

# Managed funds

Guide to investment

2006

Over nine million Australians have discovered the benefits of managed investments – one of the world's fastest growing investment categories.<sup>1</sup>

## What is a managed fund?

A managed fund pools your money with money from other investors to form an investment fund. Specialist investment managers then invest the money in the fund on your behalf.

Managed funds come in many shapes and sizes. Some funds invest in just one type of investment such as Australian shares, international shares, cash or mortgages while others known as diversified funds invest across a range of asset classes including Australian shares, international shares, fixed interest, property securities and cash.

So whether you have \$2,000, \$20,000 or \$200,000 to invest, your money has access to the investment buying power of millions of dollars. This buying power means you can take advantage of opportunities normally only available to large corporations or those with extensive specialist knowledge.

## How are managed funds structured?

Most managed funds are structured as unit trusts. When you invest, you are allocated a number of units based on the amount you invest and the current unit price. For example, if a unit in a fund is worth \$1 and you invest \$2,000, you would receive 2,000 units (less the entry fee, if charged).

The unit price reflects the value of the fund's investments. As the value of the investments rise and fall, so does the unit price. To determine the current value of your investment, you simply multiply the current unit price by the number of units you hold.

You can find current unit prices for Perpetual managed funds on our website [www.perpetual.com.au](http://www.perpetual.com.au) or by calling Perpetual's Investor Services Centre. Prices are also listed in major financial publications on a regular basis.

## Managed funds versus direct investments

It is possible to invest directly in nearly all the investments in which managed funds invest. However managed funds can provide you with a more diverse range of investment opportunities while taking the effort out of the necessary administration associated with many investments.

## Expertise

Managed investments give you access to trained investment specialists, who constantly research and monitor the investment markets to determine the best possible investment opportunities. For example, share analysts from Perpetual Investments conduct research on hundreds of different companies across many different industry sectors, to determine the best shares for Perpetual's funds.

## Time management

Managed investments offer investors a convenient and efficient method of investing. When you invest, your fund manager will handle all the paperwork and administration, provide you with regular information on the fund's performance and provide annual tax statements and tax guides.

Managed funds can provide you with a more diverse range of investment opportunities.



1. Investment & Financial Services Association Limited, April 2003.



**Fund Manager of the Year**  
Australian Equities

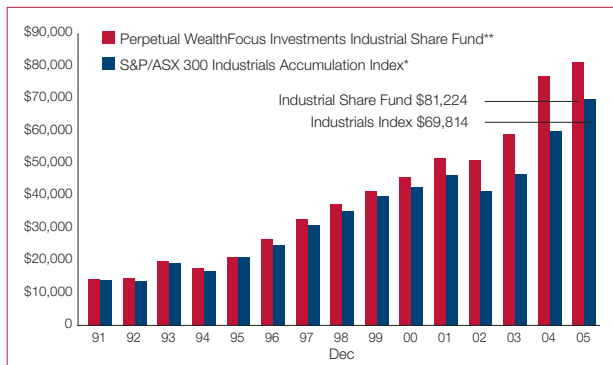
Perpetual Investments was named the Morningstar Fund Manager of the Year 2004 and the Morningstar Australian Equities Fund Manager of the Year 2004 (the fifth consecutive year we have been named Morningstar Australian Equities Fund Manager of the Year).

## Performance

Perhaps most importantly, managed investments offer the potential for strong long-term performance. Chart 1 shows how fund managers can add value. It compares the value over time of \$10,000 invested in December 1990 in Perpetual's Industrial Share Fund, with \$10,000 invested in the S&P/ASX 300 Industrials Accumulation Index. Perpetual's Industrial Share Fund\*\* has outperformed the Index and over fifteen years it is worth over 16% more than the Index (\$81,224 versus \$69,814).

**Chart 1: How fund managers add value**

Value of \$10,000 invested over 15 years

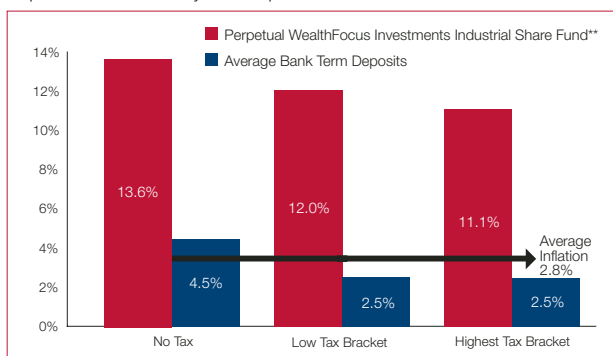


Source: Datastream

Chart 2 shows a comparison of average bank term deposit returns with Perpetual's Industrial Share Fund\*\* (with distributions reinvested). In the five years to 31 December 2005, the average return of Perpetual's Industrial Share Fund\*\* was 13.6% pa compared with bank term deposits of just 4.5% pa (before tax).

**Chart 2: Managed investments can outperform**

Perpetual's WealthFocus Investments Industrial Share Fund vs Bank Term Deposits Annualised 5-year compound return to 31 December 2005



Source: Datastream, Reserve Bank Bulletin

## Access a diversified portfolio

Most managed funds invest across a range of investments in an effort to diversify investment risk and improve the chances of achieving consistent investment returns. There are several ways managed funds can help you diversify:

**Within an asset class:** By investing in a managed fund such as Perpetual's Industrial Share Fund, you get exposure to shares in around 70 different companies at any one time, including blue chip stocks such as National Australia Bank, Telstra and Publishing and Broadcasting Limited. If you wanted to invest directly in this many companies, you would need a very large amount of money to invest, not to mention the time and effort to research, monitor and administer these investments. With a managed fund you can invest with as little as \$2,000 or \$1,000 with a savings plan and this is spread across a range of investments.

**Across asset classes:** By investing in a managed fund such as Perpetual's Balanced Growth Fund you gain exposure to both Australian and international shares, fixed interest, property securities and cash. Typically, this Fund invests around 40% of the portfolio in Australian shares, 25% in international shares, 20% in fixed interest, 5% in property securities and 10% in cash. A diversified portfolio can help you reduce your investment risk.

\* Prior to 1/4/00 ASX All Industrials Accumulation Index

\*\* Total returns are for Perpetual's WealthFocus Investments Industrial Share Fund and have been calculated using the exit prices after taking into account all of Perpetual's ongoing management costs and assuming re-investment of distributions. No allowance has been made for taxation. Returns for Perpetual's Industrial Share Fund, Asset Group or Investment Option, accessed through Perpetual's Investor Choice, Perpetual's Wholesale Funds, Perpetual WealthFocus Super and Pension Plans and Perpetual's Pooled Superannuation Trust will differ due to different fee structures and taxation treatment for superannuation. Past performance is not indicative of future performance. For up-to-date returns, visit our website [www.perpetual.com.au](http://www.perpetual.com.au) or contact us.

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## Further information

For further information or to obtain a copy of the Product Disclosure Statement, please contact:

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