



Product Viewpoint

IOOF MultiMix Diversified Fixed Interest Trust

ISSUE DATE 14-04-2021

Key information

APIR CODE	IOF0096AU
STATUS	OPEN
ASSET CLASS	FIXED INTEREST
SECTOR	DIVERSIFIED FIXED INTEREST
SUB SECTOR	MULTI-MANAGER
PRODUCT TYPE	WHOLESALE
LEGAL TYPE	UNIT TRUST
PDS OBJECTIVE	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 BENCHMARK OVER ROLLING THREE YEAR PERIODS.
FUND SIZE	\$396.13M
MINIMUM INITIAL / ADDITIONAL INVESTMENT	\$25,000 / \$5,000
MINIMUM INVESTMENT BALANCE	\$25,000
DISTRIBUTION FREQUENCY	QUARTERLY

Fees & costs

MANAGEMENT COSTS	0.57% P.A. (INC. MANAGEMENT FEE 0.50% AND PERFORMANCE RELATED FEES 0.07%)
PERFORMANCE FEE	MAY BE CHARGED ON SOME UNDERLYING STRATEGIES
ICR % PA	0.5%
BUY/SELL DIFFERENTIAL	0.22%

Returns after fees (at 31-5-2021)

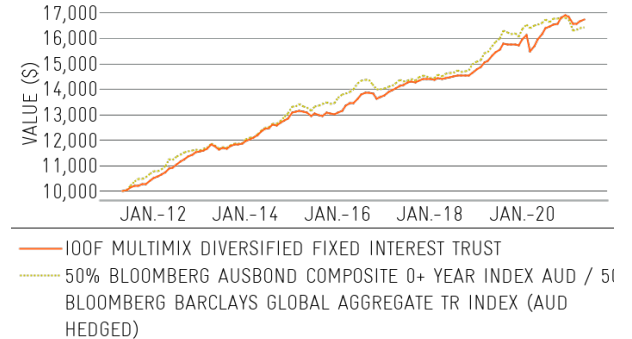
	1 YR	3 YR	5 YR	10 YR
TOTAL RETURN (% PA)	4.98	5.04	4.45	5.29
INCOME RETURN (% PA)	6.32	4.15	5.12	5.68
GROWTH RETURN (% PA)	-1.34	0.89	-0.66	-0.39
LONSEC BENCHMARK (% PA)	-0.68	4.04	3.25	5.10
EXCESS RETURN (% PA)	5.66	1.00	1.20	0.19

BENCHMARK USED: 50% BLOOMBERG AUSBOND COMPOSITE 0+ YEAR INDEX AUD / 50% BLOOMBERG BARCLAYS GLOBAL AGGREGATE TR INDEX (AUD HEDGED)

Asset allocation (at 31-3-2021)

	%ACTUAL	%MIN	%MAX	%TARGET
INTERNATIONAL EQUITIES	0.0	-	-	-
AUSTRALIAN FIXED INTEREST	35.5	25.0	75.0	50.0
GLOBAL FIXED INTEREST	57.3	25.0	75.0	50.0
OTHERS	0.0	-	-	-
CASH	7.2	0.0	25.0	0.0

Growth of \$10,000 over 10 years



What this Rating means

The 'Recommended' rating indicates that Lonsec has strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered an appropriate entry point to this asset class or strategy.

Lonsec Opinion of this Fund

Overall

Lonsec has maintained the Trust's 'Recommended' rating at its latest review. The Trust continues to be a solid offering in the peer group as well as a consistent performer across the majority of periods. Lonsec believes that the Trust provides access to a well-researched line-up of underlying managers and is supported by a robust and repeatable investment process. Lonsec believes that Acosta is of suitable experience to be managing the Trust. Lonsec also notes that the product's return objective could be considered relatively weak given the fee load.

Lonsec will be closely monitoring the progress of the MLC Wealth acquisition and its impact on the investment team and Trust performance.

Strengths

- IOOF implements a robust and consistently applied research process underpinning underlying manager selection and portfolio construction functions.
- The Trust has exceeded its internal return objective and has outperformed the peer median across the majority of periods observed.

Weaknesses

- Moderate investment objective relative to the Fund's management fee.
- Upcoming MLC Wealth and IOOF merger may serve as a distraction to the investment team.

ANALYST: ROBBIE LEW | APPROVED BY: SEBASTIAN LANDER

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Product Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK		●	
CAPITAL VOLATILITY		●	
CREDIT RISK			●
FOREIGN CURRENCY EXPOSURE		●	
INTEREST RATE (DURATION) RISK			●
LEVERAGE RISK	●		
REDEMPTION RISK		●	
SECURITY CONCENTRATION RISK	●		
SECURITY LIQUIDITY RISK		●	

Risk categories are based on Lonsec’s qualitative opinion of the risks inherent in the financial product’s asset class and the risks relative to other financial products in the relevant Lonsec sector universe.

ESG BiMetric

LOW	MODERATE	HIGH
	●	

What is this Fund?

The IOOF MultiMix Diversified Fixed Interest Trust (‘the Trust’) is a multi-manager style, diversified fixed income strategy that offers access to a range of underlying Australian and global fixed income managers. The Trust aims to outperform the benchmark (50% Bloomberg AusBond Composite 0+ Yr Index and 50% Bloomberg Barclays Capital Global Aggregate Total Return Index Value (Hedged AUD) by 0.5% p.a. (before fees)), with a Tracking Error of less than 2% p.a. over a three year period.

Using this Fund

Diversified Fixed Interest funds can provide sound diversification benefits when combined with equities as part of a diversified investment portfolio, **although they have more limited use as standalone income producing products.**

Suggested Lonsec risk profile suitability

SECURE	DEFENSIVE	CONSERVATIVE	BALANCED	GROWTH	HIGH GROWTH
	●	●	●	●	

For guidance on appropriate asset allocations and risk profiles, refer to the latest Lonsec Strategic Asset Allocation Review and Risk Profile Definitions on our website.

Manager Profile

IOOF is a wealth management company offering products and services across; financial advice and distribution, portfolio and estate administration and investment management. IOOF is listed on the Australian Securities Exchange (ASX Code: IFL). As of 31 December 2020, IOOF had \$202bn in Funds Under Management, Administration and Advice.

Glossary

[Click here for the glossary of terms.](#)

About Lonsec

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Analyst Disclosure and Certification

Analyst remuneration is not linked to the research or rating outcome. Where financial products are mentioned, the Analyst(s) may hold the financial product(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the matters and financial product(s) to which this document refers.

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