



Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	OnePath Funds Management Limited
Benchmark	Lonsec Strategic Multi-Asset (Traditional) 30% Growth Index
Product structure	Managed Fund
Product size	\$555.00m
Inception date	Nov 2010
Asset class	Multi-Asset
Sector	21-40% Growth Assets
Growth/defensive split	30/70
Peer group	Low-Cost Diversified
Rated peers	12

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Medium
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	0.30
Performance fee costs	0.00
Net Transaction Costs	0.00
Buy/Sell Spread	0.03/0.03
Annual fees and costs	0.30

Source: FE fundinfo

Strengths

- Invesco is a large, well-resourced and reputable investment manager.
- Invesco has a dedicated index management team which is supported by specialist functions, e.g. trading and corporate actions analysis.
- The Manager has an established SAA process managed by an experienced and well-led investment team.
- Integration of the broader investment team has been progressing well to further enhance the Manager's investment capabilities.

Weaknesses

- While acknowledging this as a straightforward index strategy, it is notable that the Fund has less 'tools' (for instance no dynamic asset allocation or alternative asset class) which can curtail downside risk.

Product Opinion

The Fund's 'Recommended' rating was maintained at the most recent review. Invesco, the underlying manager, is viewed as being a well-resourced and highly capable index manager. The strategic asset allocation ('SAA') is suitably managed by the Manager's multi-asset investment team and the respective indices being tracked are regarded as standard asset class benchmarks. In addition, the Fund offers a competitively priced passive strategy.

The Fund has limited 'tools' such as dynamic asset allocation or access to alternative asset classes that may otherwise assist with downside protection.

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 track the weighted average returns of the indices of the underlying fund's in which the fund invests, in proportion to the strategic asset allocation of the fund, before taking into accounts fees, expenses, and tax.
Internal return objective	As above
Internal risk objective	Tracking error of 0.5% p.a. over three year periods.
Non-financial objective	None

Asset Allocation (%)

	SAA Benchmark %	Min %	Max %	Current Allocation %
Australian Equities	12.00	10.00	14.00	12.03
International Equities	14.00	11.00	17.00	14.37
Listed Property	0.00	0.00	0.00	0.00
Unlisted Property	0.00	0.00	0.00	0.00
Australian Fixed Interest	18.00	16.00	20.00	18.00
Global Fixed Interest	42.00	40.00	44.00	41.94
Alternative Assets	0.00	0.00	0.00	0.00
Cash	10.00	8.00	12.00	9.46
Others	4.00	2.00	6.00	4.20
Total				100.00

Product Distribution Profile

Frequency	Quarterly
Last Missed Distribution	None
Number of Missed Distributions in the last 5 years	None
AMIT Election	Yes
TOFA Election	No

Rating History

11-Apr-2023	Recommended
05-Oct-2021	Recommended
27-May-2021	Investment Grade

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)	2.05	1.89	-3.47	-2.24	-0.28	0.75	2.12	2.19
Standard deviation	6.02	5.86	6.68	6.42	6.04	5.99	5.97	5.99
Excess return (% p.a)	-0.45	-0.61	-2.13	-0.90	-1.63	-0.60	-0.86	-0.78
Outperformance ratio (% p.a)	33.33	33.33	25.00	41.67	33.33	44.44	41.67	45.00
Worst drawdown (%)	-3.45	-3.48	-11.68	-10.26	-12.18	-10.29	-12.18	-11.26
Time to recovery (mths)	NR	-	NR	NR	NR	NR	NR	NR
Sharpe ratio	-0.27	-0.29	-0.85	-0.76	-0.29	-0.12	0.13	0.14
Information ratio	-0.39	-0.51	-1.77	-1.04	-1.51	-0.88	-0.80	-0.63
Tracking error (% p.a)	1.16	1.05	1.21	1.21	1.07	1.34	1.07	1.25

Lonsec Peer Group: Multi-Asset - 21-40% Growth Assets - Low-Cost Diversified

Product Benchmark: Lonsec Strategic Multi-Asset (Traditional) 30% Growth Index

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

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

Business



Facts

% Staff Ownership	0-10%
Investment Manager	OnePath Funds Management Limited
Ultimate Parent Company	Insignia Financial Ltd
Headquarters	Australia
Inception Date	Oct 1985

Governance

% Independent board members	60
CEO as Chair	No
Separate Audit Committee	Yes
% Female board members	40
Independent chair	Yes

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 and the Manager has a long heritage in multi-asset investing. Insignia Financial had total assets under management of \$138.9bn as at 31 July 2023.

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 considered a leading Australian provider of wealth management services and is one of the largest Australian multi-managers in Lonsec's universe. The Manager is considered to be in a strong financial position at these levels of AUM.

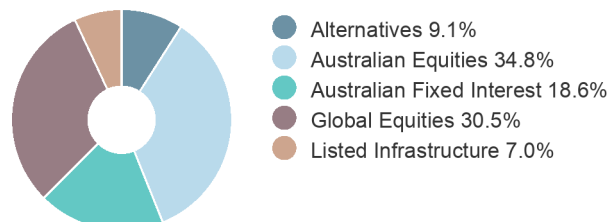
Business Track record

The Manager has a long and respected heritage in multi-asset investing. 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.

Metrics

Investment Management Headcount	200
Sales & Service	50
Investment Professionals	48
Distributor	Internal
Total AUM	\$19,474m

AUM



Business Ownership

The Manager is 100% owned by ASX-listed IFL. The market capitalisation of IFL was \$1.5bn as at December 2023. Senior members own equity in the business, which is viewed positively.

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)
Daniel Farmer	CIO	No	2024	27/13	27
Ben McCaw	Portfolio management	No	2021	19/15	19
Grant Mizens	Portfolio management	No	2021	17/17	17
Stanley Yeo	Portfolio management	No	2024	23/14	23
Kerry Gill	Portfolio management	No	2023	22/18	<1

KDM Change*

No changes.

* Last 3 years

Profile

Structure	Decentralised
Size	48
Turnover	Medium

Alignment

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

Resources

	Number	Average Years Experience
Key decision makers	4	23
Portfolio Managers	21	27
Hybrid portfolio manager/ analysts		
Dedicated analysts	24	19
Dedicated dealers	8	18
Quantitative	4	16
ESG/Sustainability	2	29
Macro		
Investment Specialists	11	

Who is the Team?

The strategic asset allocation ('SAA') and manager selection are managed by the MLC Asset Management Investment Team ('Investment Team'). The Investment Team consists of 48 members in total with responsibilities broadly segmented by Portfolio Construction, Portfolio Enablement and Special Capabilities functions. The key decision makers on asset allocation across all portfolios include Dan Farmer, Grant Mizens, Ben McCaw, Stanley Yeo, Kerry Gill. They are supported by the Sector Portfolio Management ('SPM') team for sector-specific manager research, the Derivatives team and the Investment Portfolio Analytics team. The portfolio manager of the Fund is Stanley Yeo.

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

The Manager has appointed Invesco Australian ('Invesco') as the underlying manager to passively manage each of the underlying asset classes. Invesco has been managing index based solutions for over 20 years. The Invesco Index business has over 30 dedicated indexing professionals including 10 portfolio managers.

Team (continued)



Lonsec Opinion

Skill

The senior team members including Dan Farmer CIO, are highly experienced and have 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.

Invesco has a long track record of managing index based, albeit majority of the FUM is not in non-market cap weighted index solutions. Brian Hartigan, Global Head of Index Implementation and Passive Investments who leads the Invesco Index business is considered appropriately experienced.

Team Size

The team is well-resourced consisting of 48 members and is considered one of the largest team compared to Lonsec peers. The team resourcing has increased from the combined heritage IOOF, OnePath and MLC businesses.

The specialist resourcing at Invesco where the index team is grouped into equities and fixed income is viewed positively. The Invesco portfolio management team which is further supported by functional experts in trading and corporate action teams provides additional resourcing.

Track Record/Co-Tenure

The senior members have long co-tenure at their respective heritage businesses. Although the co-tenure of the combined investment team is considered relatively short following the recent acquisitions, the team's integration has been progressing well with early encouraging signs of stability. Moreover, the combined heritage businesses can leverage the large scale and resourcing available to the investment team to assist in the transition process. The Investment Committee members have remained largely the same through the combinations and have a long co-tenure between them.

Alignment

The alignment of interest to investors is considered to be moderate and in line with 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 which promotes further alignment across the team.

Key Person Risk

Key person risk is considered to be low given the passive approach. The risk is further mitigated by the team-based decision making approach and extensive resources.

Process

What is the Investment Process?

The Fund adopts a static strategic asset allocation ('SAA') approach and manages the target asset allocation within tight ranges predominantly using cash flows to rebalance asset class weights. The dynamic asset allocation ('DAA') is not employed in the management of this Fund. The Fund only invests in major traditional asset classes.

The Manager has employed a single manager, Invesco Australia ('Invesco') as the underlying manager to passively manage each of the underlying asset classes, with the aim to track their respective benchmarks.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Sector Exposure	Passive
Available Universe	Australian equities, international equities, emerging markets, international small companies, Australian fixed interest and international fixed interest.
Investment Style	Passive
Asset Allocation Approach	Strategic AA

The fully diversified investment approach reflects their philosophy. However, the focus on static SAA with the lack of ability to adopt DAA across various market conditions and the limited breadth of asset classes may impact the Fund's ability to deliver its return objectives in certain periods.

Research Process

Idea generation	Investment team, consultants, economic research
SAA review frequency	Annually
DAA/TAA signals	N/A
Managers actively tracked	None
External consultant	Mercer, JANA

The Manager implements a robust and consistently applied investment process underpinning manager selection and portfolio construction functions.

While the Manager conducts its own SAA process, the Manager continues to adopt SAA of the previous underlying manager, Vanguard to minimise disruption. The inability to adopt DAA may limit the Fund's ability to provide downside protection in certain market conditions.

The manager research process which considers both quantitative and qualitative factors is considered to be detailed and transparent. The selection for an index manager has undergone a rigorous review process by the Insignia, two asset consultants, Mercer and JANA with approval from the IMC. However, manager selection process is not expected to be carried out frequently given the index nature of the product and the major allocation to a single manager.

The Manager has access to sophisticated tools and systems to manage these multi-manager portfolios.

The depth and breadth of Mercer and JANA's asset allocation capabilities and manager coverage are viewed positively and adds rigour to the process, but it is less applicable to the passive strategies.

Process (continued)



Portfolio Construction

Approach to benchmark	Benchmark aware
Typical number of managers	1
Use of unlisted assets	No
Allocation to related/affiliated exposure	No
Portfolio decision making	Team based
Targeted tracking error	0.5%
Use of mandates	No
Use of alternatives	No

The Fund is considered to be reasonably diversified, however, the breadth of asset classes is limited to major traditional asset classes and does not include alternatives and illiquid assets. The Fund also focuses on static SAA. As such, the sources of diversification and the ability to provide protection during a down market may be limited. However, the Manager is progressing research into the inclusion of non-traditional index exposures within its asset mix.

The asset class exposures are passively managed and accessed via a single manager, Invesco. Given the current allocation to a single manager, the Fund is unlikely to have turnover at the manager or asset class level over an extended period.

Capacity Management

Although the AUM of multi-manager is considered large, there is no any capacity concerns given the wide opportunity set for multi-asset strategies and passive approach.

Investment Risk Management

Rebalancing bands	+/-2%
Max illiquid	30.00%
Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	FactSet and Barra
Security Limits (Min./Max.)	N/A
Gross exposure range	N/A

The structure of the risk management functions is well embedded within the investment process. While continually evolving, 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.

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

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

What is the Manager’s ESG approach?

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 perception 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

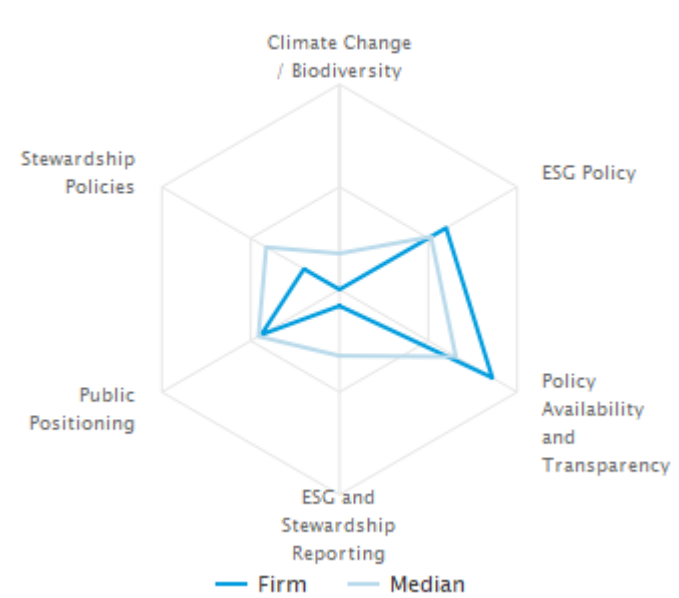
ESG integration assessment for multi asset funds such as this, reviews only the ESG components of the selection underlying strategies or managers, and not the ESG integration of each of the underlying funds or strategies. While the Manager does have some minimum standards for Manager selection and monitoring they are seen by Lonsec as being very light touch. There are no signs that company engagement on ESG issues is a component of the Manager's current investment approach for this Fund.

While ESG does not form a component of the compliance framework, portfolio disclosure is leading.

Strategy: Clarity, Measurability & Reporting

This product does not make any specific claim to being a sustainable, ethical or impact offering. As such Lonsec does not apply its alignment review to the product and thus scores its risk of misalignment as N/A.

ESG Snapshot



Manager Level Approach

The Manager’s overall ESG policy framework and disclosure are significantly lagging peers. The Manager has articulated a commitment to the integration of ESG within their investment process, however, there is little evidence in their public positioning. The Manager does not appear to have ESG related policies publicly available, nor has the Manager provided any policy frameworks. No reporting on voting or engagement outcomes is publicly available.

Product



Service Providers

Investment manager	OnePath Funds Management Limited
Sub-investment manager	Invesco Australia
Custodian	J.P. Morgan
Administrator	OnePath Funds Management Limited
Responsible entity	OnePath Funds Management Limited
Fund Auditor	KPMG
Change in Key Providers? (Over last 12 months)	No

Product Details

Product size	\$555.00m
Distribution model	Internal
Buy/sell spreads	0.03/0.03
Net transaction costs	0.00
Product type	Managed Fund
Unlisted asset valuation frequency	N/A
Valuation externally audited	N/A

What is the Product Structure?

The Fund is a single manager, multi-asset strategy that invests across a range of passive, growth and defensive asset classes via a single manager, Invesco Australia. The Fund is a registered managed investment scheme ('MIS') for which OnePath Funds Management Limited 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'

The passive, multi-manager strategy is not considered to be operationally challenging to implement. The Fund adopts a static SAA approach in more traditional asset classes and does not adopt DAA.

Wind-up Risks

Despite the negative net outflows over the last 12 months, the wind up risk is low for the Index Funds given the current size.

Fees

Annual Fees and Costs (% p.a.)

Management fees & costs	0.30
Performance fee costs	0.00
Net Transaction Costs	0.00
Buy/Sell Spread	0.03/0.03
Annual fees and costs	0.30

Source: FE fundinfo

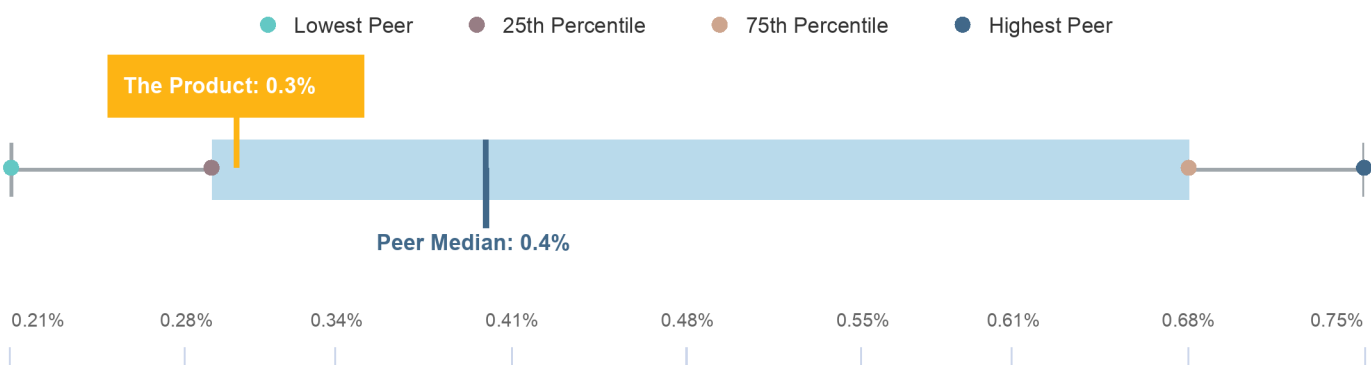
Performance Fees

Applicable	No
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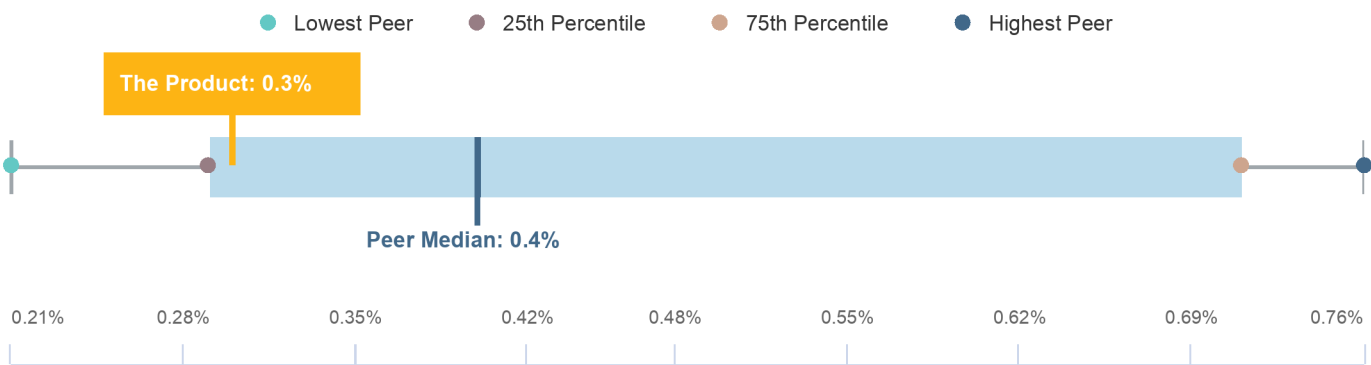
Fees Explained

No commentary available

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



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



Lonsec Opinion

Annual Fees and Costs

The annual fees and costs are considered low compared to peers.

Fairness

The fees are considered fair given the underlying passive strategies, static asset allocation and the breadth of asset classes.

Performance data is as at 31 October 2023

Performance

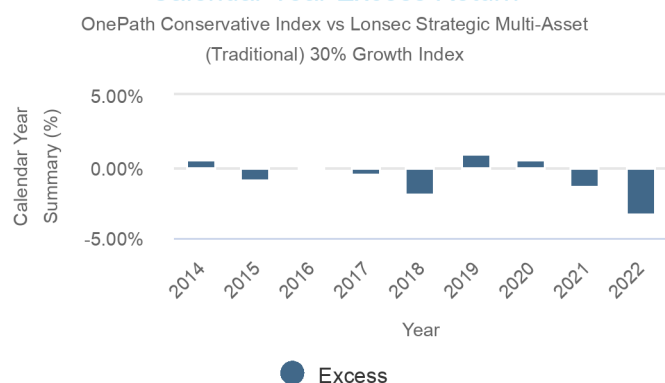
Performance Summary

PDS return objective	The fund seeks to track the weighted average returns of the indices of the underlying fund's in which the fund invests, in proportion to the strategic asset allocation of the fund, before taking into accounts fees, expenses, and tax.
Internal return objective	As above
Internal risk objective	Tracking error of 0.5% p.a. over three year periods.
Product benchmark	Lonsec Strategic Multi-Asset (Traditional) 30% Growth Index
Lonsec peer group	Low-Cost Diversified

Alpha Generation

Over the medium to longer term, the Fund has underperformed the composite benchmark on a gross basis. Therefore, the Fund has not met its return objective. Against peers, the Fund has underperformed the peer median over the medium to longer term.

Calendar Year Excess Return



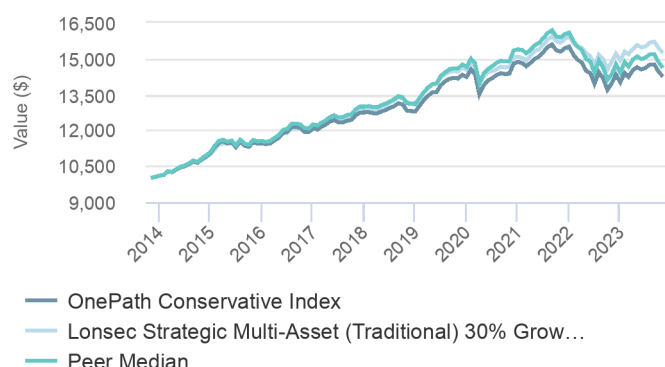
3 Year Risk and Return



Alpha Consistency

The Fund has underperformed its composite benchmark on a gross basis over most periods. The Fund has delivered marginally below the peer median (i.e. third and quartile) over most periods. The Fund has higher consistency in performing better during up markets.

Growth of \$10,000 Over 10 Years



Returns Consistency



Performance data is as at 31 October 2023

Performance (continued)

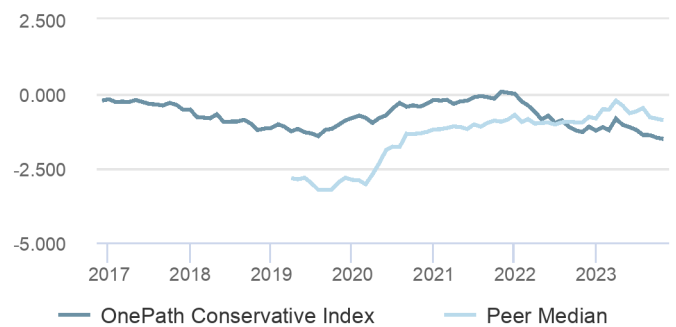
Benchmark Relativity

The Fund's tracking error has been below the peer median over medium to longer term. The information ratio has been lower than the peer median over the medium term.

3 Year Rolling Tracking Error Over 7 Years



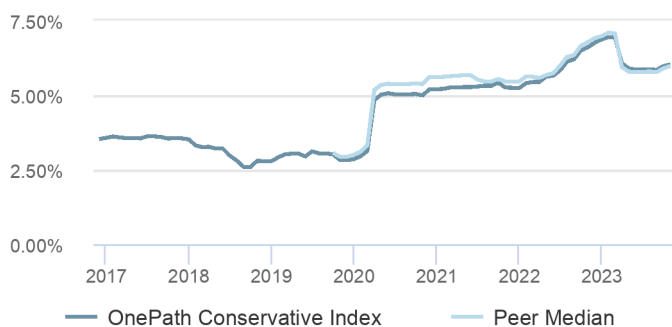
3 Year Rolling Information Ratio Over 7 Years



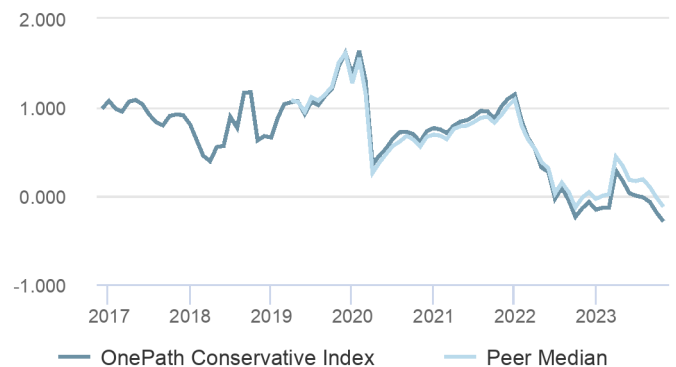
Return Volatility

The volatility has been marginally larger than the peer median over the medium term.

3 Year Rolling Standard Deviation Over 7 Years



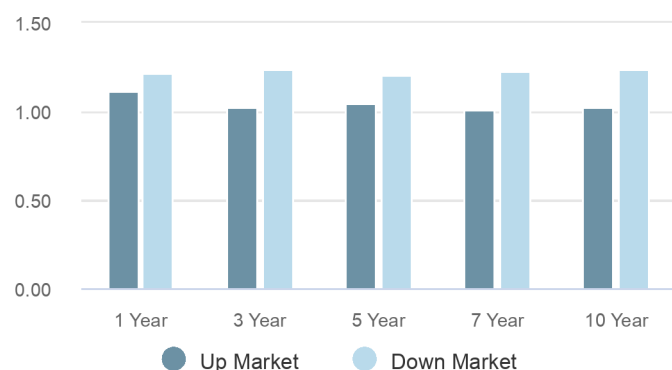
3 Year Rolling Sharpe Over 7 Years



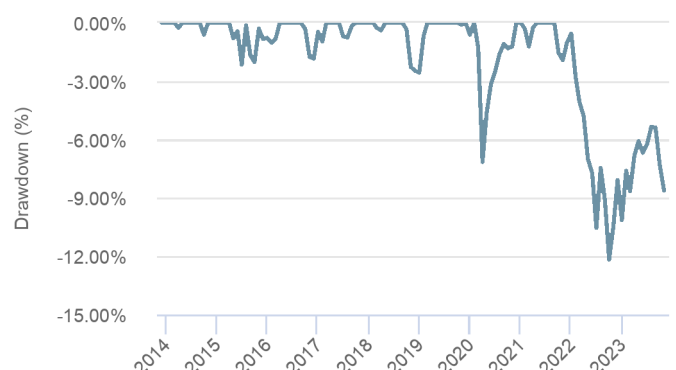
Product Defensiveness

The drawdowns have been marginally larger than the peer median over the medium and longer term. The Fund tends to underperform in down markets against Lonsec's 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.