



Refer to glossary for definition of the rating

## Product Review

### About this Product

Investment manager	IOOF Investment Services Ltd
Benchmark	Bloomberg AusBond Bank Bill Index AUD
Product structure	Managed Fund
Product size	\$154.21m
Inception date	Apr 2008
Asset class	Fixed Interest
Sector	Short Term Income
Peer group	Short Term Income
Rated peers	13

### 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	Above median

### Annual Fees and Costs (% p.a.)

Management fees & costs	0.36
Performance fee costs	0.00
Net Transaction Costs	0.00
Buy/Sell Spread	0.02/0.03
<b>Annual fees and costs</b>	<b>0.36</b>

Source: FE fundinfo

### Strengths

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

### Weaknesses

- Although the value proposition is strong, the Fund's overall fee load is relatively high in the peer group.
- 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.

## Product Opinion

The Fund has maintained its 'Recommended' rating. There is high regard and conviction for the experience and calibre of the broader investment team. The Fund's rating is also driven by the robust and repeatable investment process. The increased resourcing from the combined heritage IOOF, OnePath and MLC businesses, provides further depth of expertise within investment management, asset allocation and risk management.

The Fund's rating is tempered by the high overall fee load.

### 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 stable returns with low risk over the short-term by investing in cash, short-term securities, and high-quality interest-bearing securities, and to achieve a total return after fees in excess of the Benchmark over a rolling one-year period.
Internal return objective	Outperform the Benchmark by 0.45% p.a. (before fees) over rolling three years.
Internal risk objective	Tracking error of less than 1% p.a. over rolling three years.
Non-financial objective	N/A

#### Asset Allocation (%)

Cash	100%
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Source: FE fundinfo

#### Rating History

19-Apr-2023	Recommended
11-Apr-2022	Recommended
14-Apr-2021	Recommended

#### 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

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

	Weight (%)
Royal Bank Of Canada (Sydney Branch) FRN 30-Jun-2026	5.35%
Westpac Banking Corporation FRN 16-Feb-2026	4.25%
National Australia Bank Limited FRN 12-May-2026	3.90%
Australia And New Zealand Banking Group Limited FRN 31-Mar-2026	2.30%
Westpac Banking Corporation FRN 11-Aug-2025	1.95%
Commonwealth Bank Of Australia FRN 13-Jan-2026	1.94%
Australia And New Zealand Banking Group Limited FRN 08-Feb-2024	1.79%
Westpac Banking Corporation FRN 11-Nov-2025	1.73%
Scentre Group Zero 08/23	1.69%
Bank Of Queensland Limited FRN 14-May-2025	1.63%

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)	4.60	4.56	2.25	2.27	1.59	1.60	1.65	1.68
Standard deviation	0.29	0.33	0.79	0.84	0.71	0.75	0.63	0.69
Excess return (% p.a)	0.94	0.90	0.05	0.07	0.12	0.13	0.34	0.36
Outperformance ratio (% p.a)	91.67	83.33	54.17	58.33	61.11	63.89	63.33	70.00
Worst drawdown (%)	-	-0.04	-0.70	-0.74	-0.82	-0.87	-0.82	-1.00
Time to recovery (mths)	-	1	5	-	5	-	5	-
Sharpe ratio	3.20	3.27	0.07	0.07	0.17	0.20	0.54	0.41
Information ratio	3.45	3.42	0.13	0.12	0.34	0.37	0.75	0.77
Tracking error (% p.a)	0.27	0.34	0.40	0.53	0.36	0.48	0.45	0.52

**Lonsec Peer Group:** Fixed Interest - Short Term Income -

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

**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	IOOF Investment Services Ltd
Ultimate Parent Company	Insignia Financial Ltd
Headquarters	Australia
Inception Date	01/01/1846

#### 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.

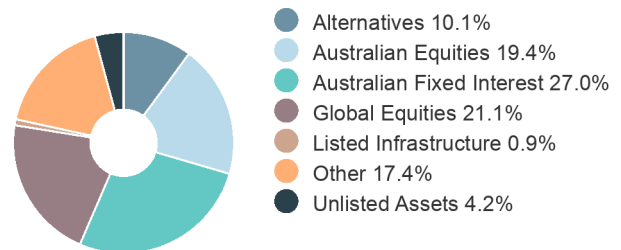
#### Business Track record

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	2013	28/14	27
Osvaldo Acosta	Portfolio Management	No	2016	23/7	22
Mark Nordio	Portfolio Management	No	2019	30/5	29

#### KDM Change\*

No changes.

\* Last 3 years

#### Profile

Structure	Centralised
Size	2
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	3	26
Portfolio Managers	21	25
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?

Osvaldo Acosta and Mark Nordio are the Portfolio Managers of the strategy and are ultimately accountable for underlying fund manager selection, portfolio construction, ongoing monitoring, and performance. They are supported by the Investment Management Committee ('IMC') and the broader team. Dan Farmer is CIO of combined multi-manager businesses (IOOF, MLC, OnePath) effective 4 July 2022. Succession planning efforts also saw the appointment of Stanley Yeo as Deputy CIO and Head of Equities & Strategy in 2021. The IMC is responsible for overseeing and approving all investment decisions in the Fund including inclusions and exclusions of underlying managers. The Portfolio Analytics Team reports to Daniel Ackland and is a key resource within the research capability. The investment team is also able to leverage the asset consultant capabilities of JANA and Mercer in their research function.



## Lonsec Opinion

### Skill

Acosta is a capable investor with the ability to manage a multi-manager portfolio throughout the investment cycle. Nordio is a seasoned investor and acts as the primary backup PM with substantial industry experience. Furthermore, Acosta and Nordio are supported by the broader team and asset consultants, with all investment proposals requiring approval from the IMC. 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 fixed income team is relatively small and solely comprises Osvaldo Acosta and Mark Nordio. However, the broader investment team is well-resourced and is considered one of the largest teams compared to Lonsec peers. Resourcing has benefited from the combination of the heritage IOOF, OnePath and MLC businesses.

The Investment Team also leverages the research capabilities of its asset consultants which enhances the team's resourcing and provides support to the broader research offering.

### 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 to moderate and centered primarily on the Senior Portfolio Managers due to their extensive experience and leadership of investment strategies. Positively, the risk is partially mitigated by the team-based decision making approach and extensive resources and the utilisation of the deeply resourced asset consultant capabilities.

### Process



#### What is the Investment Process?

The Fund is an enhanced cash, multi-manager product that provides exposure to a diversified portfolio of cash, short-term, floating-rate securities and illiquid deposits. External domestic managers are selected with strong security selection skills to deliver a high degree of income stability and relatively high credit quality.

The Fund has the ability to employ interest rate overlays and strategic tilting to assist in managing the underlying exposures based on their outlook on the fixed income market. The Fund evaluates credit research, macroeconomic cycle, duration and security selection considerations.

The IMC ultimately considers and approves allocation decisions and manager appointments. The asset consultants in Mercer and JANA support the decision-making and guide the manager selection and strategic tilting process. The Fund's investment guidelines and well-defined risk limits ensure the portfolio maintains appropriate diversification.

### Lonsec Opinion & Supporting Facts

#### Philosophy and Universe

Investment Style	Multi-Manager (Blend)
Sector Exposure	Cash Market Products
Available Universe	Managed Funds (Fixed Income Multi-Manager Products)

The philosophy is predicated on the belief that active managers can outperform sector benchmarks and that in-depth research can enhance alpha generation. The Fund's universe consisting of cash, short term securities and high quality interest bearing securities including Australian government, semi-government, corporate bonds and securitised assets are considered appropriate to deliver their objective of providing stable returns with low risk over the short term.

The Manager believes in a style-neutral approach which amplifies exposure to manager skill and quality at the aggregate level. In doing so, the Manager employs their discretion in managing factors such as credit (focusing only on investment grade) and duration based on their belief around market outlook and in managing their risk positions.

#### Research Process

Idea generation	Investment Team, Asset Consultants, Economic Research, Third-Party Resourcing
Managers actively tracked	6
External consultant	Mercer and JANA
Annual manager meetings	30

There is ongoing idea generation from the individual sector specialists, portfolio managers and asset consultants. The Manager implements a robust and consistently applied process underpinning manager selection. The process leverages the investment team scale and combined heritage businesses. The process aims to create a narrow universe of managers that have been stringently filtered by their suitability for the Fund. The process considers quantitative and qualitative factors in a detailed and transparent manner. The underlying funds undergo a rigorous review and multiple layers of oversight by the IMC, investment team and asset consultants, with the IMC ultimately approving manager inclusions. For this Fund, the managers selected are considered reflective of the defensive characteristics the Fund aims to exhibit.

While the Fund can employ an active 'Strategic Tilting' framework to manage portfolio exposures to improve the risk and return outcomes, it is not believed that these features have been employed extensively for this Fund given the low risk nature of outperforming a cash benchmark. The Manager utilises sophisticated tools and systems to manage the portfolios.

### Process (continued)



#### Portfolio Construction

Portfolio decision making	PM based
Use of mandates	Yes
Use of alternatives	No
Allocation to related/affiliated exposure	Yes
Typical security numbers	90-110

The portfolio construction is considered methodical as the managers are selected based on their contribution to the pre-defined active risk in conjunction with their alpha generation potential. The Fund appears to have a higher concentration risk with three underlying managers, but this is considered reasonable for a cash enhanced strategy. The Manager episodically utilises derivatives for the 'Interest Rate Overlay' strategy to manage the Fund's risk factor exposures. The underlying managers are accessed via separately managed accounts enabling the Manager to tailor mandates to its requirements and make manager changes efficiently.

#### Capacity Management

The capacity is not a material consideration given the nature of the underlying exposures within the portfolio.

#### Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	Barra, FactSet
Max illiquid	0%
Security / issuer limit (min./max)	A3/BBB- (Dependent on Credit Rating)
Sector / segment limits (min./max)	Duration (+/- 0.5 Years against Benchmark), Max allocation to Term deposits and Notice accounts 50% and Credit Quality Issuer Limits
Cash Allocation (Typical, Max.)	Max 100%

The risk management function is well-integrated within the investment process. The risk management oversight is handled by the Investment Operations team which utilises tools such as FactSet, MercerInsight, Bloomberg and Barra to monitor the portfolio in a timely manner. The Manager has integrated compliance systems that enable ongoing monitoring of underlying mandates to be implemented, to ensure compliance with their predefined guidelines. The team closely monitors manager portfolios and weightings on a daily basis and investigates daily any excess return outliers exceeding the 99% confidence level. The Fund's investment guidelines and risk limits are well-defined to ensure the portfolio maintains appropriate diversification. The minimum credit quality of any security is A3/BBB- as defined by S&P. Exposure to term deposit and notice accounts (deemed illiquid) is capped at 50% and the duration risk limit is +/-0.50 years (Benchmark relative).



### ESG



#### Manager Positioning

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

#### What is the Manager's ESG approach?

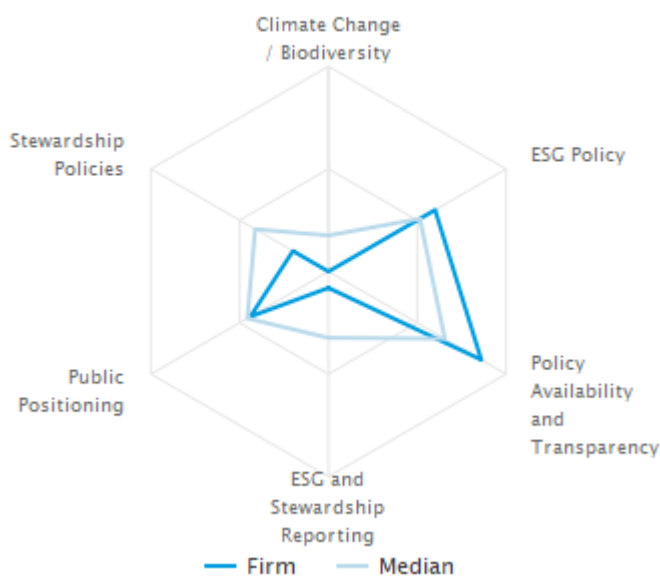
The Manager has indicated that their Responsible Investment style is "ESG Integration" and as such that they take Environmental, Social and Governance factors into consideration when assessing investment opportunities. With a primary ESG style of "Risk or Value" Managers will determine inclusion based 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

#### ESG Snapshot



#### 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.

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

#### What is the Product Structure?

The Fund is a multi-manager, single-sector unit fund and is a registered managed investment scheme ('MIS') with a related party as a Responsible Entity. The Fund provides exposure to a diversified range of Australian and global fixed income securities via several underlying managers.

### 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. There have been no regulatory findings lodged over the previous 12 months. Given the Fund's Net Transaction Costs are nil, the Buy/Sell spread is well-defined.

#### Product Details

Product size	\$154.21m
Fund 12-month net flows	Negative
Distribution model	Internal
Buy/sell spreads	0.02%/0.03%
Net transaction costs	0.00
Product type	Managed Fund
Use of derivatives	Permitted
Currency hedged	N/A
Types of derivatives	Forwards, Futures and Swaps

#### Wind-up Risks

The Wind-Up risk is low given the current level of assets, albeit with some outflows. Further, there is strong support from Insignia's extensive distribution network which mitigates the wind-up risk.

### Fees

#### Annual Fees and Costs (% p.a.)

Management fees & costs	0.36
Performance fee costs	0.00
Net Transaction Costs	0.00
Buy/Sell Spread	0.02/0.03
<b>Annual fees and costs</b>	<b>0.36</b>

Source: FE fundinfo

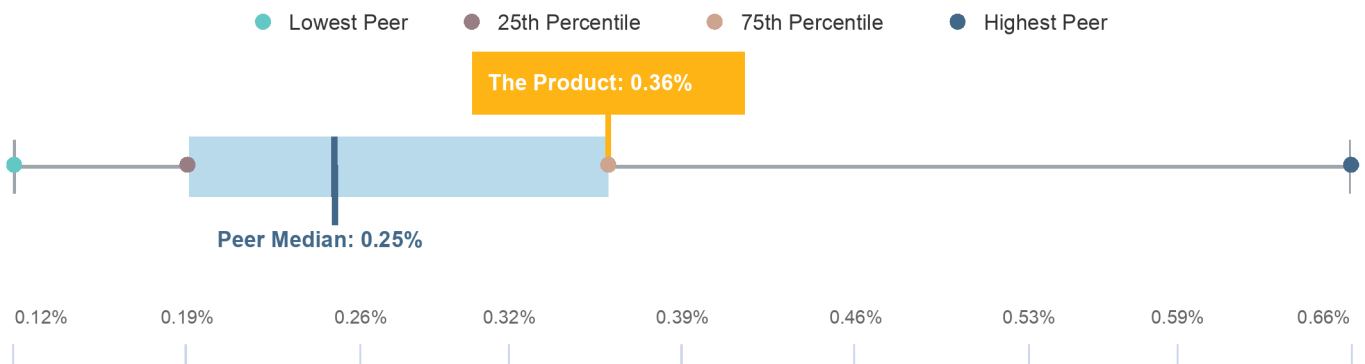
#### Performance Fees

Applicable	No
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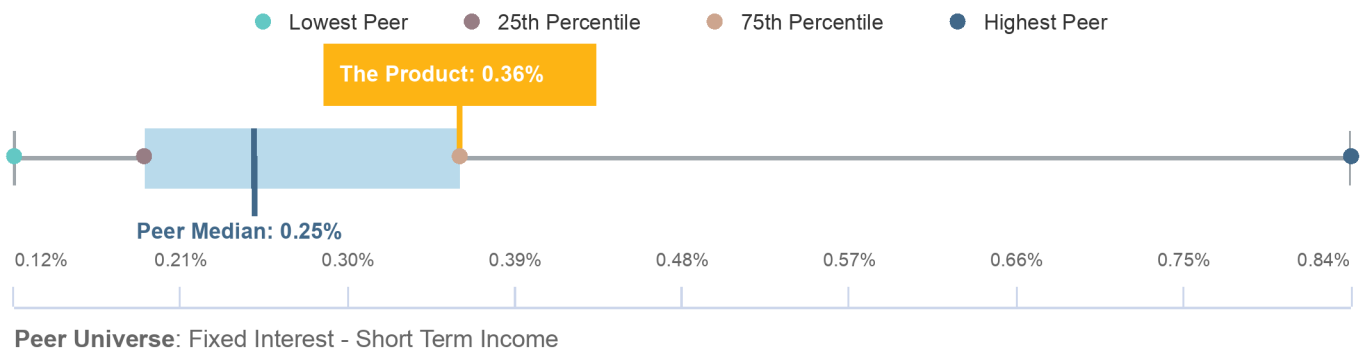
#### Fees Explained

The Fund's AFC of 0.36% p.a. is comprised solely of management fees and costs. There is no performance fee associated with this product.

#### 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 total fee load for the Fund (AFC of 0.36% p.a.) is high relative to the fixed interest, short term income peer group.

#### Fairness

The Fund's internal objective aims to provide outperformance that is slightly above the total fee load on an after-fees basis, which is in line with broader cash fund peers. The activeness has historically been low in absolute terms given the nature of the cash-plus strategy. The fairness is relatively in line with other peers given the outperformance and activeness of the strategy.

Performance data is as at 31 October 2023

### Performance

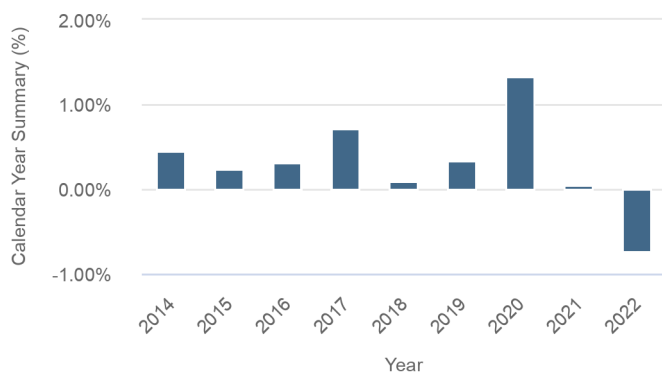
#### Performance Summary

PDS return objective	To provide stable returns with low risk over the short-term by investing in a range of cash, short-term securities, and high-quality interest-bearing securities, and to achieve a total return after fees in excess of the Benchmark over one-year periods.
Internal return objective	Outperform the Benchmark by 0.45% p.a. (before fees) over rolling three years.
Internal risk objective	Tracking error of less than 1% p.a. over rolling three years.
Product benchmark	Bloomberg AusBond Bank Bill Index AUD
Lonsec peer group	Short Term Income

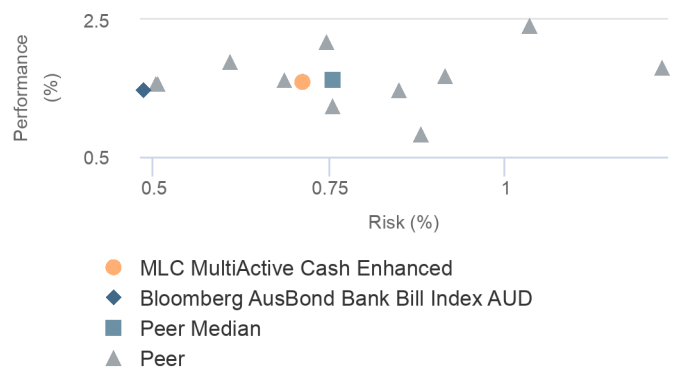
#### Alpha Generation

The Fund has outperformed the Benchmark on a consistent basis, with performance that has been in line with the peer median across all time periods. The strategy itself is more risk-averse than similar cash-enhanced strategies in the fixed income space. The Fund has maintained alpha generation above the benchmark through the cycle.

#### Calendar Year Excess Return



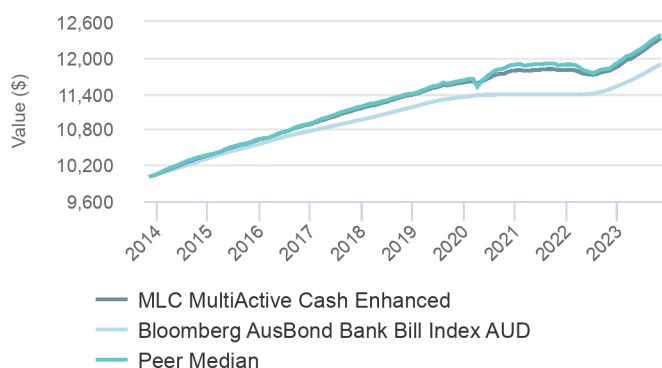
#### 3 Year Risk and Return



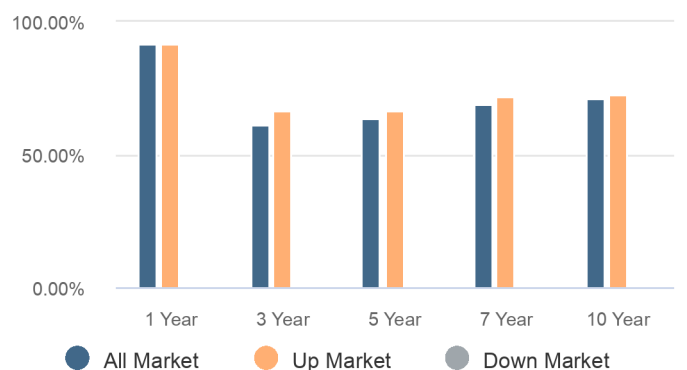
#### Alpha Consistency

The Fund has achieved benchmark outperformance over all time periods since inception. Similarly, the Fund has been able to achieve its performance objective on a relatively consistent basis with outperformance over the Benchmark across all time periods. As such, the Fund has delivered a consistent performance profile through the cycle, in line with its underlying cash exposures.

#### Growth of \$10,000 Over 10 Years



#### Returns Consistency



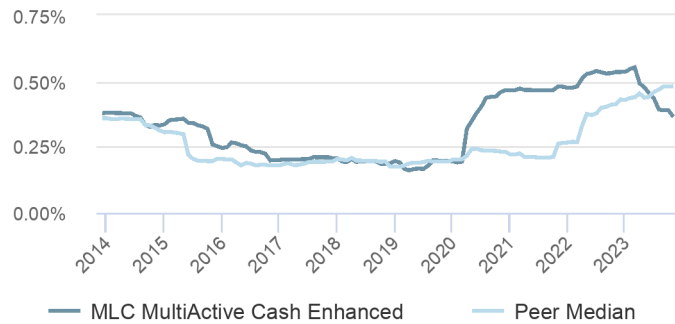
Performance data is as at 31 October 2023

### Performance (continued)

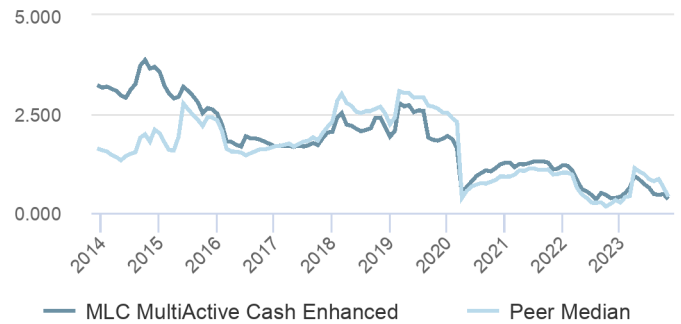
#### Benchmark Relativity

The Fund's rolling tracking error has varied through time and is below peer median through the current cycle. The Fund's Information Ratio has been in line with the peer median figures over the longer-term time periods. The Fund has been able to achieve its internal risk objective at the time of this review.

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



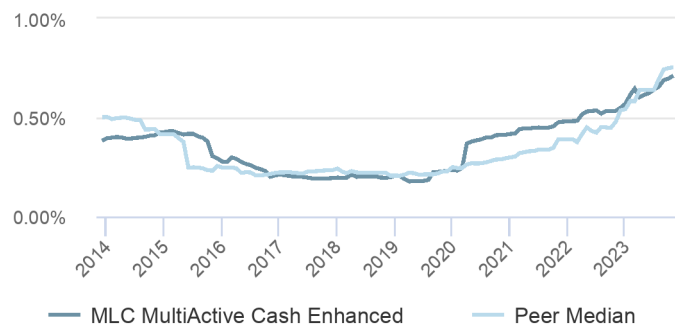
#### 3 Year Rolling Information Ratio Over 10 Years



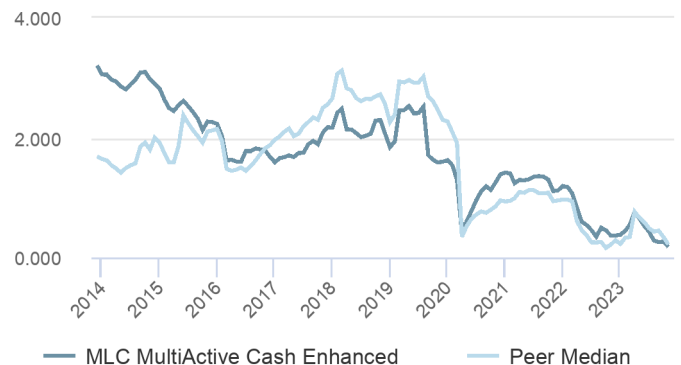
#### Return Volatility

The Fund's standard deviation has been in line with the peer median across the intermediate and longer term. The Sharpe Ratio has been lower than the peer median over the intermediate term, albeit, with long-term outperformance. The Fund has generated higher risk-adjusted returns compared to peers over the long term. Near term the rolling reward for risk is closer to zero.

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



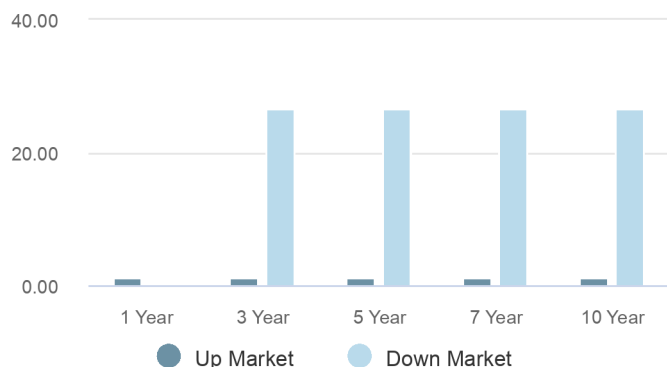
#### 3 Year Rolling Sharpe Over 10 Years



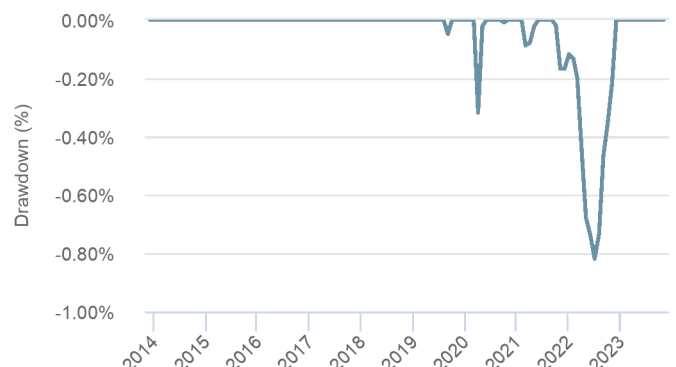
#### Product Defensiveness

The Fund's worst drawdowns and 'time to recovery' have been broadly similar to the peer median over the short and intermediate term. The Market Capture is strong in down markets, given the nature of the securities managed and benchmark used. Overall the Fund has exhibited defensive characteristics similar to peers through the cycle on a consistent basis.

#### 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.

## Lonsec Group Disclaimers

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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](mailto:info@lonsec.com.au)

[www.lonsec.com.au](http://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 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 FSG (continued)

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### 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](mailto: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](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.

### 1.8 Conflicts of Interest

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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.

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This FSG was prepared on 9 June 2023.