

Diversified Fixed Interest Trust

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
APIR code	IOF0096AU
Inception date	April 2008
Minimum suggested investment time frame	2-3 years
Risk/return profile	Low/Medium
Benchmark	Composite benchmark
Income distribution frequency	Quarterly (as at 31 March, 30 June, 30 September and 31 December)
Fund size	\$423.04m

Investment minimums	
Initial investment	\$25,000
Additional investment	\$5,000
Switch/withdrawal	\$5,000

Total estimated management costs as at 30/06/2021 ¹	
Estimated management fee	0.50% pa
Estimated performance fee	0.16% pa
Total estimated management cost	0.66% pa

Performance ²

	3 mths %	6 mths %	1 year %	3 years % pa	5 years % pa
Total return	1.35	-0.64	3.89	5.13	4.29
Benchmark	1.23	-1.67	-0.49	4.13	3.04

Performance data provided by FE fundinfo.

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.

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.

Quarter highlights

- Over the June quarter long end yields decreased whilst short term yields increased as the bond market started to push back on just how sticky inflation might be.
- Overall, the short duration positioning subtracted value for the fund whilst credit selection added enough value to keep the fund in positive alpha territory for the quarter.
- Managers with long duration tilts and positioning in the long end of yield curves like Janus Henderson, Western Asset Management and Stone Harbor were strong contributors to performance.
- Brandywine and the IOOF Income Trust also contributed strongly to performance through their sector and security selection tilts.
- The managers that were short duration, such as PIMCO and T. Rowe Price, were the main negative detractors.

Manager weightings

Asset class	Investment manager/s strategy	Manager style/strategy description	Asset allocation %
Australian fixed interest	Ardea Investment Management	Total return Australian fixed income	16.50
Australian fixed interest	Janus Henderson Investors (Australia) Funds Management Limited	Active Australian fixed interest	17.33
Australian fixed interest	Metrics Credit Partners Pty Limited	Australian corporate loans	1.93
Australian fixed interest	Western Asset Management Company	Australian bonds	5.07
Australian fixed interest	Transactional cash (IOOF Investment Services Ltd)	Transactional cash	2.27
International fixed interest	Bentham Asset Management Pty Ltd	Syndicated loans	6.60
International fixed interest	Brandywine Global Investment Management, LLC	Top-down, value-driven	15.51
International fixed interest	PIMCO Australia Pty Ltd	Global bonds	5.84
International fixed interest	Stone Harbor Investment Partners LP	Emerging markets debt	7.19
International fixed interest	T. Rowe Price International Ltd	International core fixed income	6.19
International fixed interest	Western Asset Management Company	Global total return and global high-grade multi-asset credit	14.65
Cash and short-term securities	IOOF Investment Services Ltd	Short-term money market securities	0.93

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Notes to the trust profile

- The total estimated management cost includes the management fee and any performance fees (shown if applicable) that may be charged by underlying investment managers. These costs are subject to change from time to time and may vary depending on changes to the composition of the underlying assets, changes in exposure to underlying investment managers and where any unusual or non-recurrent expenses are incurred. Estimated performance fees if applicable are indicative and have been based on the annualised performance fees incurred as at 30 June 2021. Please refer to the latest PDS and www.ioof.com.au for full details on fees and costs.
- 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. Please refer to www.ioof.com.au for updated performance information. Performance data is provided by FE fundinfo (FE fundinfo (Australia) Pty Limited, ABN 18 601 868 311). For further information visit <https://www.fe-fundinfo.com>

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