

Altius Bond Fund Fund Profile



A diversified Australian fixed interest fund that aims to deliver solid income with low capital volatility

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| Investment objective | The Fund aims to outperform the benchmark (50% Reserve Bank of Australia Cash Rate and 50% Bloomberg AusBond Composite 0+Yr Index1) before fees by 1.0% to 1.5% per annum over rolling three year periods. |
| Investment style | Altius employs an active and diversified strategy that aims to capture the upside of the bond market, while avoiding returns less than cash in a rising rate or deteriorating credit environment. The Fund has a flexible mandate that enables it to shift duration and sector exposures. The team is also willing to take significant positions away from the benchmark. While this can result in higher relative volatility, to date the Fund has delivered a low absolute volatility outcome. |
| Investment process | <pre> graph TD A[Identify major structural themes & scenarios] --> B[Scenario analysis forecasting] B --> C[Comparing forecast with history] C --> D[Optimisation] D --> E[Portfolio construction] E --> F[Risk management and attribution] </pre> |
| Risk management | Risk management is embedded in strategy formulation and is a central driver of the Altius investment process. Investment risk is managed using various forms of analysis, third-party systems and a proprietary portfolio optimiser. Liquidity risk is managed through a 10% buffer of cash-like assets and is also a key consideration during the security selection process. Risk management is further enhanced by independent risk monitoring performed by Australian Unity. |
| APIR code | WFS0486AU |
| Fund inception | June 2011 |
| Minimum initial investment | \$5,000 |
| Management fee* | 0.46% p.a. of the gross asset value of the Fund; plus Recoverable Expenses (estimated to be 0.12% of the gross asset value of the Fund for the financial year ending 30 June 2017) |
| Buy/Sell spread | 0.00%/0.10%. |
| Distributions | Quarterly |
| Advice fee | Available |
| Performance | Refer to the Fund Update for the most recent performance and rating information. |

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* Effective 30 September 2017 the management fee reduced from 0.55% to 0.46% p.a. of the gross asset value of the Fund. Refer to the PDS and AID for more information about fes and costs.

Differentiators

Altius Asset Management:

- is a high conviction, active fixed interest manager; focused on delivering absolute returns through an economic cycle
- provide a total return approach, offering duration exposure at appropriate points in the cycle, as well as positioning the portfolio defensively in a rising rate environment
- manage liquidity as a key risk, unlike many cash plus/credit funds which often have impaired liquidity when credit cycles turn
- invest only in domestic assets, thus avoiding importation of global alpha sources (e.g. currency) and offering a different risk profile, and
- provide access to the skills of an experienced team of fixed interest investment professionals.

Philosophy

Altius seeks to optimise returns for investors in all market conditions by taking a diversified approach to fixed interest funds management, combining both credit and duration strategies.

Altius' investment strategy applies a high conviction approach and seeks to take advantage of the mispricing of bonds at all stages of the economic cycle. It has tight controls around risk outcomes, with a philosophy that credit and rates duration must earn their way into the portfolio. Bonds are only held when excess returns above cash are compelling. Credit is only held when excess returns above government bond yields are compelling.

Protected by experience

The fund is managed by Australian Unity's Cash and Fixed Interest team (Altius). Australian Unity is a health, wealth and living organisation providing products and services designed to help people thrive. Over one million Australians have created a bright future with us.

How the Fund fits in a portfolio

- The Fund may be used within the defensive component of a well-diversified portfolio.
- The Fund may be suitable as a core holding of a domestic bond exposure.
- The Fund may be blended with international fixed interest securities to achieve further diversification.
- The Fund has the potential to generate regular quarterly income from its diversified portfolio of government and credit securities.
- Due to anticipated moderate levels of volatility, the Fund is not appropriate as a cash substitute.



BILL BOVINGTON
Chief Investment Officer, Cash and Fixed Interest

Bill has an enviable 33 year track record in fixed interest asset management.

Prior to co-founding Altius, Bill was the head of Australian fixed income and chief executive officer at Aberdeen Asset Management. He has also been head of fixed income for Schroder Investment Management and Deutsche Asset Management.

His achievements include building market leading fixed income businesses by overhauling investment processes and systems and developing investment staff.

Bill has a long working relationship with Senior Portfolio Managers Chris Dickman and Gavin Goodhand, formed over many years.

For more information on the Altius Sustainable Bond Fund, please contact your financial adviser or our Investor Services

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