

"This game is all about reputation. I feel that we are right."

For now, Mr Parker said he was happy to take some time off.

"I've never had more than five weeks off in a row. I'm probably going to have four months in a row, and if something happens in between, I'll think about it. Otherwise I'll enjoy the time off."

Fairfax Media Australia

## Recommended



**Morgan Stanley sues defector Anthony de Pizzol**



**AMP and other lenders set to raise rates by up to 28 basis...**



**Banks may no longer be a winning trade for investors**

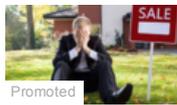


**Forget the food and scenery, Chinese turn to Tasmania for...**



**Sydney, Melbourne property market 'strong'...**

## From Around the Web



**SMSF property mistakes: The errors to avoid at all costs**

Promoted

Esuperfund



**Analysis of Exchange Traded Managed Funds (White Paper)**

Promoted

AMP Capital



**End of Life Insurance in Australia?**

Promoted

Life Insurance Options



**Take Advantage Of The \$20k Tax Offset**

Promoted

Crazy Domains



**Aussies massively overpaying on Life insurance**

Promoted

Life Insurance Comparison

powered by plista

## Special Reports

Jac Nasser on 30 years at the top

The 'magic is in the supply chain'

Average rich lister worth \$1.16b

Yenda Lee doesn't sweat the small stuff

Paul Little bought a plane for \$1

The real beating art of Venice

Why management consulting is rocket science

Epic fail on gender diversity

CSL's Paul Perreault eyes the long game

Are nice leaders effective?

Where to celebrate 150 years of Frank Lloyd Wright

Young and unruffled: NZ fashion sensation Maggie Hewitt

Heritage label Rodd & Gunn takes NZ cachet to the world

Top Australian homes you can buy today

Luxury must-haves in the rich colours of the season

Change needed to remedy public hospitals

Patients vote for choice

Path to a better system

Doctors searching for more optimal results

Employee awareness crucial in cyber defence

The Australian Financial Review  
www.afr.com.au

### My Premium AFR

My Alerts Create alert

Portfolio

Account

My Saved Articles (0)

### Subscription Terms

Digital Subscription Terms

Newspaper Subscription Terms

Corporate Subscriptions

### Contact & Feedback

About us

Our Events

FAQ

Contact us

Letters to the Editor

Give feedback

Advertise

Site Map

Accessibility

### Markets Data

Markets Overview

World Equities

Commodities

Currencies

Derivatives

Interest Rates

Share Tables

### Brands

The Australian Financial Review Magazine

BOSS

AFR Lists

Chanticleer

Luxury

Rear Window

The Sophisticated Traveller