

Managed Funds

How investment diversity can help you...

What is a managed fund?

A managed fund is a combination of your money and other investors' money that is pooled together and invested. Rather than managing it yourself, investment specialists research the market, and invest on your behalf.

The money may be invested on the group's behalf into areas including shares, property, bonds, and fixed interest. The fund can be invested into a single type of investment, or a wide range of investment areas. For example, one managed fund may be invested exclusively in property, while another could be diversified into property, bonds and Australian shares.

The investment specialists also keep track of your investment through day-to-day investment management and administration, and keep you and your adviser updated with regular information – so you can keep track of your investment without the hassle.

The advantages of a managed fund

You don't need a large amount to invest:

You can initially invest as little as \$1000, and can add small amounts each month, so a managed fund can be a good choice for new investors.

Diversification: Rather than pooling all your money into one area of investment and losing all in one go if markets sour, a managed fund will allow you to spread your money across asset classes and sectors. Diversification is an important part of minimising risk and increasing exposure to a range of investments.

- You can also diversify across investments less accessible to individual investors, such as private equity and commercial property or international shares through a managed fund.

Ease of administration: A managed fund allows you to invest in many areas at once without the hassle of administration and constant maintenance and observation of the market – which is all left up to a professional.

What happens to my money in a managed fund?

When you invest your money, it is used to buy 'units' in the fund. These units represent your holdings in the underlying assets that could include companies, properties, and bonds within the fund. The price of units can rise and fall in line with the market, so if you invest \$1,000 when units are \$1 each, you will own 1000 units. If the unit price goes up to \$1.50, you would still own 1000 units, but your investment would be worth \$1,500.

You can maximise your returns from a managed fund by regularly adding money to your investment. Even a small amount of money added each month will compound over time and you will also get the benefits of '**dollar cost averaging**'. This means that regardless of what the market is doing, whether it is up or down, you are buying units and adding to your investment. Instead of investing all at once, you spread your investment over time to average out the price. The graph below shows that by investing \$100 per month there are greater returns rather than investing \$1200 once a year.

No one can see into the future and decide the right time to invest, but consistent and regular additions to your investment will ensure that the guesswork is taken out.

Is a managed fund investment suitable for you?

This will depend on your individual circumstances, investment goals and timeframe. You might want to build up your savings, you could be saving for your child's or grandchild's education or maybe for a home deposit. Whatever your situation, your Count adviser can recommend a suitable plan which will take all of this into account.

When you have discussed a managed fund with your family or partner, your Count adviser will be able to help you begin, and stay on track with your investment. It is important that you are comfortable with an investment plan, and that you have considered your specific needs, goals and financial situation in order to make a decision that will best benefit you.

