



# IOOF MULTIMIX

## Hi Growth Trust fund profile December 2011

### Investment objective

To provide capital growth over the long term by investing in a portfolio of predominantly growth assets with minimal defensive asset exposure, and to achieve a total return after fees in excess of the Trust's benchmark over a rolling 5 year period.

### Performance as at 31 December 2011<sup>1,2,3</sup>

	3 mths %	6 mths %	1 year %	2 years % pa	3 years % pa
Distribution	1.08	0.98	4.24	4.61	3.84
Growth	-0.05	-9.13	-10.79	-7.17	-0.09
<b>TOTAL</b>	<b>1.02</b>	<b>-8.15</b>	<b>-6.55</b>	<b>-2.56</b>	<b>3.74</b>
Benchmark <sup>4</sup>	2.16	-7.01	-5.83	-1.34	4.14
Added value	-1.14	-1.14	-0.72	-1.22	0.40

### Trust highlights

- The MultiMix Hi Growth Trust underperformed its weighted average benchmark by -1.14%, returning 1.02% for the quarter.
- The bulk of underperformance was a result of low hedging of the international equities portfolio, as hedged international equities significantly outperformed unhedged international equities due to a rise in the Australian dollar.
- Poor performance from the underlying managers in Australian and international equities also contributed negatively.
- The overweight cash position relative to fixed interest also hurt performance as bonds continued to outperform cash over the quarter.
- An overweight to international equities contributed negatively to performance.

### Trust features

Features	Information
Investment time horizon	5-7 years
Risk/return profile	High
Benchmark	Composite benchmark <sup>4</sup>
Income distribution and frequency	Half yearly (as at 30 June and 31 December)
Investment minimums <sup>5</sup>	Initial investment: \$25,000 Additional investment: \$5,000 Switch/withdrawal: \$5,000
Management cost (% pa) <sup>6</sup>	0.95
Trust size as at 31 December 2011	\$386.72m

### Investment strategy

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

Due to the Trust's high growth nature, it predominantly gains exposure to growth assets such as Australian and international property and shares and alternative - growth. It may also have a small exposure to defensive assets such as cash, fixed interest and alternative – defensive<sup>7</sup>.

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.

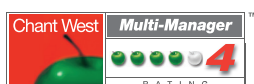
The underlying investment managers may utilise strategies for the management of currency exposure.

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.

### Investor profile

The Trust may be suitable for investors:

- with an investment horizon of 5 to 7 years
- with a high level of risk tolerance
- who are seeking capital growth through a well diversified portfolio of growth assets
- who can accept the volatility associated with a portfolio with significant growth asset exposure.





## Asset, strategy and manager weightings as at 31 December 2011<sup>8</sup>

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

Asset class	Investment manager/strategy	Manager style/strategy description	Weighting
<b>Cash and short term securities</b>	Perennial Investment Partners Limited	Enhanced Cash	1.05%
	IOOF Investment Management Limited	Short-term money market securities	1.89%
	Asset allocation range 0-10%	Target asset allocation 1%	Total actual asset allocation 2.94%
<b>Diversified fixed interest</b>	Perennial Investment Partners Limited	Fundamental active	1.69%
	Loomis Sayles and Company, LP	High tracking error, credit focus	0.70%
	PIMCO Australia Pty Ltd	Core plus, multi-strategy	2.27%
	Asset allocation range 0-20%	Target asset allocation 8%	Total actual asset allocation 4.66%
<b>Property<sup>9</sup></b>	Challenger Managed Investments Limited	Broad cap core	1.58%
	Colonial First State Global Asset Management (Australia) Limited	Small cap	0.46%
	Cohen & Steers Capital Management, Inc.	Core, bottom-up	0.91%
	Perennial Investment Partners Limited	High conviction, benchmark-unaware	1.99%
	IOOF Investment Management Limited	Core	0.54%
	Asset allocation range 0-20%	Target asset allocation 10%	Total actual asset allocation 5.48%
<b>Australian shares</b>	AllianceBernstein Australia Limited	Value	6.41%
	Perennial Investment Partners Limited	Bottom up, growth	6.50%
	Legg Mason Asset Management Australia Limited	Multi style (value/growth)	3.43%
	Integrity Investment Management Limited	Value	6.24%
	Merlon Capital Partners Pty Limited	Fundamental research	3.19%
	Solaris Investment Management Limited	Style neutral	7.28%
	Vinva Investment Management Limited	Quantitative	6.48%
	Asset allocation range 25-50%	Target asset allocation 39%	Total actual asset allocation 39.54%
<b>International shares</b>	LSV Asset Management	Value	9.45%
	Credit Suisse HOLT Global Style Rotation strategy <sup>10</sup>	Quantitative	2.29%
	Neuberger Berman Group LLC	Value	7.82%
	Perennial Investment Partners Limited	Growth	1.68%
	State Street Global Advisors, Australia, Limited	Index	14.39%
	Wellington Management Company, LLP	Growth	3.65%
	Asset allocation range 20-45%	Target asset allocation 32%	Total actual asset allocation 39.27%
<b>Alternative – defensive</b>	Asset allocation range 0-10%	Target asset allocation 1%	Total actual asset allocation 0.79%
<b>Alternative – growth</b>	Asset allocation range 0-20%	Target asset allocation 9%	Total actual asset allocation 7.33%

In line with other asset classes, IOOF uses a multi-manager approach to manage alternative growth and defensive assets in the MultiMix diversified trusts. The number of investment managers and/or investments in these asset classes will be fairly large and change over time. IOOF managed a total of \$394 million alternative growth and defensive assets as at 31 December 2011.



## Top ten holdings – Australian Shares (as at 31 December 2011)

BHP	BHP Billiton
NAB	National Australia Bank
CBA	Commonwealth Bank of Australia
WBC	Westpac Banking Corporation
ANZ	ANZ Banking Group
RIO	Rio Tinto
WOW	Woolworths
TLS	Telstra Corp
ORG	Origin Energy Limited
MQG	Macquarie Group Limited

## Top ten holdings – international shares (as at 31 December 2011)

Exxon Mobil
Royal Dutch Shell
Chevron Texaco
Google
MTN Group
Microsoft
Pfizer
China Mobile
Samsung Electric
Conoco Phillips

## Trust commentary

### Market conditions

The Australian share market rose over the December quarter, with the S&P/ASX 300 Accumulation Index closing the period 2.05% higher. Initial hopes of a resolution to Europe's persistent debt woes prompted a strong rally in October, though the market gave back much of these gains in November when it became clear that Italy – the euro-zone's third-largest economy – had fallen victim to the crisis. However, a series of better-than-expected US economic data, stronger domestic growth and two interest rate cuts by the Reserve Bank of Australia (RBA) ensured the local market finished the year on a relatively positive note.

The MSCI AC World ex Australia Index \$A finished up 1.60% during the quarter. Emerging markets stocks had a more difficult time keeping up as they were down -1.00% (MSCI Emerging Market Index). On a fully hedged basis, the MSCI World ex Australia Index rose 8.69%.

Australian bonds returned 1.94% over the quarter as measured by the UBS Australian Composite Bond Index. International bonds returned 2.04% in AUD hedged terms during the quarter. Expectations of softer global growth in 2012 and the RBA's decision to cut interest rates twice during the period also contributed to the gains. In response to the ongoing uncertainty in Europe, investors continued to seek out risk free defensive assets, particularly government bonds. As a result of the flight to quality flows over the quarter, yields were sharply lower.

The S&P/ASX 300 Property Accumulation Index was up 3.81% over the December quarter outperforming the broader market. The AREIT sector underperformed Global REITs over the quarter, which was up 8.86% as measured by the UBS Global Property Investors ex Australia Index (AUD Hedged).

### Portfolio positioning

The MultiMix Hi Growth Trust's underperformance was a result of low levels of hedging within international equities, as unhedged international equities significantly underperformed hedged international equities due to a rise in the Australian dollar.

Poor performance from the underlying managers in Australian equities and international equities also contributed to underperformance. The Australian equities managers continue to see the most attractive long term opportunities in cyclically exposed segments where the market is taking a very short term view of company valuation. The international equities managers struggled in the volatile macro driven environment, but all of the underlying strategies continue to trade at extremely attractive levels compared to historical averages.

An overweight to cash relative to fixed interest also contributed to underperformance as bonds outperformed cash. However, this was offset by positive manager performance within the fixed interest portfolio.

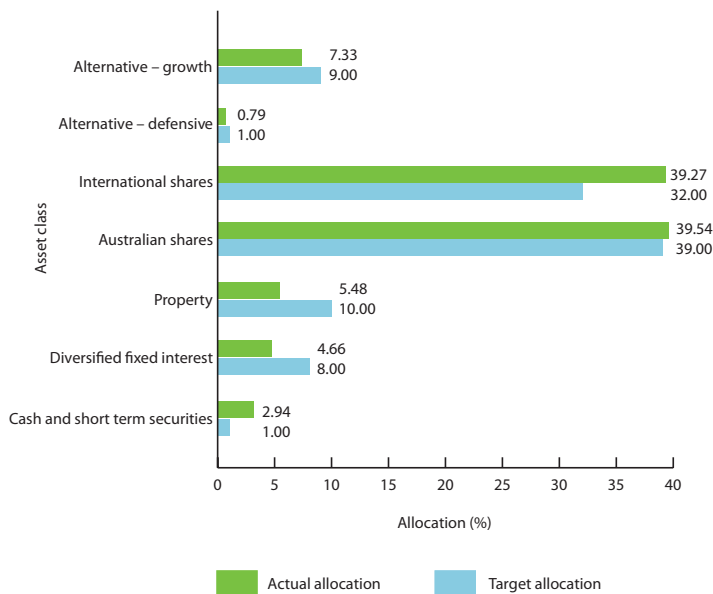
The Alternative – defensive portfolio's exposure to listed and unlisted infrastructure performed well for the quarter. The Trust's investments in credit and subordinated debt posted positive returns but did not keep pace with the rally in government bonds. The Trust's significant cash holding also underperformed government bonds.

The Alternative – growth portfolio's exposure to systematic hedge funds performed well. The Trust's investments in discretionary hedge funds and private equity disappointed for the quarter. The valuations for private equity were marked down after their market comparables suffered in the third quarter. The discretionary hedge funds' exposures to US and UK financials also dragged down returns.

Going forward, we maintain an overweight position to cash and short term securities, consistent with our view that Australian and US Government bond yields are very expensive. We also maintain our preference for unhedged international equities over Australian equities. We continue to maintain low levels of hedging on the international equities portfolio.



## Actual versus target asset allocation as at 31 December 2011<sup>8</sup>



### Notes to the fund profile

- Performance is net of management costs and expenses as disclosed in the Replacement Product Disclosure Statement (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.
- Past performance is not a reliable indicator of future performance.
- All performance figures have been rounded to two decimal points.
- 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 RPDS, IDPS offer document or master trust PDS for more information.
- The management cost listed above 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.
- 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.
- 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.
- Property asset sector may include exposure to Australian direct property and Australian and international property securities.
- This strategy is intended to track the Credit Suisse HOLT®, Global Style Rotation Index and is managed by IOOF.

### Important information

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