The 5 main

advantages of managed funds

While 'do-it-yourself' may be fine for work around the house, it's a different matter when it comes to something as serious as your financial future. After all, it doesn't matter too much if a leg falls off your home-built side table, but if the wheels fall off your investment plan it could disrupt your life entirely.

There are numerous benefits of investing in managed funds rather than trying to 'do it yourself'. Here are the five most important.

1. Full-time management by experts

Investment markets move quickly, and keeping on top of things requires a lot of attention. Most of us simply don't have the time to look after investments properly.

Professional investment managers spend their entire working lives thinking and learning about markets, companies, currencies, interest rates and so on. They have access to all the latest developments and can act on them instantly.

And because they're professionals they tend not to make the mistakes that amateurs do, like becoming impatient, or acting impulsively, or letting their heart rule their head. Their job is to make money – for you.

2. Spread of investment reduces risk

Even if you did have the time to look after your own investments, you are unlikely to have the resources to build a portfolio to compare with a major funds manager.

To give you an idea of what we mean, the investment mix of the Suncorp Growth Fund as at 31 December 2002 included:

Australian shares	Shares in more than 50 Australian companies, including BHP, Fosters, Woolworths, News Corporation, National Australia Bank, Harvey Norman and Rio Tinto.
International shares	Shares in over 200 companies across North America, Europe and Asia including well-known names like Pepsi, Microsoft, BP, Hewlett Packard, Vodafone, General Electric and Nokia.
Property	Investments (generally via listed property trusts) in city centre office blocks, major shopping centres like Westfields, industrial estates, hotels and tourist operations.
Fixed interest	Bonds issued by Australian and overseas governments, bank bills and other high-yielding securities.

Note: This is achieved through investment in the Suncorp Investment Trusts.

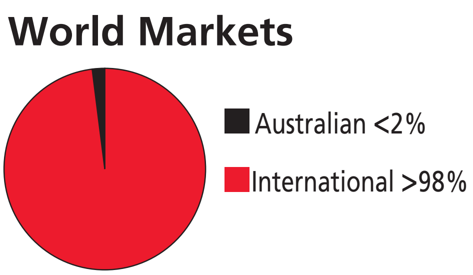
This spread of investments – or ***diversification*** – is the single most important way of reducing risk. It's the ultimate in 'not putting all your eggs in one basket' because, by investing as little as $2,000 at once or $100 a month in a single managed fund, you get to put your eggs in many different baskets.

3. Opportunities beyond your normal reach

Because of their size and investment muscle, managed funds have access to the best investment opportunities. These are opportunities beyond the reach of individuals, and many you would most likely never get to hear about.

Global shares are a good example. The investment world is huge, and more than 98% of it is outside Australia.

You may like the idea of investing in the world's leading companies whose products you or your family use every day – companies like McDonalds, Disney or Colgate-Palmolive (US), Sony (Japan), Nestlé (Switzerland), Nokia (Finland) or Adidas (Germany) – but how can you as an individual?



The most effective way is through a managed fund that has access to investment experts 'on the ground' who can spot the best opportunities.

4. Convenience and value

Compared with property, shares or even term deposits, managed funds are delightfully 'low maintenance' investments. While there are ongoing management fees, there are no repair bills, no overdue rent to chase up, no new tenants to find, no maturity dates to remember and no searching for the best interest rate. It's all done for you.

> "Managed funds are great low maintenance investments"

You can generally add to your managed fund investment in small amounts, or take small amounts out if you need to*, and all within a matter of days. Try doing that with a rental property – you can't just sell off the kitchen if you need some ready money!

*Please note an exit fee may apply.

The professional managers not only do all the buying and selling for you, they also look after all the paperwork. They even provide a full tax summary at the end of the financial year so that you can include the information in your tax return.

5. Tax advantages

Some investment assets offer attractive tax benefits. Australian company dividends, for example, often carry imputation credits which, depending on your personal tax situation, could reduce your tax bill or even earn you a tax refund. Similarly, there are depreciation allowances on certain types of commercial property income.

Professionally-managed funds take advantage of these tax benefits and pass them on to you when they pay income distributions. They also take advantage of the tax breaks on long-term capital gains, where only half the profit is taxable, and you benefit from those tax concessions, too.[†]

So not only can managed funds help you achieve better returns, they may also help you pay less tax.

> "Managed funds can help you achieve better returns than cash over the medium to longer-term and you may also end up with less tax to pay"

† The 50% capital gains discount is only available to unit holders who are individuals or trusts, and where the underlying assets were held for at least 12 months. Superannuation fund investors receive a one-third discount on any long-term capital gains.