

Wealth of experience  
**World of opportunity**

# Why choose United?

Are you looking for a simple investment solution that accesses sector specialist investment managers and has a proven track record?

United's multi-manager funds provide the answer.

United's investment philosophy is based on the principle that several carefully selected investment managers will, over a reasonable period, produce better returns more consistently and with a lower level of risk than those of a single investment manager.

United has been managing multi-manager funds since 1994, and over this time has achieved consistent performance with a low volatility of returns. United's funds have been independently researched and rated 'Investment Grade' by the stockbroking and financial research company Lonsec. This rating means that, in Lonsec's opinion, 'the funds can achieve their objectives and, if applicable, outperform some of their peers over an appropriate time frame'. United has been only one of a few multi-managers assessed by Lonsec to have successfully added value through manager selection in the multi-sector fund sphere over the medium term.

## Strong backing

United Funds Management is part of Australian Wealth Management Limited, which in turn is part of IOOF Holdings Ltd (IOOF), a leading provider of wealth management products and services in Australia.

Listed on the Australian Securities Exchange (ASX: IFL) in the top 200 ASX listed companies, IOOF provides services to over 700,000 clients Australia-wide and has over \$87 billion\* funds under management, administration, advice and supervision.

## Achieve a higher level of investment diversification

Just as a managed fund gives you access to a range of investments chosen by a professional, a multi-manager fund gives you access to a range of investment managers and strategies chosen by an experienced professional.

By investing in United's multi-manager funds, you are able to access some of the world's most highly regarded investment managers, conveniently via one fund.

Some of the other benefits are:

- **Diversification** – unlike a single manager fund, as its name implies, a multi-manager fund gives you access to a number of investment managers in each asset class.

- **Access to specialist managers** – the underlying managers have been carefully selected and blended as a result of United's rigorous research process.
- **Flexibility** – you are able to choose 'single sector' funds that invest in a single asset class (eg Australian shares) or from a variety of 'diversified funds' (eg capital growth) that invest across a range of asset classes, including shares, cash, property and bonds.
- **Liquidity** – high levels of liquidity mean that your switches and redemptions from the United funds can be processed without delay and therefore without any detrimental effect on your portfolio.
- **Access to some of the world's leading boutique fund managers**, many of which are not normally available to retail investors here in Australia.
- **Reassurance** – United has over 15 years' experience managing multi-manager funds and a real depth of expertise in research, manager selection and portfolio construction.
- **Confidence** of having the highest level of compliance overseeing United's investment process – daily unit prices, performance analytics, derivative monitoring and reconciliation of performance reporting.
- **Purchasing power** – United's expertise and size provides the buying power to negotiate fee discounts on your behalf with various investment managers.

## United's disciplined and innovative research process

United has a proactive and innovative approach to investment manager selection. With its extensive experience managing multi-manager funds, United has the proven expertise to research, select managers and construct client portfolios.

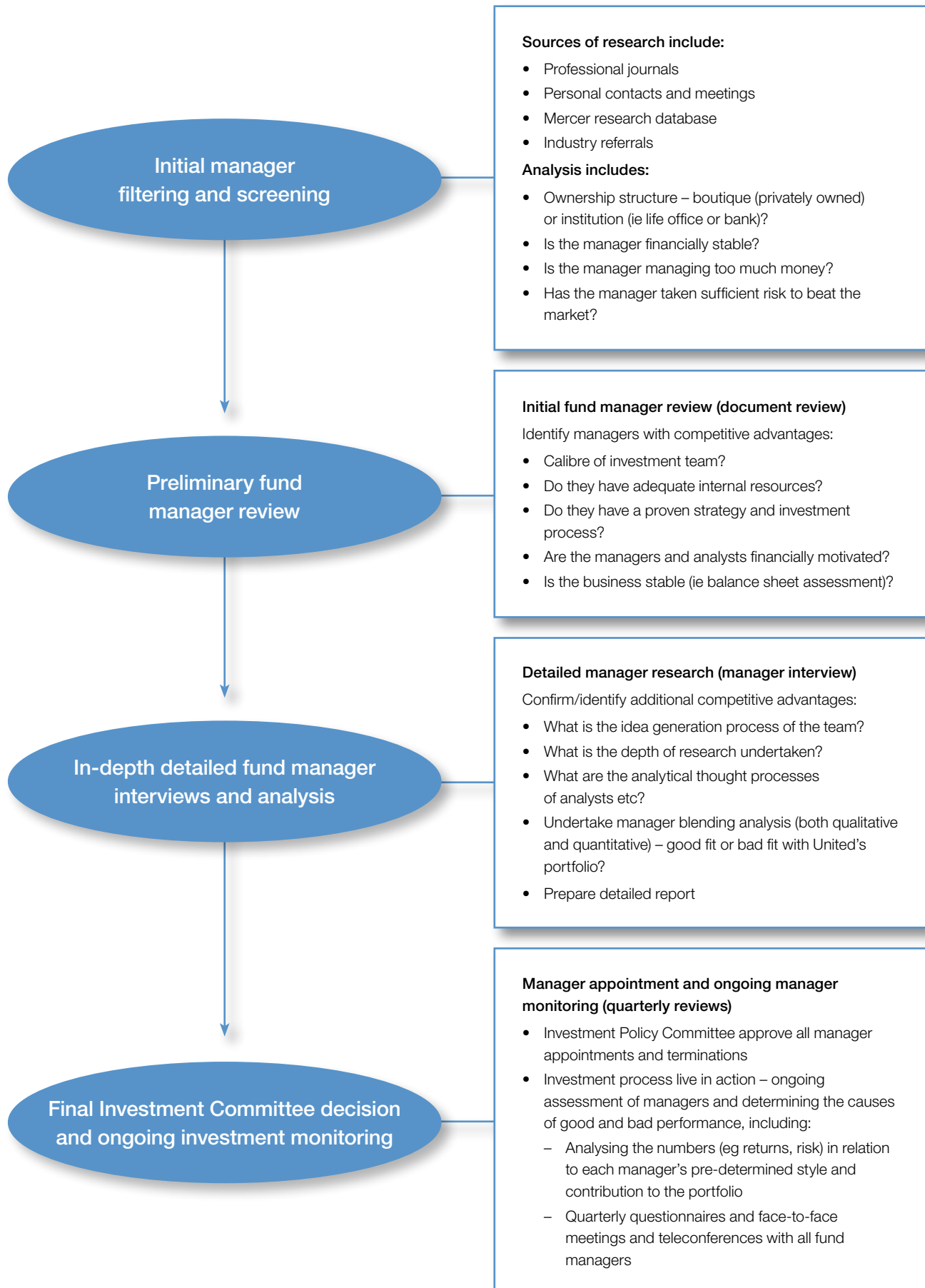
For each asset class, United:

- selects a number of high quality, specialist investment managers using a rigorous research, vetting, modelling and selection process
- monitors each fund manager's investment performance
- makes timely changes to the stable of fund managers if and when required.












The diagram on page 2 illustrates the process by which United appoints and monitors fund managers.

\* Value of IOOF and AWM combined as at 31 December 2008 (prior to merger).

# How does United select and monitor investment managers?



# Who are the underlying investment managers?

	Manager	Investment management style
Australian equities		Alleron is a 'growth' style biased boutique investment manager that aims to add value throughout the market cycle. Stock selection is based on relative value which is a fundamental key to Alleron's investment style.
		MIR adopts a 'value' style approach. The portfolio has a deep value orientation relative to the index. MIR does not engage in market timing.
		SG Hiscock is a boutique funds management company whose focus is on buying good companies at great prices, and great companies at good prices. SG Hiscock employs a flexible style bias, although through the economic cycle the portfolio is expected to exhibit a GARP ('Growth at a Reasonable Price') bias. SG Hiscock employs an active bottom-up stock selection process.
		Solaris Investment Management is a boutique, 'style neutral', Australian equities fund manager that utilises a fundamental, bottom-up stock selection process to select a portfolio of stocks.
International equities		Axiom is a global 'growth' style equity manager whose investment style encompasses an active approach to stock selection based on fundamental company analysis. Axiom also considers fundamental factors such as industry factors, macroeconomic factors and country factors as part of its portfolio construction process.
		The Boston Company is a 'core' styled global investment manager. It aims to preserve capital in declining markets and to add value in rising markets.
		LSV Asset Management adopts a quantitative 'value' style investment approach utilising quantitative techniques to select individual securities.
		Perpetual's investment process utilises a fundamental, conservative bottom-up approach to stock picking, focusing on quality (strong balance sheets, earnings visibility and competitive businesses) and value.
Australian LPTs		Pareto has been appointed to manage currency within the United International Equities portfolio. Pareto employs a statistical model-based approach to protect international portfolios against losses when the Australian dollar strengthens and to participate in gains when the Australian dollar weakens.
		Challenger is an active investment manager that selects property trusts using a combination of top-down macro-economic and bottom-up security specific research and analysis.
		Colonial First State is an active investment manager that selects property trusts using a combination of top-down macro-economic and bottom-up security specific research. The manager seeks to achieve medium to long term growth by investing predominately in small to mid cap listed property trusts.

	Manager	Investment management style
Global REITs	 PERENNIAL INVESTMENT PARTNERS	Perennial Real Estate seeks to buy global property securities that offer good cash flow growth and consistent income characteristics.
	PIMCO	PIMCO adopts a broadly diversified approach and wide opportunity set (including outside the domestic market) with strategies that seek multiple sources of value.
Australian fixed interest	 PERENNIAL INVESTMENT PARTNERS	Perennial's fixed interest investment process focuses on valuing the medium term economic outlook and market fundamentals using a disciplined investment management framework to compare 'fair value' and market prices. Perennial employs a number of strategies to add value including modified duration, yield curve management, sector allocation and fixed income security selection.
	 PERENNIAL INVESTMENT PARTNERS	Perennial's high yield investment process employs a comprehensive valuation framework with a focus on fundamental credit research.
International fixed interest	 <b>NEWTON</b> The Power of Ideas	Newton focuses on identifying long-term economic trends and themes that will create inefficiencies and imbalances within bond and currency markets that can be exploited.
	PIMCO	PIMCO adopts a broadly diversified approach and wide opportunity set with strategies that seek multiple sources of value. In addition, PIMCO is mandated to tactically allocate between its various Global Bond, Global Credit, Global Real Return, Extended Markets and Short Duration strategies.
Cash	 <b>United</b> FUNDS MANAGEMENT	The Cash Fund's asset allocation is divided between cash investments, which are deposited for interest at call or in short term deposits, and securities such as bank bills with maturities up to 90 days, and units held in United's High Yield Fund.
Alternatives	 <b>AMP capital</b> INVESTORS	AMP aims to provide investors with access to a diversified portfolio of Australian and global listed and unlisted infrastructure assets. For unlisted infrastructure assets, the manager employs a 'bottom-up' investment approach. For listed infrastructure securities, the manager employs a 'top-down' approach where the focus is on selecting sectors that fit AMP's infrastructure investment philosophy.
	 <b>MELLON CAPITAL</b> MANAGEMENT™	Mellon Capital is an innovator in the area of tactical asset allocation. The manager utilises a quantitative investment process, which is designed to produce consistent, risk-controlled performance.
	 <b>RARE</b>	RARE invests in a broad portfolio of global listed infrastructure securities. RARE's investment process includes a series of quantitative and qualitative assessments that are utilised to select a portfolio of 30-60 stocks from over 40,000 global listed securities. RARE may also invest up to 20% of the fund in unlisted securities should attractive opportunities arise.

This list of fund managers is current as at 1 June 2009. Managers are subject to change without notice. Please refer to United's website [www.united.com.au](http://www.united.com.au) for the current list of managers.

# What are the different manager styles?

**Growth manager:** A manager who seeks capital gain from expected further growth in company earnings. Typically, growth managers focus less on price/earnings and other valuation measures and more on forecast earnings growth. Growth managers have less regard to price, concentrating on investments that will produce large amounts of capital growth over the long term. They focus on earning growth and cash flow, believing that the generated growth in earnings will force the stock price to rise. These companies usually have high P/E ratios.

**Quantitative manager:** Quantitative managers utilise a range of quantitative techniques to construct a portfolio of securities. This process aims to remove subjective analysis and emotion from the investment process.

**Style-neutral manager:** Style-neutral managers ensure that their portfolios do not have any style biases such as value or growth. The portfolio is constructed with strict risk limits to ensure that the portfolio is similar to the benchmark on a number of style characteristics such as value/growth and small/large cap. Style-neutral management ensures that any outperformance will be derived from stock specific factors.

**Thematic manager:** Thematic managers aim to identify the major themes that are influencing investment markets. Thematic investing is usually conducted on a global basis with little regard to regional allocation. Portfolios are constructed to take advantage of the themes that have been identified by the managers, who are aiming to act upon them before they influence the market.

**Value manager:** Seeks to buy shares that are underpriced and to take profits when they appear overvalued. The price earnings ratio is a key valuation measure. Value oriented managers focus on the mis-pricing of investments. They purchase stocks that are out of favour with the market or cheaply priced due to short-term influences. The stocks are held until a price correction occurs. These stocks usually have low P/E ratios.

## Need more information?

If you would like more information about United and our funds, please go to our website at [www.united.com.au](http://www.united.com.au) or contact your financial planner.

This flyer has been prepared by United Funds Management Ltd (United) ABN 65 073 186 419 AFSL No 240973.

### Part of Australian Wealth Management

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