



Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	IOOF Investment Services Ltd
Benchmark	MSCI AC World ex Australia NR Index AUD
Product structure	Managed Fund
Product size	\$334.40m
Inception date	Apr 2008
Asset class	Global Equities
Sector	Global Large Cap
Peer group	Multi-Manager
Rated peers	8

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	Low
Tenure of Decision Makers	Medium
Complex (RG240)	No
Strategy Remaining Capacity	High
ESG Approach	Risk or Value
Peer Relative Fees and Costs	Below median

Annual Fees and Costs (% p.a.)

Management fees & costs	0.85
Performance fee costs	0.00
Net Transaction Costs	0.05
Buy/Sell Spread	0.15/0.10
Annual fees and costs	0.90

Source: FE fundinfo, PDS Date: 30/Sep/2024

Strengths

- The Fund is managed by an experienced and well-led investment team.
- Breadth of resources and tools pertaining to manager research, asset allocation, performance analytics, governance and implementation teams.
- Robust and consistently applied investment process underpinning underlying manager selection and portfolio construction.
- Integration of the broader investment team has been progressing well to further enhance the Manager’s investment capabilities.

Weaknesses

- The Fund has underperformed the peer median and the benchmark over the medium and longer term. This has resulted in a failure to achieve the internal performance objective.
- The complexity of managing an extensive breadth of heritage products with varying objectives, but this is being managed by the continued alignment of asset class building blocks and objectives.
- Although there are processes in place, using a related party creates the potential for conflicts of interest, which remains a watchpoint.

Product Opinion

The Fund has maintained its 'Recommended' rating. This reflects the high regard and conviction in the experience and calibre of the broader investment team and their ability to execute the investment process. The continued consolidation of the heritage businesses provides depth of expertise across the process.

The Fund has consistently underperformed the benchmark whilst failing to achieve its investment objectives. There remains an extensive breadth of heritage products with various objectives, although these continue to be aligned. Although there are processes in place, the utilisation of related party capabilities and perceived conflicts remains a watchpoint.

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	To provide capital growth of your investment over the long term by investing in a diversified portfolio of international shares, and to achieve a total return after fees Investment objectives in excess of the MSCI All Country World ex Australia Index with Special Tax (unhedged in AUD) over a rolling seven-year period.
Internal return objective	MSCI All Country World ex Australia Index (\$A) plus 2.0% p.a. (before fees) over rolling five-year periods
Internal risk objective	Tracking error less than 4% p.a. over rolling five-year periods
Non-financial objective	None

#### Asset Allocation (%) (as at 31/12/2024)

International Equities	99.64
Cash	0.36
<b>Total</b>	<b>100.00</b>

Source: FE fundinfo

#### Rating History

14-May-2024	Recommended
19-Apr-2023	Recommended
11-Apr-2022	Recommended

#### Product Distribution Profile

Frequency	Semi-Annually
Last Missed Distribution	None
Number of Missed Distributions in the last 5 years	0
AMIT Election	Yes
TOFA Election	No

#### Top 10 Holdings (as at 31/12/2024)

	Weight (%)
MICROSOFT CORPORATION	5.350
NVIDIA CORP	3.180
APPLE INC.	2.810
AMAZON.COM, INC.	2.320
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	1.920
ALPHABET INC. CLASS C	1.400
NETFLIX, INC.	1.390
ALPHABET INC	1.340
VISA INC.	1.300
META PLATFORMS, INC.	1.210

Source: FE fundinfo

#### Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

#### Performance Analysis - annualised after fees at 31/12/2024

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	27.04	27.06	23.28	23.50	9.37	9.42	11.61	11.78
Standard deviation	9.26	9.10	8.12	8.10	10.82	11.06	10.42	11.43
Excess return (% p.a)	-2.77	-2.80	-2.36	-2.38	-1.90	-1.84	-1.37	-1.39
Outperformance ratio (% p.a)	25.00	25.00	29.17	29.17	38.89	38.89	43.33	43.33
Worst drawdown (%)	-3.17	-3.10	-4.34	-4.53	-14.81	-14.77	-17.29	-17.25
Time to recovery (mths)	3	-	2	-	9	-	10	-
Sharpe ratio	2.44	2.49	2.35	2.35	0.57	0.58	0.92	0.88
Information ratio	-2.27	-2.25	-1.29	-1.16	-0.86	-0.84	-0.58	-0.52
Tracking error (% p.a)	1.22	1.56	1.83	1.82	2.22	2.21	2.35	2.35

**Lonsec Peer Group:** Global Equities - Global Large Cap - Multi-Manager

**Product Benchmark:** MSCI AC World ex Australia NR Index AUD

**Cash Benchmark:** Bloomberg AusBond Bank Bill Index AUD

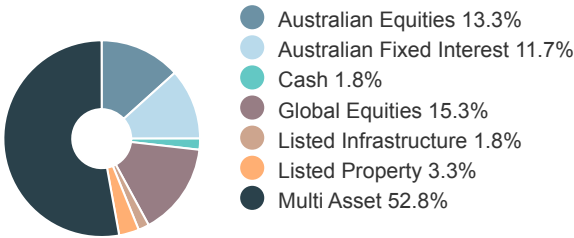
**Time to recovery:** NR - Not recovered, dash - No drawdown during period

Business ●●●

Facts

Investment Manager	IOOF Investment Services Ltd
Ultimate Parent Company	Insignia Financial Ltd
Headquarters	Australia
Inception Date	Jan 1846
% Staff Ownership	0-10%

AUM



Governance

% Independent board members	100
% Female board members	67
Independent chair	Yes
CEO as Chair	No
Separate Audit Committee	Yes

Metrics

Total AUM	\$24.80b
Investment Management Headcount	200
Investment Professionals	49
Sales & Service	50
Distributor	Internal

Who is the Manager?

The Manager is part of the Insignia Financial Group of companies, comprising Insignia Financial Ltd and its related bodies corporate ('Insignia Financial'), which is listed on the Australian Stock Exchange (ASX code: IFL). Insignia Financial is a leading provider of wealth management services, including superannuation, platform administration, and investment management. The Manager has a long history in multi-asset investing, with a total funds under management and administration ('FUMA') of \$301.00b as at June 2024. Over recent years, the Manager has expanded their business through acquisitions and integration of the heritage IOOF, OnePath and MLC multi-manager businesses.

Lonsec Opinion

Profitability

The Manager is a large, profitable, and well-capitalised business. The Manager is a leading Australian wealth management service provider and one of the largest Australian multi-managers in the multi-asset universe. The Manager is in a strong financial position at these levels of AUM with consistent profitability in recent times. The Manager also has a diversified asset base with a broad range of client types, which enhances the profitability profile.

Business Track record

The Manager has a long and respected heritage in multi-asset investing. The Manager has a considerable track record in managing multi-asset, superannuation and passive strategies. The Manager has expanded their business through acquisitions and has demonstrated success in integrating the heritage IOOF, OnePath and MLC multi-manager businesses in recent years, which is viewed positively.

Business Ownership

The Manager is 100% owned by ASX-listed Insignia Financial Limited (ASX: IFL) with a market capitalisation of \$3.08b as at January 2024. The senior members of the organisation own equity in the business, which is viewed positively and promotes alignment endeavours. That said, the business ownership from employees is estimated at 0-10% which is relatively in line with other multi-asset peers.

Business Governance

The Manager has demonstrated multiple layers of compliance and risk monitoring, with oversight from multiple trustee boards, external board directors and separate audit committees. The Manager has not reported any regulatory findings in recent years.

### Team ●●●

#### Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Liam Wilson	Portfolio Management	No	2022	22/19	19
Stanley Yeo	Portfolio Management	No	2021	24/14	24
Daniel Farmer	CIO	No	2013	28/14	28

#### KDM Change\*

No changes.

\* Last 3 years

#### Profile

Size	8
Structure	Decentralised
Turnover	Medium

#### Alignment

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

#### Resources

	Number	Average Years Experience
Key decision makers	3	25
Portfolio Managers	23	25
Hybrid portfolio manager/analysts	-	-
Dedicated analysts	11	14
Dedicated dealers	5	19
Quantitative	-	-
ESG/Sustainability	1	29
Macro	-	-
Investment Specialists	6	22

#### Who is the Team?

The Global Equities & Strategy Team is overseen by Liam Wilson, who is ultimately responsible for overseeing the strategy. Wilson is supported by his direct back-up in Deputy CIO and Head of Equities & Strategy, Stanley Yeo. Wilson is supported by the broader MLC Asset Management Investment Team ('Investment Team') which consists of 49 members in total, with responsibilities broadly segmented by Portfolio Construction, Portfolio Enablement and Special Capabilities functions.

The key decision makers responsible for asset allocation across all portfolios are supported by the Sector Portfolio Management ('SPM') team for sector-specific manager research, the Derivatives team and the Investment Portfolio Analytics team. The investment team is also able to leverage the asset consultant capabilities of JANA in their research function.

The Investment Management Committee ('IMC' or 'IC') is responsible for overseeing and approving all investment decisions in the strategy, including inclusions and exclusions of underlying managers. The IMC comprises Anthony Hodges (Chairman, External member), Denise Allen, Mary-Anne Nunan (external), Dan Farmer, Stanley Yeo and Osvaldo Acosta.

### Team (continued) ●●●

#### Lonsec Opinion

##### Skill

Wilson and the supporting global equities team has exhibited demonstrable skill in managing the strategy. Wilson is supported by the broader team and asset consultant, with all investment proposals requiring approval from the respective investment committees across the MLC and IOOF heritage businesses. The senior team members, including CIO, Dan Farmer, are highly experienced with the appropriate skillset to manage the multi-asset and single-sector portfolios.

There are meaningful synergies realised from the breadth of resources and significant collective industry experience of the combined businesses. The integration of the broader investment team has provided further depth of expertise within investment management, asset allocation and risk management capabilities.

##### Team Size

The Global Equities and Strategy Team is well-resourced and is one of the largest teams amongst single-sector, multi-manager peers. The team comprises eight individuals including Portfolio Manager, Liam Wilson and back-up Portfolio Manager, Stanley Yeo. The team resourcing has benefited from the combination of the heritage IOOF, OnePath and MLC businesses in previous years. The investment team also leverages the research capabilities of its asset consultant, which enhances the team's resourcing and supports the broader research offering. The broader investment team continues to experience some residual turnover given the continued consolidation between the heritage businesses.

##### Track Record/Co-Tenure

The senior members have long co-tenures at their respective heritage businesses. Although the co-tenure of the combined investment team is still developing following the acquisition, the team's integration is progressing well with continued stability. Moreover, the combined heritage businesses can leverage the large scale and resources available to the investment team. The IC members have remained largely the same through the consolidation process and have a long cumulative co-tenure.

##### Alignment

The alignment of interest to investors is considered to be stronger than peers. The majority of the remuneration is directly linked to the three to five-year performance of the multi-manager range of funds, with a deferral component that promotes further alignment across the team. The broader Insignia organisation represents a fully aligned remuneration structure across the different businesses after the FY23 review.

##### Key Person Risk

The Key Person Risk ('KPR') is considered to be lower and centered primarily on the key decision makers due to their extensive experience and leadership of investment strategies. Positively, the risk is partially mitigated by the team-based decision-making approach, extensive resources and the utilisation of the deeply resourced asset consultant capabilities.

Process

What is the Investment Process?

The Fund is a single-sector, multi-manager product that utilises a style-neutral approach, emphasising manager skill and quality within the portfolio. The Manager constructs portfolios with the belief that active manager selection via qualitative and quantitative analysis of their universe will generate long-term outperformance.

The Sector Portfolio Management ('SPM') team constructs the asset classes predominantly using external managers. External managers are sourced using external databases, market contacts and advice from the asset consultant. The internal team undertakes its manager's research but has the asset consultant's input.

Investment governance is enacted through the Investment Committee (IC), which oversees all major aspects of the investment process and requires IC approval at key points, such as external manager changes.

The Fund's investment guidelines and risk limits ensure the portfolio maintains appropriate diversification. The managers are selected based on their contribution to the pre-defined active risk in conjunction with their alpha generation potential.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Style	Multi-Manager (Blend, Style-Neutral)
Sector Exposure	Active
Available Universe	Managed Funds (Global Equities Multi-Manager Products)

The fully diversified investment approach of combining high-quality active managers to provide optimal returns in the long term and passive management to lower costs and active risk in certain asset classes fully reflects the philosophy and risk and return objectives. The single-sector strategies aim to deliver a repeatable investment portfolio that generates superior risk-adjusted returns over the longer term.

The Manager believes in a style-neutral approach that amplifies exposure to manager skill and quality at the aggregate level. The philosophy is predicated on academic research and the belief that active managers can outperform sector benchmarks and that in-depth research can enhance alpha generation. The research efforts leverage the broader organisation's substantial scale and blend both quantitative and qualitative research to deliver alpha through the cycle.

That said, there is an emphasis on emerging markets and the small-cap tilt within the portfolio, which is viewed as harbouring a premium over the longer term. The Manager has a distinct emphasis on allocating to managers when fees are low and alpha potential is typically at its highest.

Research Process

Idea generation	Investment Team, Asset Consultants, Economic Research, Third-Party Resourcing
Annual manager meetings	175
Managers actively tracked	30
External consultant	JANA

The Manager implements a robust and consistently applied research process underpinning external manager selection and portfolio construction functions. The external manager research process, which considers both quantitative and qualitative factors, is detailed and transparent. The process leverages the investment team's scale and combined heritage businesses. The process aims to create a narrow universe of managers with complementary styles who have been stringently filtered for their suitability.

There is an ongoing flow of ideas from the individual sector specialists who are responsible for constructing the portfolio, portfolio managers and their consultant, JANA. The underlying funds have undergone multiple layers of oversight from the investment team, asset consultants, with the IC ultimately approving the manager inclusions. The depth and breadth of JANA's asset allocation capabilities and manager coverage are viewed positively. The Manager has access to sophisticated tools and systems to manage these multi-manager portfolios.

### Process (continued) ●●●

#### Portfolio Construction

Portfolio decision making	PM based
Typical security numbers	700
Use of mandates	Yes
Use of alternatives	No
Allocation to related/affiliated exposure	Yes

The Fund is constructed via active manager selection and blends various styles while maintaining meaningful active stock and sector positioning. The active risk and return targets are set, and managers are selected and blended to fill the risk budget. The level of activeness in the portfolio is considered appropriate. The Fund has a considered allocation to non-traditional or niche strategies such as global small caps and emerging markets, which may result in performance that differs substantially from peers and the benchmark over an investment cycle. The Manager also utilises derivatives to supplement the process as an exposure and risk management tool, with encouraging results.

The underlying managers are typically accessed via separately managed accounts, enabling the Manager to tailor mandates to its requirements. In addition, this structure can facilitate tighter portfolio construction, efficient implementation, better product design control, better pricing opportunity and improved tax efficiency for investors.

The Manager has displayed buy/sell discipline in manager selection, where funds have undergone a rigorous review process by the MLC and JANA investment teams and have received approval from the IC. That said, the underlying manager mix currently employs related-party managers. The utilisation of related-party capabilities may potentially compromise objectivity in the decision-making process, although the Manager has demonstrated the willingness to terminate related-party capabilities where warranted.

#### Capacity Management

Although the FUM is considered large, there are no concerns in terms of capacity given the wide opportunity set for global equity multi-manager strategies. That said, the Fund includes a distinct tilt towards small and mid-cap managers, which may result in more limited capacity compared to a more large-cap oriented strategy.

#### Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	Barra and FactSet
Security / issuer limit (min./max)	0%, 25% of Active Risk (Soft Limit)
Sector / segment limits (min./max)	Not Specified
Max illiquid	0%
Cash Allocation (Typical, Max.)	0% (Typical), 10% (Maximum)

The structure of the risk management functions is well embedded within the investment process. Although the process is continually evolving given the broader organisational consolidation, the Manager has integrated compliance systems that enable ongoing monitoring of underlying mandates to be implemented to ensure compliance with their predefined guidelines. The Manager closely monitors manager portfolios and weightings on a daily basis and investigates daily any excess return outliers exceeding the 99% confidence level, which adds rigour.

The monitoring and compliance functions conducted by separate teams are considered to be thorough and at the higher end of the peer group. The Fund's investment guidelines, well-defined asset class ranges and limits are well-suited to ensuring the portfolio maintains appropriate diversification.

ESG ●●●

Manager Positioning - Product

Responsible investment style	ESG Integration
ESG approach	Risk or Value
Sustainability thematic	Low Carbon or Climate
Non-financial objective	None

What is the Manager's ESG approach for this product?

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 "Risk or Value", Managers will determine inclusion based on the balance of overall risk (including ESG risk) and potential return. As a result, this approach may mean that lower quality ESG companies may be included if the return potential is sufficient, and this may conflict with some clients' perceptions of what a strong ESG process would deliver.

Lonsec Opinion & Supporting Facts

Overview

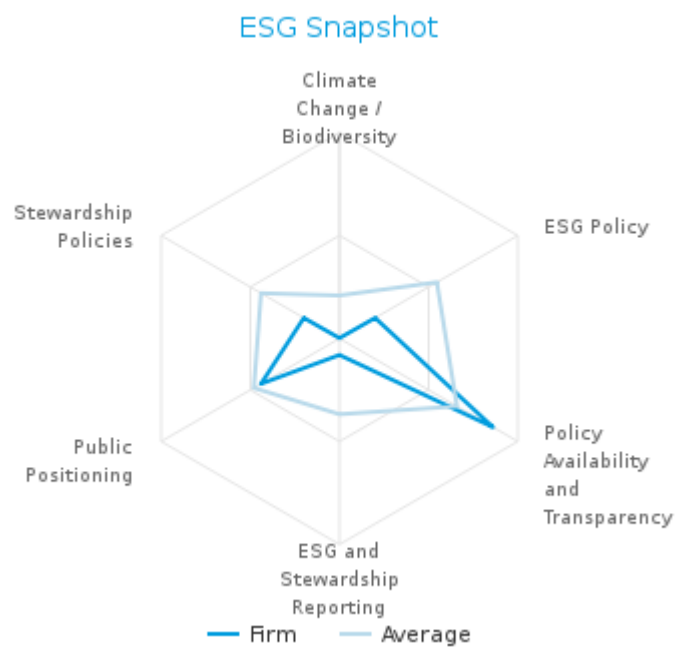
ESG Process Score	ModLow
Responsible Investment strategy risk: Clarity, measurability & reporting	N/A

Product Level Approach

While there may be elements of ESG integration undertaken in underlying asset classes, there is no clear ESG structure at the overall portfolio level, with no ESG committee, minimum ESG requirements for underlying assets or required styles of ESG integration. The Manager does, however, incorporate climate risk into their capital market assumptions for this product. While this fund does apply screens at the overall portfolio level, systems for monitoring, on a look-through basis, are not evident. While the Manager has some minimum documentation requirements for Manager selection, there are limited requirements as to incorporating ESG elements into its manager selection process. There are no minimum standards or policy requirements.

Strategy: Clarity, Measurability & Reporting

This product does not make any specific claim to being a sustainable, ethical or impact offering. As such, an alignment review for the product is not required, thus, the product's risk of misalignment has been assessed as N/A.



Manager Level Approach

The Manager's overall ESG policy framework and disclosure lag behind their peers. The Manager is committed to integrating ESG within their investment process with evidence of public positioning and policy framework. The responsible investing, proxy voting, and engagement policies are available on the firm's website. However, the level of disclosure concerning proxy voting policy and engagement policy is considered behind that of peers, with both policies lacking depth, which is reflected in their Stewardship Policies score. While reporting on voting outcomes is broadly in line with peers, no reporting on engagement outcomes is publicly available.

### Product ●●●

#### Service Providers

Responsible entity	IOOF Investment Services Ltd
Investment manager	IOOF Investment Services Ltd
Sub-investment manager	N/A
Custodian	J.P. Morgan
Administrator	IOOF Investment Services Limited
Fund Auditor	KPMG
Change in Key Providers? (Over last 12 months )	No

#### Product Details

Product size	\$334.40m
Fund 12-month net flows	Negative
Distribution model	Internal
Buy/sell spreads	0.15/0.10
Net transaction costs	0.05
Product type	Managed Fund
Use of derivatives	Yes
Currency hedged	Unhedged
Types of derivatives	Forwards, Futures and Swaps

#### What is the Product Structure?

The Fund is a multi-manager, single-sector unit fund that provides exposure to a diversified range of global equity securities via several underlying managers. The Fund is a registered managed investment scheme ('MIS') for which IOOF Investment Services Ltd is the responsible entity (the 'RE'), 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 Opinion

#### Service Providers

The Manager employs high quality 'tier 1' service providers. 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.

#### Operational 'Red Flags'

Given the Fund's typical investment universe, the investment strategy is not operationally challenging to implement. However, small and mid-cap securities tend to have lower liquidity during stressed markets. There have been no regulatory findings lodged over the previous 12 months.

#### Wind-up Risks

At the current levels of AUM, the Fund's wind-up risk is considered to be low given it is well-established with a stable level of flows in recent years. Further, there is strong support from Insignia's extensive distribution network, which mitigates the wind-up risk.

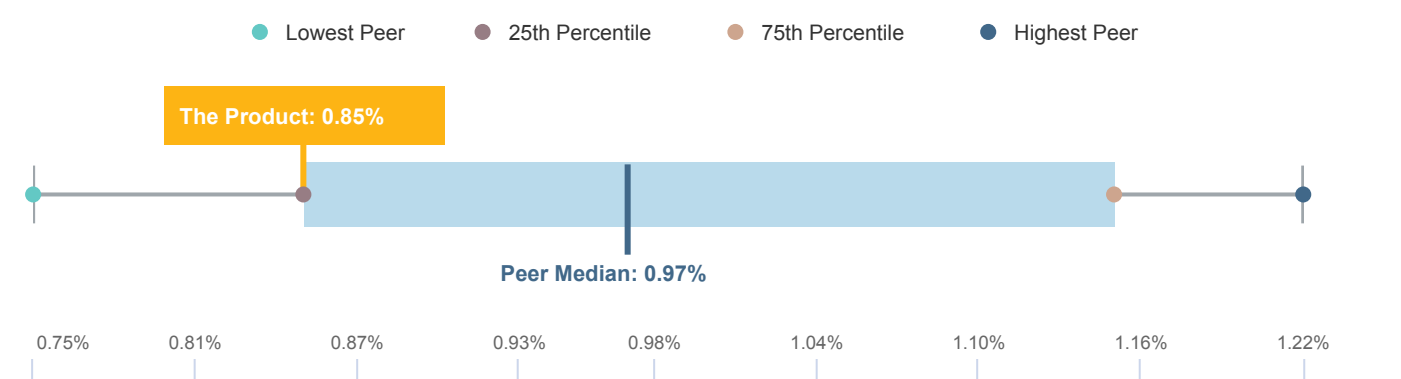
Fees

Annual Fees and Costs (% p.a.)		Performance Fees	
Management fees & costs	0.85	Applicable	No
Performance fee costs	0.00		
Net Transaction Costs	0.05		
Buy/Sell Spread	0.15/0.10		
Annual fees and costs	0.90		
Source: FE fundinfo, PDS Date: 30/Sep/2024			

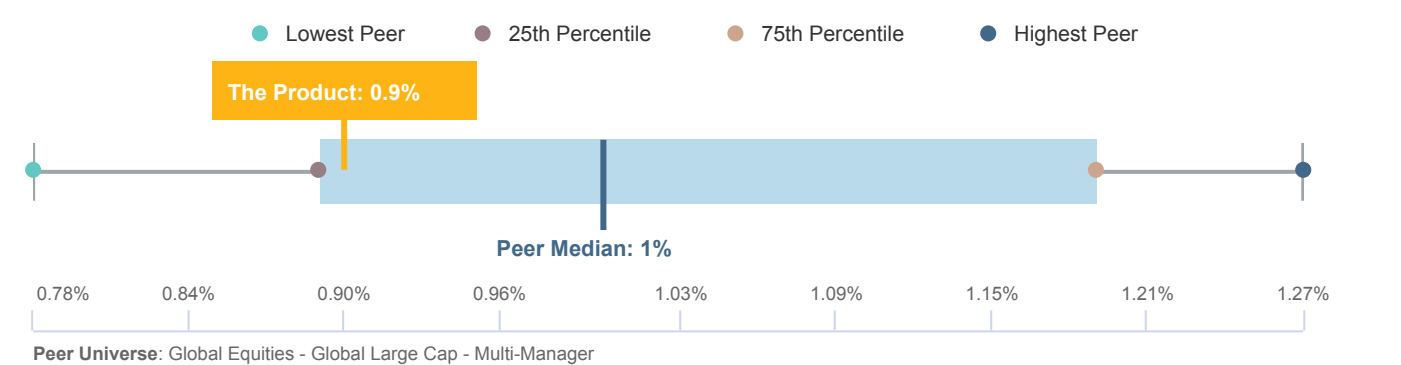
Fees Explained

The Fund applies a flat management fee, transaction costs with a bid/offer spread. No performance fees are applied by the Fund directly. The Fund, however, can pass on a performance fee if the underlying managers within the strategy charge performance fees.

Management Fees and Costs Peer Comparison



Annual Fees and Costs Peer Comparison



Lonsec Opinion

Annual Fees and Costs

The Fund's annual fees and costs are lower relative to the peer group median.

Fairness

The Fund's fairness is higher, as the fee load is lower than peers whilst accessing a portfolio of highly active global equity managers. The Fund's investment objectives are sufficient, as it targets an adequate level of alpha on the post-fees internal investment objective. The Fund has also exhibited a moderate level of activeness relative to peers, which supports the fairness.

Performance data is as at 31 December 2024

Performance ●●●

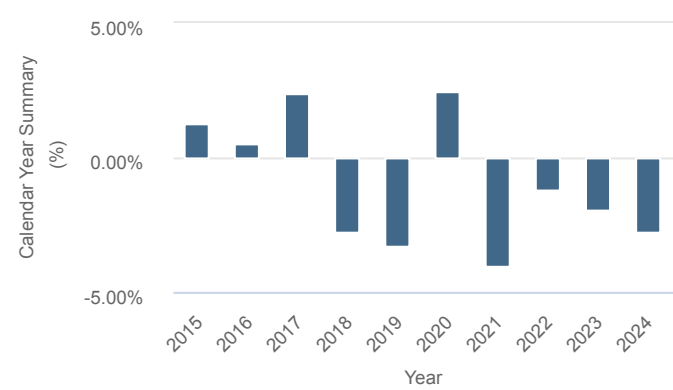
Performance Summary

PDS return objective	To provide capital growth of your investment over the long term by investing in a diversified portfolio of international shares, and to achieve a total return after fees Investment objectives in excess of the MSCI All Country World ex Australia Index with Special Tax (unhedged in AUD) over a rolling seven-year period.
Internal return objective	MSCI All Country World ex Australia Index (\$A) plus 2.0% p.a. (before fees) over rolling five-year periods
Internal risk objective	Tracking error less than 4.0% p.a. over rolling five-year periods
Product benchmark	MSCI AC World ex Australia NR Index AUD
Lonsec peer group	Multi-Manager

Alpha Generation

The Fund has underperformed the Benchmark across all time periods, with performance that is broadly in line with the peer median. The Fund has not been able to achieve its PDS or internal investment objectives at present, with underperformance in recent years. As such, the alpha generation has been consistently lower given the material underperformance in recent years.

Calendar Year Excess Return



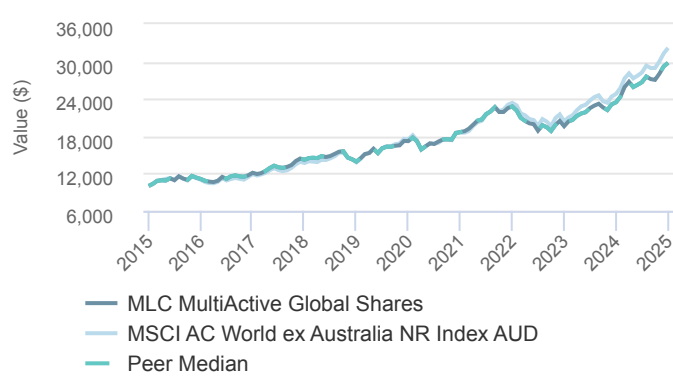
3 Year Risk and Return



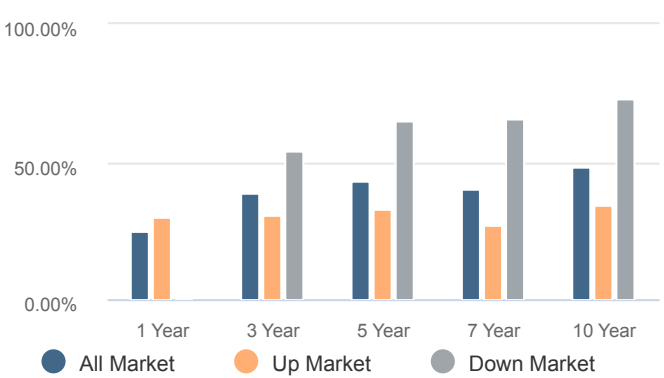
Alpha Consistency

The Fund has exhibited a lower consistency of returns, as it has underperformed peers and the Benchmark across all periods. The Fund has consistently outperformed in down-markets as it has managed its consistency through the cycle. The Fund has consistently failed to achieve its internal outperformance objective, which detracts from the consistency. The underperformance is attributable to the small and mid-cap tilt within the portfolio compared to the Benchmark.

Growth of \$10,000 Over 10 Years



Returns Consistency



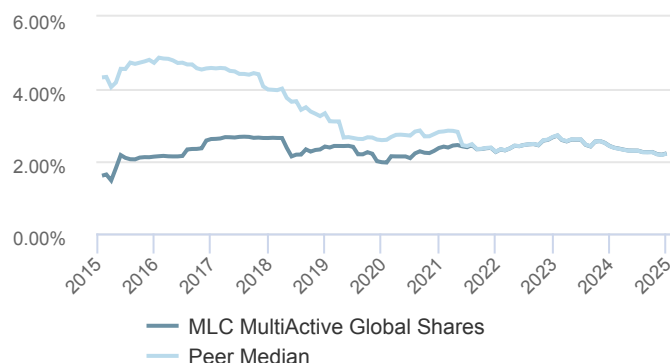
Performance data is as at 31 December 2024

### Performance (continued) ●●●

#### Benchmark Relativity

The Fund has exhibited a rolling tracking error that has been in line with the peer median over the short to medium term. The Fund's information ratio has been broadly in line with the peer median across all periods. The Fund's information ratio has been sub-zero across the majority of assessed periods, which indicates a low reward for activeness in absolute terms.

##### 3 Year Rolling Tracking Error Over 10 Years



##### 3 Year Rolling Information Ratio Over 10 Years



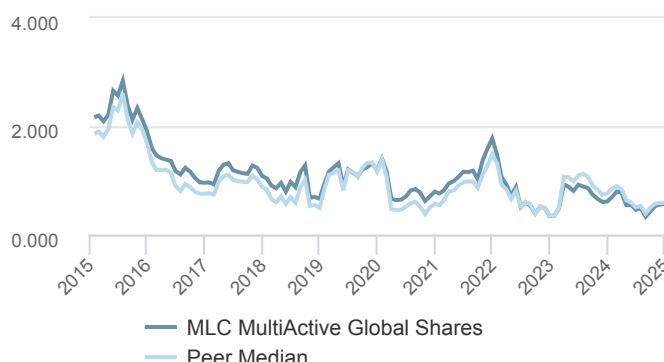
#### Return Volatility

The Fund's rolling volatility (as measured by standard deviation) has been marginally below the peer median across time. The Fund's Sharpe Ratio has been consistently in line with the peer median. As such, the risk-adjusted returns have been in line with peers.

##### 3 Year Rolling Standard Deviation Over 10 Years



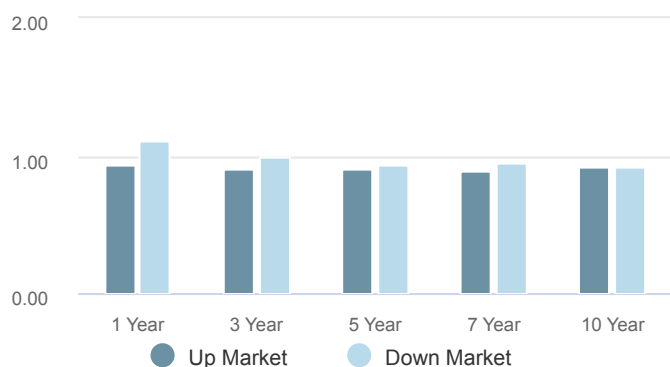
##### 3 Year Rolling Sharpe Over 10 Years



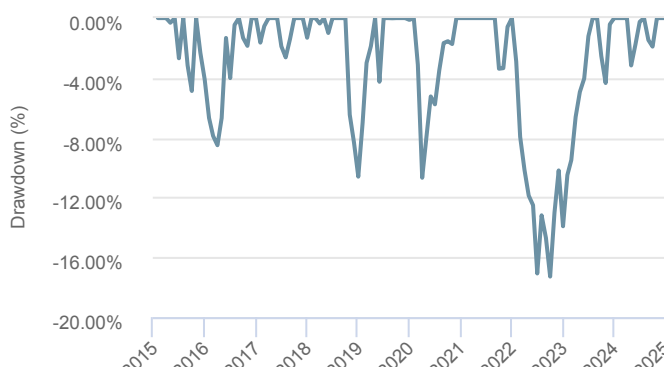
#### Product Defensiveness

The Fund's worst drawdowns have been in line with the peer median across all rolling periods. The Fund's time to recovery has consistently been faster than peers. The Fund has consistently exhibited a lower capture ratio in down-markets, which supports the Fund's defensiveness characteristics.

##### 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

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### 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

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### 1.3 What kind of financial services can Lonsec Research provide?

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- 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.

## Lonsec Research FSG (continued)

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.

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#### Complaints Manager

Level 39, 25 Martin Place  
Sydney NSW 2000  
Tel: 1300 826 395

Email: [complaints@lonsec.com.au](mailto:complaints@lonsec.com.au)

An individual may request further information about Lonsec Research's internal complaints handling procedure at any time.

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**Online:** [www.afca.org.au](http://www.afca.org.au)

**Email:** [info@afca.org.au](mailto:info@afca.org.au)

**Phone:** 1800 931 678

**Mail:**

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne, Victoria, 3001.

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