



# A guide to investment platforms

**Like an investment supermarket, a platform, such as a master fund or wrap, gives you access to an extensive list of investment products, many of which are not available to retail investors.**



Many investors choose to invest through a platform to gain efficient access to a range of managed investments.

Platforms are administration facilities for investment and superannuation money. They simplify the investment process because they consolidate all the investment reporting and administration for you, and send you regular portfolio valuations and tax statements.

Importantly, the better platforms give you access to world-class investment managers, some of whom are only available to wholesale investors.

## The benefits of diversification

Diversifying your investments means spreading them around. Many people invest across each of the main asset classes (ie shares, property, cash and fixed interest), and also invest in a number of securities within each asset class. By placing your money across a number of different asset classes and investments, the good returns you receive from one investment can offset any negative returns from another. The graph below shows how a balanced portfolio can smooth your investment return. The line is the

return you would have received had you invested in a basket of all the asset classes rather than any particular one. The highs and lows have been smoothed out along the way, providing you with a more consistent return.

## Managed investments can help you diversify

The problem for most people is that they do not have enough capital to obtain sufficient diversification. This is where managed investments come in. For as little as \$2,000 (or even less through some platforms), you can access a diversified portfolio with hundreds of well-researched investments from around the world including investments which would normally not be available to retail investors.

Some managed investments are asset-specific, which means that they can only invest in either shares, property, cash or fixed interest. However, in each case, the fund would diversify extensively. For example, a share fund will typically invest in a range of shares across many different sectors such as banks, retail, building materials, media, and telecommunications.

## Benefits

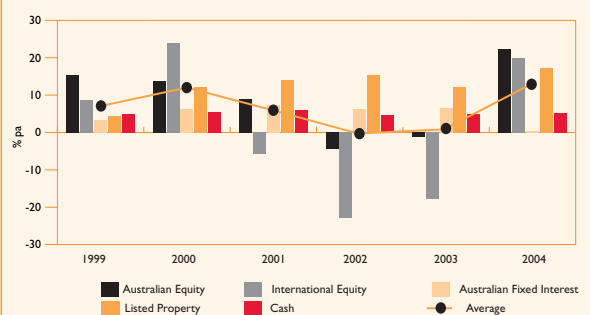
Some of the other benefits of platforms include:

### Choice

A platform will give you access to a range of investments across all of the major asset classes – shares, property, cash and fixed interest. Some platforms also offer you a great deal of choice in investment managers, with ASGARD offering products from more than 30 of Australia's leading fund managers.

Some platforms, such as ASGARD, also offer access to shares listed on the Australian Stock Exchange – further expanding your list of investment options.

**Diversification can smooth your investment return – Annual asset class performance to June**



Source: ASSIRT research

### Flexibility

You retain control over where your money is invested, and with your financial adviser, you can create the financial strategy that is best suited to your financial needs and goals.

### Wholesale managed investments

Investing through a platform allows you access to a range of wholesale managed investments that are generally not available to investors with less than \$100,000 to invest.

### Reporting

One fundamental difference between investing through a platform, and investing directly is the comprehensive and consolidated reporting provided. You can access hundreds of investments yet receive one regular report detailing and summarising all of your financial information.

This is particularly useful when it comes to calculating your tax. Your capital gains tax liabilities and your franking credits will be consolidated and calculated for you.

### A brief history of platforms

Platforms arose out of a need to simplify the investment process for investors and advisers alike. Previously, diversifying by investing in multiple retail managed investments involved large volumes of paperwork. You completed multiple application forms, you received multiple reports, capital gains and other taxes were difficult to calculate, and the whole process was extremely unwieldy.

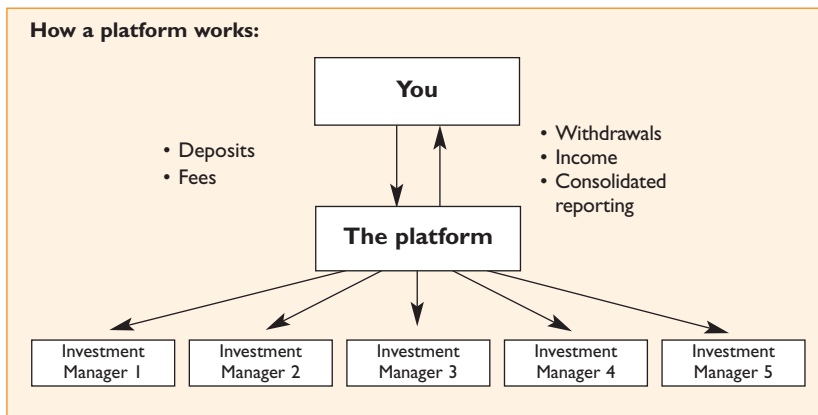
Platforms relieved the administrative burden and provide cost benefits to investors by allowing you access to wholesale managed investments.

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