

Conservative Trust

Investment objective

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

| Features | Information |
|---|---|
| APIR code | IOF0095AU |
| Inception date | April 2008 |
| Minimum suggested investment time frame | 3-5 years |
| Risk/return profile | Low/Medium |
| Benchmark | Composite benchmark |
| Income distribution frequency | Half yearly (as at 30 June and 31 December) |
| Trust size | \$648.82m |

| 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 | 0.73% pa |
| Estimated performance fee | 0.04% pa |
| Total estimated management cost | 0.77% pa |

Performance ²

| | 3 mths % | 6 mths % | 1 year % | 3 years % pa | 5 years % pa |
|--------------|----------|----------|----------|--------------|--------------|
| Total return | 1.53 | 4.43 | 1.96 | 4.89 | 5.11 |
| Benchmark | 1.16 | 4.81 | 1.36 | 5.07 | 5.26 |

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 conservative nature of the Trust means it has a greater exposure to income-bearing assets such as cash, fixed interest and alternative – defensive with some exposure to growth assets such as Australian and international property and shares and alternative – growth.

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 apply a currency overlay to manage the Trust's currency risk.

Quarter highlights

- Energy Infrastructure Trust was added to the Alternative Defensive portfolio in July 2020.
- Diversified fixed interest portfolio outperformed, with all underlying managers outperforming their benchmarks. An overweight to credit and short duration versus benchmark added value.
- Income Trust also performed well as credit outperformed.
- Defensive equities portfolio underperformed as value-tilted managers underperformed.

Manager weightings

| Asset class | Investment manager/s strategy | Manager style/strategy description | Asset allocation % |
|--------------------------------|--|--|--------------------|
| Australian shares | IOOF Investment Services Ltd | Transactional cash | 0.26 |
| Australian shares | Defensive Equities Trust | Defensive equities | 7.44 |
| International shares | Alphinity Investment Management Pty Ltd | Quality with earnings leadership | 1.59 |
| International shares | Antipodes Partners | Pragmatic value, absolute return | 1.67 |
| International shares | EAM Global Investors LLC | Emerging markets small caps | 0.71 |
| International shares | IOOF Investment Services Ltd | Transactional cash | 0.13 |
| International shares | The Northern Trust Company of Hong Kong Limited | Multi-factor | 1.51 |
| International shares | Thomson Horstmann & Bryant, Inc. | Micro-caps | 0.59 |
| International shares | TT International | Growth at reasonable price and concentrated quality | 2.49 |
| International shares | Wellington International Management Company Pte Ltd | Growth | 1.60 |
| Australian property | Fidante Partners Limited | Broad cap core | 0.42 |
| Australian property | IOOF Investment Services Ltd | Transactional cash | 0.58 |
| Australian property | Direct Property - IOOF Investment Services Ltd | Core | 7.84 |
| Australian property | Legg Mason Martin Currie Australia Limited | Small cap | 0.42 |
| International property | Cohen & Steers Capital Management, Inc. | Active, core, bottom-up | 0.37 |
| International property | IOOF Investment Services Ltd | Transactional cash | 0.01 |
| International property | Pendal Institutional Limited | Active, value-driven, risk-controlled | 0.22 |
| International property | Resolution Capital Limited | High conviction, benchmark-unaware | 0.76 |
| Alternative - growth | Transactional cash | Transactional cash | 0.22 |
| Alternative - growth | Hedge fund | Hedge fund | 0.33 |
| Alternative - growth | Private equity | Private equity | 1.75 |
| Australian fixed interest | Ardea Investment Management | Total return Australian fixed income | 6.18 |
| Australian fixed interest | IOOF Investment Services Ltd | Transactional cash | 0.18 |
| Australian fixed interest | Janus Henderson Investors (Australia) Funds Management Limited | Active Australian fixed interest | 14.31 |
| Australian fixed interest | Metrics Credit Partners Pty Limited | Australian corporate loans | 4.05 |
| Australian fixed interest | Western Asset Management Company | Australian bonds | 1.72 |
| International fixed interest | Bentham Asset Management Pty Ltd | Syndicated loans | 2.08 |
| International fixed interest | Brandywine Global Investment Management, LLC | Top-down, value-driven | 5.21 |
| International fixed interest | PIMCO Australia Pty Ltd | Global bonds | 2.23 |
| International fixed interest | Stone Harbor Investment Partners LP | Emerging markets debt | 2.27 |
| International fixed interest | T. Rowe Price International Ltd | International core fixed income | 2.31 |
| International fixed interest | Western Asset Management Company | Global total return and global high-grade multi-asset credit | 6.40 |
| Alternative - defensive | Hedge fund | Hedge fund | 0.32 |
| Alternative - defensive | Transactional cash | Transactional cash | 0.21 |
| Alternative - defensive | Real assets | Real assets | 3.91 |
| Alternative - defensive | Private debt | Private debt | 4.84 |
| Cash and short-term securities | IOOF Investment Services Ltd | Short-term money market securities | 2.14 |
| Cash and short-term securities | Janus Henderson Investors (Australia) Funds Management Limited | Active | 5.41 |
| Cash and short-term securities | Pendal Institutional Limited | Relative value credit | 5.33 |

Asset allocation range

| Asset class | Asset range |
|--------------------------------|-------------|
| Cash and short-term securities | 10-35% |
| Diversified fixed interest | 30-55% |
| Alternative - defensive | 0-20% |
| Property | 0-20% |
| Australian shares | 0-20% |
| International shares | 0-25% |
| Alternative - growth | 0-15% |

Top holdings - Australian shares³

| | |
|--------------------------------|-------|
| Transurban Group Ltd. | 0.27% |
| Coles Group Ltd. | 0.27% |
| CSL Limited | 0.26% |
| Aurizon Holdings Ltd. | 0.25% |
| Westpac Banking Corporation | 0.25% |
| Woolworths Group Ltd | 0.23% |
| Telstra Corporation Limited | 0.22% |
| Commonwealth Bank of Australia | 0.21% |
| Sonic Healthcare Limited | 0.18% |
| Suncorp Group Limited | 0.17% |

Top holdings - International shares

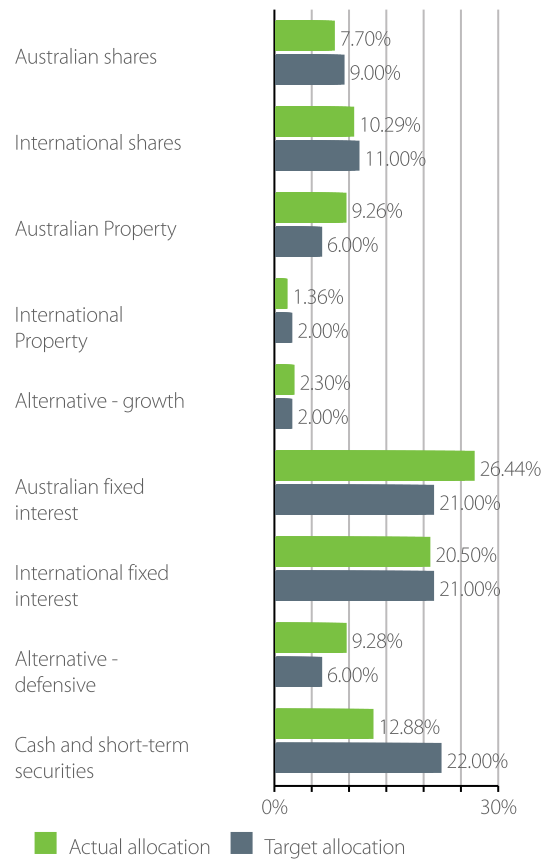
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|--|-------|
| Microsoft Corporation | 0.34% |
| Alibaba Group Holding Ltd. Sponsored ADR | 0.28% |
| Amazon.com, Inc. | 0.20% |
| Apple Inc. | 0.15% |
| Tencent Holdings Ltd. | 0.13% |
| Nestle S.A. | 0.12% |
| Berkshire Hathaway Inc. Class B | 0.10% |
| Taiwan Semiconductor Manufacturing Co., Ltd. | 0.10% |
| Roche Holding AG | 0.10% |
| Alphabet Inc. Class A | 0.09% |

Asset allocation



| | |
|--------------------------------|--------|
| Australian shares | 7.70% |
| International shares | 10.29% |
| Australian Property | 9.26% |
| International Property | 1.36% |
| Alternative - growth | 2.30% |
| Australian fixed interest | 26.44% |
| International fixed interest | 20.50% |
| Alternative - defensive | 9.28% |
| Cash and short-term securities | 12.88% |

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>

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