Investment Structures Matter

An Examination of:

Managed Funds
Listed Investment Companies
Exchange Traded Funds
Separately Managed Accounts
Individually Managed Accounts

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Background

This paper outlines the key characteristics of different structures used to provide investment management to investors. The paper's aim is to build a foundation for discussion of these structures; it is not intended to be an exhaustive analysis of each structure.

While there has been considerable industry comment and analysis on each of these structures individually, we are not aware of any holistic treatment that provides investors and their advisers with insights on the most appropriate structures to deliver investment management services that best deliver on an investor's objectives.

Specifically, the paper covers the principal investment management structures available to investors and their advisers in Australia, namely managed funds, Listed Investment Companies (LICs), Exchange Traded Funds (ETFs), Separately Managed Accounts (SMAs), and Individually Managed Accounts (IMAs).

Traditionally, discussion and analysis around how to best fulfil investment objectives has focused on asset allocation, investment style, manager selection, and legal structure. We believe the structure used to deliver an investment management service is an important consideration and deserves further examination.

It is worth noting that this paper has been prepared by Private Portfolio Managers (PPM). Although we believe the information and commentary provided in this document is soundly constructed and does not carry undue bias, readers are advised of the nature of our business:

PPM is an independent boutique investment manager offering IMA services to high net worth individuals and families. In addition to IMA management, PPM provides investment management services to a public offer superannuation fund and charitable organisations. Our offering is singularly a funds management service, rather than a holistic advisory service. We work with other organisations including financial advisers, accountants, attorneys, private banks, and family offices in serving investors' needs.

The Importance of Investment Structures

The effects of Australia's taxation system have a significant impact on the real returns of all investors. This impact of tax is most evident at the highest marginal rate of 46.5%, but even tax advantaged and tax free investors are significantly affected by the imputation system as they are entitled to recoup franking credits, which can have a meaningful impact on real returns.

In the Australian climate, taxation issues alone warrant a close investigation of investment structures, as they have a direct impact on taxation. However, there are other reasons to consider structures.

An important structural consideration is the ability of the actions of some investors to affect other investors within the same investment program. Recent redemption suspensions on certain managed funds are a classic example.

Additionally, the approach the investment manager adopts can be influenced by the investment structure both in terms of investment process and portfolio management practices.

Investment structures also play an important role in relation to transparency, fees, and governance. And, the structure may impact the investor's practical ability to terminate the services of the investment manager.

For advisers, fiduciary duty is also an important concern, as an appreciation for the characteristics of different structures will ultimately assist the adviser in providing quality, informed advice and fulfilling their role as fiduciary.

The following pages discuss the characteristics of various investment structures, highlighting their relative suitability for different kinds of investors.

Managed Funds

Managed funds are by far the most popular structure for delivering investment management services to Australians and currently contain approximately $1 trillion in assets. Held by both retail and wholesale investors; managed funds offer a comprehensive range of asset classes, investment styles and investment managers.

Structure

Managed funds, are a simple collective investment vehicle pooling money together from investors in order to buy an asset or portfolio of assets, which are managed by an external fund manager. The trust owns the underlying assets and investors receive units in the trust proportional to the amount they have invested. All investors and units are treated equally.

Operations

Investment managers manage the funds contained in the trust as a single pool; buying and selling the underlying assets to best fulfil the trust's stated objectives.

Managed funds generally issue or cancel units in the trust as funds flow into or out of the fund; with the corresponding transactions in the portfolio made as flows necessitate. These transactions are based on what is judged most prudent for the portfolio.

If tax management is employed it incorporates minimising short term capital gains, limiting portfolio turnover, and capturing franking credits.

Taxation is on a pass-through basis with each unit holder receiving a proportional allocation based on the underlying portfolio and transactions through the tax year. Any capital gains are distributed to investors each year, while capital losses are retained within the fund.

Expenses are extracted from the value of the portfolio and can vary widely depending on the product. Most funds apply a management fee of between 0.75% and 1.75% Entry and exit fees are now rare but still exist in some products. There is generally a difference between the prices offered to buy and sell units, with this 'spread' used to offset the transactional costs associated with executing the corresponding transactions within the fund.

Key Structural Advantages

- The simple pooled nature of managed funds provides an economical means of providing a diversified and professionally managed portfolio to investors of any size.
- Administration, transactions and reporting are straightforward as each fund is a single entity.
- Pooling together the funds of many investors offers access to a variety of assets that would not otherwise be accessible to most investors, such as infrastructure and real estate.
- The popularity and ubiquitous nature of managed funds means nearly any investment exposure is available, across a range of categories including asset classes and investment styles.
- Managed funds can be accessed through multiple means including directly and through investment platforms and third party research is readily available.

Key Structural Challenges

- As all investors are treated equally from a taxation perspective, new investors in a fund may inherit an imbedded tax liability on gains they did not participate in. This liability is unknown upon entry into the fund and may occur over the lifetime of the holding. Unlike in the US, where Morningstar and other research houses publish these tax liabilities, there is no disclosure of this potential tax liability so it is impossible for investors to assess. This liability is likely to be greatest in the best performing funds with low portfolio turnover, creating a material and unknown element for even seasoned investors and advisers.
- Conversely managed funds may contain an embedded tax loss after a period of poor performance. If new investors enter the fund, they will dilute this capital loss and those investors who incurred the loss will not fully participate in the offset the loss creates against future gains.
- A continuous issue and redemption of units to facilitate investor movements creates transactions in the underlying portfolio, as the investment manager rebalances to accommodate increases or decreases in the portfolio size. Each of these transactions creates tax consequences for all unit holders, not just those buying and selling units.
- A large withdrawal or addition to the fund will have consequences for all unit holders. This not only includes tax consequences but also the underlying exposures of the fund may require adaptation to accommodate the transaction. For example, a redemption may necessitate the sale of the trust's most liquid assets or an addition may dilute investors' exposure to a unique asset. In extreme cases unit redemptions may be suspended, as was the case for many property, hedge, and fixed income related funds during the GFC.

- There is no ability to roll managed fund holdings into other funds or holdings without incurring a tax event. For example, where there has been a change in either the operations or investment management of the trust, investors who have a substantial unrealised gain on the trust must face the decision of maintaining the holding or incurring a possible tax event such as a large realised gain.
- Investment managers have little ability to utilise tax effective strategies such as cherry picking tax lots or buyback participation as the trusts' investors include a variety of tax circumstances, and these strategies may disadvantage some investors while benefiting others.
- Operational transparency is limited, constricting the ability of investors to examine the manager's transactions, holdings, tax efficiency, fees & expenses, and sources of return.
- Capital losses in the fund can not be distributed to unit holders to offset capital gains in other investments
- The perpetual nature of trusts when combined with an open-ended structure can be problematic for investors looking for certainty of income through a debenture portfolio. Predicting future income in a trust is difficult because portfolio reweighting through different interest rate cycles will alter the payouts over time and investors have no certainty of receiving their principal back as the investment manager may be forced so sell positions at below par in order to meet redemption requests.

Applications for Investors

Given the relative merits of managed funds, the following applications are potentially the most applicable:

- Small to medium size investors looking for professional management and diversification who may be at lower marginal tax rates.
- Diversification into specialist asset classes and investment management expertise.
- Foreign investors for whom Australian tax is not a consideration.
- Access to investments where scale is required such as real estate or private equity.

Listed Investment Companies (LICs)

Listed Investment Companies (LICs) are also pooled investment vehicles offering investment management to investors, although as listed vehicles they retain different characteristics to managed funds. LICs were first established in the 1930's and currently represent some $20 billion in assets.

Structure

LICs operate in a similar manner to other listed companies, issuing shares to investors who buy and sell on the stock exchange. Unlike other companies, investors in LICs buy their shares for exposure to the underlying assets held in their investment portfolio and the ongoing investment management provided. Investment management may be by an external fund manager or internally managed by employees or directors of the company.

Operations

The closed-end nature of LICs means the portfolio management of LICs is quite different to an open-ended managed fund. Investment managers are managing a fixed pool of assets rather than a variable pool that requires regular rebalancing. Although LICs can increase or reduce the size of their capital they do so at the discretion of management rather than the investor, and the mechanisms they utilise are the same as other listed companies (rights offerings, placements, buybacks, etc.)

Tax is paid at the company level, and gains from both the portfolio's income and realised gains are distributed to investors through payment of dividends or held within the company as retained earnings. This ability to retain returns provides the opportunity to offer predictable income streams to investors that is comprised of both income from the portfolio and realised gains.

The component of dividends which is attributable to long-term capital gains is identified and generally qualifies for the 50% concession[1].

Like managed funds, LICs may contain an embedded capital gain which is reflected in the company's' Net Tangible Assets (NTA). Unlike managed funds, there is an obligation to disclose the size of the embedded gain to the market on a monthly basis, and in theory this information is factored into the market price of the company.

Costs can vary widely among LICs and range from 0.15% to in excess of 1.5%. In some instances, costs quoted may only be for investment

[1] Not all LICs are eligible to offer capital gains concessional dividends. Those that can pass through the component of gains made on holdings of more than 12 months, do so at the 50% concessional tax rate.

management services and may not include operational expenses such as share registry, Board remuneration, etc. Stockbrokerage also applies when buying or selling LICs.

Key Structural Advantages

- The closed-end nature of LICs and certainty of the capital managed provide the ability to invest for the long term and eliminates the need for rebalancing transactions within the portfolio. It also means purchases and sales by investors do not affect the underlying portfolio (although these actions may affect the LIC's traded price).
- The ability to provide some certainty in dividend payments and the efficient transfer of capital gains into income (via franked dividends) can provide unique investment characteristics, particularly when derived from an equity based portfolio, where returns are normally tilted toward capital growth.
- There is potential for tax deferral of both capital gains and income through retained earnings, although this increases the embedded tax liability contained within the LIC; while the tax deferral may be a benefit to existing shareholders, it could reduce the after tax returns of new investors.
- The characteristic of on-market pricing disparity to the value of the company's assets (NTA) is both an opportunity and risk. This opportunity and risk is based on the changes in market sentiment that affect LIC market prices. Although an important feature of LICs, it has been examined in other forums and will not be covered further here.

Key Structural Challenges

- Like managed funds, LIC investors can have a variety of tax treatments, therefore it is impossible to manage for a particular tax outcome. This characteristic may be offset to some degree where the LIC is managed to maximise franked dividends as an investment objective.
- Investors who can not make use of franking credits (notably foreign investors) may not participate in the full returns of the company.
- Where there has been a change in either the operations or investment management of the company, investors must face the decision of maintaining the holding or incurring a tax event, such as a large capital gain. There is no ability to roll over holdings without incurring a tax event.
- Capital losses in the portfolio can not be distributed to shareholders to offset capital gains in other investments.
- Operational transparency is limited, constricting the ability of investors to examine the manager's transactions, holdings, tax efficiency, fees & expenses, and sources of return.

- On-market liquidity varies by individual LIC and warrants consideration as it can effect transaction prices and the ability to buy or sell the LIC.

Applications for Investors

Given the relative merits of LICs, the following applications are potentially the most applicable:

- Investors looking for a managed exposure to investment markets, who are patient enough to ride out changes in sentiment that can affect on-market prices.
- Investors with the appropriate skill or advice to identify undervalued LICs.
- Investors who value a consistent income stream and/or a high component of their returns through franked dividends.
- Diversification into international equities, specialist asset classes, and unique investment styles that some LICs offer.

Exchange Traded Funds (ETFs)

ETFs are open-ended unit trusts listed on the stock exchange providing exposure to an underlying investment portfolio. While they may share components of both managed funds and LICs, they have a number of characteristics unique to the structure. Very popular in North America and Europe, ETFs' profile is growing in Australia with more than 50 offerings traded on the ASX and additional offerings being planned.

Often synonymous with equity index management, ETFs are developing into new areas such as active management and other asset classes. Exchange Traded Commodities (ETCs), which utilise an ETF structure to provide exposure to physical commodities, are one example.

Structure

ETFs are essentially managed funds that trade like shares. They are priced continually and can be bought and sold throughout the day. ETFs are designed to trade on market at prices that mirror the fund's unit valuations. To do this, they facilitate a unit creation and redemption facility, effectively adding or reducing capital as demand changes, thereby removing disparities between on market pricing and the fund's asset backing.

ASX quoted ETFs currently consist of both Australian domiciled ETFs and US domiciled ETFs, with the US based products offered as CHESS Depository Interests (CDIs) over the US listed ETFs. All ASX quoted ETFs trade in Australian dollars and settle through normal CHESS mechanisms.

Operations

Purchases, sales, and asset holding are done in the same manner as listed shares, and listed strategies such as limit orders and margin loans can be employed. ETFs also have special trading rules to facilitate their ability to be sold short, making them a potential hedging instrument.

Taxation for Australian domiciled ETFs is on a pass-through basis, in the same manner as other unit trusts. US domiciled ETFs have a special accounting treatment that means they rarely distribute capital gains[2].

Often marketed as low cost alternatives to managed funds, management fees for ETFs begin at less than 0.30% for Australian equity index products, as low as 0.07% for US equities, and can exceed 1% for other types of offerings. Stockbrokerage will apply to ETF transactions.

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[2] The accounting treatments on US ETFs mean in-specie issuance and redemptions are not a taxable event.

Key Structural Advantages

- The cost effective and simple nature of the products can provide a diversified market exposure for wholesale or retail investors.
- The performance of the underlying assets can be efficiently captured without the influence of external factors.
- For index based products, portfolio turnover is low, reducing tax events such as realised capital gains and losses.
- The netting of buy and sell trades on-market, potentially reducing transaction costs and unit issuance & redemption, resulting in less tax events within the fund.
- Embedded capital gains do not build up to the same extent as in managed funds, as the in-specie issue and redemption mechanism, removes low-cost tax lots from the fund[3]. US domiciled ETFs very rarely distribute any capital gains.

Key Structural Challenges

- Like other forms of pooled investment, ETFs may have an embedded capital gain, which is not easily assessable.
- Index based ETFs may not appeal to all investors.
- Capital losses in the fund can not be distributed to unit holders to offset capital gains in other investments.
- The institutional nature of ETFs could result in large issuances and redemptions and resulting tax events for ETFs holders (more applicable to Australian domiciled products than US products[2]).

Applications for Investors

Given the relative merits of ETFs, the following applications are potentially the most applicable:

- Investors looking for low cost exposure to investment markets, either as a long term core holding or as a tactical strategy.
- Traders looking for an alternative to futures or options contracts.
- A diversification tool for investors with limited holdings or those who could benefit from access to additional investment markets.
- Investors valuing a more tax efficient vehicle than mainstream managed funds.
- Accessing exposures which may be otherwise difficult capture (international equity markets, specific sectors, emerging markets, commodities, etc.) and the investment strategies available through these exposures.
- A tax deferred international investment strategy.[24]

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[3] The extent will depend on the individual product
[4] The Foreign Investment Fund (FIF) tax regime does not appear to apply to US domiciled ETFs.

Separately Managed Accounts (SMAs)

Separately Managed Accounts (SMAs) are investment portfolios where the investor maintains direct ownership of an investment portfolio, managed by a fund manager in accordance with a set investment strategy. Each investor in a SMA program receives the same investment management based on a model portfolio that is applied to their account.

There are currently more than 200 investment strategies available in Australia from a variety of large and boutique managers across a number of administration platforms. Some financial planning organisations have developed their own SMAs offerings as a mechanism to deliver their funds management service to their client base.

Structure

The investment implementation and administration platform used in implementing SMAs is generally separate to the investment management and each operates in a somewhat different manner. It is therefore important to understand both the investment management and the investment administration.

Unified Managed Accounts (UMAs) are another form of SMAs and allow investors to hold multiple investment types in a single account (equities, property, precious metals, etc.)

Operations

The following practices are general in nature and may differ among different SMA programs.

SMA fund managers build a model portfolio comprising their investment selections and relative weightings, this model portfolio is provided to the investment administration platform where the individual investor portfolios are implemented and maintained to mirror the model portfolio.

Any change in the model portfolio will result in corresponding changes in each of the SMAs that are assigned to the strategy. Model portfolios are based on market valuations so each account regardless of its age maintains the same proportion of each holding. Additions or withdrawals generally result in proportional purchases or sales across the securities in the model portfolio, maintaining the model weightings.

Investors may have the option of blocking certain securities from purchases or sales, should they choose (cash will commonly be held in lieu of excluded securities). As investors maintain beneficial ownership, their tax positions reflect their actual purchases and sales and are not influenced by the actions of other investors. Similarly, investors may

transfer their holding to another investment manager or custodian without incurring a tax event.

Most investment administration platforms will also allow existing direct holdings to be transferred into the investment program without incurring a tax event – although this can generally only be done with holdings that are already in the investment portfolio and to the proportion they comprise of the model portfolio.

Management fees are withdrawn directly from the cash component of the portfolio and generally range from 0.70% to 1.6%. Investors may also incur transaction charges, which many administration platforms will aggregate and/or net across the accounts on the platform.

Key Structural Advantages

- There is no embedded tax liability within an SMA structure and investors do not realise tax consequences as others enter or leave the scheme. As assets are not pooled, the actions of other investors do not affect all investors.
- Investors can transfer in an existing portfolio without having to liquidate all positions and potentially incur capital gains tax consequences – although only to the extent and proportions the investments are contained in the model portfolio.
- Investors may terminate the manager and leave the scheme without being forced to liquidate the positions and incur tax events.
- Transparency in structure allows assessment of the manager's transactions, holdings, tax efficiency, fees & expenses, and sources of return.
- Investors may restrict or exclude transactions or holdings in specific securities.
- Realised capital losses can be utilised to offset capital gains realised elsewhere.
- Most investment administration platforms will allow investors or their advisers to choose a tax lot strategy that suits their taxation situation (tax loss harvesting, cherry picking, etc.).
- Transaction costs may be very low due to netting and/or consolidation at the administration platform level.

Key Structural Challenges

- The model portfolio approach to portfolio construction differs in meaningful ways to the traditional incremental approach and the full extent of these differences is unknown. The model portfolio approach results in the entire portfolio invested at a single point while the traditional approach is to assemble a portfolio incrementally over time. The model portfolio approach does not allow managers to take a 'hold' position on an investment, as any

new investors will buy positions held within the model portfolio even if the manager views the investment as a ‘hold’ rather than a buy. New investors in SMAs may purchase higher proportions of securities that have already appreciated, because allocations are based on market valuations of the positions in the model portfolio. These weightings may not be the manager’s preferred allocation of new capital and may even be sold shortly thereafter if the security has fully appreciated. These factors are likely to have an impact on performance, although this impact is difficult to quantify. This dynamic also means existing management strategies can not simply be applied to SMAs with the expectation of identical results.
- Execution strategies that aim to increase performance are generally not a consideration, with trades executed at ‘market’ prices or in the closing single price auction (for Australian equities). Therefore, poor execution prices are possible, particularly in small or less liquid companies.
- The investment manager can not consider the investors individual tax position when building or changing the model portfolio, as the same portfolio is applied to investors with a variety of tax treatments. Eg a SMSF will receive the same management as a portfolio taxed at 46.5% etc.
- Where excluded securities or sectors are requested, the investor’s portfolio may maintain a large cash position, as cash is commonly substituted for excluded holdings.
- The structure may be impractical to implement for some investment strategies or asset classes such as private equity, small capitalisation companies, or direct real estate.

Applications for Investors

Given the relative merits of SMAs the following applications are potentially the most applicable:

- Investors looking for tax effective managed exposure to investment markets.
- As a core position in a broader investment portfolio that may include a variety of investment styles and asset classes.
- Transition of a moderate unmanaged direct share portfolio to a professionally managed structure.
- Investors seeking a highly transparent investment management service.
- A mechanism to provide managed exposure to fixed income without the risks inherent in open-ended pooled investment structures.

Individually Managed Accounts (IMAs)

Individually Managed Accounts (IMAs) are investment portfolios managed to the particular objectives and circumstances of each investor. Like SMAs, IMAs provide investors with direct beneficial ownership of their portfolios but they do not use a model portfolio approach to investment management.

There are currently about 50 providers in Australia offering IMAs, ranging from large organisations to small private operations.

Structure

Investment management, implementation and administration are generally offered as a single service from the IMA provider, although they may utilise the services of third party suppliers in delivering the service. Each offering is somewhat different and there can be a blurring between IMA and SMA offerings depending upon the services offered. The following practices are general in nature and may differ.

Some IMA providers may also provide holistic financial advice to investors as an integrated part of their offering, while others are simply investment managers offering funds management services through an IMA structure.

Operations

IMA fund managers build and manage an investment portfolio based on the individual objectives and tax positions of each investor. Therefore, the investment portfolio and management decisions will be somewhat different and tailored for each investor. Generally, management is based on optimising after tax returns.

Investors may specify particular objectives, such as dividend income, capital growth, or risk aversion. Exclusions or limits to exposures in certain securities or sectors are generally accommodated and substitute positions are held in lieu.

As investors maintain beneficial ownership, their tax positions reflect their actual purchases and sales and are not influenced by the actions of any other investors. Similarly, investors may transfer their holding to another investment manager or custodian without incurring a tax event.

Existing direct holdings can be transferred into IMA programs without incurring a tax event – these securities are assessed on an after tax basis for inclusion in the portfolio. After evaluation of capital gains tax implications, and consultation with the investor or their adviser, a specific strategy is developed for existing holdings.

IMAs tend to provide additional service to investors and their advisers. Typically, this service consists of personal contact with the investment manager, portfolio specific commentary, collaboration on tax management strategies and detailed tax and performance reporting.

IMAs were initially developed for the needs of wealthier investors who could benefit from the after tax focus and tailored mandates. Generally minimum investments range from $500,000 to $5,000,000.

Management fees are withdrawn directly from the cash component of the portfolio and generally range from 0.80% to 1.7%. Investors may also be subject to transaction costs.

Key Structural Advantages

- The investment mandate can be customised to suit the particular investment objectives of the investor. This includes the individual risk, income, return and tax characteristics of the investor.
- There is no embedded tax liability within an IMA structure and investors do not realise tax consequences as others enter or leave the scheme.
- As assets are not pooled, the actions of other investors do not affect all investors.
- IMAs are generally managed on an after tax basis to the particular tax treatments and circumstances of each investor. This may result in better real returns.
- Investors can import an existing portfolio without liquidating positions and potentially incurring capital gains tax consequences.
- Investors may terminate the manager and leave the scheme without being forced to liquidate the positions and incur tax events.
- Investors may restrict or exclude transactions or holdings in specific securities.
- Transparency in structure allows assessment of the manager's transactions, holdings, tax efficiency, fees & expenses, and sources of return.
- Realised capital losses can be utilised to offset capital gains realised elsewhere.
- Portfolio tax lot management is co-ordinated with investors or their advisers to choose a tax strategy that suits their taxation situation (tax loss harvesting, cherry picking, etc.).
- IMAs are structured and are formally a service offering rather than a financial product, therefore management fees may be tax deductable.

Key Structural Challenges

- As managers target after tax returns, assessing the value added by the manager is more difficult - as often actions taken (or not taken) to minimise tax are done at the detriment of the headline return, making comparisons with pre-tax benchmarks such as share market indices less meaningful.
- Independent research and league tables from established research organisations is not readily available, therefore investors and their advisers must rely on their own assessments of manager quality.
- The spectrum of IMA offerings is limited and concentrated around Australian equity strategies.
- The structure may be impractical to implement for some investment strategies or asset classes.

Applications for Investors

Given the relative merits of IMAs the following applications are potentially the most applicable:

- Core Australian equity exposure for wealthier investors.
- Investors with a high sensitivity to tax or those seeking optimised after-tax returns.
- Investors valuing a tailored and individual approach or enhanced service levels from a fund manager.
- Tax effective transition of an unmanaged direct share portfolio to a professionally managed structure.
- Investors seeking a highly transparent investment management service.
- A mechanism to provide managed exposure to fixed income that can effectively capture the income and return of capital characteristics of fixed income securities.

Summary Table of Key Features

	Managed Funds	LICs	ETFs	SMAs	IMAs
Tax Efficiency	Poor	Moderate	Good	Very Good	Excellent
Portability	None	None	None	Good	Excellent
Managed to particular tax outcome	No	Sometimes	No	No	Yes
Transparency	Limited	Moderate	Good	Excellent	Excellent
Direct Ownership	No	No	No	Yes	Yes
Embedded tax liability	Often	Often	Sometimes	No	No
Capital losses can be applied to:	Future gains within structure	Future gains within structure	Future gains within structure	Any current or future gains	Any current or future gains
Research Availability	Extensive	Good	Good	Moderate	None
Variety	Comprehensive	Good	Moderate	Moderate	Limited
Portfolio Construction	Manager's Prudence	Manager's Prudence	Manager's Prudence	Model Portfolio	Manager's Prudence
Tailored Management	No	No	No	No	Yes
Management fee tax deductibility	No	No	No	No	Often

Additional Sources of Information

General US background on ETFs and Mutual Funds:
http://etfdb.com/2009/five-advantages-of-etfs-vs-mutual-funds/

Australian information on LICs and ETFs:
http://www.asx.com.au/index.htm

Tax information on managed accounts:
http://www.investopedia.com/articles/05/021405.asp

Morningstar method for calculating embedded tax on US funds:
http://corporate.morningstar.com/ca/documents/MethodologyDocuments/MethodologyPapers/MorningstarPotentialCapGainExp_Methodology.pdf

Australian study on tax implications within managed funds:
http://www.austlii.edu.au/au/journals/UNSWLRS/2009/37.html

S&P prepared information on managed accounts:
http://www2.standardandpoors.com/spf/pdf/funds/UnderstandingSMAs.pdf

Investment Management for Family Wealth:
http://www.ppmfunds.com

Study on the effect of after tax returns on fund inflows:
http://www.people.hbs.edu/dbergstresser/dbjp1.pdf

US Mutual Fund Tax Awareness Act of 2000:
http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=106_cong_reports&docid=f:hr547.106.pdf

General information on US funds management industry:
http://www.ici.org/

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