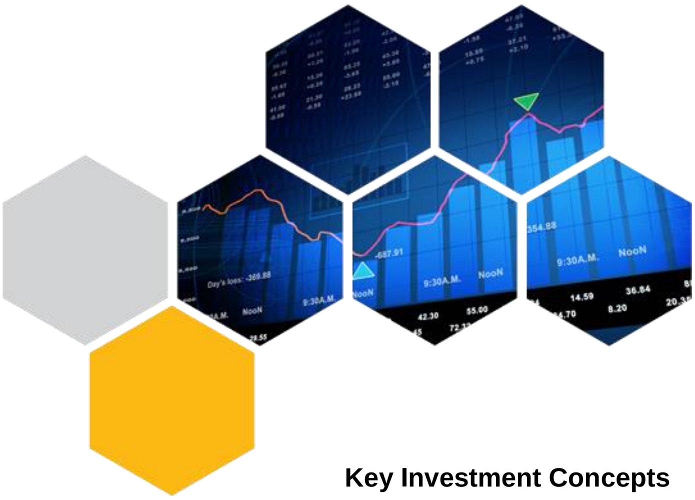

Key Investment Concepts

Managed Funds

Aon Hewitt Financial Education Series

What are managed funds?

A managed fund is where you invest your money along with other investors. The pooled money is then professionally managed by a specialist investment manager. You buy into the fund by purchasing units. The value of the units is calculated each day and will change as the market value of the assets in the fund rise and fall. You can invest in managed funds that invest in a single asset class, such as Australian shares, or a fund that is diversified across all asset classes such as a balanced fund.

Managed funds offer a cost-effective alternative to direct investments and can provide many benefits including diversification, cost savings, professional management and expertise, regular savings plans and the ability to reinvest the income back into the fund.

The main risks associated with investing in managed funds are the same as investing directly such as the value of your investment could fall, the amount of income you receive can vary and at times stop altogether, your investment may not keep pace with inflation. An additional risk of a managed fund is the manager may freeze redemptions in limited circumstances which will means you will not be able to access or sell your investments.

Managed funds vs investing directly

	Investing Directly (for example through direct shares)	Investing Indirectly (for example through managed investments)
Ability to control the timing capital gains	Yes	No – within the managed fund Yes – when selling the fund
Choice of investments	Wide	Wider
Control	Strong degree of control	Limited
Diversification	No	Yes
Flexibility	Limited	Full
Ongoing Management	You	Professional investment managers
Reporting	Multiple individual reports	One consolidated report

This document, including all tax and super calculations, has been prepared using legislation in place as at 1 July 2018.

Empower Results®