



Pengana Axiom International Fund (Hedged)

HHA0002AU Author: Mitchell Ryan Published: 24 May 2024

Data is provided by the manager at 31 Jul 2023, and currency in AUD, unless otherwise stated

Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	Axiom Investors LLC
Benchmark	MSCI AC World ex Australia NR Index (AUD Hedged)
Product structure	Managed Fund
Product size	\$45.82m
Inception date	Nov 2001
Asset class	Global Equities
Sector	Global Large Cap
Peer group	Fundamental (Currency Hedged)
Rated peers	32

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	Low
Tenure of Decision Makers	High
Complex (RG240)	No
Strategy Remaining Capacity	Not provided
ESG Approach	Filters or Screens
Peer Relative Fees and Costs	In line with median

Annual Fees and Costs (% p.a.)

Management fees & costs	1.35
Performance fee costs	0.00
Net Transaction Costs	0.17
Buy/Sell Spread	0.25/0.25
Annual fees and costs	1.52

Source: FE fundinfo

Strengths

- Senior members of the investment team are considered to be high-quality and well-experienced.
- The Manager has a long track record of successfully implementing the underlying growth-biased investment process through multiple market cycles.
- There is notable alignment, in general, via co-investment in Axiom's strategies and equity ownership by senior members of the investment team

Weaknesses

- While general ESG scoring features in the process, ethical considerations are applied through negative screening, which is considered to be less robust than other ethical-labelled fundamental peers.
- The Manager currently manages a large number of different strategies, albeit all follow the same investment philosophy and the lead portfolio manager is solely focused on this strategy.
- The management costs of the Fund are considered high relative to peers.

Product Opinion

The Fund has maintained its 'Recommended' rating. Supporting the rating is conviction in the senior members of the investment team, and the highly structured, robust and thorough research process. The Manager, despite only managing the Fund over a short period, has a successful long-term track record of implementing the investment strategy through multiple market cycles. Dampening conviction is the Manager's exclusions-based ethical approach, which is considered less true-to-label than more ethically focused fundamental peers. Investors with a deep ethical value set may find some peers to be more aligned due to the materiality threshold applied to excluded securities.

Lonsec Rating Model

Rating key: ●●● Above ●●● In-line ●●● Below

Factor	Peer Rating	YoY Score Change
Business	●●●	—
Team	●●●	—
Process	●●●	—
ESG	●●●	—
Product	●●●	—
Fees	●●●	—
Performance	●●●	—

Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

Return Profile

Income		
Capital		
	Defensive	Growth

Key Facts

Key Objectives

Investment objective	The Fund's investment objective is to obtain returns greater than the MSCI All Country World Total Return Index (net, hedged to AUD) over the medium to long term
Internal return objective	To outperform the Benchmark, after fees, over rolling five-year periods
Internal risk objective	No stated risk objective

Asset Allocation (%)

International Equities	97.99
Cash	2.01
Total	100.00

Source: FE fundinfo

Rating History

27-Apr-2023	Recommended
28-Apr-2022	Recommended
01-Oct-2021	Recommended

Product Distribution Profile

Frequency	Semi-annually
Last Missed Distribution	None
AMIT Election	Yes
TOFA Election	Yes

Top 10 Holdings (as at 31/07/2023)

	Weight (%)
NVIDIA CORP	4.970
AMAZON.COM, INC.	4.450
HERMES INTERNATIONAL	4.220
MICROSOFT CORPORATION	4.120
SERVICENOW, INC.	3.680
VISA INC.	3.460
ASML HOLDING N.V.	3.450
NOVO NORDISK A/S	3.330
ELI LILLY AND COMPANY	3.230
APPLE INC.	3.160

Source: FE fundinfo

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

Performance Analysis - annualised after fees at 31/10/2023

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	11.48	7.12	-15.05	-6.39	-2.23	5.44	3.89	7.08
Standard deviation	17.14	14.71	21.52	17.48	19.67	17.25	16.41	17.36
Excess return (% p.a)	3.30	-1.22	-9.63	-1.35	-9.02	-2.74	-2.78	-0.03
Outperformance ratio (% p.a)	50.00	50.00	33.33	41.67	36.11	45.83	41.67	46.67
Worst drawdown (%)	-8.62	-8.64	-36.07	-25.31	-37.12	-25.36	-37.12	-26.03
Time to recovery (mths)	NR	-	NR	-	NR	-	NR	NR
Sharpe ratio	0.46	0.31	-0.80	-0.48	-0.19	0.23	0.16	0.35
Information ratio	0.47	-0.16	-1.02	-0.23	-0.91	-0.64	-0.25	-0.01
Tracking error (% p.a)	7.05	5.03	9.49	5.57	9.95	5.62	11.09	6.06

Lonsec Peer Group: Global Equities - Global Large Cap - Fundamental (Currency Hedged)

Product Benchmark: MSCI AC World ex Australia NR Index (AUD Hedged)

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

Time to recovery: NR - Not recovered, dash - No drawdown during period

Business



Facts

Investment Manager	Axiom Investors LLC
Ultimate Parent Company	100% employee owned
Headquarters	Connecticut, US
% Staff Ownership	>50%
Inception Date	Jan 1998

Governance

% Independent board members	0
% Female board members	0
Independent chair	No
CEO as Chair	No
Separate Audit Committee	No

Who is the Manager?

Pengana is a wholly owned subsidiary of Pengana Capital Group Limited (ASX:PCG), a diversified funds management group founded in 2003 and headquartered in Sydney. Pengana has appointed Axiom Investors LLC ('Axiom' or 'the Manager') as the investment manager for the Fund. Axiom is a specialist global equity investment manager, based in Greenwich (Connecticut, US). The firm was founded in 1998 and is 100% employee owned.

Lonsec Opinion

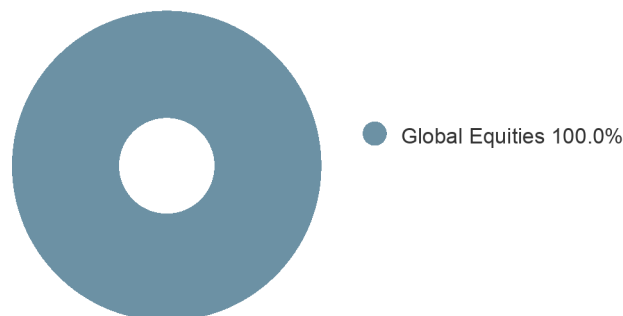
Profitability

The Manager is standalone profitable and well-capitalised, as at 31 July 2023, had total AUM of \$27.1bn.

Business Track record

The firm has a long and successful track record dating back to 1998. This enhances the firms stability and credibility to both existing and potential clients.

AUM



Metrics

Investment Management Headcount	61
Investment Professionals	31
Sales & Service	0
Distributor	Internal
Total AUM	\$27.1bn

Business Ownership

Axiom is a specialist Global Equity investment manager, based in Greenwich (Connecticut, US). The firm was founded in 1998 and is 100% employee owned.

Business Governance

The firm has a reasonable governance framework. There is reasonable segregation of duties between the traders, analysts and portfolio managers.

Team



Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Bradley Amoils	Portfolio management	Yes	2004	32/21	26
Andrew Jacobson	Portfolio management	Yes	2004	35/25	30

KDM Change*

No changes.

* Last 3 years

Profile

Structure	Centralised
Size	31
Turnover	Medium

Alignment

KDM equity held in manager	Yes
Performance-Based bonus	Yes
KDM co-investment in strategy	Yes
Long Term investment plan	No

Resources

	Number	Average Years Experience
Key decision makers	2	28
Portfolio Managers		
Hybrid portfolio manager/ analysts		
Dedicated analysts	8	23
Dedicated dealers		
Quantitative		
ESG/Sustainability		
Macro		
Investment Specialists		

Who is the Team?

The Fund is managed by Lead Portfolio Manager and the ultimate decision maker Bradley Amoils. Amoils is primarily supported by Co-Portfolio Manager Andrew Jacobson CFA, who is consulted regarding all portfolio decisions and works in close coordination with Amoils. The strategy has a dedicated portfolio management team of ten, led by Director of Research Jonathan Ellis. The team's generalist analyst, Dean Bumbaca, was promoted to Associate Portfolio Manager in April 2022. The firm's broader investment team consist of eleven portfolio managers, two portfolio research analysts, seven global sector analysts, six research associates and five traders.



Lonsec Opinion

Skill

Andrew Jacobson founded Axiom in 1998 and serves as CEO and CIO to provide overall strategic and operational direction for the firm. Jacobson has over 35 years of investment experience. Additionally, as a portfolio manager, Jacobson leads the Manager's International and International Opportunity, Emerging Markets and Emerging Market World, and Concentrated Global Growth equity strategies. The Fund is managed by Lead Portfolio Manager Bradley Amoils who joined the firm in 2002 and has managed the global equity strategy since its inception in 2004. Amoils has over 32 years of investment experience, possessing in-depth knowledge of the investment process.

Team Size

The investment team, consisting of ten members, is considered small compared to its peers and the breadth of the investment universe. The firm's broader investment team are well-experienced and appropriately resourced to manage the Manager's ten strategies, which all follow the same investment philosophy.

Track Record/Co-Tenure

Jacobson and Amoils both have respectable track records managing the strategy since inception. However, Jacobson's time is split between other strategies, there is a risk that Jacobson may not be able to devote sufficient attention to each strategy albeit all follow the same investment philosophy and the lead portfolio manager is solely focused on this strategy.

Alignment

Axiom provides long-term equity and equity-linked compensation incentives to align staff to the long-term investment success of end investors. Portfolio manager and analyst variable remuneration is linked to financial product performance and achievement of other mutually agreed upon annual goals.

Key Person Risk

Key person risk is high with Amoils considering he is the lead portfolio manager of the Fund with ultimate accountability for its performance. Key person risk associated with Jacobson and Ellis is considered to be moderate noting their other responsibilities. That said, the departure of either would likely necessitate a review of the Fund

Process



What is the Investment Process?

The Manager adopts a fundamental, bottom-up, dynamic growth investment philosophy. The Manager's dynamic growth philosophy can be characterised as the intersection of three key elements – positive change, sustainability of growth and valuation. Rather than focusing on backward-looking financial metrics, the Manager seeks to identify forward-looking positive changes, accelerations and inflections in an enterprise's key operational catalysts that could ultimately lead to subsequent improvements in reported financial results or impact earnings projections over the medium term. The Manager's philosophy represents a bold departure from conventional metrics and a leap towards a more dynamic, anticipatory form of investment analysis.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Type	Fundamental
Investment Approach	Bottom-up
Available Universe	Global listed securities
Investment Style	Growth
Typical market cap	Large cap
Minimum market cap	\$250m for developed markets and \$1bn for emerging market companies.

The Manager adopts a sustainable growth at a reasonable price ('GARP') investment style, seeking companies with structural growth that are trading at attractive valuations. Therefore, the Fund is expected to display a notable 'growth' bias.

Research Process

Screened universe	2,250
Idea generation	Sustainable growth at a reasonable price
Annual manager meetings	120
Key screens	Liquidity, Market cap, Other
Stocks researched	500
Key research inputs	Publicly available sources, e.g. news items, company meetings, sell-side analysis, analyst data
Primary valuation approach	Price multiples

The Manager's investment process is highly structured, robust and thorough. The collaborative effort between portfolio managers and analysts in sourcing investment ideas signifies a team-oriented approach that likely enriches the investment selection with diverse perspectives. The Manager incorporates real-time data that is collected and processed manually by the team to monitor the development of portfolio holdings and ensure the investment thesis remains intact. New ideas are typically identified based on specific positive fundamental developments in a company's operations. The Manager also incorporates macroeconomic views into the analysis of a company as such factors can be impactful to underlying earnings. That said, macroeconomic views are not expected to be the primary driver of portfolio decisions.

Process (continued)



Portfolio Construction

Portfolio management structure	Co-PM
Approach to benchmark	Benchmark agnostic
Typical securities range	45-75
Typical active share	83.6%
Typical portfolio turnover p.a.	40%

The final portfolio is relatively concentrated. In terms of stock and position weightings, the Manager uses their fundamental proprietary ratings framework to formally assess enterprise risk and return. The rating assigned to each stock ultimately determines the appropriate weighting, with the highest conviction ideas entering the portfolio at the largest weight. Once a stock is added, continuous monitoring enables the Manager to proactively manage the portfolio, quickly seizing growth opportunities or reducing risks from downturns. The Manager ensures that the valuation is appropriate given the magnitude of the changes in the key drivers. The portfolio construction is well-structured and repeatable.

Capacity Management

Capacity guidance	Not provided
Substantial holdings by manager	None
Portfolio liquidity (1 week)	100.00%
Strategy previously closed	No

As at 31 July 2023, Axiom managed US\$18bn across a range of US, international, global, emerging markets and small-cap equity strategies. The Manager has advised that the estimated capacity of the global equity strategy is fluid and based on the market liquidity of the strategy. Whilst not consider an issue at this stage, some firmer guidance around capacity would be welcomed.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Security Limits (Min./Max.)	No Limit Type: 0-0%
Sector Limits (Min./Max.)	No Limit Type: 0-0%
Non-index Allocation (Typical, Max.)	0%, 0%
Cash Allocation (Typical, Max.)	3%, 5%

Risk management is embedded within the Manager's fundamental, bottom-up investment process. While the Manager adopt a 'benchmark unaware' approach, there are appropriate portfolio constraints in place to influence overall positioning. These include stock and diversification and liquidity limits. Risk, including volatility and drawdown, is managed at both the individual stock level and the overall portfolio level. The Manager's framework for portfolio construction and allocation of capital is dynamic, with the risk adjusted return potential being continuously reevaluated as new information becomes available or as valuations change. If the risk-adjusted return potential incrementally deteriorates, the Manager may trim or completely sell out of a position.

ESG



Manager Positioning

ESG approach	Filters or Screens
Sustainability thematic	None
Responsible investment style	Ethical
Non-financial objective	None

Sustainability Score

No score.

What is the Manager's ESG approach?

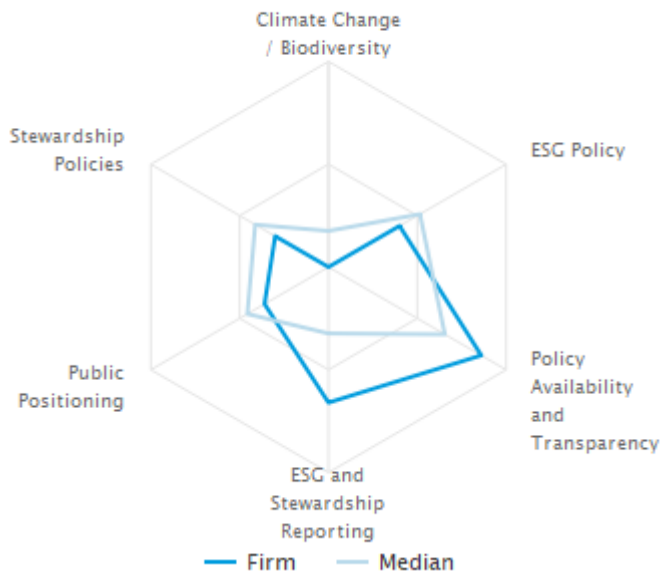
The Manager has indicated that their Responsible Investment style is 'Ethical'. The ESG review is not a measure of how ethical the ultimate portfolio is but is an assessment of the process the Manager undertakes. With a primary ESG style of 'Filters or Screens', the Manager is likely using predetermined rules (usually based on the industry a firm operates in) to either include or exclude companies from their investable universe. They may undertake further ESG analysis or use these screens as the sole ESG measure.

Lonsec Opinion & Supporting Facts

Overview

ESG Process Score	Mod
Responsible Investment strategy risk: Clarity, measurability & reporting	Low

ESG Snapshot



Product Level Approach

The Manager has an appropriately structured approach to the collection and use of ESG specific data. They access multiple providers and data feeds into research models. There are clear signs of defined ESG elements within the research process for the Fund. There are clear links from the Manager's research to the stock selection process through adjustment of price targets and expected returns based on, among other factors, ESG scores. While there is monitoring of ESG characteristics of the portfolio across a number of ESG and sustainability dimensions, this plays no clear role in overall portfolio construction. Engagement is a clear component of the Manager's approach which is prioritised and tracked in a structured manner.

Strategy: Clarity, Measurability & Reporting

The product's PDS offers a high degree of clarity around the non-financial objective. The product delivers a wide range of exclusions. Exclusion materiality is appropriately strict. The Manager applies a well-described framework. Compliance frameworks are appropriate. However, there is no clear link between the objective for this product and the Manager's overall mission statement. On balance, there is a high degree of clarity, measurability and reporting of its non-financial objectives and the risk of misalignment is low.

Manager Level Approach

The Manager's overall ESG policy framework and disclosure as slightly lagging peers. The Manager has an articulated commitment to the integration of ESG within their investment process with evidence of public positioning. The ESG policy, proxy voting and engagement policies are freely available on the firm's website. The policies are rather generic and lack depth compared to peers. Pleasingly reporting on voting and engagement outcomes has improved since the last review and are considered aligned with peers.

Product



Service Providers

Investment manager	Axiom Investors LLC
Custodian	BNP Paribas
Administrator	BNP Paribas
Responsible entity	Pengana Capital Limited
Fund Auditor	Ernst and Young
Change in Key Providers? (Over last 12 months)	Yes

Product Details

Product size	\$45.82m
Fund 12-month net flows	Negative
Distribution model	Internal
Buy/sell spreads	0.25%/0.25%
Investment structure	Direct
Product type	Registered Managed Investment Scheme (Unitised)
Currency hedged	Fully hedged
Use of derivatives	No

What is the Product Structure?

The Fund is a vanilla, actively managed, long-only, benchmark unaware global equities product that is relatively concentrated, holding predominately large cap stocks. The investment process includes industry-based exclusions with an ethical overlay, investing in both developed in emerging markets.

Lonsec Opinion

Service Providers

The Manager employs high quality 'tier 1' service providers, including the Fund's Responsible Entity ('RE'), Pengana Capital Limited.

Operational 'Red Flags'

The Fund invests in several mid to small cap and off-benchmark names, this may pose operational and liquidity challenges given the daily liquid nature of the Fund.

Wind-up Risks

The Fund is well-supported and has minimal wind-up risk. Over the trailing 12 months ending 31 July 2023, Axiom had \$3.8bn in total net inflows across multiple strategies. Roughly half of the net inflow was the result of new relationships, the other half the result of existing clients adding more capital to their investments.

Fees

Annual Fees and Costs (% p.a.)

Management fees & costs	1.35
Performance fee costs	0.00
Net Transaction Costs	0.17
Buy/Sell Spread	0.25/0.25
Annual fees and costs	1.52

Source: FE fundinfo

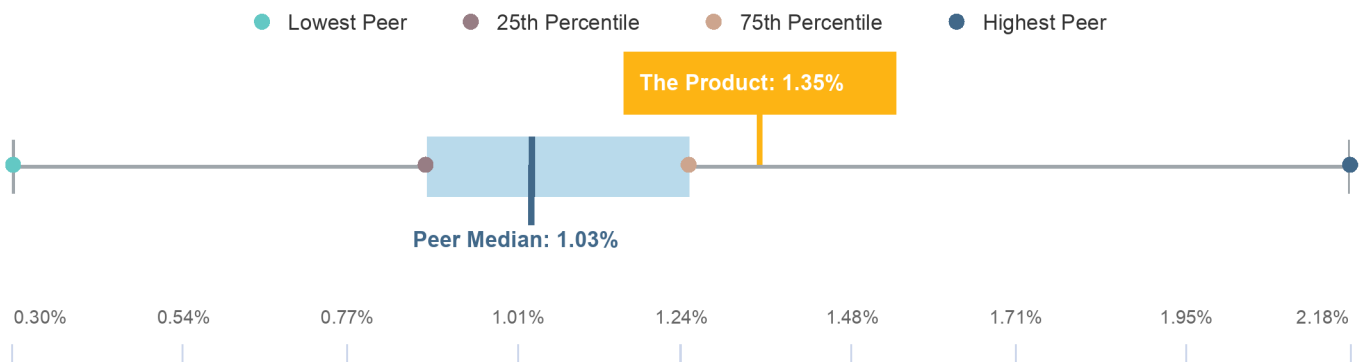
Performance Fees

Applicable	No
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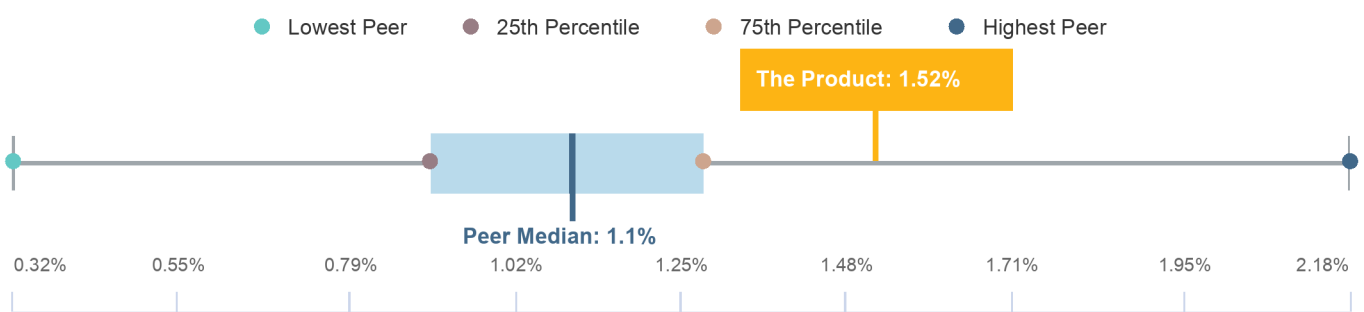
Fees Explained

The Fund's PDS dated 15 September 2022 disclosed Annual Fees and Costs ('AFC') totalling 1.39% p.a. This value comprises (1) Management Fees and Costs of 1.35% p.a., and (2) Net Transaction Costs of 0.049% 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, particularly with respect to net transaction costs.

Management Fees and Costs Peer Comparison (31/07/2023)



Annual Fees and Costs Peer Comparison (31/07/2023)



Peer Universe: Global Equities - Global Large Cap - Fundamental (Currency Hedged)

Lonsec Opinion

Annual Fees and Costs

The total fee load of 1.35% p.a. is considered high relative to peers.

Fairness

Despite the high fee structure, the Fund distinguishes itself through a unique investment strategy with a pronounced emphasis on sustainability, adding a layer of value not readily found in conventional peers. Moreover, the Fund's solid performance track record speaks to the efficacy of its management team and their ability to navigate market complexities.

Performance data is as at 31 October 2023

Performance

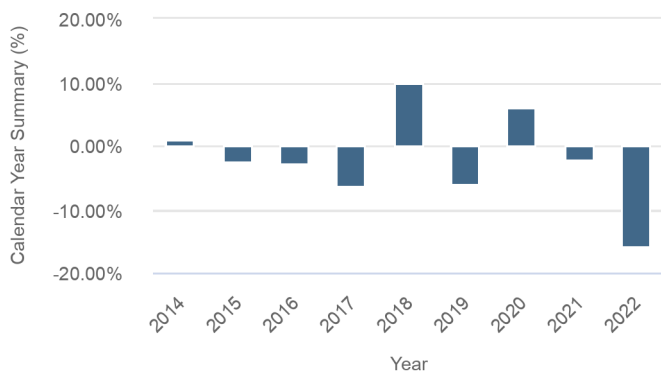
Performance Summary

PDS return objective	The Fund's investment objective is to obtain returns greater than the MSCI All Country World Total Return Index (net, hedged to AUD) over the medium to long term
Internal return objective	To outperform the Benchmark, after fees, over rolling five-year periods
Internal risk objective	No stated risk objective
Product benchmark	MSCI AC World ex Australia NR Index (AUD Hedged)
Lonsec peer group	Fundamental (Currency Hedged)

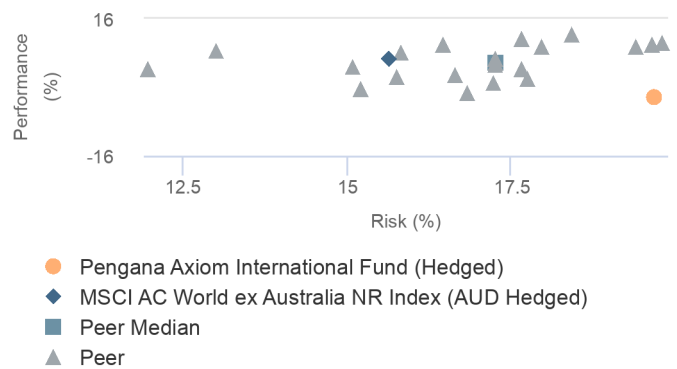
Alpha Generation

The Manager was only appointed for the Fund in May 2021. Accordingly, the Fund's performance prior to this date is not reflective of the current Manager. However, as at 31 October 2023, the Fund has outperformed the Benchmark over the short to medium term.

Calendar Year Excess Return



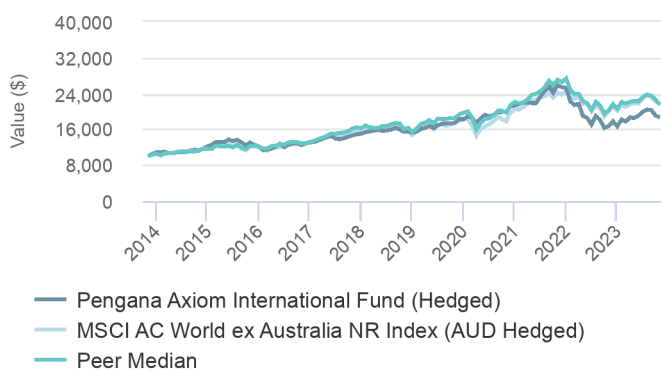
3 Year Risk and Return



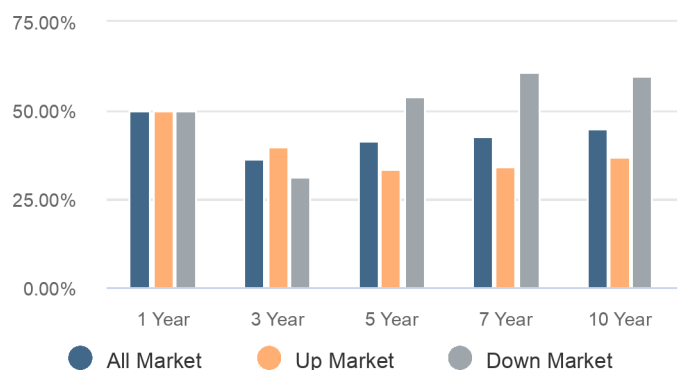
Alpha Consistency

The Fund has demonstrated a good level of outperformance consistency across various market conditions, aligning it with the peer median.

Growth of \$10,000 Over 10 Years



Returns Consistency



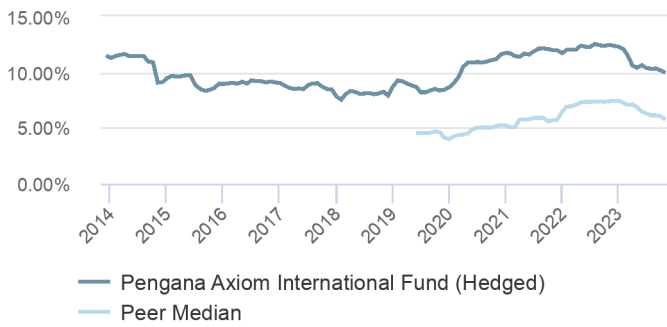
Performance data is as at 31 October 2023

Performance (continued)

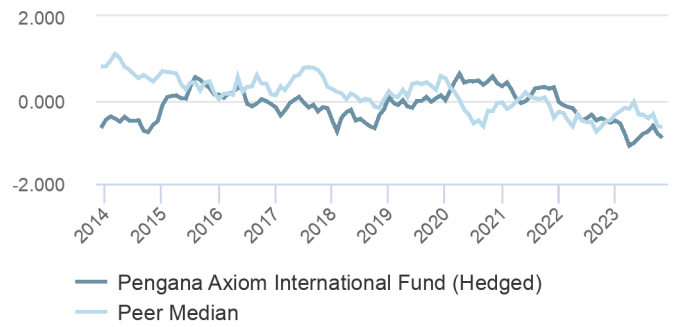
Benchmark Relativity

The presence of periods with higher tracking error suggests an active management style, with the Fund's deviation from the Benchmark performance reflects the Manager's active decision-making.

3 Year Rolling Tracking Error Over 10 Years



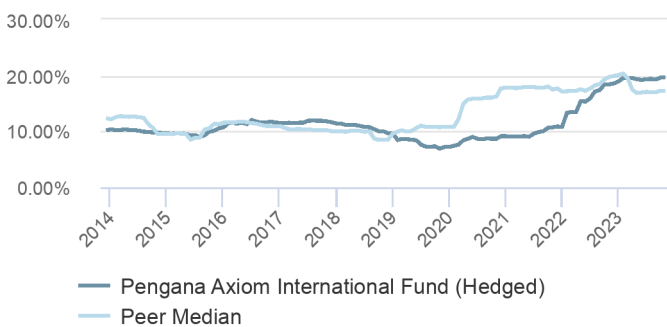
3 Year Rolling Information Ratio Over 10 Years



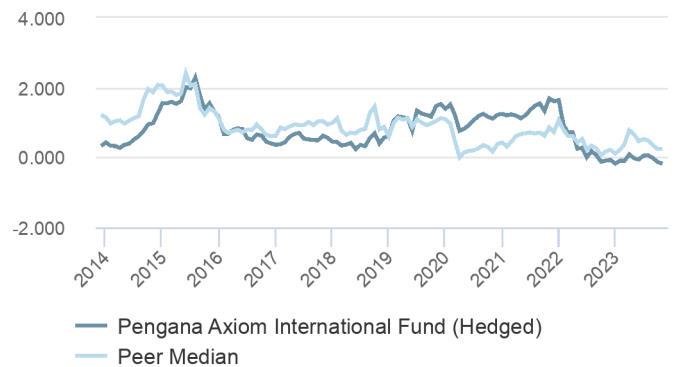
Return Volatility

The Fund's standard deviation is higher than that of the Benchmark at times, and its returns have exhibited a higher level of variability compared to the Benchmark.

3 Year Rolling Standard Deviation Over 10 Years



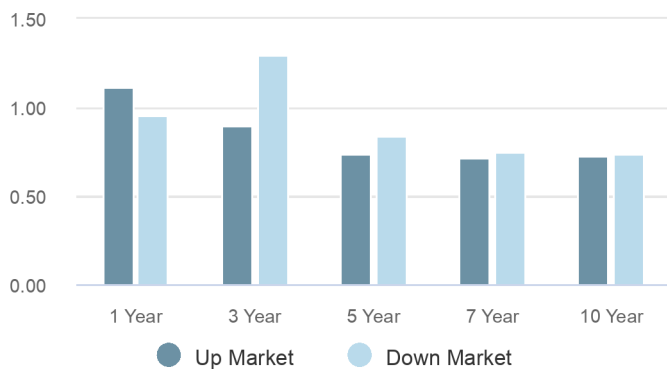
3 Year Rolling Sharpe Over 10 Years



Product Defensiveness

The higher downside capture and more severe drawdowns suggest that the Fund have been more susceptible to losses during market downturns compared to the Benchmark.

Market Capture Ratio



Drawdowns



Ratings

'**Highly Recommended**' rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.

'**Recommended**' rating indicates that Lonsec has strong conviction the product can meet its investment objectives.

'**Investment Grade**' rating indicates that Lonsec has conviction the product can meet its investment objectives.

'**Approved**' rating indicates that Lonsec believes the product can meet its investment objectives.

'**Not -Approved**' rating indicates that Lonsec does not believe the product can meet its investment objectives.

'**Closed / Wind Up**' status is applied when the product has been closed.

'**Fund Watch**' status is applied when a rating is under review due to the occurrence of a significant event relating to the product.

The '**Redeem**' rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.

The '**Screened Out**' rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.

'**Discontinued Review**' status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.

The '**Ceased Coverage**' status is applied when a rated product is withdrawn from the research process by the product issuer.

General

Climate Change / Biodiversity: the extent to which a manager has a leading climate and biodiversity policies.

ESG and Stewardship Reporting: the transparency, accessibility and usefulness of a manager's reporting.

ESG Policy: the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.

Excess return: Return in excess of the benchmark return.

Information ratio: Relative reward for relative risk taken (Excess Returns / Tracking Error).

Key decision maker (KDM): A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.

Market capture ratio: A product's performance during either 'up' or 'down' market trends relative to an index.

Policy Availability / Transparency: the ease of public access to, and transparency of, a manager's overall ESG policy suite.

Public Positioning: the resolve of a manager's commitment to ESG as ascertained by their public positioning.

Returns consistency: The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.

Sharpe ratio: Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.

Standard deviation: Volatility of monthly Absolute Returns.

Stewardship Policies: the strength of a manager's proxy voting and engagement policies with respect to ESG.

Time to recovery: The number of months taken to recover the Worst Drawdown.

Total return: 'Top line' actual return, after fees.

Tracking error: Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).

Worst drawdown: The worst cumulative loss ('peak to trough') experienced over the period assessed.

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Lonsec Research FSG

Financial Services Guide

Lonsec Research

9 June 2023

This Financial Services Guide (FSG) has been prepared and issued by Lonsec Research Pty Ltd ABN 11 151 658 561 (Lonsec Research, we, us, our), holder of Australian Financial Services Licence (AFSL) No. 421445, to assist you in determining whether to use our financial services and products. This is an important document, and you should read it carefully. The contents of this FSG are general information only and does not take into account your personal needs or objectives. Lonsec Research provides no warranty as to the suitability of the services of this FSG for any particular person.

1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;
- how we deal with conflicts of interest; and
- how we deal with complaints

1.2 About Lonsec Research and its related parties

Lonsec Research provides in-depth, investigative investment research across a broad range of listed and unlisted investments. Lonsec Research is a wholly owned subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings). Other subsidiaries of Lonsec Holdings include SuperRatings Pty Ltd (ABN 95 100 192 283), Implemented Portfolios Pty Limited (ABN 36 141 881 147) and Lonsec Investment Solutions Pty Ltd (ABN 95 608 837 583). All employees of the Lonsec group entities, including Lonsec Research, are employed by Lonsec Fiscal Pty Ltd (ABN 94 151 658 534).

Contact Details

Lonsec Research Pty Ltd
Level 39, 25 Martin Place

Sydney NSW 2000

Tel: 1300 826 395

Email: info@lonsec.com.au

www.lonsec.com.au

1.3 What kind of financial services can Lonsec Research provide?

Lonsec Research is authorised under its Australian Financial Services Licence to provide general financial product advice to retail and wholesale clients on the following types of financial products:

- securities
- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
- investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
- life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

Lonsec Research is also authorised to deal in a financial product by arranging for another person to apply for, acquire, vary, or dispose of the above types of products for or by retail and wholesale clients.

1.4 Provision of general advice

Any advice that Lonsec Research provides is of a general nature and does not take into account your personal financial situation, objectives or needs. You should, before acting on the information, consider its appropriateness having regard to your own financial objectives, situation and needs and if appropriate, obtain personal financial advice on the matter from a financial adviser. Before making a decision regarding any financial product, you should obtain and consider a copy of the relevant Product Disclosure Statement or offer document from the financial product issuer.

1.5 How Lonsec Research is paid

Lonsec Research receives fees from Fund Managers and/or financial product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec receives subscriptions fees for providing research content to subscribers including financial advisers, fund managers and financial product issuers. Lonsec Research's fees are not linked to the financial rating outcome of a particular financial product. Lonsec Research fees are determined by private agreement with its clients depending on a number of criteria including the number of financial advisors who access Lonsec Research publications, the range of publications accessed and the complexity of a specific research assignment.

Lonsec Research FSG (continued)

Due to the specific nature of its charges, disclosure of Lonsec Research fees may not be ascertainable when you receive this FSG, but you are able to request this information in writing before a financial service is provided to you. The fees received by Lonsec Research do not have an effect on the inclusion (or otherwise) of a financial product in portfolios managed by Lonsec Investment Solutions; or in approved product lists as a result of Lonsec Investment Solutions consulting activities. We do not have any direct employees as all employees are contracted, for employment purposes, with Lonsec Fiscal, a subsidiary of Lonsec Holdings. All employees of Lonsec are paid a salary and may receive a discretionary bonus which is not guaranteed. Sales employees may have a sales commission plan, relevant for sales to Wholesale clients, as offered by Lonsec Research from time to time at its discretion.

1.6 How do we manage our compensation arrangements?

Lonsec Research has Professional Indemnity insurance arrangements in place to compensate clients for loss or damage because of breaches of any relevant legislative obligations by Lonsec Research or its representatives which satisfy section 912B of the Corporations Act 2001.

1.7 What should you do if you have a complaint?

Lonsec Research's internal complaints handling process is designed to ensure that your concerns are treated seriously, addressed promptly and fairly. A complaint may be lodged either verbally or in writing and will be dealt with in strict confidence. If you have a complaint relating to Lonsec Research's products, services, its employees, the complaint should be addressed to:

Complaints Manager

Level 39, 25 Martin Place

Sydney NSW 2000

Tel: 1300 826 395

Email: complaints@lonsec.com.au

An individual may request further information about Lonsec Research's internal complaints handling procedure at any time. If an individual is not satisfied with the outcome of their complaint or has not received a response within 30 days from Lonsec Research, the individual can complain to the Australian Financial Complaints Authority (AFCA). AFCA provides an independent dispute resolution service and can be contacted on:

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail:

Australian Financial Complaints Authority

GPO Box 3

Melbourne, Victoria, 3001.

1.8 Conflicts of Interest

Lonsec Research is aware of the inherent potential conflicts of interest associated with the provision of ratings and how we are remunerated for our services. There are a comprehensive set of policies, and procedures in place at Lonsec Holdings that apply to its subsidiaries including Lonsec Research.

Information barriers (both permanent and temporary) consistent with our regulatory obligations under Regulatory Guide 79 are in place to manage either perceived or actual conflicts of interest. Employees of Lonsec also have to abide by Personal Trading and Gifts and Entertainment requirements and are trained on these requirements from time to time.

Generation Development Group Limited (ACN 087 334 370), a shareholder of Lonsec Holdings, is the parent company of Generation Life Ltd who issue a series of products rated by Lonsec Research. Lonsec Research manages this potential conflict by disclosing to investors accessing our research of Generation Life related products, and implementing our comprehensive ratings process, information barriers and monitoring program. For more information refer to Lonsec Research Ratings Methodology available on our platform iRate or by contacting us on 1300 826 395.

Lonsec Holdings has appointed Australian Retirement Trust Pty Ltd ABN 88 010 720 840, AFSL 228975 as the provider of default superannuation services to its Group employees. Lonsec Holdings appointment of Australian Retirement Trust is not an endorsement of, or opinion on, the Fund.

Australian Retirement Trust is a subscriber to our services and pays a fee to us for this subscription service. Australian Retirement Trust rating and report is issued by an analyst who is aware of Australian Retirement Trust's appointment as default superannuation fund provider but who does not have a personal investment in the fund.

This FSG was prepared on 9 June 2023.