



IFM

Cash Funds



Overview

Industry Funds Management Pty Ltd (IFM) is a unique investment firm with an established record of success in four key sector specialisations - infrastructure, private equity, listed equities and debt investments.

Initially established by four Australian industry superannuation funds to help them access specialised, low cost investment services, over the past fourteen years IFM has grown into one of Australia's most innovative fund managers with experience in managing a diverse portfolio of debt assets, including fixed income and cash.

Now wholly owned by 35 Australian superannuation funds representing the retirement savings of almost 50% of the Australian workforce, IFM has built a record of success by assembling a group of professional staff with strong investment and banking experience. IFM is headquartered in Melbourne and has offices in London and New York.

IFM offers two distinct cash funds within its product line-up. These are linked to both the speed at which the cash holding may be required and the risk profile the client prefers. IFM recognises that clients use cash in a number of ways in managing their portfolio's asset allocation, risk profile, manager allocations and transaction flows.

Investment Options

The **IFM Transaction Cash Fund** offers competitive returns and has a high probability of outperforming its benchmark. It is appropriate when the lowest practical risk profile and/or immediate liquidity are important. The IFM Transaction Cash Fund is also a viable alternative to a guaranteed UBS Bank Bill Index return product, as investors are not giving away potentially significant upside to a bank or fund manager in exchange for avoiding a very low risk of underperforming the benchmark index.

The **IFM Strategic Cash Fund** has been designed for longer term strategic cash investments. It has a broader investment universe than the IFM Transaction Cash Fund and a longer time horizon, which allows for higher returns. The return objective is to exceed the benchmark by

20 to 40 basis points per annum after fees. However, investors should be prepared to accept some volatility in returns.

Investment Process

Across all sector specialisations, IFM's investment process is driven by a long term investment philosophy. While the time horizon for cash products is shorter than other IFM products, we adhere to our philosophy to seek out fundamental value when constructing portfolios. This process involves 'top down' macro analysis combined with 'bottom up' security and company analysis, plus a review of market dynamics.

Our macro analysis incorporates the state of the Australian and global economies and the outlook for interest rates, inflation and general corporate credit quality.

We conduct thorough analysis of the market to incorporate often overlooked factors, things like supply and demand dynamics which may push sectors or securities out of line with their fundamental valuations.

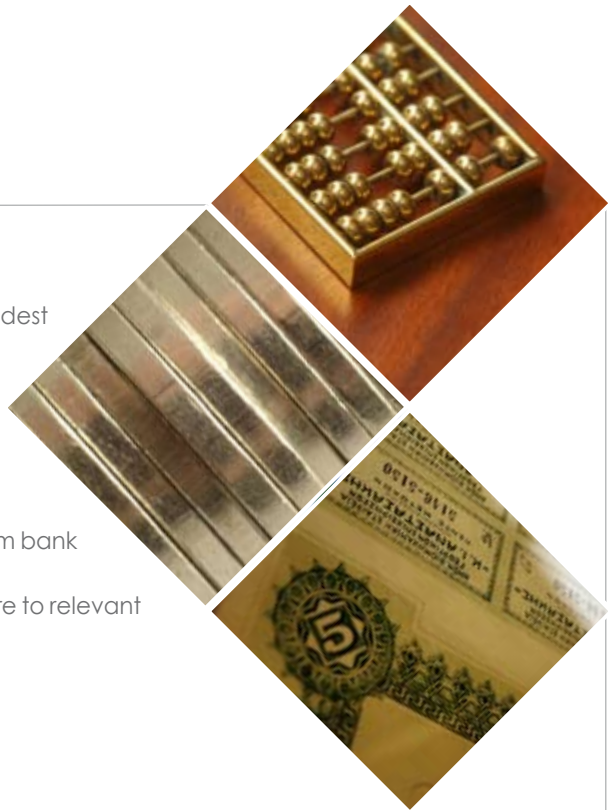
Further analysis of individual companies is undertaken and the range of securities that they issue is reviewed. This allows us to filter the available universe of investment opportunities to determine a selection of preferred investments, which provide favourable credit, relative value and liquidity characteristics.

Using this selection of preferred investments, portfolios are then constructed to reflect a fund's specific objectives.

Benefits of investing cash with IFM

- ◇ Accessible, transparent and trustworthy
- ◇ Closely aligned with 'not for profit' investors' needs and interests
- ◇ Experienced and established investment team
- ◇ Committed to managing cash products
- ◇ Products with a segmented approach to market risk
- ◇ Customised cash management solutions
- ◇ Competitive returns
- ◇ Low fees

IFM Cash Funds



IFM Transaction Cash Fund

- ◇ A very low risk at call fund with competitive but modest returns
- ◇ Aims to provide stable income and ready access to funds whilst achieving benchmark returns; we expect returns will exceed the benchmark, but this is not guaranteed
- ◇ Investment horizon is short term, up to six months
- ◇ An actively managed A\$ portfolio of high quality short term bank deposits and short term cash equivalent securities
- ◇ May invest in financial derivatives to gain or reduce exposure to relevant markets and manage investment risk
- ◇ Benchmarked to the UBS Bank Bill Index
- ◇ Income distributed quarterly
- ◇ Same day redemption period

IFM Strategic Cash Fund

- ◇ A broader investment universe than the IFM Transaction Cash Fund and a longer time horizon allow for higher returns
- ◇ Aims to provide stable income with a target to exceed the benchmark by 20-40bps pa after fees, whilst attempting to avoid negative monthly returns; investors should be prepared to accept some volatility in returns
- ◇ Benchmarked to the UBS Bank Bill Index
- ◇ Investment horizon is up to one to two years
- ◇ An actively managed A\$ portfolio of primarily Australian investment grade short term deposits, cash equivalent securities and fixed income securities which may include government, semi-government and corporate bonds, mortgage and other asset backed securities and structured fixed income securities
- ◇ May invest in the IFM Transaction Cash Fund
- ◇ May invest in financial derivatives to gain or reduce exposure to relevant markets and manage investment risk
- ◇ Income distributed quarterly
- ◇ Five business day redemption period

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Industry Funds Management