



## Impact of fund manager distributions

Have you noticed the value of your account drop following fund manager distributions each quarter? Here's the reason why...

Following the end of the December, March and September quarters, fund managers may make an income distribution to investors. At the end of the June quarter, a financial year end distribution of both income and capital gains may also be made.

If any managed investments you hold make a distribution, you will notice a drop in the value of your holding in those investments and therefore, the total value of your account, on the first business day following the end of each quarter.

### Why does this occur?

The reason for this is because the unit price of each managed investment is a combination of the income, capital gains and assets held in the fund, so any income paid out reduces the unit price. The size of the drop in the unit price for each investment is related to the size of the distribution made.

After a distribution has been made, your account will return to its value as at the end of the previous quarter once the distribution is credited to your account, excluding the impact of market movements and any account fees, charges, taxes or other expenses normally payable by you.

### For example

As at 31 March, John holds 1000 units of an investment in his account, with a total value of \$1,000, or \$1.00 per unit.

On 1 April, the fund manager declares a distribution of two cents per unit. As a result, John's account value drops to \$980, or \$0.98 cents per unit, because two cents of the value of each unit has been paid as the distribution.

John's account value will remain at \$980 until the date that the income is actually credited to his account by FSP Portfolio Services. It will then return to \$1,000.

Note: This example assumes no market movement occurred between the date of declaring the distribution and being credited to the account.

### How long will distributions take to be credited to my account?

Distributions must be received and reconciled by FSP Portfolio Services before they can be credited to your account.

The processing time is dependent on when FSP Portfolio Services receive both the distribution and relevant information about the distribution from each fund manager, as well as the time taken to process the distribution internally.

The majority of distributions are reconciled and processed in the month following the end of each quarter and we will always work hard to ensure this process is completed quickly. Unfortunately, some distributions are not received by FSP Portfolio Services until significantly later, which affects the ability to process distributions in a timely manner. We will, however, process the late distributions as soon as we receive them.

### Need more assistance?

If you have any questions regarding the distribution process or the impact the process may have on your account, please contact your adviser.

### Important information - No personal advice

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