



IOOF MULTIMIX

Diversified Fixed Interest fact sheet September 2011

Investment objective

To provide a low to medium risk, income producing investment over the medium term by investing in a diversified portfolio of fixed interest investments, and to achieve a total return after fees in excess of the Trust's benchmark over a rolling 3 year period.

Performance as at 30 September 2011^{1,2}

	3 mths %	6 mths %	1 year %	2 years % p.a.	3 years % p.a.
Distribution	1.04	5.99	9.61	11.39	11.17
Growth	0.83	-1.86	-2.96	-2.82	-1.41
TOTAL	1.87	4.13	6.65	8.57	9.76
Benchmark ³	4.46	7.17	8.42	8.79	9.04
Added value	-2.59	-3.04	-1.77	-0.22	0.72

Trust highlights

- The Trust under-performed its benchmark over the September quarter, returning 1.87% versus the benchmark of 4.46%
- Bond markets rallied over the quarter on the back of the sovereign debt crisis in Europe and soft economic data in much of the developed world
- The overweight position to cash contributed to the bulk of under-performance
- All managers under-performed their benchmarks as a result of short duration positions, with PIMCO performing particularly poorly.

Trust features

Features	Information
Investment time horizon	2 – 3 years
Risk/return profile	Low/Medium
Benchmark	Composite benchmark ⁴
Income distribution frequency	Quarterly (as at 31 March, 30 June, 30 September and 31 December)
Investment minimums ⁵	Initial investment: \$25,000 Additional investment: \$5,000 Switch/withdrawal: \$5,000
Management cost (% p.a.) ⁶	0.49
Trust size as at 30 September 2011	\$102.20m

Investment strategy

The Trust generally gains its investment exposure by investing in a well-diversified portfolio of Australian and international fixed interest managers. The underlying fixed interest investments include a range of international and domestic government bonds, corporate debt and asset backed securities⁷.

The Trust can also invest in cash, although the cash exposure cannot exceed 25% 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.

The underlying investment managers may utilise strategies for managing currency exposure. The Trust's overall international fixed interest exposure is generally hedged. The Trust has the capacity to apply a currency overlay to manage the Trust's currency risk.

Investor profile

The Trust may be suitable for investors:

- with an investment horizon of 2 to 3 years
- with a low to medium level of risk tolerance
- who are predominantly seeking income generated returns through a well-diversified fixed interest portfolio.



Investment manager allocation as at 30 September 2011⁸

Asset class	Investment managers	Actual asset allocation (%)
Australian Fixed Interest	PIMCO Australia Pty Limited	11.14
	Perennial Investment Partners Limited	28.45
International Fixed Interest	Loomis Sayles and Company, LP	11.03
	PIMCO Australia Pty Limited)	24.01
Cash and short term securities	IOOF Investment Management Limited	16.30
	Perennial Investment Partners Limited	9.07

Trust commentary

Market conditions

Australian bonds returned 4.63% over the quarter as measured by the UBS Australian Composite Bond Index. International bonds returned 4.28% in AUD hedged terms during the quarter. Both sectors continued to be assisted by further declines in bond yields on the back of the sovereign debt crisis in Europe and soft economic data in much of the developed world. There has been a range of ongoing responses to the current malaise. On the central bank front, the US Fed eased monetary conditions further via steps to flatten the US yield curve, so called Operation Twist. In Australia, the economy performed better than expected in the June quarter, with growth rising by 1.20%. More recent indicators remain mixed with further signs of cooling in the labour market and business conditions.

Portfolio positioning

In the domestic market, PIMCO under-performed as a result of an underweight to Australian Semi Government bonds and an overweight to bonds of financial companies. An underweight to Australian duration detracted as rates fell across the yield curve. Perennial Investment Partners under-performed due to value detracted through a combination of interest rate strategies and sector allocation. A short duration position also detracted as Australian government bonds rallied. An overweight allocation to cash and short term securities via IOOF Investment Management Limited detracted value as bond yields continued to fall.

In international bonds, Loomis Sayles under-performed its benchmark primarily due to security selection as the portfolio's credit exposures under-performed. Compounding this was an overweight to corporate bonds which contributed to under-performance. The portfolio's short duration position also hurt performance, as treasury yields rallied. PIMCO under-performed its benchmark as a result of an underweight to US duration as interest rates fell, and an overweight to bonds of financial companies, which lagged the broader corporate market.

The Trust maintains an overweight position to cash and short term securities, consistent with our view that Australian and US Government bond yields are very expensive.



Notes to the fact sheet

- 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 Australian: UBSA Composite Bond Index (0+ years), International: Barclays Capital Global Aggregate Bond Index \$A – hedged.
- 4 The composite benchmark incorporates the applicable indices (or benchmark) for each asset class weighted against the Trust's target (or neutral) allocation.
- 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 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.

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