

Understanding Managed Funds

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A managed fund is an investment vehicle that allows multiple investors to pool their funds for the purpose of investing. Generally, many of the investments accessed through a managed fund would not be available to individual investors due to the large sums of money required.



Managed funds aim to provide growth of your portfolio over the medium to long term, however, losses can also occur if the value of the investment falls.

In a managed fund, your money is pooled together with other investors. An investment manager then buys and sells shares or other assets on your behalf.

You are usually paid income or distributions periodically, generally quarterly, half-yearly or yearly.

A managed fund can provide:

- Diversification from your other investments;
 - Access to a broad range of fund managers, assets, markets and countries;
 - Convenient savings plans with regular contributions for people wishing to save, or a regular withdrawal plan for people wanting an income;
 - Ease of reporting – it's easier to do paperwork and tax returns, compared with buying and selling shares direct, as the fund manager will supply all the necessary information.
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Things you should know

- The balance and return of your investment are not guaranteed – the value of your investment will rise and fall with market movements;
- Income and capital gains distributed from your managed fund are added to your assessable income each year and will need to be included in your annual Tax Return, even if you have opted to reinvest all income back in the fund. These details are included in the Annual Taxation Statement of the managed fund each year. As this is added to your assessable income, it may affect your other benefits such as Centrelink benefits, Family Tax Benefits and Child Support (where applicable);
- When you redeem your funds or sell out of a managed fund, you may pay Capital Gains Tax on any profit (or gain) made.