



Product Viewpoint

IOOF Cash Management Trust

ISSUE DATE 14-04-2021

Key information

APIR CODE	PIM0002AU
STATUS	OPEN
ASSET CLASS	FIXED INTEREST
SECTOR	STRATEGIC CASH
PRODUCT TYPE	WHOLESALE
LEGAL TYPE	UNIT TRUST
PDS OBJECTIVE	TO PROVIDE INVESTORS WITH A STABLE INVESTMENT AND REGULAR INCOME BY INVESTING IN A RANGE OF CASH DEPOSITS AND SHORT-TERM MONEY MARKET SECURITIES.
FUND SIZE	\$2,407.22M
MINIMUM INITIAL / ADDITIONAL INVESTMENT	\$100,000 / \$0
MINIMUM INVESTMENT BALANCE	-
DISTRIBUTION FREQUENCY	N/A

Fees & costs

MANAGEMENT COSTS	0.3% P.A.
ICR % PA	0.3%
BUY/SELL DIFFERENTIAL	0%

Returns after fees (at 31-5-2021)

	1 YR	3 YR	5 YR	10 YR
TOTAL RETURN (% PA)	0.14	1.15	1.48	2.42
INCOME RETURN (% PA)	0.14	1.15	1.48	2.42
GROWTH RETURN (% PA)	0.00	0.00	0.00	0.00
LONSEC BENCHMARK (% PA)	0.06	1.01	1.33	2.23
EXCESS RETURN (% PA)	0.08	0.14	0.15	0.18

BENCHMARK USED: BLOOMBERG AUSBOND BANK BILL INDEX AUD

Asset allocation (at 31-3-2021)

	%ACTUAL	%MIN	%MAX	%TARGET
CASH	100.0	-	-	100.0

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 the latest review. 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 remains cognisant of the fact that the Trust's 50% limit on term deposits and notice accounts is the highest in the peer group.

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 research process underpinning underlying manager selection and portfolio construction functions.
- The Trust has met its investment objective over all assessed time periods.

Weaknesses

- The Trust may be susceptible to 'runs' given it offers daily redemptions but can be significantly invested in relatively illiquid term deposits and notice accounts (max. 50%). However, Lonsec believes some of this risk is mitigated as other IOOF managed trusts are typically the largest investors in the Trust (c.90%). This affords the Portfolio Manager increased visibility to better forecast and manage the cash flow needs of the Trust.
- Upcoming MLC Wealth and IOOF merger may serve as a distraction to the investment team.

Product Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK		●	
CAPITAL VOLATILITY	●		
CREDIT RISK	●		
FOREIGN CURRENCY EXPOSURE	●		
INTEREST RATE 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.

ANALYST: ROBBIE LEW | APPROVED BY: SEBASTIAN LANDER

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What is this Fund?

The IOOF Cash Management Trust ('the Trust') aims to provide investors with a stable investment, regular income and competitive returns. The Trust aims to outperform the returns of the Bloomberg AusBond Bank Bill Index by 0.30% p.a. (before fees) over a rolling one-year period.

The Trust predominantly invests in high quality short-term money market and bank based securities issued or guaranteed by the Commonwealth Government or Rated A-1+, A-1 or A-2 by Standard & Poor's; the Trust is able to invest in securities which are rated BBB- and upwards. Typical securities held include floating rate notes (FRNs), negotiable certificates of deposits (NCDs), commercial paper (CPs), term deposits, notice accounts and overnight cash.

Using this Fund

Cash, Enhanced Cash and Deposit products are typically managed with the aim of generating returns that exceed cash (or a cash proxy such as the RBA Cash Rate or Bloomberg AusBond Bank Bill Index). Product risk expectations (Standard Deviation, credit risk and Interest rate risk) are generally positioned as low, barring periods of exceptional market circumstances. Lonsec suggests that the Trust should only be considered for those clients who are (a) seeking yields greater than those available in cash or cash-like instruments (e.g. bank bills) and, more importantly, (b) those prepared to accept low volatility in the unit price.

Suggested Lonsec risk profile suitability



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

Lonsec Research Pty Ltd (Lonsec) is an investment research house with specialist areas of expertise, that was originally established in 1994 and the current entity was registered on 23 June 2011. From 1 July 2011, Lonsec became a fully owned subsidiary of Lonsec Fiscal Holdings Pty Ltd, a privately owned entity with a multi-brand strategy of providing leading financial services research and investment execution. Lonsec believes that professional financial advisers need informed opinions on the best investment strategies and financial products to provide real value for their clients. To meet this need, Lonsec has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of managed fund products.

Analyst Disclosure and Certification

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