

# Multi-Manager Investing

Multi-manager investing is based on the assumption that no single manager/investment style can perform well in all markets and deliver superior performance across all phases of the investment cycle. The objective is to achieve more consistent results by identifying the best specialist investment managers available with complementary investment "styles" across different asset classes and combining them in an effective manner to build portfolios.

The multi-manager style of investing is often chosen because it reduces the risk of one manager's poor performance impacting on investment success. A multi-manager fund simply invests in a range of specialist funds run by investment managers. These managers are specialists in managing individual asset classes.

## Benefits of Multi- Manager Investing.

**Diversification:** Diversification is considered to be an important factor in helping to achieve risk reduction. Multi-manager funds help provide diversification across three dimensions: asset classes, investment managers and investment styles. A multi-manager approach reduces the reliance and exposure to a single manager or investment style.

**Access:** Investors gain access to specialist investment managers both in Australia and overseas who may not be directly available to individual Australian managers (including access to overseas specialist managers, wholesale funds, and non-traditional strategies).

**Convenience:** Investors can gain access to pre-selected investment managers through the one "access point."

**Monitoring:** The performance of underlying investment managers is monitored on an ongoing basis, and contact is maintained to access whether the investment managers remain capable of achieving its objective for investors.

**Specialisation:** Multi-manager funds will generally include only specialist investment managers that focus on a specific asset class, rather than generalist investment managers covering multiple asset classes.

**Transition Management:** Where required, the manager will make changes to the selection of managers, generally without the need for investors to take specific action.

**Expertise:** Investors can benefit from the investment experience of the manager of multi-manager funds, both in terms of fundamental research and from portfolio construction techniques.

**Opportunity:** A multi-manager portfolio pools your funds with those of other investors, meaning you no longer need to find a large initial investment.

**Consolidation:** Multi-managers provide consolidation of reporting and unit pricing, which provides daily updates on the value of investments and frequent comprehensive updates on the performances and investment issues.

## Things to consider:

There is the potential for higher costs (which is dependant on the actual multi-manager) as you are able to access some strategies normally not available to the general public, such as private equity and direct property.

Investment strategies are ready made based on risk profiles. Therefore, it is hard to be tailored to an individual circumstance.

To locate a Consultum Financial Adviser who can assist you with your financial planning needs, visit [www.consultum.com.au](http://www.consultum.com.au)

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