

Managed Funds

A managed fund is a professionally managed unit trust as a collective investment scheme that pools money from a number of investors. An investment manager then purchases securities or other asset classes on behalf of investors.

A managed fund generally holds securities or other asset classes comprising:

- cash
- fixed interest loan or security assets
- property
- Australian shares
- international shares

The investment manager trades the underlying investments on your behalf. Most managed funds will have a clearly defined investment strategy that specifies how investments are made. Any net income or capital growth achieved by the fund will be held for your benefit, or distributed to you in proportion with your unit holding.

Managed funds can be a simple but effective form of initial investment, often with relatively small capital amounts involved. Managed fund investment enables:

- diversification, or investment spread, to limit investment risk exposure
- an investor to add to or increase the investment

Managed fund fundamentals

Managed fund advantages

Advantages of managed fund investment include:

- access to a wider range of investments
- diversification
- fund suitability choice
- professional management
- regular investment option
- liquidity
- low minimum investment option
- low level administration and reporting requirements

Managed funds can be single asset or multi-asset

Single Asset Managed Fund

This is a fund which invests in one asset class, ie. Australian shares.

Multi-Asset Managed Fund

This is a fund that invests across a range of the main asset classes. The investment strategy can be defensive, where the fund will have a higher percentage weighting in cash and fixed interest assets. The investment strategy can, alternatively, be more aggressive or high growth. Thus, the fund will have almost no cash and fixed interest assets, but mainly Australian and international shares.

Key considerations

The potential benefits of a managed fund investment choice can include receipt of regular distributions or dividends from a diversified portfolio.

A professionally managed fund benefits an investor through access to an investment fund, which might otherwise have been unavailable.

For more information on Managed Funds talk to one of our advisers on 135 444

It is important that you choose a fund with an investment mix and style that suits your investment objectives. Your financial adviser can recommend a fund asset portfolio that may include:

- fixed interest assets: low risk cash, government bonds, mortgage-backed securities, bank bills or similar asset classes
- hybrids: a mix of fixed interest debt and share securities
- structured equity products: structured products to provide, for example, capital protection through the use of derivatives or internal gearing through the use of linked loan assets
- shares: both Australian and international shares to maximise investment assets and minimise market exposure and volatility

Investment Timeframe

A disciplined long-term approach to a managed funds investment is recommended. It is important to remember the cyclical nature of markets in connection with your investment timeframe preference. This helps ensure the investment fits your investment requirements and is appropriate for your circumstances.

Capital Investment

Managed fund investment naturally contains an element of capital risk. Decide the amount that you are willing to invest, since the value of your unit holding investment can fluctuate. Your financial adviser will consider your investment amount decision when recommending a managed fund appropriate for your circumstances.

Additional Issues

A managed fund investment decision also requires you to consider various additional issues, including taxation requirements, fund fees and your preference concerning the receipt of investment income distributions.

Key considerations

Investment financial specialist benefits

Managed fund investment is an increasing investment choice in Australia. More than a million people choose to invest in managed funds. Managed funds enable an investor to gain access to investments that can be lucrative, diversified and made with minimal outlay. Your investment financial adviser can recommend a managed fund appropriate for your needs and circumstances.

Investment cost

Market entry is relatively easy. You can invest in a managed fund with a subscription amount from as low as \$1,000. Consider the level of fund management fees, which can vary, to calculate the overall cost structure.

Where we can assist

A financial adviser has the knowledge and experience to advise you about managed fund investment mechanics and recommend a managed fund asset portfolio appropriate for you.

Talk to Anne Street Partners Financial Services Pty Ltd (ACN 107 671 563 / AFSL 258853) today about a managed fund investment appropriate for your needs and circumstances.

We're here to help you.

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