
AFA National **Conference** 2009

GOLD COAST October 4-6 • RACV Royal Pines Resort

Investment & Technical

Session Stream 5

Kim Cowie



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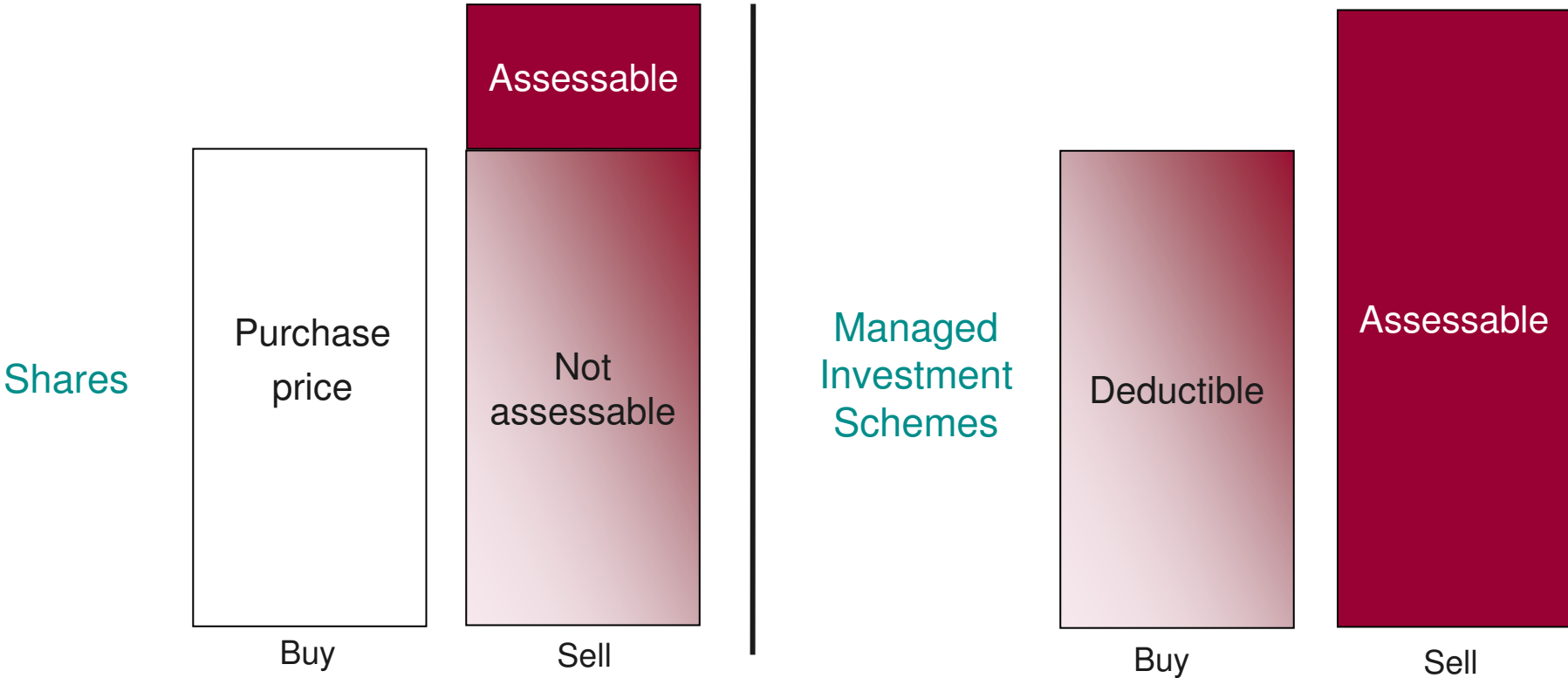
Is there a place for
Managed Investment Schemes?



MIS - a sustainable investment structure?

- What is a managed investment scheme?
- The year in review.
- The Rippoll Review.
- Not a tax deduction...

Value of an up-front deduction

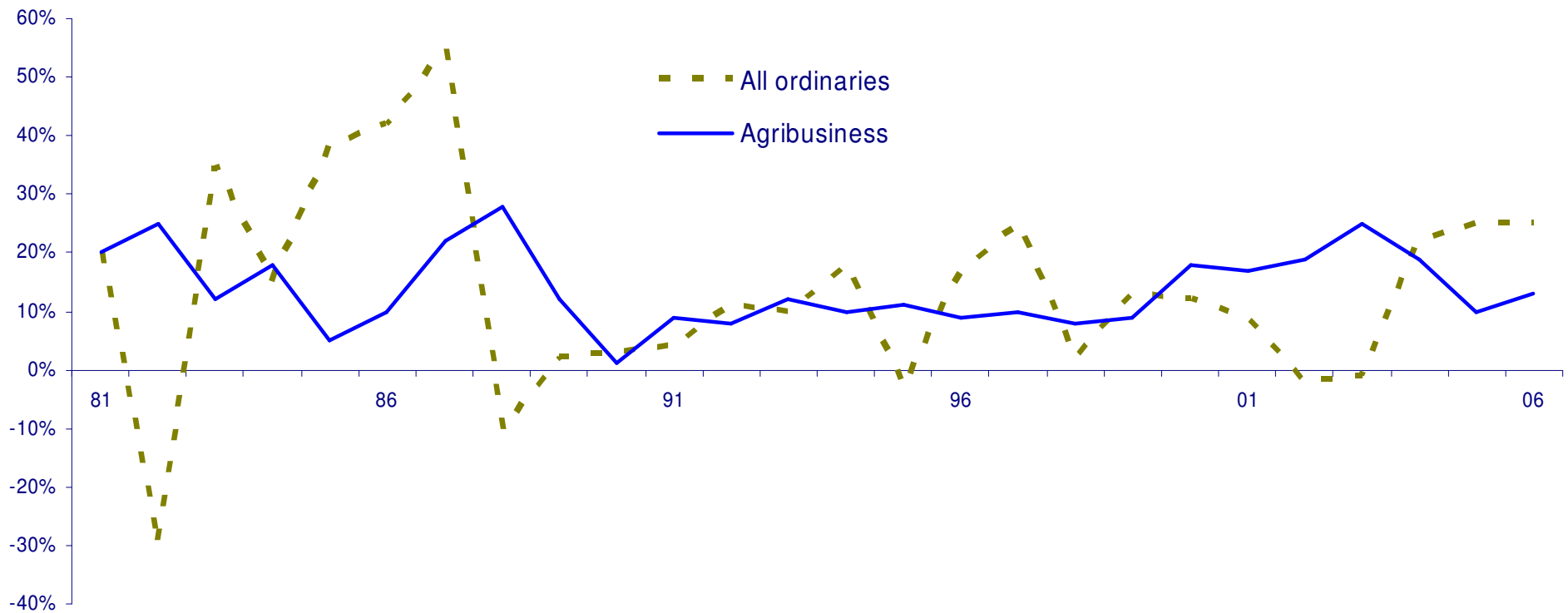


What effects MIS returns?

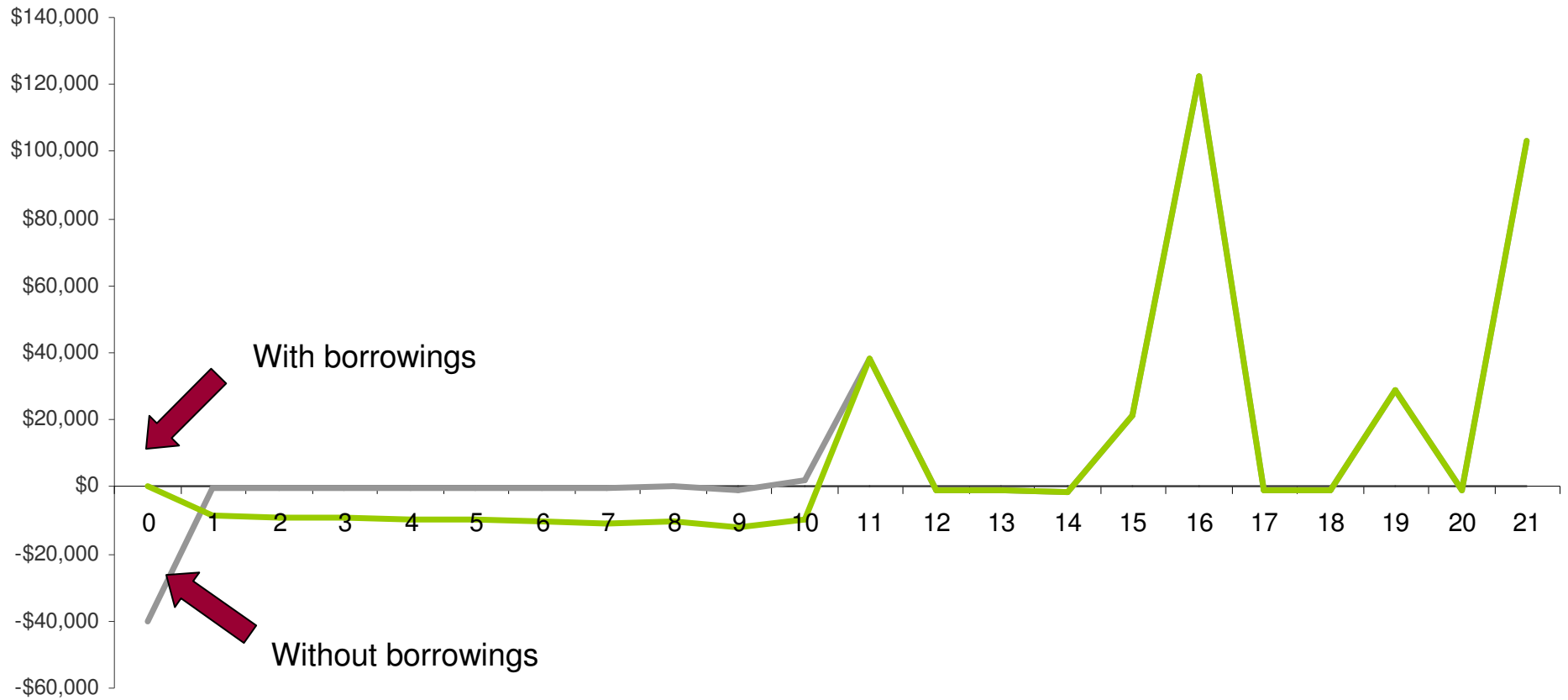
- Four major variables:
 - Commercial Yield
 - Price at time of sale
 - Costs incurred in production, marketing and sale
 - Length of project (i.e. time value of money)

- Analysing investment risk
 - Economic
 - Investment specific

Portfolio correlation



Borrowing strategies



Comparing MIS returns

Project year	Cashflow	Project year	Cashflow	Project year	Cashflow
1	- \$6,698	8	- \$ 7,682	15	\$ 25,835
2	- \$6,894	9	- \$ 9,406	16	\$126,437
3	- \$7,163	10	- \$ 6,369	17	- \$ 1,236
4	- \$7,452	11	\$43,746	18	\$ 1,103
5	- \$7,758	12	\$ 915	19	\$ 32,553
6	- \$8,107	13	\$ 710	20	- \$ 1,097
7	- \$8,496	14	\$ 462	21	\$103,023

Net internal rate of return: 15.35% pa →

Pre-tax equivalent: (100% assessable): 23.20% pa

Alternative investment equivalent: 19.60% pa *