

Diversified Fixed Interest Trust Profile

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 three year period.

Features	Information
Minimum suggested investment time frame	2-3 years
Risk/return profile	Low/Medium
Benchmark ¹	Composite benchmark
Income distribution frequency ²	Quarterly (as at 30 June, 30 June, 30 September and 31 December)
Investment minimums ³	Initial investment: \$25,000 Additional investment: \$5,000 Switch/withdrawal: \$5,000
Total estimated management costs as at 30 June 2018 ⁴	Estimated management fee: 0.50% pa Estimated performance-related fee: 0.04% pa Total estimated management cost: 0.54% pa
Trust size	\$207.18m

Performance⁶

	3 mths %	6 mths %	1 year %	3 years % pa	5 years % pa
Distribution	0.72	1.48	2.82	5.33	5.56
Growth	2.01	1.96	1.30	-1.30	-1.16
TOTAL	2.73	3.44	4.13	4.03	4.40
Benchmark	3.11	5.12	5.88	3.69	4.96
Added value	-0.38	-1.68	-1.76	0.34	-0.56

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 securities⁵.

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.

Quarter highlights

- Falling global bond yields and tightening credit spreads led to a strong total performance. Global growth concerns pushed yields down, US10yr Treasuries from 2.68% to 2.41% and Australian 10yr Government from 2.32% to 1.78%.
- Credit sector positions were the main contributors, with a meaningful contribution coming from managers like Western Asset GTR and Bentham Syndicated Loans Fund.
- The short duration relative to the benchmark was the main detractor, with Janus Henderson and T Rowe strategies underperforming.

Investment manager allocation⁷

The asset allocations provided in the below table may not total 100% due to the effects of rounding.

Asset class	Investment managers	Manager style/strategy description	Actual asset allocation %
Diversified fixed interest	Brandywine Global Investment Management, LLC	Top-down, value-driven	16.10
	Janus Henderson Investors (Australia) Funds Management Limited	Active Australian fixed interest	37.32
	PIMCO Australia Pty Ltd	Global bonds	10.65
	T. Rowe Price International Ltd	International core fixed income	9.52
	Bentham Asset Management Pty Ltd	Syndicated loans	6.03
	Western Asset Management Company	US bank loans, Australian bonds and Global Total Return	15.78
	Metrics Credit Partners Pty Limited	Australian corporate loans	2.55
	IOOF Investment Management Limited	Income focus	0.12
	Macquarie Investment Management Limited	Active short-duration credit	0.08
Cash and short-term securities	IOOF Investment Management Limited	Short-term money market securities	1.85

Notes to the trust profile

- The composite benchmark incorporates the applicable indices (or benchmark) for each asset class weighted against the Trust's target (or neutral) allocation.
- Effective from 1 July 2017, this Trust has elected into the Attribution Managed Investment Trust (AMIT) regime, which may allow income to be 'attributed' to unitholders without actually paying a cash distribution for that income. Please refer to the latest IOOF MultiMix Trusts Product Disclosure Statement (PDS) for further information about the AMIT regime.
- 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 PDS, IDPS offer document or master trust PDS for more information.
- The total estimated management cost includes the management fee and any applicable performance-related fees 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 Trust's underlying assets, changes in exposure to underlying investment managers and where any unusual or non-recurrent expenses are incurred. The estimated performance-related fees are indicative and have been based on the annualised performance-related fees incurred as at 30 June 2018. Please refer to the latest IOOF MultiMix Trusts PDS for full details on fees and costs.
- 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.
- 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.
- 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 current PDS) from time to time.

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