



Product Review

IOOF Cash Management Trust

ISSUE DATE 11-04-2022

About this Review

ASSET CLASS REVIEWED	FIXED INTEREST
SECTOR REVIEWED	STRATEGIC CASH
TOTAL FUNDS RATED	12

About this Fund

ASIC RG240 CLASSIFIED	NO
FUND REVIEWED	IOOF CASH MANAGEMENT TRUST
APIR CODE	PIM0002AU
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.
INTERNAL OBJECTIVE	TO OUTPERFORM THE BENCHMARK PLUS 0.3% P.A. (BEFORE FEES) OVER A ROLLING ONE-YEAR PERIOD.
STATED RISK OBJECTIVE	NIL
DISTRIBUTION FREQUENCY	MONTHLY
FUND SIZE	\$117.6M AS AT 31 JANUARY 2022
FUND INCEPTION	17-09-2003
MANAGEMENT COSTS	0.3% P.A.
RESPONSIBLE ENTITY	IOOF INVESTMENT SERVICES LTD

About the Fund Manager

FUND MANAGER	IOOF INVESTMENT SERVICES LTD
OWNERSHIP	100% OWNED BY INSIGNIA FINANCIAL LTD. ASX CODE: IFL
ASSETS MANAGED IN THIS SECTOR	\$10.2BN AS AT 31 JANUARY 2022
YEARS MANAGING THIS ASSET CLASS	28

Investment Team

PORTFOLIO MANAGER	OSVALDO ACOSTA
INVESTMENT TEAM SIZE	3
INVESTMENT TEAM TURNOVER	MODERATE
STRUCTURE / LOCATION	PM / MELBOURNE & SYDNEY

Investment process

BENCHMARK	BLOOMBERG AUSBOND BANK BILL INDEX
MAX. AVERAGE DURATION	90 DAYS
MAX. SUB-INVESTMENT GRADE	NOT PERMITTED
MIN. CREDIT QUALITY AT PURCHASE	A2
MAX. SINGLE ISSUER LIMIT	DEPENDENT ON ISSUER CREDIT RATING
CURRENCY EXPOSURE	NON-AUD EXPOSURE NOT PERMITTED
GEARING / ECONOMIC LEVERAGE	NOT PERMITTED
MAX. ALLOCATION TO TERM DEPOSITS AND NOTICE ACCOUNTS	50%

Fund rating history

APRIL 2022	RECOMMENDED
APRIL 2021	RECOMMENDED
APRIL 2020	RECOMMENDED

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.

Strengths

- The Trust is managed by an experienced and well-led investment team.
- IOOF implements a robust and consistently applied research process underpinning underlying manager selection and portfolio construction functions.
- Relatively strong alignment of interests of the investment team with end investors.
- Since the acquisition of MLC in May 2021, the IOOF Investment team has been selectively accessing the MLC investment team insights and resources. This has been very measured and designed to complement the IOOF's investment process and manager selection.

Weaknesses

- Although the value proposition is strong, the Trust's overall fee load is relatively high in the peer group.

Fund 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.

BIOmetrics

Aggregated risks

	1	2	3	4	5	6	7
STD RISK MEASURE		●					

A Standard Risk Measure score of 2 equates to a Risk Label of 'Low' and an estimated number of negative annual returns over any 20 year period of 0.5 to less than 1. This is a measure of expected frequency (not magnitude) of capital losses, calculated in accordance with ASFA/FSC guidelines.

	LOW	MODERATE	HIGH
RISK TO INCOME	●		

We strongly recommend that potential investors read the product disclosure statement Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer, and disclosure at the end of this document. This report supersedes all prior reports.

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Features and benefits

	LOW	MODERATE	HIGH
COMPLEXITY		●	
ESG		●	

Fee profile

	LOW	MODERATE	HIGH
FEES VS. UNIVERSE			●
FEES VS. ASSET CLASS		●	
FEES VS. SUB-SECTOR			●

Fee BIometrics are a function of expected total fee as a percentage of expected total return.

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.
- The Trust is managed by IOOF Investment Services Ltd ('IOOF' or 'the Manager'). IOOF adopts a Multi-Manager investment style, taking an active approach. IOOF's investment philosophy is guided by a number of key principles which have foundations in academic research; active managers can outperform sector benchmarks over the long-term, in-depth research and analysis can provide superior insight and provide the potential for outperformance, and investment style can have a significant impact on performance.
- IOOF's investment philosophy is predicated on the belief that active management of duration positioning can provide incremental value-add against the 90-day bank bill rate. The investment strategy is driven by forecasts of the short-term direction of the interest rate cycle. Active return is expected to be sourced from duration (20%) and yield curve (30%) positioning, with the remainder from issuer selection (20%) and relative value (30%).
- As per the PDS dated 30 November 2019 including information for financial year ended 30 June 2021. The ongoing annual fees and cost to investors in the Trust includes management fees and costs of 0.30% p.a. which comprise a 0.30% p.a. management fee. The net transaction costs for the Trust which were 0.00% p.a. for the 12-month period ended 30 June 2021. Transaction costs include explicit (e.g., brokerage, stamp duty, clearing) and implicit (buy/sell spreads in multi-asset) costs of buying and selling underlying assets (like shares or fixed income) and the cost of hedging/protection strategies incurred in managing the Trust. These costs are not paid to the Manager. Some transaction costs may be incurred due to investor activity (e.g., buying securities

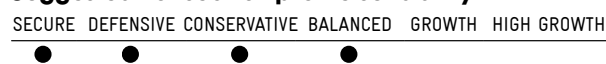
when new application money flows into the Trust and selling securities to meet Trust redemptions) and these may be recouped via the Trust's buy/sell spreads (an investor activity fee). As at the time of this review, the Trust's buy/sell spreads were 0.00%/0.00% but as these can change frequently depending on market conditions, please refer to the Manager for the latest information.

Using this Fund

This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.

- Lonsec notes that the Manager has produced a Target Market Determination (TMD) which forms part of its design and distribution arrangements for the Fund. Lonsec has sighted the TMD that has been provided by the Manager and notes that this should be referred to for further details on the Target Market Summary Description of Target Market and Review Triggers.
- Cash, Enhanced cash and deposit trusts are generally able to be liquidated in normal market conditions, though exposure to term deposits and notice accounts may result in delays processing withdrawals in stressed conditions or if the withdrawal requests exceed the level of securities able to be liquidated overnight. The maximum level of term deposits and notice accounts in ordinary conditions for the Trust is 50%.
- The Trust may be suitable for investors seeking a regular monthly income stream but wishes for capital stability and protection, particularly in rising interest rate environments.

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.

Changes Since Previous Lonsec Review

- IOOF Holdings Ltd has changed its name to Insignia Financial Ltd. The Insignia Financial Group is made up of a number of leading brands including IOOF and MLC.
- Since the acquisition, there have been no significant changes to the investment philosophy and/or process.
- Since the acquisition of MLC in May 2021, the IOOF Investment team have been selectively accessing the MLC investment team insights and resources. This has been very measured and designed to complement IOOF's investment process and manager selection.
- The Investment team has obtained access to MLC Asset Management's consulting resource – JANA. The input from JANA has thus far been limited compared to the services received from the incumbent dedicated asset consultant – Mercer.

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Lonsec Opinion of this Fund

People and resources

- In May 2021, Insignia Financial Ltd (ASX code: IFL) completed its transaction agreement with the National Australia Bank (ASX Code: NAB) to acquire 100% of the MLC wealth management business. Upon finalisation of this transaction, the investment resources and personnel have begun working together to manage their respective products. With both businesses having significant experience in investment management, there are positive synergies meaning the collaboration has been additive to both parties. Further, there have been minimal disruptions to investment processes or personnel. Lonsec believes this process was professionally managed and has therefore resulted in a smooth transition and ongoing function for both businesses. Reporting lines, roles and responsibilities remain clear and undisrupted.
- The investment team is led by CIO Dan Farmer and further succession planning efforts also saw the appointment of Stanley Yeo as Deputy CIO and Head of Equities. Farmer previously managed the Australian equities portfolios at IOOF, and prior to joining the organisation, was Senior Executive Investments at Telstra Super. Lonsec believes that Farmer possesses the appropriate experience and skills to lead the team and has skilfully navigated the changes that have arisen from the MLC/Insignia Financial Ltd merger.
- The team consists of 22 people in total, other than Farmer and Yeo. The rest of the team comprises six heads of asset class/implementation, one head of governance, five portfolio/asset managers, one asset allocation manager, three performance analysts, three implementation analysts and one governance specialist.
- IOOF relies on the services of an external asset consultant, Mercer, when formulating individual strategies. Mercer provides ad-hoc advice and is an important input in terms of formulating strategic asset allocation and strategic tilting. Lonsec views Mercer as well-equipped to provide guidance and advice to the team. Lonsec believes there is a balance to be struck by the Manager when considering advice from Mercer whilst maintaining full discretion over portfolio management decisions. Pleasingly, their working relationship appears collaborative, but this will continue to be an area of focus for Lonsec in future reviews.
- The Trust is managed by Head of Fixed Interest Assets Osvaldo Acosta. In addition to the Trust, Acosta also has responsibilities for fixed interest strategies, including the IOOF Diversified Fixed Interest Trust. Lonsec considers Acosta to be suitably qualified and adept at managing the Trust, exhibiting a high degree of awareness concerning liquidity constraints and seeking out opportunities that offer additional alpha without compromising on quality.
- Acosta is well supported by several members of the Investment Team. This includes his primary backup Senior Manager (Fixed Interest Assets & Strategy) Mark Nordio who possesses 26 years of experience.
- Lonsec views key person risk associated with Acosta as low to moderate given the support and back-up structure implemented.

- The Manager's variable remuneration structure is measured against individual asset sector benchmarks and peer group comparisons and is linked to rolling one and three-year performance periods. Lonsec considers this to be a reasonable alignment with short and medium-term performance, however less so with longer-term objectives in high-risk profile funds managed by the team. IOOF allows members of the investment team to receive their bonuses (up to 100% base) in IFL shares. Lonsec views this change positively and believes it promotes further alignment and retention across the team. Lonsec understands the scheme is available to more senior investors

Research and portfolio construction

- The investment process appears to be logical, transparent and reasonably intuitive, given the defensive characteristics the Trust aims to exhibit. The Trust essentially invests in short-term money market securities that offer the highest expected returns, while adhering to a set of risk limits (e.g., minimum credit quality of issuers). It seeks to have the highest protection against losses from defaults.
- The Basel III liquidity reform introduced to the Australian financial system in early 2015 prevents ADIs from "breaking" term deposits prior to their maturity. Depositors must provide banks with at least 31 days' notice if they wish to access their funds before the maturity date. Many banks now offer notice accounts, which allow depositors to access their funds with 31 days' notice. The Trust's Investment Management Agreement defines notice accounts as illiquid. Together with term deposits, the Trust's total exposure to these illiquid securities is capped at 50%, which is the highest among Lonsec rated peers.
- While the ability to significantly invest in illiquid securities may seem at odds with the Trust's daily liquidity term, Lonsec draws some comfort from IOOF's visibility and control of cash flows. An advantage the Trust has over peers is that other IOOF managed trusts (i.e. feeder funds) interfund into the Trust (c.90% of the Trust). Given these are internally managed funds, Acosta is typically notified of their expectant cash flow movements (and arguably IOOF has some control over their movements), allowing him to better forecast the cash flow needs of the Trust with greater accuracy than peers.
- More recently ASIC released guidance pertaining to the definition of "cash" and instruments which were deemed to be liquid as such the Trust's maximum average duration of the portfolio is 90 days.
- In Lonsec's view, management of the Trust is more reliant on public ratings than internal credit research compared to peers. This is considering the small team size, and that the Trust's investment universe comprises investment grade securities only. Lonsec, therefore, views this as pragmatic given the above reasoning.

ESG Integration

- The Manager has articulated a commitment to the integration of ESG within their investment process with evidence of a policy framework and public positioning. The ESG policy is freely available on the firm's website. Overall Lonsec views the strength of this commitment to be in line with peers.

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- The level of disclosure with respect to the Manager’s proxy voting policy and voting outcomes is in-line with peers with a limited policy framework. While reporting on voting decisions is publicly available, the reporting is lagging peers. The Manager does not provide any details on engagement policy or engagement outcomes.
- There is clear evidence of ESG incorporation when selecting a manager. Elements of ESG are visible throughout the product design process. High-level monitoring of ESG characteristics at the manager level is evident. Overall ESG integration within the investment process is in-line with peers.
- The lead portfolio manager demonstrates an ability to engage on broad ESG topics and the Manager has a systematic approach to track engagement outcomes. ESG is integrated across the majority of the portfolio. The Manager has an observable approach to performing detailed look-through ESG analysis of underlying holdings. Overall, on a peer relative basis, Lonsec considers the overall level of ESG integration within the Trust to be low to moderate.
- To 31 January 2022, the Trust returned, net of fees, over one, three, and five years 0.0% p.a., 0.7% p.a., and 1.2% p.a. respectively. Over these three time periods, the Trust over one year was about in-line with the Benchmark and its Lonsec median peer group. Over three and five years, the Trust outperformed both the Benchmark and the Lonsec median peer group. Over these three-time time periods, the Trust’s volatility (as measured by the annualised standard deviation) and maximum drawdowns were also both in-line with the peer group median metrics.
- The Trust’s returns and annualised standard deviation outcomes have resulted in the Sharpe ratio over one year to 31 January 2022 being below the peer median. In contrast, over three and five years the Sharpe ratios were both above the peer median.

Overall

- Lonsec has maintained the Trust’s ‘Recommended’ rating at its most recent review. The rating reflects the high regard and conviction for the experience and calibre of the investment team. The rating is also underpinned by Lonsec’s positive view of the Trust’s robust and repeatable investment process. Notably, the increased resourcing post integration of the OnePath team provides further depth of expertise within investment management and risk management.
- 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.
- Considering the integration of MLC is expected to be a multi-year journey, Lonsec will be closely monitoring the degree of collaboration and realised synergies.

Risk management

- Lonsec has been satisfied with the structure of the risk management functions embedded within the investment process. While continually evolving, the Manager has integrated compliance systems that enable underlying mandates to be implemented to ensure compliance with their predefined guidelines.
- Underlying managers are typically accessed via separately managed accounts enabling IOOF to tailor mandates to its requirements, e.g., maximum stock bet limits or maximum cash holdings. Lonsec considers this a positive structure as it can facilitate tighter portfolio construction, better product design control, the opportunity for better pricing, improved tax efficiency for investors, and the ability to manage implementation and transitions more efficiently.
- IOOF closely monitors manager portfolios and weightings on a daily basis and investigates daily any excess return outliers exceeding the 99% confidence level. In Lonsec’s opinion, ongoing mandate monitoring is very important within the Multi-Manager structure, as it is just as critical for underlying managers to be adhering to their investment process as it is that the process is of high quality.
- The Product Operational Accounting and the Office of the Responsible Entity undertake operational due diligence on potential investment managers and undertake annual reviews of the operational risks associated with employed managers. Lonsec views this positively as it reduces the workload of Portfolio Managers and improves specialisation.
- The team is continuing to improve the transparency of the underlying portfolios and has added these portfolios into Bloomberg PORT and FactSet.

Performance

- The Trust seeks to exceed the returns of the Bloomberg AusBond Bank Bill Index (‘the Benchmark’) by 0.30% p.a. (before fees) over a rolling one-year period.

People and Resources

Corporate overview

Insignia Financial Ltd (‘Insignia Financial’) is a wealth management company offering products and services across, financial advice and distribution, portfolio and estate administration, and investment management.

Insignia Financial is listed on the Australian Stock Exchange (ASX code: IFL). As of 31 December 2021, Insignia Financial had \$325.8bn in Funds Under Management and Administration.

These services are operated through a suite of brands including IOOF, Shadforth, Lonsdale, Bridges Financial Services, Consultum Financial Advisers, M3 Financial Services, RI Advice and Australian Executor Trustees.

Size and experience

NAME	POSITION	EXPERIENCE INDUSTRY / FIRM
DANIEL FARMER	CIO	26 / 12
OSWALDO ACOSTA	HEAD OF FIXED INTEREST ASSETS	21 / 5
MARK NORDIO#	SENIOR MANAGER - FIXED INTEREST AND STRATEGY	26 / 2

Primary back-up

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The Investment Team is structured along specialist lines. Osvaldo Acosta is Head of Fixed Interest Assets and joined IOOF in December 2016. Acosta possesses 21 years of experience within fixed income and capital markets across a number of roles. Most recently he worked at Western Asset Management where he was part of the team responsible for portfolio management, trading, and implementation of interest rate strategies across a variety of fixed income portfolios. Prior to that he oversaw multi-manager style portfolios at Australian Unity Investments and was a Treasury Manager at Westfield Group. Acosta's primary backup is Senior Manager (Fixed Interest Assets & Strategy) Mark Nordio who possesses 26 years of experience. Nordio joined from CommInsure in August 2019 where he was a Senior Analyst for their Multi-Manager Fixed Income Strategies. Nordio previously worked at, Barclays Global Investors, Blackrock, and Antares Fixed Income. The Portfolio Manager conducts qualitative and quantitative research and provides overall data support and recommendations to the six-member Investment Management Committee ('IMC'). The IMC ultimately considers and approves asset allocation decisions and manager appointments.

The IMC meets bi-monthly or more frequently if required, and comprises Anthony Hodges (Chairman and External Member), Denise Allen, and Mary-Anne Nunan (External Members). Daniel Farmer (CIO), Stanley Yeo (Deputy CIO), and Manish Utreja (Head of Alternatives). Osvaldo Acosta has been appointed as Secretary.

Back-office functions are performed by IOOF's Investment Operations Team. Compliance monitoring, custody, unit pricing, registry, and financial reporting functions are outsourced to various parties including Insignia Financial and BNP Paribas; while transition management and implementation are performed by a panel of transition managers including Citi, Macquarie, UBS, and State Street.

Remuneration

The investment team is rewarded with a combination of base salary and variable bonus. 70% of the bonus is assessed on fund performance relative to the relevant peer group over one- and three-year periods, with the other 30% awarded on qualitative factors such as team contribution and client servicing. Members of the investment team may choose to receive their bonus (up to 100% of the base salary) in IFL shares.

Asset Consultant

IOOF has appointed Mercer as its primary external asset consultant since July 2017. The Manager will seek Mercer's consultancy services when performing due diligence on prospective and currently appointed underlying managers, designing neutral benchmarks, stress testing, and performing various other risk management functions. Mercer will also provide strategic tilting advice.

Research Approach

Overview

A structured investment process is employed:

- Macroeconomic research and yield curve analysis to determine the likelihood of short term activity from the RBA.

- Developing the investment strategy in terms of both duration and security selection.
- Portfolio construction in the context of the Trust's risk and return objective.
- Monitoring to ensure compliance with the investment parameters.

Credit research

IOOF relies on public credit ratings of issuers given the investment grade nature of the Trust.

Portfolio Construction

Overview

INTERNAL RETURN OBJECTIVE	BENCHMARK PLUS 0.30% P.A. (BEFORE FEES) OVER A ROLLING ONE-YEAR PERIOD.
FUND BENCHMARK	BLOOMBERG AUSBOND BANK BILL INDEX
SUB-INVESTMENT GRADE	NOT PERMITTED
TYPICAL NUMBER OF ISSUERS	15-25
TYPICAL NUMBER OF SECURITIES	50-100

The Trust seeks to invests in short-term money market securities that offer the highest expected returns, while adhering to a set of risk limits. It aims to have the highest protection against losses from defaults.

Risk Management

Risk limits

MAX. A1+	100%
MAX. A1	100%
MIN. PORTFOLIO TO MATURE WITHIN 7 DAYS	10%
MAX. AVERAGE DURATION	90 DAYS
MAX. SECURITY DURATION	1 YEAR
MIN. 'HIGHLY LIQUID'	50%
ISSUER LIMIT TO A1+	35%
ISSUER LIMIT TO A1	30%
ISSUER LIMIT TO A2	20%

All underlying managers are subject to constraints as specified in an investment management agreement. Most underlying managers are accessed via separately managed accounts. This enables IOOF to tailor mandates to its requirements, for example, maximum stock exposure limits or maximum cash holdings.

The risk tools employed by IOOF include Bloomberg, Factset, and BARRA. Risk analysis is also completed by Mercer, whenever a change to the portfolio is proposed.

Risk monitoring

The IOOF investment manager monitoring process consists of a number of prescribed stages. This includes the review of monthly investment reports, review of quarterly manager questionnaires, formal quarterly manager interviews, quarterly manager review notes, ongoing quantitative performance analytics, and ongoing review of external research. Quarterly Manager Questionnaires cover not only risk and performance but also any changes or developments in people or processes. Formal manager interviews (and site visits where practical) are also conducted on an ad-hoc basis where required.

Manager weightings are monitored on a daily basis and are rebalanced on an ongoing basis using cashflows. Using cashflows in this way means that

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active rebalancing of the portfolio is rarely required which minimises turnover and transaction costs/tax implications.

Product Operational Accounting and the Office of the Responsible Entity works with the Investment Team to review and assess the operational capabilities of all manager appointments.

This team also monitors, reviews and assesses the operational risks associated with employed Investment Managers on an annual basis.

Operational due diligence includes a review of the systems, policies, processes and resources managers have in place to monitor and manage operational risk exposures. Reviews typically focus on the below areas:

- Professional indemnity insurance
- Auditing Practices (with reference to GS007 requirements)
- Organisational structures
- Business Continuity Management
- Policy Summaries
- Risk Management Approaches
- Investment Compliance
- Breaches & Incidents

Implementation

Portfolio allocations are monitored daily and re-balanced as necessary (subject to a tolerance range of +/-3% at the asset class level and +/-5% at the manager level). Cashflows are actively used to rebalance the portfolio on an ongoing basis, so the tolerance bands are rarely breached. Cashflows are allocated using a proprietary cashflow management system which allows for straight through processing to underlying investment managers.

External transition managers are appointed from a panel at 'arm's length' to ensure that objectivity is maintained. Custody, unit pricing, registry and financial reporting functions are outsourced to various parties including IOOF and BNP Paribas.

Risks

An investment in the Trust carries a number of standard investment risks associated with investment markets. These include economic, market, political, legal, tax and regulatory risks. Investors should read the PDS before making a decision to invest or not invest. Lonsec considers the major risks to be:

Interest rate risk

The Trust is exposed to movements in short term interest rates.

Credit risk

The risk that an issuer of debt securities fails to meet its obligations. This creates an exposure to underlying borrowers and the financial condition of issuers of these securities. The Trust is not permitted to hold sub-investment grade debt.

Derivatives risk

Derivatives in the Trust may be used for more efficient and cost-effective implementation of investment strategies. IOOF does not intend to leverage the Trust.

Liquidity risk

If a security cannot be bought or sold quickly enough to reduce or minimise a potential loss, the Trust may

experience difficulty satisfying commitments associated with financial instruments. Up to 50% of the Trust may be allocated to illiquid assets of term deposits and notice accounts under ordinary conditions.

Other risks

Please refer to the Trust's PDS for more details on items identified by the Responsible Entity and Manager including Liquidity Risk, Counterparty Risk, Legal and Regulatory Risk.

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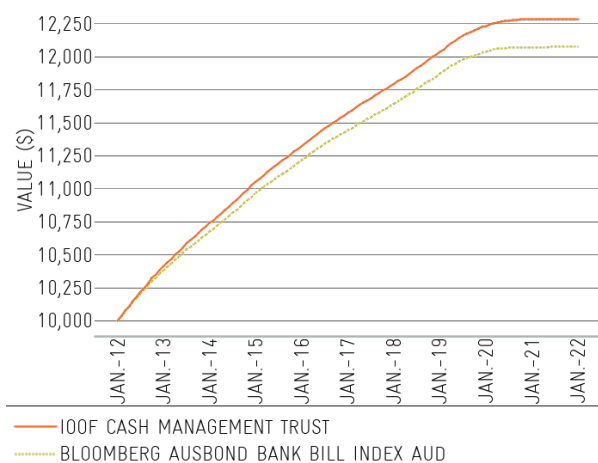
Quantitative Performance Analysis - annualised after-fee % returns (at 31-1-2022)

Performance metrics

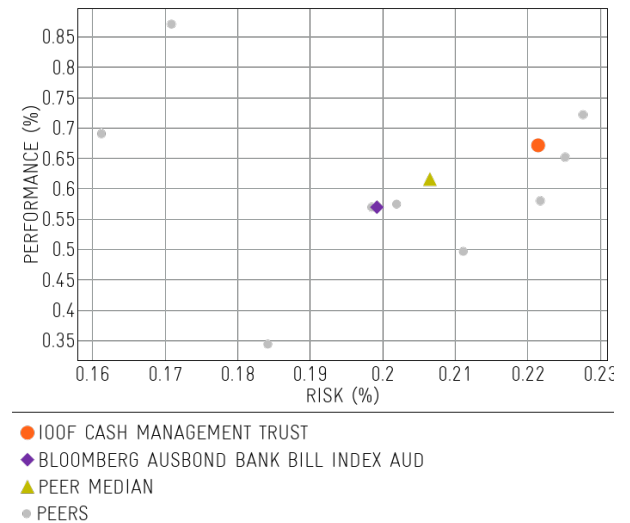
	1 YR		3 YR		5 YR		10 YR	
	FUND	PEER MEDIAN	FUND	PEER MEDIAN	FUND	PEER MEDIAN	FUND	PEER MEDIAN
PERFORMANCE (% PA)	-0.01	0.03	0.67	0.62	1.19	1.12	2.08	1.98
STANDARD DEVIATION (% PA)	0.01	0.03	0.22	0.21	0.25	0.25	0.34	0.34
EXCESS RETURN (% PA)	-0.04	0.00	0.10	0.05	0.11	0.09	0.17	0.07
OUTPERFORMANCE RATIO (% PA)	8.33	41.67	63.89	55.56	76.67	71.67	83.33	65.00
WORST DRAWDOWN (%)	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
TIME TO RECOVERY (MTHS)	NR	NR	NR	NR	NR	NR	NR	NR
SHARPE RATIO	-3.11	0.12	0.46	0.21	0.45	0.23	0.51	0.22
INFORMATION RATIO	-4.10	0.15	2.27	0.51	3.07	0.94	3.82	1.62
TRACKING ERROR (% PA)	0.01	0.02	0.04	0.04	0.04	0.04	0.05	0.05

PRODUCT: IOOF CASH MANAGEMENT TRUST
 LONSEC PEER GROUP: FIXED INTEREST - STRATEGIC CASH
 PRODUCT BENCHMARK: BLOOMBERG AUSBOND BANK BILL INDEX AUD
 TIME TO RECOVERY: NR - NOT RECOVERED, DASH - NO DRAWDOWN DURING PERIOD

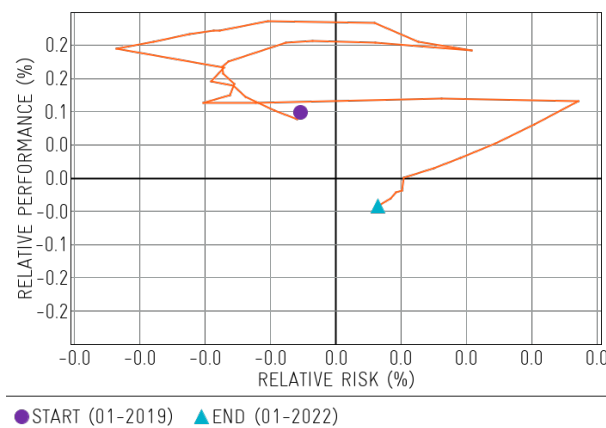
Growth of \$10,000 over 10 years



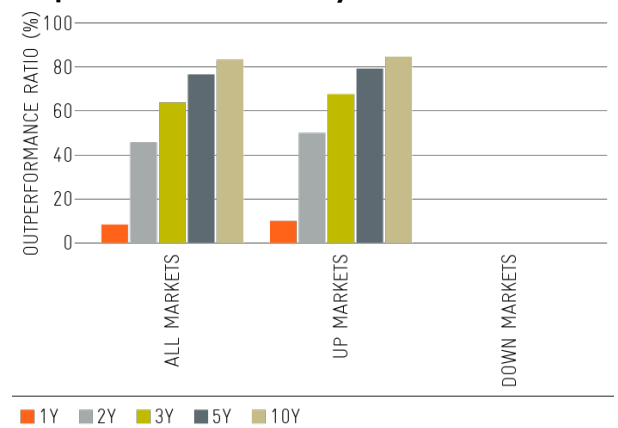
Risk-return chart over three years



Snail trail



Outperformance consistency



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IOOF Cash Management Trust

Glossary

Total return ‘Top line’ actual return, after fees
Excess return Return in excess of the benchmark return
Standard deviation Volatility of monthly Absolute Returns
Tracking error Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns)
Sharpe ratio Absolute reward for absolute risk taken (outperformance of the risk free return (Bank Bills) / Standard Deviation)
Information ratio Relative reward for relative risk taken (Excess Returns / Tracking Error)
Worst drawdown The worst cumulative loss (‘peak to trough’) experienced over the period assessed
Time to recovery The number of months taken to recover the Worst Drawdown
Snail Trail A trailing 12-month relative performance and relative risk measurement over the benchmark. The trail is generated using a 12-month rolling window over the specified period

About Lonsec

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