

30 June 2017

# 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
Investment time horizon	2-3 years
Risk/return profile	Low/Medium
Benchmark	Composite benchmark <sup>1</sup>
Income distribution frequency	Quarterly (as at 31 March, 30 June, 30 September and 31 December)
Investment minimums <sup>2</sup>	Initial investment: \$25,000 Additional investment: \$5,000 Switch/withdrawal: \$5,000
Total management cost as at 30 June 2016 <sup>3</sup>	0.40% pa
Trust size	\$150.22m

## 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 securities<sup>4</sup>.

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.

## Performance<sup>5,6</sup>

	3 mths %	6 mths %	1 year %	3 years % pa	5 years % pa
Distribution	2.45	3.01	4.24	5.96	5.98
Growth	-0.94	0.44	-0.25	-1.49	-0.66
<b>TOTAL</b>	1.51	3.46	3.98	4.47	5.31
Benchmark	1.09	2.06	0.36	4.67	4.92
Added value	0.42	1.40	3.62	-0.20	0.39

## Quarter highlights

- The main contributors to the outperformance for the quarter were sector allocation, security selection and currency.
- Brandywine, Western Asset GTR and BlueBay were the main positive contributors to the excess returns of the portfolio.

## Investment manager allocation<sup>7</sup>

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	19.30
	Henderson Global Investors (Australia) Institutional Funds Management Limited	Fundamental active	27.99
	PIMCO Australia Pty Ltd	Core plus, multi-strategy	24.36
	BlueBay Asset Management LLP	Emerging market debt	2.55
	Legg Mason Western Asset Management Company	Global total return	6.00
	Western Asset Management Company	US bank loans	5.34
	Metrics Credit Partners Pty Limited	Australian corporate loans	2.61
	IOOF Investment Management Limited	Income focus	0.71
	Macquarie Investment Management Limited	Active short-duration credit	0.39
Cash and short-term securities	IOOF Investment Management Limited	Short-term money market securities	10.75

### 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
- 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 management costs are subject to change from time to time and may vary slightly from the estimated management costs (as detailed in the current PDS) 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 total management cost listed includes any performance fees that may be charged by underlying investment managers. Please refer to the current 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 calculated using \$A and is net of management costs and expenses as disclosed in the current PDS. 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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