



IOOF MULTIMIX

Australian Shares Trust fund profile December 2011

Investment objective

To provide capital growth of your investment over the long term by investing in a diversified portfolio of Australian shares, and to achieve a total return after fees in excess of the S&P/ASX 300 Accumulation Index over a rolling 5 year period.

Performance as at 31 December 2011^{1,2,3}

	3 mths %	6 mths %	1 year %	2 years % pa	3 years % pa
Distribution	2.41	2.10	3.23	3.90	4.16
Growth	-1.37	-13.95	-16.24	-10.95	2.15
TOTAL	1.05	-11.84	-13.01	-7.05	6.32
Benchmark ⁴	2.05	-9.83	-10.98	-4.76	7.67
Added value	-1.00	-2.01	-2.03	-2.29	-1.35

Trust highlights

- Strong performance from new manager Vinva
- Highly volatile market conditions persist
- Value stocks underperform

Trust features

Features	Information
Investment time horizon	5 – 7 years
Risk/return profile	High
Benchmark	S&P/ASX 300 Accumulation Index
Income distribution frequency	Half yearly (as at 30 June and 31 December)
Investment minimums ⁵	Initial investment: \$25,000 Additional investment: \$5,000 Switch/withdrawal: \$5,000
Management cost (% pa) ⁶	0.80
Trust size as at 31 December 2011	\$503.07m

Investment strategy

The Trust generally gains its investment exposure by investing in a well diversified portfolio of Australian share investment managers.

The Trust's investments generally provide exposure to stocks within the S&P/ASX 300 Accumulation Index⁷.

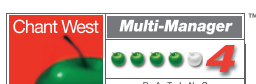
The Trust aims to be fully invested at all times with cash exposure not exceeding 10% for any length of time.

The Trust is authorised to utilise approved derivative instruments subject to the specific restriction that derivative instruments cannot be used to gear the portfolio exposure.

Investor profile

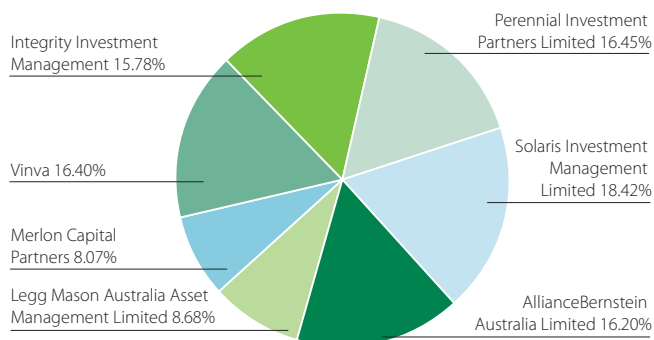
The Trust may be suitable for investors:

- with an investment horizon of 5 to 7 years
- with a high level of risk tolerance
- who are seeking capital growth through a well diversified portfolio of Australian shares
- who are prepared to accept the higher levels of volatility typically associated with Australian share investments.





Investment manager allocation as at 31 December 2011⁸



Top ten holdings (as at 31 December 2011)⁹

BHP	BHP Billiton	9.7%
NAB	National Australia Bank	6.9%
CBA	Commonwealth Bank of Australia	6.4%
WBC	Westpac Banking Corporation	5.8%
ANZ	ANZ Banking Group	5.3%
RIO	Rio Tinto	4.1%
WOW	Woolworths	3.2%
TLS	Telstra Corp	2.9%
ORG	Origin Energy Limited	2.4%
MQG	Macquarie Group Limited	1.9%

Top five over-weights (as at 31 December 2011)

	Portfolio weights	Benchmark weights
NAB	6.9%	5.3%
RIO	4.1%	2.7%
MQG	1.9%	0.8%
IAG	1.7%	0.6%
ORG	2.4%	1.5%

Top five under-weights (as at 30 September 2011)

	Portfolio weights	Benchmark weights
WES	1.2%	3.5%
WDC	0.1%	1.7%
CBA	6.4%	7.9%
BHP	9.7%	11.2%
TLS	2.9%	4.2%

Trust commentary

Market conditions

The Australian equity market produced a small gain of 2.05% over the quarter. Share price volatility remained high. The quarter started with an October rally of 7.23%, but was then followed by falls of 3.44% and 1.44% in November and December respectively. The lack of a decisive plan to alleviate pressure on European sovereign debt markets continued to weigh heavily on investor sentiment. The RBA responded to the falling consumer and investor confidence with two rate cuts during the quarter but this failed to spark any immediate improvement in markets.

Earnings downgrades buffeted the market over the quarter. Weak economic conditions resulted in downgraded earnings guidance by several consumer sensitive stocks as well as other cyclical stocks such as BlueScope Steel and OneSteel. Market reaction to downgrades over the quarter was dramatic, with the market focusing on current earnings weakness rather than longer term earning potential of stocks.

Despite the negative sentiment in equity markets, several underlying economic indicators point to a mild improvement in global economic conditions. US manufacturing and housing is picking up and Chinese inflation is slowing, giving authorities there scope to stimulate. The Australian economy (excluding the resource sector) looks comparatively flat at present, but will benefit from any improvement in global conditions. With a mildly improving global economic backdrop, Australian consensus earnings look reasonably healthy and the market is forecasting an attractive dividend yield of 5.4% over the next twelve months. The Australian market is also looking inexpensive on a twelve month forward price earning multiple of 11.3 times compared to its historical average of 14.4 times. Given the unchallenging valuation metrics, even a mild improvement in market sentiment would likely result in material stock market gains as price earning multiples expand back towards normal levels.

Portfolio positioning

IOOF MultiMix Australian Shares Trust had a flat quarter returning 1.05% versus the market return of 2.05%. MultiMix managers continue to see more attractive long term opportunities in cyclically exposed stocks where the market is taking a very short term view of company prospects. MultiMix managers' research broadly suggests the market is overreacting to short term earnings disappointments. For example, Consumer Discretionary stocks appear to be valued assuming the current slowdown in consumer spending is a permanent feature of the Australian economy with the sector trading on a forecast Price Earnings ratio near a ten year low on trough earnings. These depressed valuations suggest scope for share price gains in Consumer Discretionary on even a mild improvement in consumer conditions or investor sentiment.

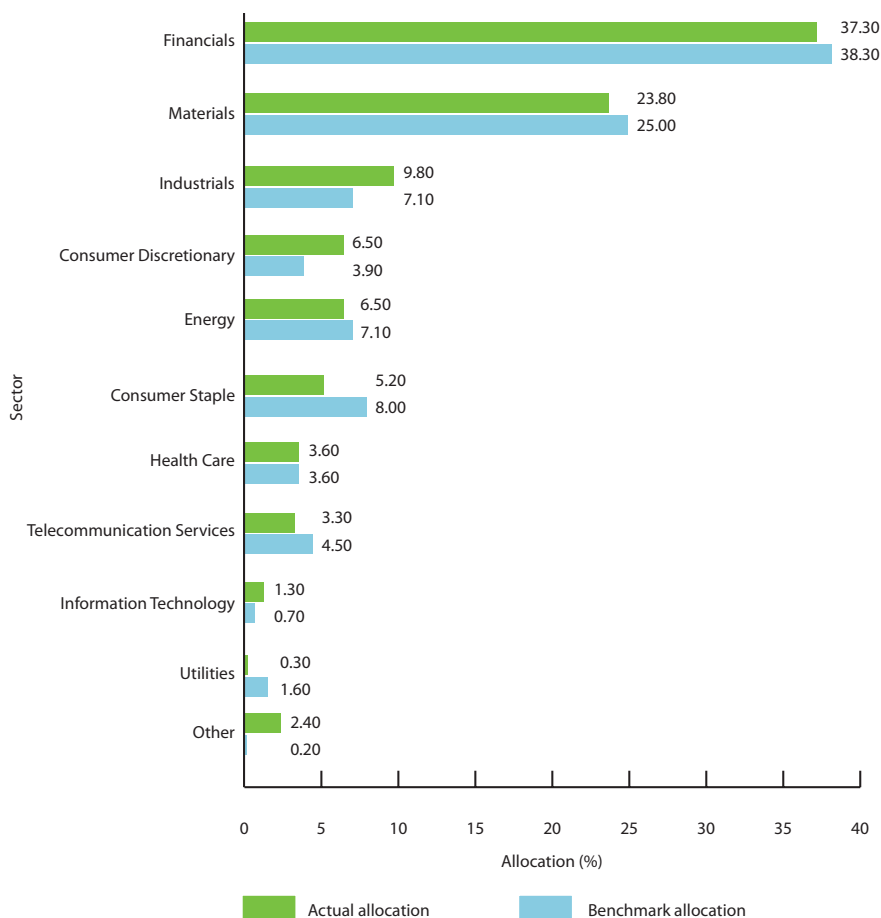


The MultiMix Australian Shares Trust is well positioned to benefit from improvement in these beaten down sectors with moderate overweight holdings in Consumer Discretionary and Media sectors, and underweight sectors viewed by the fund managers as “Expensive Defensives” such as Utilities and Property Trusts. The fundamentals of the MultiMix Australian Shares Trust reflects this active positioning, with the fund on an attractive forecast 2013 price earnings ratio of 8.9 times compared to the market multiple of 9.6 times, and strong earnings growth forecast of 19.3% versus market earnings growth of 15.9%.

MultiMix manager performance over the quarter was mixed in the volatile market conditions. Newly appointed manager Vinva had a strong first quarter for IOOF returning 4.04% versus the S&P/ASX 300 return of 2.05%. Vinva’s quantitative investment approach performed well, responding quickly to the changing market conditions. Our largest manager, Solaris, also added value over the quarter as a number of their key stock positions selected on fundamental research, such as QR National and AWE, outperformed the market.

A key theme over the quarter was the difficult conditions faced by managers favouring value stocks. Our two value focused managers AllianceBernstein and Integrity both underperformed over the quarter. Bernstein’s performance was hurt by an overweight position in OneSteel that was sold down on speculation the company would need to undertake a capital raising. Bernstein research shows OneSteel offers significant value at current prices with an equity raising unlikely given that planned asset sales by the company will provide adequate balance sheet strength. Integrity’s performance was hurt by its overweight holding in retailer JB Hi-Fi that fell following a five percent earnings downgrade in December. JB Hi-Fi earnings softened as a result of weakening sales volumes and price discounting, particularly in TVs. Integrity forecast that JB Hi-Fi’s low cost business model will generate strong and sustainable cash flows going forward.

Actual sector allocation versus benchmark as at 31 December 2011⁸





Notes to the fund profile

- 1 Performance is net of management costs and expenses as disclosed in the RPDS. Performance is based on exit price to exit price for the period and assumes that all distributions are reinvested. Management costs and other expenses are accounted for in the exit price.
- 2 Past performance is not a reliable indicator of future performance.
- 3 All performance figures have been rounded to two decimal points.
- 4 S&P/ASX 300 Accumulation Index.
- 5 Investment and withdrawal minimums do not apply for investments in the Trust via a master trust or investor directed portfolio service (IDPS). Please refer to the current IOOF MultiMix Trusts Replacement Product Disclosure Statement (RPDS), IDPS offer document or master trust PDS for more information.
- 6 The management cost listed above is effective 30 September 2011 (the issue date of the RPDS). This fee currently includes the investment management fee and expense recoveries (excluding any unusual or non-recurrent expenses). Fees paid to underlying investment managers (excluding performance fees) are currently paid out of the investment management fees and are not an additional charge to investors. Performance fees may be charged by underlying investment managers from time to time. The management cost excludes estimated performance fees that may be charged, any performance fees incurred will be an additional cost. Please refer to the RPDS for full details on fees and costs.
- 7 For reasons of investment efficiency, the Trust may gain its exposure by holding units in other IOOF group unit trusts and/or through direct investment holdings.
- 8 The asset allocations and investment manager allocations reflect the combined indirect exposure of the Trust's holdings via other IOOF group unit trusts and/or direct investments. Actual asset allocations may move outside the target asset allocations and ranges (as specified in the RPDS) from time to time.
- 9 Provides indirect composite stock holding of the Trust's exposure via underlying investment managers.

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Chant West

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Lonsec

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