

Balanced Growth Trust

Investment objective

To provide capital growth over the medium to long term by investing in a diversified portfolio of growth assets with some defensive asset exposure, and to achieve a total return after fees in excess of the Trust's benchmark over a rolling five-year period.

Features	Information
APIR code	IOF0093AU
Inception date	April 2008
Minimum suggested investment time frame	5-7 years
Risk/return profile	Medium/High
Benchmark	Composite benchmark
Income distribution frequency	Half yearly (as at 30 June and 31 December)
Trust size	\$1,779.43m

Investment minimums	
Initial investment	\$25,000
Additional investment	\$5,000
Switch/withdrawal	\$5,000

Total estimated management costs as at 30/06/2020 ¹	
Estimated management fee	0.92% pa
Estimated performance fee	0.10% pa
Total estimated management cost	1.02% pa

Performance ²

	3 mths %	6 mths %	1 year %	3 years % pa	5 years % pa
Total return	2.73	8.27	1.48	7.40	7.36
Benchmark	2.09	10.35	-0.30	6.78	7.74

Performance data provided by FE fundinfo.

Investment strategy

The Trust generally gains its exposure to a diversified portfolio of investments through a mix of investment managers.

The growth orientation of the Trust means it has a greater exposure to growth assets (such as Australian and international property and shares and alternative – growth), with a moderate exposure to defensive assets (such as cash, fixed interest and alternative – defensive).

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

The underlying investment managers may utilise strategies for the management of currency exposure.

The level of currency hedging used for the Trust will vary from time to time. The Trust has the capacity to change the level and nature of the currency overlay to manage the Trust's currency risk.

Quarter highlights

- Energy Infrastructure Trust was added to the Alternative Defensive portfolio in July 2020.
- Australian equities portfolio outperformed due to an overweight to small and micro caps managers which outperformed the broader market and the small caps benchmark.
- Diversified fixed interest portfolio outperformed, with all underlying managers outperforming their benchmarks. An overweight to credit and short duration versus benchmark added value.
- Alternative Growth underperformed its equities benchmark.

Manager weightings

Asset class	Investment manager/s strategy	Manager style/strategy description	Asset allocation %
Australian shares	Acorn Capital Limited	Micro-caps, active long only	1.71
Australian shares	AllianceBernstein Investment Management Australia Limited	Managed volatility and concentrated value	3.11
Australian shares	Invesco Australia Limited	Quantitative, bottom-up, multi-factor approach	0.20
Australian shares	IOOF Investment Services Ltd	Transactional cash	1.01
Australian shares	Legg Mason Martin Currie Australia Limited	Dynamic value	2.65
Australian shares	Northcape Capital Pty Ltd	Quality	2.71
Australian shares	OC Funds Management Limited	Small cap and micro-cap	2.52
Australian shares	Quest Asset Partners Pty Limited	Fundamental quality and growth	3.08
Australian shares	Boutique Manager Portfolio	Diversified Australian shares	3.16
Australian shares	Vinva Investment Management Limited	Quantitative	3.26
International shares	Alphinity Investment Management Pty Ltd	Quality with earnings leadership	4.21
International shares	Antipodes Partners	Pragmatic value, absolute return	4.43
International shares	EAM Global Investors LLC	Emerging markets small caps	1.89
International shares	IOOF Investment Services Ltd	Transactional cash	0.35
International shares	The Northern Trust Company of Hong Kong Limited	Multi-factor	4.02
International shares	Thomson Horstmann & Bryant, Inc.	Micro-caps	1.56
International shares	TT International	Growth at reasonable price and concentrated quality	6.63
International shares	Wellington International Management Company Pte Ltd	Growth	4.26
Australian property	Fidante Partners Limited	Broad cap core	0.56
Australian property	IOOF Investment Services Ltd	Transactional cash	0.48
Australian property	Direct Property - IOOF Investment Services Ltd	Core	6.45
Australian property	Legg Mason Martin Currie Australia Limited	Small cap	0.55
International property	Cohen & Steers Capital Management, Inc.	Active, core, bottom-up	0.56
International property	IOOF Investment Services Ltd	Transactional cash	0.02
International property	Pendal Institutional Limited	Active, value-driven, risk-controlled	0.34
International property	Resolution Capital Limited	High conviction, benchmark-unaware	1.17
Alternative - growth	Transactional cash	Transactional cash	1.05
Alternative - growth	Hedge fund	Hedge fund	1.59
Alternative - growth	Private equity	Private equity	8.34
Australian fixed interest	Ardea Investment Management	Total return Australian fixed income	2.48
Australian fixed interest	IOOF Investment Services Ltd	Transactional cash	0.07
Australian fixed interest	Janus Henderson Investors (Australia) Funds Management Limited	Active Australian fixed interest	5.49
Australian fixed interest	Metrics Credit Partners Pty Limited	Australian corporate loans	1.53
Australian fixed interest	Western Asset Management Company	Australian bonds	0.69
International fixed interest	Bentham Asset Management Pty Ltd	Syndicated loans	0.84
International fixed interest	Brandywine Global Investment Management, LLC	Top-down, value-driven	2.09
International fixed interest	PIMCO Australia Pty Ltd	Global bonds	0.89
International fixed interest	Stone Harbor Investment Partners LP	Emerging markets debt	0.91
International fixed interest	T. Rowe Price International Ltd	International core fixed income	0.93
International fixed interest	Western Asset Management Company	Global total return and global high-grade multi-asset credit	2.52
Alternative - defensive	Hedge fund	Hedge fund	0.23
Alternative - defensive	Transactional cash	Transactional cash	0.15
Alternative - defensive	Real assets	Real assets	2.77
Alternative - defensive	Private debt	Private debt	3.43
Cash and short-term securities	IOOF Investment Services Ltd	Short-term money market securities	0.80
Cash and short-term securities	Janus Henderson Investors (Australia) Funds Management Limited	Active	1.18

Asset class	Investment manager/s strategy	Manager style/strategy description	Asset allocation %
Cash and short-term securities	Pendal Institutional Limited	Relative value credit	1.16

Asset allocation range

Asset class	Asset range
Cash and short-term securities	0-15%
Diversified fixed interest	5-30%
Alternative - defensive	0-20%
Property	0-20%
Australian shares	15-35%
International shares	15-40%
Alternative - growth	0-20%

Top holdings - Australian shares ³

CSL Limited	0.99%
BHP Group Ltd	0.86%
Commonwealth Bank of Australia	0.66%
Saluda Medical	0.54%
National Australia Bank Limited	0.47%
Westpac Banking Corporation	0.46%
Telstra Corporation Limited	0.45%
Transurban Group Ltd.	0.43%
James Hardie Industries PLC Chess Units of Foreign Securities	0.40%
Macquarie Group Limited	0.37%

Top holdings - International shares

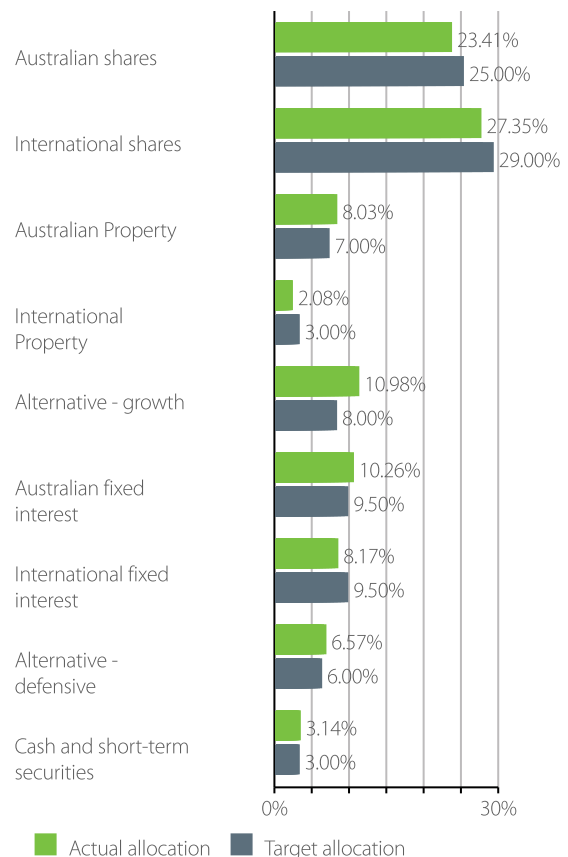
Microsoft Corporation	0.90%
Alibaba Group Holding Ltd. Sponsored ADR	0.75%
Amazon.com, Inc.	0.54%
Apple Inc.	0.40%
Tencent Holdings Ltd.	0.34%
Nestle S.A.	0.32%
Berkshire Hathaway Inc. Class B	0.28%
Taiwan Semiconductor Manufacturing Co., Ltd.	0.27%
Roche Holding AG	0.27%
Alphabet Inc. Class A	0.24%

Asset allocation



Australian shares	23.41%
International shares	27.35%
Australian Property	8.03%
International Property	2.08%
Alternative - growth	10.98%
Australian fixed interest	10.26%
International fixed interest	8.17%
Alternative - defensive	6.57%
Cash and short-term securities	3.14%

Actual versus target asset allocation



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- 1 The total estimated management cost includes the management fee and any performance fees (shown if applicable) that may be charged by underlying investment managers. These costs are subject to change from time to time and may vary depending on changes to the composition of the underlying assets, changes in exposure to underlying investment managers and where any unusual or non-recurrent expenses are incurred. Estimated performance fees if applicable are indicative and have been based on the annualised performance fees incurred as at 30 June 2020. Please refer to the latest PDS and www.ioof.com.au for full details on fees and costs.
- 2 Performance is net of management costs and expenses. 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. Past performance is not a reliable indicator of future performance. Please refer to www.ioof.com.au for updated performance information. Performance data is provided by FE fundinfo (FE fundinfo (Australia) Pty Limited, ABN 18 601 868 311). For further information visit <https://www.fe-fundinfo.com>
- 3 Information shown may include data provided by some investment managers from the prior month.

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