



Key Investment Concepts

What is a Multi-manager Fund?

Aon Hewitt Financial Education Series

A multi-manager fund is a single investment product that is made up of a number of specialised managed funds from various investment managers. Multi-manager funds are designed to be a one-stop solution, blending a range of specialist investment managers in a single fund.

The underlying fund managers are carefully selected to best meet the multi manager fund's investment objectives and to achieve optimal outcomes for investors. Please read on for the benefits of multi-manager funds.

Diversification by fund manager

Multi-manager funds aim to provide diversification across manager types and manager styles, with the aim of achieving growth with smoother returns by negotiating the ups and downs of the market.

One of the key benefits of a multi-manager fund is that it provides an extra level of diversification. You can gain access to all the usual benefits of a managed fund, such as company diversification and management expertise, with the added layer of diversification by fund manager. This is important because rarely will all fund managers perform the same in all market conditions. By diversifying across fund managers, your exposure to the performance of a single fund manager is reduced. Further, all fund managers will have a slightly different approach to their investment philosophy and process, therefore reducing exposure to a single investment style.

Having multiple fund managers doesn't mean that multimanager funds can only provide index returns. If the underlying active managers outperform, then the multi-manager fund will outperform. Having multiple active managers within a single fund serves only to reduce the influence of any one single manager; not the overall return.

Cost efficiency and convenience

A multi-manager fund can be a cost effective and convenient solution to meet specific investment objectives. The investment specialists managing a multi-manager fund will research, select, manage and blend multiple individual managers to ensure they are achieving the desired investment outcomes for you

A multi-manager fund provides the convenience of a single point of contact for access to a diversified range of fund managers, geographies and sectors. Further, fees for a multi-manager fund are equivalent to investing in a single manager fund – the added diversification does not come with an extra cost.

Active monitoring of managers

A multi-manager portfolio leverages the depth and breadth of knowledge of a well-resourced portfolio management team, whose job it is to actively look after your investment, which gives you comfort that your investments are regularly monitored.

The underlying fund managers that comprise a multi-manager fund should be actively monitored to ensure that they are delivering the best possible outcomes for you in varying market conditions. Exposure to an underlying fund manager in a multi-manager portfolio can be increased, reduced or removed completely depending on how an individual fund manager is performing, and how complementary it is with the other managers in the portfolio. Effective active management of a multi-manager portfolio is an important part of the process and can provide additional benefits for investors.

Having a dedicated multi-manager team to monitor the managers and to make changes as required means you don't need to spend time keeping track of the changes and performance affecting individual managers.

Access to leading fund managers

Multi-manager funds can provide access to the world's leading fund managers, including managers that are not accessible to retail investors. Detailed research and due diligence by multi-manager investment specialists can also identify successful, specialised fund managers that can help enhance the overall offering.

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