

IOOF Balanced Investor Trust

The IOOF Balanced Investor Trust (the Trust) is a multi-manager diversified trust that has been specifically designed as the MySuper investment strategy within IOOF Employer Super. The Trust aims to provide capital growth over the medium to long term by investing in a diversified portfolio of growth and defensive assets using a combination of active and passive approaches.

Trust features

Features	Information
Minimum suggested investment time frame	5 years
Risk/return profile	Medium to high
Benchmark ¹	Composite benchmark
Income attribution frequency ²	Half yearly (as at 30 June and 31 December)
Investment minimums	Investment and withdrawal minimums do not apply for investments in the Trust via a master trust or investor directed portfolio service (IDPS). Investors will need to refer to the disclosure document or master trust to check if any investment minimums apply.
Total estimated management cost as at 30 June 2018 ³	0.50% pa
Trust size	\$3,199.57m

Investment objective

To provide capital growth over the medium to long term by investing in a diversified portfolio of growth and defensive assets through a range of investment managers and to achieve total returns after fees in excess of the CPI +3.5% over a rolling 10 year basis.

Investment strategy

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

The balanced orientation of the Trust provides a greater exposure to growth assets, such as property, Australian and international shares, and alternative assets, with a moderate exposure to defensive assets, such as fixed interest and cash⁴.

A mix of passive, factor and active investment managers may be selected to manage the assets of the Trust providing differing yet complementary investment styles to achieve more consistent investment returns.

The Trust is authorised to utilise approved derivative instruments for risk management purposes and investment efficiency. Please note that the derivative instruments are not used to gear the Trust's exposure.

We recognise that currency can be a major component of risk for overseas investments. As such, we invest in some underlying managers that are fully hedged against currency fluctuations. As part of our approach, the Trust has the capacity to manage currency risk by adjusting its allocation to those underlying managers that are fully hedged.

Investor profile

The Trust may be suitable for investors:

- with an investment time horizon of five years or more
- with a medium to high level of risk tolerance and who are prepared to tolerate short-term volatility
- who are seeking both income and capital growth and consistent returns through a well-diversified portfolio.

Performance⁵

	3 mths %	6 mths %	1 year %	2 years % pa	3 years % pa	5 years % pa
Distribution	0.00	0.00	0.00	2.31	2.80	3.20
Growth	7.59	2.16	8.61	5.42	6.10	5.06
TOTAL	7.59	2.16	8.61	7.73	8.90	8.27
Benchmark	7.90	2.54	9.29	7.71	9.11	5.93
Added Value	-0.31	-0.38	-0.68	0.02	-0.21	-0.42

Quarter highlights

- Manager changes: Alphinity Global replaced State Street Global (international equities); Ardea Diversified Bond Fund (diversified fixed interest); in Australian equities, Northern Trust replaced Janus Henderson and Platypus, and UBS HALO transitioned to Yarra Capital.
- Alternatives portfolio outperformed. In particular, global listed infrastructure produced strong returns.
- International equities portfolio outperformed, with most underlying managers outperforming.
- Underweight to Australian equities detracted as Australian equities performed strongly.
- Given the strong equity markets, overweight allocations to direct property and Alternatives detracted from performance.
- The Australian equities portfolio underperformed, with SSgA and Invesco underperforming.

Asset, strategy and manager weightings⁶

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

Asset class	Investment manager/s strategy	Manager style/strategy description	Asset allocation %
Cash and short-term securities	IOOF Investment Management Limited	Short-term money market securities	4.60
	Asset allocation range 0–15%	Target asset allocation 5%	Total actual asset allocation 4.60%
Diversified fixed interest	Brandywine Global Investment Management, LLC	Top-down, value-driven	3.56
	Invesco Australia Limited	International core fixed income	6.18
	Metrics Credit Partners Pty Limited	Australian corporate loans	4.56
	Western Asset Management Company	Australian bonds	6.61
	Janus Henderson Investors (Australia) Funds Management Limited	Active Australian fixed interest	1.20
	Ardea Investment Management	Diversified fixed income	1.43
	Asset allocation range 15–35%	Target asset allocation 25%	Total actual asset allocation 23.54%
Property ⁷	Macquarie Investment Management Limited	True index (Australian and global property securities)	5.14
	IOOF Investment Management Limited	Core	6.49
	Asset allocation range 0–20%	Target asset allocation 10%	Total actual asset allocation 11.64%
Australian shares	State Street Global Advisors, Australia, Limited	Enhanced passive	5.14
	Invesco Australia Limited	Quantitative 130/30	2.37
	IOOF QuantPlus	Enhanced passive	4.73
	The Northern Trust Company of Hong Kong Limited	Quantitative Quality and Momentum	7.92
	Acadian Asset Management (Australia) Limited	Small companies	2.75
	Yarra Funds Management Limited	Style neutral	3.31
	Asset allocation range 20–40%	Target asset allocation 30%	Total actual asset allocation 26.21%
International shares	Challenger Limited	MSCI World ex Australia Net in AUD plus 0.4% per annum	10.88
	Alphinity Investment Management Pty Ltd	Quality with earnings leadership	4.01
	TT International	Emerging and developed markets	4.97
	Neuberger Berman Australia Pty Limited	Emerging markets	1.66
	Goldman Sachs International	Multi-factor global equities index	5.35
	Asset allocation range 15–35%	Target asset allocation 25%	Total actual asset allocation 26.86%
Alternatives	Asset allocation range 0–15%	Target asset allocation 5%	Total actual asset allocation 7.15%

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 Balanced Investor Trust Product Disclosure Statement (PDS) for further information about the AMIT regime.
- The estimated management cost includes the investment management fee and indirect costs. This cost may vary from time-to-time due to changes to the Trust's underlying investment managers and their fees. See pages 6 and 7 of the latest IOOF Balanced Investor Trust 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 manager weightings reflect the combined indirect exposure of the Trust's holding via other IOOF group unit trusts and/or direct investments. Actual asset allocations may move outside the target asset allocations and ranges from time to time.
- Property asset sector may include exposure to Australian direct property and Australian and international property securities.

Important Note: This fund profile is issued by IOOF Investment Management Limited (IIML) ABN 53 006 695 021, AFS Licence No. 230524, as Responsible Entity for the IOOF Balanced Investor Trust. IIML is a company within the IOOF group which consists of IOOF Holdings Ltd ABN 49 100 103 722 and its related bodies corporate. The offer of units in the IOOF Balanced Investor Trust is made in the current PDS. This fund profile is not intended to represent investment or professional advice. The information does not take into account your individual objectives, financial circumstances or needs. You should assess whether the information is appropriate for you, having regard to your objectives, financial circumstances or needs. You should consider the PDS in deciding whether to acquire or to continue to hold the investment and consider talking to a licenced or appropriately authorised financial adviser before making an investment decision. The information in this fund profile is effective 31 March 2019.