



Product Review

IOOF Cash Management Trust

ISSUE DATE 10-05-2023

About this Review

ASSET CLASS REVIEWED	FIXED INTEREST
SECTOR REVIEWED	STRATEGIC CASH
TOTAL FUNDS RATED	13

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. THE TRUST AIMS TO PROVIDE COMPETITIVE RETURNS FOR INVESTORS WITH A TOTAL INVESTMENT RETURN (BEFORE FEES) THAT EXCEEDS OR IS AT LEAST EQUAL TO THE BLOOMBERG AUSBOND BANK BILL.
INTERNAL OBJECTIVE	TO OUTPERFORM THE BLOOMBERG AUSBOND BANK BILL PLUS 0.3% P.A. (BEFORE FEES) OVER A ROLLING ONE-YEAR PERIOD.
STATED RISK OBJECTIVE	NIL
DISTRIBUTION FREQUENCY	MONTHLY
FUND SIZE	\$110.3M (DECEMBER 2022)
FUND INCEPTION	17-09-2003
ANNUAL FEES AND COSTS (PDS)	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: IFL)
ASSETS MANAGED IN THIS SECTOR	\$147.3BN (TOTAL MULTI-ASSET TEAM FUM) (DECEMBER 2022)
YEARS MANAGING THIS ASSET CLASS	29

Investment Team

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

Investment process

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

Fund rating history

MAY 2023	RECOMMENDED
APRIL 2022	RECOMMENDED
APRIL 2021	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.
- Increased breadth of resources and tools in particular manager research, asset allocation, performance analytics, governance and implementation teams.
- The Manager implements a robust and consistently applied investment process underpinning security selection and portfolio construction functions.
- Integration of the broader investment team has been progressing well to further enhance the Manager's investment capabilities.

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	●		

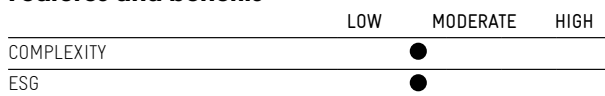
We strongly recommend that potential investors read the product disclosure statement Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer, and disclosure at the end of this document. This report supersedes all prior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

ANALYST: ISRIN KHOR | APPROVED BY: ALEC LEUNG

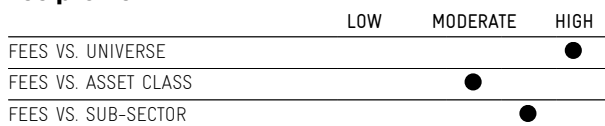
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Features and benefits



Fee profile



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') invests in a range of high-quality cash and short-term money market securities with the aim of providing investors with a stable investment, regular income and competitive returns. The Trust seeks to provide additional returns above the 90-day bank bill rate by forecasting the short-term direction of the interest rate cycle and positioning its portfolio accordingly. The Trust aims to outperform the returns of the Bloomberg AusBond Bank Bill Index ('the Benchmark') by 0.3% 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 that 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%).
- The Trust's PDS dated 30 September 2022 disclosed Annual Fees and Costs ('AFC') totalling 0.30% p.a. This value comprises (1) Management Fees and Costs of 0.30% p.a. and (2) Net Transaction Costs of 0.00% p.a. In-line with RG97, some fees and costs have been estimated by the issuer on a reasonable basis. Actual fees and costs may vary from these estimates.
- The Trust charges buy/sell spreads set at 0.00% / 0.00%. These spreads can be subject to change, most

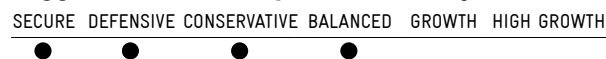
notably during periods of market volatility, and can be sourced from the Manager's website.

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 Trust. 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 in 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

- Effective July 2022, Dan Farmer was appointed as the Chief Investment Officer ('CIO') for the combined heritage IOOF, MLC and OnePath multi-manager businesses. The investment team is structured with responsibilities broadly segmented by Portfolio Construction, Portfolio Enablement and Special Capabilities functions. A number of team member responsibilities will be transitioned in a measured way over time.
- In June 2022, James Tayler was appointed as Head of Responsible Investment.
- In August 2022, Myooran Mahalingam resigned from the Manager and Liam Wilson took over as Portfolio Manager for the MLC Global Equities portfolios, in addition to already being the PM for IOOF and OptiMix Global Equities portfolios.
- There have been additional investment team changes effective 12 September 2022 which include:
 - Paul Crisci departed the Manager and Peter Sumner was appointed as Portfolio Manager for the Australian Equities and A-REIT portfolios;
 - Simon Elimelakh, Head of Investment Portfolio Analytics, transitioned to a contracting role. Furthermore, the analysts previously reporting through to Elimelakh now report to Daniel Ackland, Investment Analytics Manager;

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- David Djukanovic, Head of Exposure Management and Trading, leads a team of 5 including Head of Derivatives, Clifford Bayne, who reports directly to Djukanovic.

Lonsec Opinion of this Fund

People and resources

- Insignia Financial Limited ('Insignia Financial', ASX code: IFL) is a leading provider of wealth management services including superannuation, platform administration and investment management, with over \$285.1bn assets under management and administration as 31 December 2022. Following the completion of the acquisition of MLC Wealth ('MLC') from National Australian Bank (ASX Code: NAB) in May 2021, Lonsec believes there are meaningful synergies realised from the breadth of resources, investment and risk management tools and significant collective industry experience of the combined businesses. The investment team members continue to collaborate effectively to manage their respective products.
- Effective 4 July 2022, Dan Farmer was appointed as the Chief Investment Officer ('CIO') for the combined heritage IOOF, OnePath and MLC multi-manager businesses. Lonsec believes that Farmer possesses the appropriate experience and skillset to lead the team and has skilfully navigated the significant changes arising from the MLC/Insignia Financial Ltd merger. Farmer previously was CIO of the IOOF investment management division and prior to this role, he was the Portfolio Manager for the Australian equities portfolios. Prior to joining the Insignia Financial, Farmer was Senior Executive Investments at Telstra Super. Furthermore, succession planning efforts also saw the appointment of Stanley Yeo as Deputy CIO and Head of Equities in 2021. Moreover and subsequent to the investment team restructure occurring in 2022, Yeo was appointed to Head of Strategy and Equities.
- The Head of Fixed Interest Assets, Osvaldo Acosta is ultimately responsible for the outcomes of the Trust. However, the Trust is managed jointly by Acosta and his primary backup Mark Nordio, Senior Manager (Fixed Interest Assets & Strategy) who possesses 29 years of experience. Acosta and Nordio also have responsibilities for other cash strategies, including the IOOF MultiMix Cash Enhanced Trust. Lonsec considers Acosta and Nordio 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.
- The team is well-resourced consisting of 46 people in total, other than Farmer and Yeo. The investment team has been recently restructured with responsibilities broadly segmented by Portfolio Construction, Portfolio Enablement and Special Capabilities functions. A number of team members' responsibilities will be transitioned in a measured way over time. While the senior team member departures are disappointing, Lonsec believes the reporting lines, roles and responsibilities remain clearly defined under the current structure with team integration progressing well.

- Lonsec views key person risk associated with Acosta as low to moderate given the support and backup structure implemented.
- Lonsec considers the alignment of interest to investors to be moderate. 60% of the remuneration of the investment teams is directly linked to the performance of the multi-manager range of funds, which is heavily weighted to three and five year returns and can be taken as cash, salary sacrifice to superannuation or a combination of the above. The bonuses have a deferral component which promotes further alignment across the team.

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., the minimum credit quality of issuers). It seeks to have the highest protection against losses from defaults.
- The Trust's total exposure to term deposit and notice accounts, which are deemed illiquid securities, are capped at 50%. Lonsec considers the limit to be the highest among Lonsec rated peers. Depositors of term deposit 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.
- 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) inter-fund into the Trust (~90% of the Trust). Given these are internally managed funds, Acosta is typically notified of their expectant cash flow movements and IOOF arguably has some control over their movements. This allows Acosta to better forecast the cash flow needs of the Trust compared to peers.
- More recently ASIC released guidance pertaining to the definition of "cash" and instruments that 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

- Lonsec's ESG integration assessment considers how rigorous, robust and structured the ESG process for the Trust is as well as how well it integrates into the overall investment process and the Manager's overall policy and reporting framework. The assessment is not intended to assess the underlying holdings of the Trust's portfolio or the Manager's adherence to any form of impact, green / sustainable or ethical standards.

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- At the corporate level Lonsec views the Manager's overall ESG policy framework and disclosure as behind peers. The Manager has an articulated commitment to the integration of ESG within their investment process with a public positioning and policy framework. The Responsible Investment Position Statement together with proxy voting policy is freely available on the firm's website. The Responsible Investment Position Statement also provides details on engagement practices, however, is considered rather high-level compared to peers. The level of details with respect to the proxy voting policy and voting outcomes is lagging peers. The policy and reporting on voting outcomes lack depth compared to peers.
- The Manager has indicated that their Responsible Investment style is "ESG Integration" and as such that they take Environmental, Social and Governance factors into consideration when assessing investment opportunities. With a primary ESG style of "Stewardship" Managers will usually focus their ESG strategy on Engagement and Voting as the key tool in managing their ESG risks. While stewardship approaches are common across most Managers, they can form the key ESG strategy employed by some Managers. Due to the qualitative nature of this style Lonsec highlights the need for Managers to provide clear and detailed reporting on both engagement and voting activities and recommends investors review the Trust's stewardship reporting where available.
- Lonsec's review of ESG integration for Multi Asset Funds such as this, reviews only the ESG components of the selection of underlying strategies or managers. It does not review the ESG integration at the level of each of the underlying funds or strategies.
- While the Manager does have some minimum standards for Manager selection and monitoring they are seen by Lonsec as being very light touch.
- There are no signs that company engagement on ESG issues is a component of the Manager's current investment approach for this Fund.
- ESG does not form a component of the Managers broader compliance framework and overall transparency provided to investors is lagging.
- In June 2022, James Tayler was appointed as Head of Responsible Investment. Lonsec expects Tayler's appointment to expand the scope of the Manager's ESG integration through time.
- The Manager 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 undertakes operational due diligence on potential investment managers and undertakes 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 have added these portfolios into Bloomberg PORT and FactSet.

Fees

- The Trust's fee comprises a management fee of 0.30% p.a. and net transaction costs of 0.00% p.a. Lonsec considers the total fee load for the Trust (AFC of 0.30% p.a.) to be high relative to peers.

Product

- The Trust is a relatively vanilla cash strategy. Hence, Lonsec does not consider it to be operationally challenging to implement. Additionally, the Manager employs high-quality 'tier 1' service providers.
- The Fund is a registered managed investment scheme ('MIS') for which IOOF Investment Services Ltd ('IOOF'), the Responsible Entity ('RE'), is a related entity. The RE is responsible for operating and managing the MIS, holds an AFSL and as such is required to comply with its AFSL and RE obligations as outlined under the Corporations Act. Lonsec notes the RE has built experience in operating and managing a number of schemes over an extended period of time and is expected to have a governance framework in place to deal with any perceived conflicts of interest.
- The Trust has been in outflow over the short-to-medium term which heightens the potential for wind-up risk if this trend was to materially accelerate. That said, Lonsec acknowledges that the Trust is already large scale with the Manager remaining fully committed to this product.

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 the Manager 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.

Performance

- The Trust seeks to exceed the returns of the Bloomberg AusBond Bank Bill Index by 0.30% p.a. (before fees) over a rolling one-year period.
- As at February 2023, the Fund has delivered a total return over the one-year period of 1.8%. The Fund has achieved its internal investment objective of benchmark outperformance (after fees) over the rolling one-year period to 28 February 2023.
- As at 28 February 2023, the Fund delivered a total return (net of fees) of 0.7% p.a., and 1.2% p.a., over three and five years, respectively. The Fund has outperformed the Benchmark and was broadly in line with the peer median over three and five years.
- The Fund's volatility (as measured by the annualised standard deviation) and drawdowns were broadly in

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line with the peer median over three and five years to 28 February 2023.

- The Fund's returns and annualised standard deviation have resulted in risk-adjusted returns (measured by Sharpe Ratio) that were in line with the peer median over three years, but ahead of the peer median over five years.

Overall

- Lonsec has maintained the Trust's 'Recommended' rating at its recent review. The rating reflects the high regard and conviction for the experience and calibre of the broader investment team. Furthermore, lead Portfolio Manager, Osvaldo Acosta and Senior Manager, Mark Nordio are considered sufficiently skilled and experienced to manage the Trust effectively. The rating is also underpinned by Lonsec's positive view of the Trust's robust and repeatable investment process. The increased resourcing from the combined heritage IOOF, OnePath and MLC businesses, provides further depth of expertise within investment management, asset allocation 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. Lonsec notes the Trust's overall fee load is considered high.

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'). As of 31 December 2022, Insignia Financial had \$285.1bn 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 and RI Advice.

Size and experience

NAME	POSITION	EXPERIENCE INDUSTRY / FIRM
DANIEL FARMER	CIO	27 / 13
OSVALDO ACOSTA*	HEAD OF FIXED INTEREST ASSETS	22 / 6
MARK NORDIO#	SENIOR MANAGER - FIXED INTEREST AND STRATEGY	29 / 4

* Lead portfolio manager# Primary back-up

The Investment Team is structured along specialist lines. Osvaldo Acosta joined IOOF in December 2016. Acosta possesses 22 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. The Trust is jointly managed by Acosta's primary backup Mark Nordio, Senior Manager (Fixed Interest Assets & Strategy), who possesses 29 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.

In total, the investment team consists of 46 personnel across several specialised asset classes and functions. The senior members of the investment team comprise an average of 25 years of industry experience. The Team is led by CIO, Dan Farmer and includes 10 Heads of Asset Classes and Implementation, with additional support from approximately 35 Portfolio Managers and supporting analysts.

The Portfolio Manager conducts qualitative and quantitative research and provides overall data support and recommendations to the five-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 (Executive Member and CIO), Stanley Yeo (Executive Member and Head of Strategy and Equities). Osvaldo Acosta (Head of Fixed Interest Assets) 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 JP Morgan; 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. Remuneration of the investment teams is directly linked to the performance of the multi-manager range of funds. Typically, 60% of a team member's variable remuneration is linked to the performance of the funds with 20% linked to broader product development initiatives and the remaining 20% related to behaviours and risk metrics. Variable remuneration is heavily weighted to longer-term performance, with 85% based on three and five year returns, and can be taken as cash, salary sacrifice to superannuation or a combination of the above.

Asset Consultant

IOOF appointed Mercer as its primary external asset consultant in July 2017 and MLC has a long standing relationship with JANA (JANA was previously a fully owned subsidiary of NAB. Insignia Financial Ltd

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sold its remaining minority share to JANA in January 2023). Post IOOF's acquisition of MLC, the broader Insignia Financial multi manager business benefit from consultancy and research services provided by both Mercer and JANA.

These services include manager research and consultancy services when performing due diligence on prospective and currently appointed underlying managers, designing neutral benchmarks, stress testing, strategic tilting advice and performing various other risk management functions. In addition to Mercer and JANA, Neuberger Berman assists in Alternative's research. Neuberger Berman is an 80-year old private employee-owned investment manager. The firm manages equities, fixed income, private equity and hedge fund portfolios for institutions and advisors. With offices in 36 cities worldwide, Neuberger Berman's team employs more than 2,400 professionals and manages more than US\$402bn in assets under management as at December 2021.

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.
TRUST 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 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

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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 JP Morgan.

Currency Management

The Manager has discretion in what portion of its underlying portfolio will be hedged back to the Australian Dollar. Consequently, returns will often be partially affected by movements in the Australian Dollar versus other currencies globally.

Currency hedging will typically take place within the underlying mandates, as opposed to a currency hedging overlay on the aggregate portfolio.

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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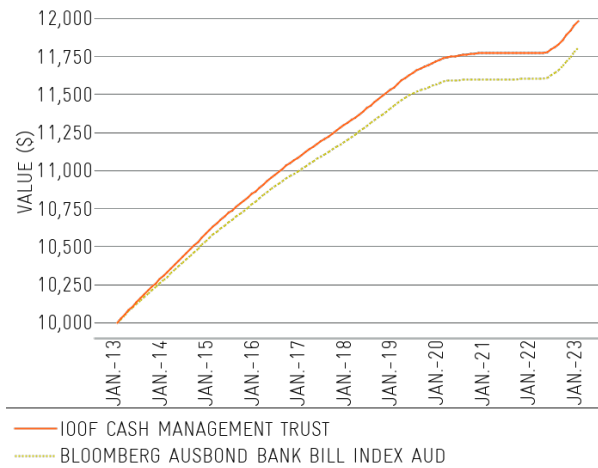
Quantitative Performance Analysis - annualised after-fee % returns (at 28-2-2023)

Performance metrics

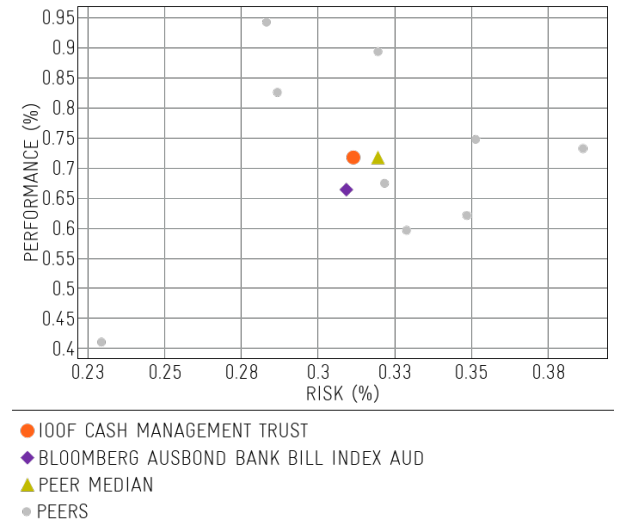
	1 YR		3 YR		5 YR		10 YR	
	FUND	PEER MEDIAN	FUND	PEER MEDIAN	FUND	PEER MEDIAN	FUND	PEER MEDIAN
PERFORMANCE (% PA)	1.76	1.81	0.72	0.72	1.15	1.11	1.83	1.79
STANDARD DEVIATION (% PA)	0.39	0.39	0.31	0.32	0.29	0.30	0.30	0.31
EXCESS RETURN (% PA)	0.01	0.05	0.05	0.05	0.10	0.07	0.15	0.15
OUTPERFORMANCE RATIO (% PA)	50.00	58.33	52.78	52.78	70.00	63.33	82.50	65.83
WORST DRAWDOWN (%)	-0.03	-0.03	-0.04	-0.04	-0.04	-0.04	-0.04	-0.04
TIME TO RECOVERY (MTHS)	2	2	2	2	2	2	2	2
SHARPE RATIO	0.01	0.15	0.17	0.17	0.34	0.20	0.50	0.37
INFORMATION RATIO	0.10	0.64	1.11	0.44	2.16	0.49	3.60	0.76
TRACKING ERROR (% PA)	0.05	0.08	0.05	0.05	0.05	0.05	0.04	0.06

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

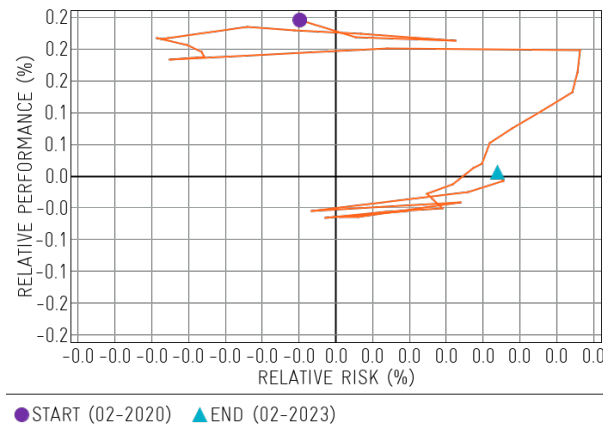
Growth of \$10,000 over 10 years



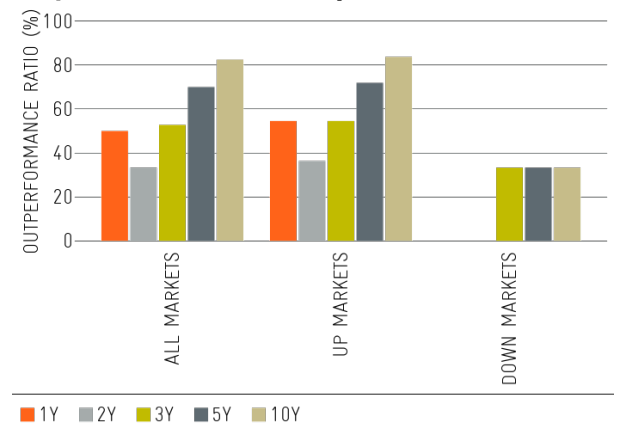
Risk-return chart over three years



Snail trail



Outperformance consistency



ANALYST: ISRIN KHOR | APPROVED BY: ALEC LEUNG

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

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