



Refer to glossary for definition of the rating

Product Review

About this Product

Benchmark	SR50 Balanced (60-76) Index
Product structure	Super Option
Product size	\$657.2m
Inception date	Mar 2017
Asset class	Multi-Asset
Sector	61-80% Growth Assets
Growth/defensive split	71/29
Peer group	Superannuation
Rated peers	31

Product Characteristics

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

Annual Fees and Costs (% p.a.)

Administration fees and costs	0.23
Investment fees and costs	0.54
Net Transaction Costs	0.08
Buy/Sell Spread	0.00/0.00
Annual fees and costs	0.85

Source: FE fundinfo

Strengths

- Genuine long term investment approach supported by a young member base and strong cash flows.
- High-quality, experienced and stable senior investment team.
- Engagement of JANA as asset consultant
- May satisfy members who wish to invest in accordance with the values based exclusions made within the Option.

Weaknesses

- Despite the recent spate of mergers the investment team remains small relative to peers of similar size and complexity.
- Total fee load is at the higher end of the Lonsec-rated peer group.
- At this stage, the Option has limited scale which impacts the ability to access greater bespoke underlying assets and limits the breadth and edge within some asset classes.
- Exclusions increase the tracking error risk versus the APRA performance test which increases the risk of failure albeit this has been managed well to date.

Product Opinion

Lonsec has initiated the Option with an 'Investment Grade' rating. Supporting the rating is Lonsec's confidence in Hostplus's senior team members and emphasis on investing in resources and systems to manage growing assets, with JANA's ongoing support seen positively. The Option aims to provide a values based approach to exclusions, however this has constrained the level of manager diversity. Further, the limited size of the Option limits the availability of managers that can be invested in, specifically more bespoke product. Notwithstanding this, Lonsec acknowledges the Option may serve members well who wish to invest in an exclusions based mandate.

Lonsec Rating Model

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

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

Key Facts

Key Objectives

Investment objective	CPI plus 3.0% per annum on average over 20 years.
Internal return objective	Other
Internal risk objective	Other
Non-financial objective	Values based investing via ethical screens

Asset Allocation (%)

	SAA Benchmark %	Min %	Max %	Current Allocation %
Australian Equities	24.0	10.0	50.0	23.5
International Equities	26.0	10.0	50.0	25.5
Listed Property	0.0	0.0	0.0	0.0
Unlisted Property	10.0	0.0	30.0	10.0
Australian Fixed Interest	4.0	0.0	30.0	4.0
Global Fixed Interest	4.0	0.0	30.0	4.0
Alternative Assets	18.0	0.0	30.0	19.0
Cash	5.0	0.0	20.0	5.0
Others	9.0	0.0	30.0	9.0
Total	100.0			100.0

Rating History

This is the initial review of the Product.

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)	2.06	4.85	-0.63	0.25	7.87	5.94	6.95	6.17
Standard deviation	5.90	6.17	7.05	7.20	7.01	6.94	8.47	8.31
Excess return (% p.a)	-2.26	0.53	-1.06	-0.17	1.96	-0.01	1.58	0.73
Outperformance ratio (% p.a)	16.67	50.00	29.17	45.83	50.00	48.61	56.67	55.00
Worst drawdown (%)	-4.36	-3.62	-8.40	-9.45	-8.40	-9.45	-13.76	-13.63
Time to recovery (mths)	NR	-	9	-	9	-	8	-
Sharpe ratio	-0.27	0.20	-0.40	-0.30	0.91	0.64	0.67	0.63
Information ratio	-2.75	0.42	-0.85	-0.16	0.79	-0.02	0.66	0.48
Tracking error (% p.a)	0.82	1.35	1.24	1.59	2.49	1.82	2.41	1.95

Lonsec Peer Group: Multi-Asset - 61-80% Growth Assets - Superannuation

Product Benchmark: SR50 Balanced (60-76) Index

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

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

Business



Facts

Fund Name	Hostplus
Membership	1,770,908
Inception Date	Feb 1988
Fund ABN	79 008 634 704
RSE licensee profit status	Not For Profit

Governance

% Independent board members	33
CEO as Chair	No
Separate Audit Committee	Yes
% Female board members	33
Independent chair	Yes

Who is the Manager?

Host-Plus Pty Limited ('Hostplus' or 'the Fund') is one of the country's largest profit-to-member industry superannuation funds, managing the retirement savings of over 1.8 million members across 305,000 employers. The superannuation industry has experienced a spate of fund mergers and acquisitions over the past few years. More recently, Hostplus merged with Maritime Super in September 2023, adding 23,000 members and \$6 billion in FUM. As at 31 October 2023, funds under management stood at \$100.9bn, with strong annual cashflow.

Lonsec Opinion

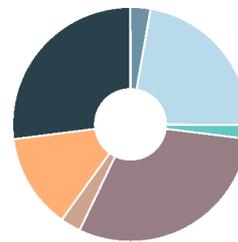
Profitability

Hostplus is considered a leading Australian provider of superannuation services and is one of the largest funds in the superannuation industry. With the current levels of funds under management, the Fund is considered to have sufficient scale to benefit members in terms of lower costs and reinvestment in member services.

Business Track record

Hostplus is a well established superannuation offering with a heritage dating back to 1988 starting as the the industry fund for hospitality workers. It has built an impressive track record in accumulation accounts and in serving the needs of a predominantly younger member base. The Fund has grown significantly, particularly in the last five years, which can be a stretch on resources and operational infrastructure. That said, growth is thought to be sustainable and positively, strong cash flows have supported a strong investment programme. Further, Hostplus has continued to invest in both human resourcing and technology to help manage its scale.

AUM



- Alternatives 2.7%
- Australian Equities 22.3%
- Australian Fixed Interest 1.9%
- Global Equities 30.1%
- Global Fixed Interest 2.8%
- Other 13.1%
- Unlisted Assets 27.0%

Metrics

Investment Management Headcount	10
Total AUM	\$94.5b
Investment Professionals	8

Business Ownership

The Fund operates a not for profit, quasi-mutual structure and solely operates to benefit the members of the Fund. This structure is well aligned to the long term focus of providing retirement benefits to members and builds a strong foundation from which to act in the best interest of the demographics of the Fund.

Business Governance

Hostplus is overseen by its trustee board and various sub-committees. As is typical for many industry funds, the composition of the Board aims to provide equal representation to both members and employers. Pleasingly, the Board also has three independent members one of whom is the Chair. All else equal, a greater number of independent directors is viewed favourably and may improve the level of diversity, objectivity and independence from a governance perspective. The Fund has not reported any significant 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)
Sam Sicilia	CIO	No	2008	29/15	15
Greg Clerk	Deputy CIO - Investment Strategy & Risk	No	2016	25/7	7
Con Michalakis	Deputy CIO - Portfolio Construction	No	2022	31/-1	15

KDM Change*

	Function	Change	Type	Tenure (yrs)	Date of change
Con Michalakis	Portfolio Management	Joined	New	2	April 2022
Jordan Kraiten	Head of Infrastructure	Departed	Exit	10	Oct 2023
Spiros Deftereos	Head of Property	Departed	Exit	9	Dec 2023

* Last 3 years

Profile

Structure	Centralised
Size	23
Turnover	Medium

Alignment

Performance-Based bonus	Yes
-------------------------	-----

Resources

	Number	Average Years Experience
Key decision makers	3	12.33
Portfolio Managers	7	10
Hybrid portfolio manager/ analysts		
Dedicated analysts	4	7
Dedicated dealers		
Quantitative	1	3
ESG/Sustainability	1	17
Macro		
Investment Specialists	2	5

Who is the Team?

The Hostplus Investment team, led by CIO Sam Sicilia and supported by Deputy CIOs Greg Clerk and Con Michalakis, comprises 23 professionals managing a broad diversified set of asset classes, though the Fund a heavier focus on unlisted assets versus some of its peers.

Sicilia, who has 30 years of industry experience, is responsible for capital markets and generating investment insights for the Fund. Clerk joined the Fund in 2016 but had a lengthy working relationship with the Fund prior to his appointment in his role at JANA where he spent 17 years, most recently as the primary asset consultant to the Fund. Michalakis joined the Fund in May 2022 following the merger with Statewide (where he was CIO) and is responsible for leading the fund's portfolio construction team.

The investment team is rounded out by a number of analysts reporting through to Michalakis and Clerk. This includes sectors heads Dmitry Capel (International Equities), Alice Hardie (Credit, Diversified Fixed Interest and Cash), Chris Williams (Private Equity), Daniel Dujmovic (Alternatives) and David Obst (Australian Equities).

The Deputy CIO's and Heads of are supported by a dedicated team within JANA.



Lonsec Opinion

Skill

The investment team, led by Sicilia and supported by Clerk and Michalakis, is highly experienced. The senior leaders have significant tenure within the team and bring a broad range of experience in investment consulting and asset ownership. Since 2002, the Fund has exclusively used JANA for asset consulting, acknowledging JANA's extensive research capabilities. JANA is responsible for researching and monitoring the strategic asset allocation ('SAA') and dynamic asset allocation ('DAA') at the Fund. Furthermore, the Fund leverages JANA's manager research process however, both entities are involved in the the manager diligence process and meetings with all potential managers prior to onboarding.

Team Size

The investment team is considered to be smaller than peers with a similar level of assets under management. That said, the Fund predominantly outsources the management of its investments to external managers, except for direct investments and co-investments in property, infrastructure, and private equity, which have grown in recent years. To enhance its capabilities, aside from its own 23-member investment team, the Fund benefits from an additional 27-member team dedicated by JANA, focusing on Capital Markets & Portfolio Construction and various asset classes. It is believed that the internal team at Hostplus have sufficient expertise to test assumptions, modelling and other output from JANA to ensure its in the best interests of the Fund and members.

Track Record/Co-Tenure

The key decision makers have a demonstrable track record developed over multiple market cycles with a reasonable level of co-tenure, noting Michalakis is a recent joiner as co-Deputy CIO via Statewide Super. The recent departures of Kraiten and Deftereos as Heads of Infrastructure and Property respectively is noteworthy given their tenure and responsibilities at the Fund, however mitigated by the overall level of experience and track record exhibited by other key decision makers. Replacements for these the two departures would be welcomed and viewed favourably in the medium term.

Alignment

The level of alignment is considered to be relatively low but considered adequate, and in-line with the Fund's profit-for-member philosophy, governance, and decision making structures. The investment team is paid a base salary, with asset class Heads also receiving a discretionary component related to the performance of the Fund and the Option rather than their sector of responsibility. This promotes and incentivises greater collaboration across asset classes and 'whole of portfolio' thinking.

Key Person Risk

Key person risk has been alleviated by the growth of the team following the merger with Statewide. That said, Sicilia, Clerk and Michalakis are considered key professionals in providing leadership over the strategy and integral in driving improvements with the investment process.

Process



What is the Investment Process?

The Fund adopts a long-term investing approach supported by JANA's asset allocation and manager research processes supplemented by internal resources and requirements. JANA is responsible for researching and monitoring the strategic asset allocation ('SAA') and dynamic asset allocation ('DAA') at the Fund. JANA's asset allocation is determined quarterly by the in-house committee and then tailored to meet the objectives of the Fund. Exclusions are applied to certain asset classes based on environmental, social and governance (ESG) screens. The Fund has historically allocated materially to unlisted assets with a soft limit of 40% of the Fund applied.

HostPlus has been committed to outsourcing its investment requirements to external managers. For this particular Option, the Manager has used IFM to build a discrete mandate for its equities allocation, iShares exclusions based ETFs for the bond holdings, and tailored its holdings across other asset classes in line with the exclusions. While best efforts have been made to remove controversial industries from the portfolio, this may be more challenging where pooled investments are made.

Screening reduces exposure to companies that:

- own reserves, explore, mine, extract, produce, refine or generate energy from fossil fuels or receive revenue from servicing these sectors through equipment services, pipeline transport or distribution.
- breach the UN Global Compact or International Labour Organisation's (ILO) Core Conventions.
- have a MSCI ESG rating of B or CCC.
- develop, produce, maintain or sell controversial weapons.
- grow, process or use palm oil, where >10% of revenue is derived from these activities and <50% of the palm oil is Sustainable Palm Oil (RSPO) certified.
- are involved in predatory lending, including unfair or deceptive products, excessive interest rates, misleading marketing, inclusion of hidden fees and targeting minority, low income or elderly consumers.
- derive >5% of their revenue from for-profit detention.
- derive >5% of their revenue from gambling.
- manufacture tobacco products.
- export live animals.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Style	Multi-Manager & Direct
Asset Allocation Approach	SAA
Sector Exposure	Active & Passive
Available Universe	Mandates, pooled trusts, co-investments, derivatives

The Fund's investment philosophy emphasizes long-term growth by leveraging its members' demographics and robust net cash flows. The Option's ESG tilt is derived from the Manager seeking to reduce exposure to particular industries by applying rules-based exclusions. This approach involves using specialist fund managers and is enhanced with direct investments and co-investments, particularly focusing on the illiquidity premium of unlisted assets as a central element of its strategy.

Research Process

Idea generation	JANA, External Managers, Network
SAA review frequency	Annual
DAA/TAA signals	N/A
Managers actively tracked	N/A
External consultant	JANA Investment Advisers Pty Ltd

JANA's asset allocation process is considered robust and compatible with the Fund's investment approach. Additionally, JANA's approach to manager research is comprehensive, with a dual focus on quantitative and qualitative analysis, ensuring thorough evaluation of investment managers. Within the Option, the Manager has focused its efforts in identifying investments that align with the values based exclusions.

While acknowledging the values based exclusions made, the Option does sacrifice some of the breadth and edge found in the Balanced option where greater allocation can be made to high conviction, active management. As the Option scales, it is expected to increase the pool of available investments which may improve the level of manager diversification. For now research has been focused on a limited number of available managers, particularly in equities and bonds. Lonsec would like to see this develop meaningfully over time.

The Manager has been adept at applying the screens to their universe in property, infrastructure, and private equity/venture capital. acknowledging they have less control where pooled investments are used. In the case of the property asset class, and the focus on assets with superior NABERS energy ratings, this has limited the universe to one manager at this stage.

Process (continued)



Portfolio Construction

Portfolio decision making	Other
Approach to benchmark	CPI+ relative
Typical number of managers	30+
Use of mandates	Yes
Use of alternatives	Yes
Use of unlisted assets	Yes
Allocation to related/affiliated exposure	Yes

While the Balanced Option has a high level of diversity in the underlying managers chosen for the option, the portfolio by contrast is naturally constrained due to the exclusions. Equities and bonds are focused on one manager each which is less than desired in a multi-asset portfolio. Notwithstanding this, Hostplus has leveraged its existing relationship with IFM within the equities asset class to offer a solution in line with the style and objectives of the Option, not only making exclusions but also leveraging external databases to increase the weight of those holdings with higher Sustainable Development Goals (SDG) ratings.

Pleasingly, the Option maintains exposure to alternative asset classes, which can often raise challenges within SRI focused multi-asset options.

While the Option mainly invests with managers through mandates or fund-of-one structures, the manager cannot set specific filter criteria for investments in pooled funds which may mean the Option holds investments in contravention of the above, though Lonsec believes this would be limited overall. However, this is a risk that members should note.

It's recognised that the Option's current size limits access to bespoke investments that align with the SRI style. Lonsec believes the Option is likely to benefit from further tailoring as it scales.

Capacity Management

Super funds should have a strategic plan to manage capacity issues. In the case of Hostplus, a growing pool of assets can lead to capacity issues in more capacity constrained asset classes such as Australian equities. As such, the Fund can lean on greater international investments including equities and unlisted assets as part of its capacity strategy. The Manager is aware of potential capacity issues domestically and continues to scope out its strategy. Lonsec will continue to monitor these challenges but believes there are a number of levers and strategies that can be used to alleviate capacity concerns.

Investment Risk Management

Rebalancing bands	0-0%
Country Limits (Min./Max.)	N/A
Monitoring external to investment team	Yes
Frequency of monitoring	N/A
Primary risk management system	Aladdin
Rebalancing frequency	Weekly
Gross exposure range	N/A

The investment team conducts portfolio analytics primarily via Aladdin (integrated with eFront for private markets), which has been operational since Q1 2023. The addition of Aladdin is viewed favourably given its viewed as a best in class risk management system noting that it may take time to fully implement and make the most use of its functionality. The Manager still accesses JANA's tools including Solve for top down asset allocation. However, Hostplus has improved its investment risk and performance analytical systems in recent years which is viewed as a significant uplift and enables a much greater 'whole-of-portfolio' view.

ESG



Manager Positioning

Responsible investment style	ESG Integration
Non-financial objective	Values based investing via ethical screens

What is the Manager's ESG approach?

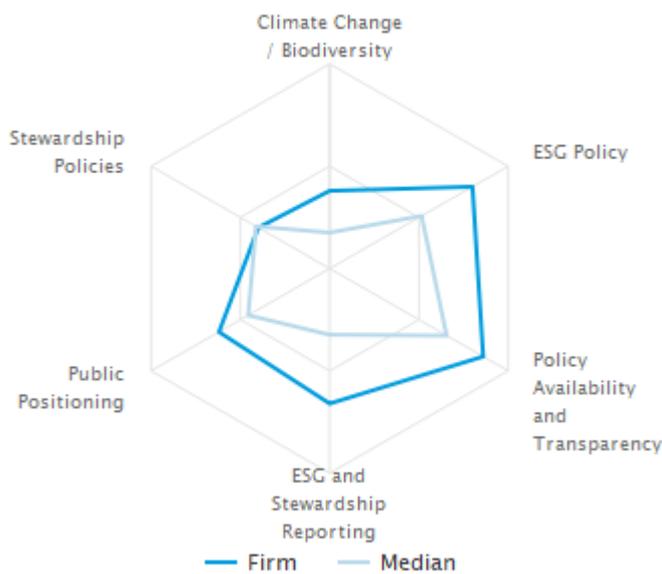
The Manager has indicated that their Responsible Investment style is "ESG Integration" and as such that they take Environmental, Social and Governance factors into consideration when assessing investment opportunities. With a primary ESG style of "Stewardship" Managers will usually focus their ESG strategy on Engagement and Voting as the key tool in managing their ESG risks. While stewardship approaches are common across most Managers, they can form the key ESG strategy employed by some Managers.

Lonsec Opinion & Supporting Facts

Overview

Responsible Investment strategy risk: Clarity, measurability & reporting Mod

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. The Manager has a clear ESG element in their manager selection process. Managers have to adhere to other minimum ESG based investment standards. Documentation requirements are appropriate. There is no regular independent monitoring of the ESG characteristics of the underlying stocks performed by the Manager, however ongoing monitoring of the policies of the underlying managers is performed regularly. There are only limited signs that company engagement on ESG issues is a component of the Manager's investment approach. Portfolio transparency is strong and ESG based compliance monitoring is seen as appropriate.

Strategy: Clarity, Measurability & Reporting

The name of the product and its underlying strategy are adequately aligned. This product offers an ethically based range of exclusions. The product's PDS offers a high degree of clarity around the non-financial objective. The product delivers a standard range of exclusions. Exclusion materiality is adequate and broadly market aligned. Compliance functionality appears weak. There is no clear link between the objective for this product and the Manager's overall mission statement. On balance this product provides a fair degree of clarity, measurability and reporting of its non-financial objectives and the risk of misalignment is moderate.

Manager Level Approach

The Manager's overall ESG policy framework and disclosure are aligned with peers. The Manager has an articulated commitment to the integration of ESG within their investment process with evidence of policy framework and clear public positioning. The responsible investment policy and stewardship policy are freely available on the firm's website and include voting guidelines. The level of disclosure with respect to the proxy voting policy and voting outcomes is in-line with peers supported by publicly available reporting and high-level voting beliefs. The Manager has outsourced engagement activities and reporting to stewardship providers.

Product



Service Providers

Custodian	Citigroup Pty Limited and Pacific Custodians Pty Limited
Administrator	Australian Administration Services Pty Ltd (Member of the Link Group of companies)
Registrable Superannuation Entity	Host-Plus Pty Limited
Fund Auditor	PricewaterhouseCoopers
Change in Key Providers? (Over last 12 months)	No

Product Details

Product size	\$657.2m
Fund 12-month net flows	Positive
Buy/sell spreads	0.00/0.00
Net transaction costs	0.09
Product type	Registrable superannuation entity
Unlisted asset valuation frequency	Quarterly
Valuation externally audited	Yes

What is the Product Structure?

The Fund is a registrable superannuation entity (RSE) for which Hostplus Pty Ltd is the issuer and the Trustee. APRA regulates the trustees of superannuation funds who are required to act in the best interest of their members.

The Fund may hold a reasonable allocation towards assets that are illiquid and not marked to market.

The Fund is subject to the Federal Government's Your Future, Your Super (YFYS) reforms which came into effect on 1 July 2021. Under these reforms, a key requirement is for APRA to conduct an annual Performance Test ('the test'), which has the purpose to increase transparency and accountability of superannuation funds. The failure of the test can result in a decline in future contributions and member outflows.

Lonsec Opinion

Service Providers

The Fund employs high quality Tier 1 service providers.

Wind-up Risks

The total assets for superannuation products were \$100.9bn as of 31 October 2023, which indicates strong support from the market. The Option itself is relatively small with less than \$1bn of AUM. As such, commitment is likely to rely on ongoing support from members.

The Option is subject to the Federal Government's Your Future, Your Super (YFYS) reforms which came into effect on 1 July 2021. At the time of this report, the product has not failed the Performance Test. Notably, the Fund is likely to have a higher tracking error to this benchmark due to its exclusions. While this is of no immediate concern, it means there is higher risk of the Option failing the test unrelated to the skill of the Manager.

Operational 'Red Flags'

The Fund may allocate to assets that are not marked to market. The Manager has an updated valuation policy that has been overseen by a third party audit firm to ensure alignment with the latest regulations. As regulations have evolved, the Manager has pleasingly evolved their policy. Valuation processes at important dates such as June 30 and December 31 are now considered more robust than previously, underlying managers having to provide estimates for these dates rather than stale valuations. Infrastructure and property assets are backed by independent third party valuation with a significant majority occurring quarterly.

The Manager is heavily reliant on the underlying managers for the provision of valuation estimates, especially in private equity and may benefit from further internalisation of expertise to override valuations, specifically in periods of public market volatility where estimates may be less reliable.

Fees

Annual Fees and Costs (% p.a.)

Administration fees and costs	0.23
Investment fees and costs	0.54
Net Transaction Costs	0.08
Buy/Sell Spread	0.00/0.00
Annual fees and costs	0.85

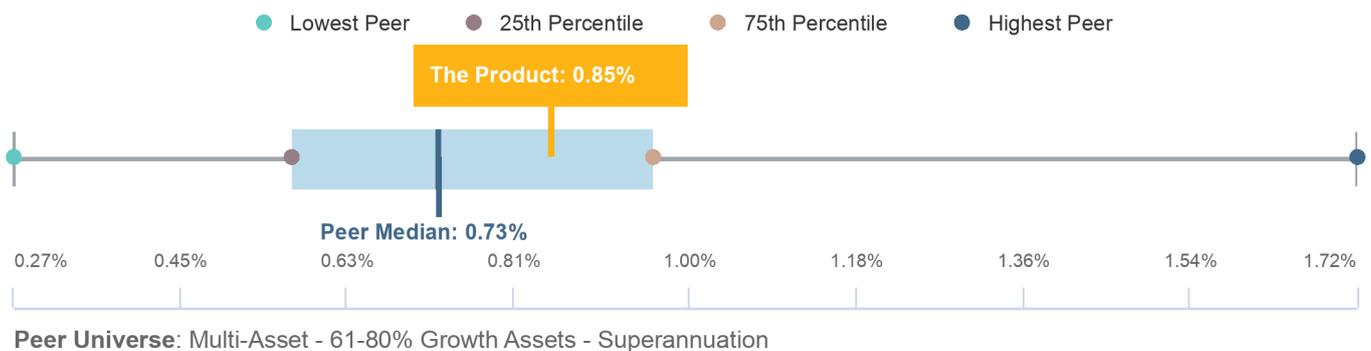
Source: FE fundinfo

Fees Explained

Under RG97, annual fees and costs for superannuation funds comprise of 1) administration fees and costs, 2) investment fees and costs, and 3) net transaction costs.

Given administration costs generally consist of both dollar (weekly or annual) amounts and asset-based fees, administration costs are calculated on a balance of \$50,000.

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



Lonsec Opinion

Annual Fees and Costs

The Option's absolute fee load (AFC of 0.85% p.a.) is considered high relative to its superannuation peer group.

A material portion (0.15%) relates to performance fees, which are only paid when underlying managers outperform a hurdle-target return. Performance fees are likely to fluctuate year-to-year depending on performance.

Fairness

The AFC is competitive given the active nature of the product and level of exposure to private and unlisted markets.

Performance data is as at 31 October 2023

Performance

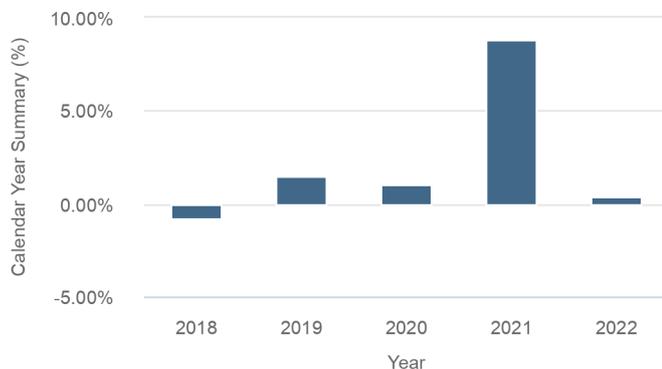
Performance Summary

PDS return objective	CPI plus 3.0% per annum on average over 20 years.
Internal return objective	Other
Internal risk objective	Other
Product benchmark	SR50 Balanced (60-76) Index
Lonsec peer group	Superannuation

Alpha Generation

Relative to peers, the Option's return of 7.0% p.a. was above the peer median over five years. The Option also exceeded its objective of CPI+ 3.0% p.a. over this time. Over three years, the Option returned 7.9% p.a. (after fees and tax), respectively, positioning at the higher end of the peer group.

Calendar Year Excess Return



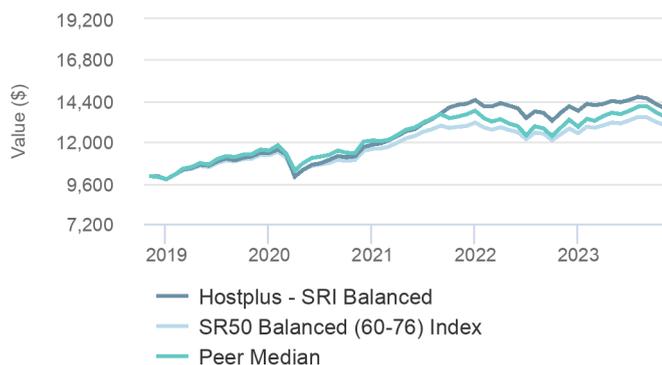
3 Year Risk and Return



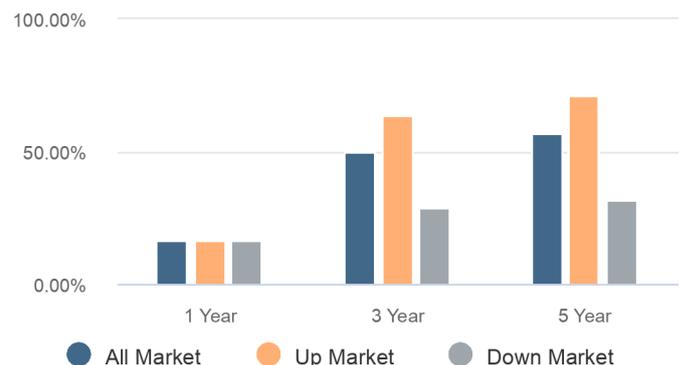
Alpha Consistency

The Option's return has exceeded the peer median over three and five year periods, albeit has struggled more over the one year horizon. Over the three and five year period, the Option has beaten the product benchmark in 50% to 55% of months.

Growth of \$10,000 Over 5 Years



Returns Consistency

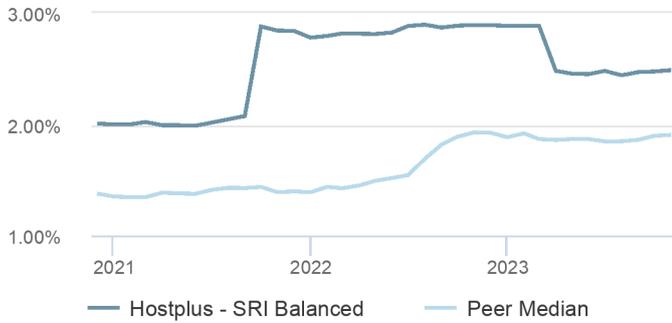


Performance data is as at 31 October 2023

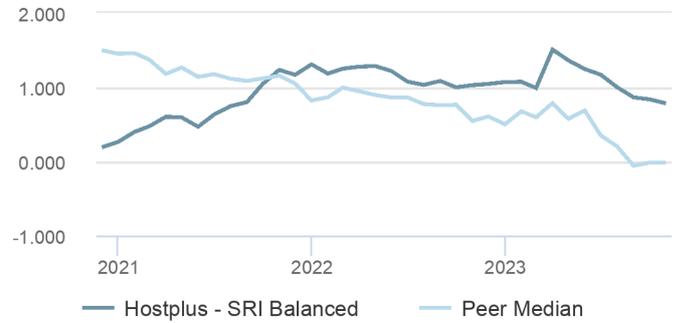
Performance (continued)

Benchmark Relativity

3 Year Rolling Tracking Error Over 3 Years



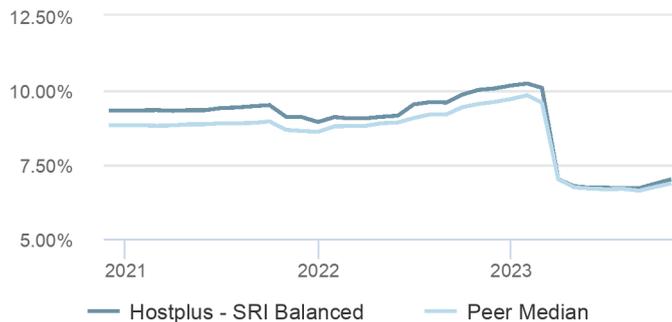
3 Year Rolling Information Ratio Over 3 Years



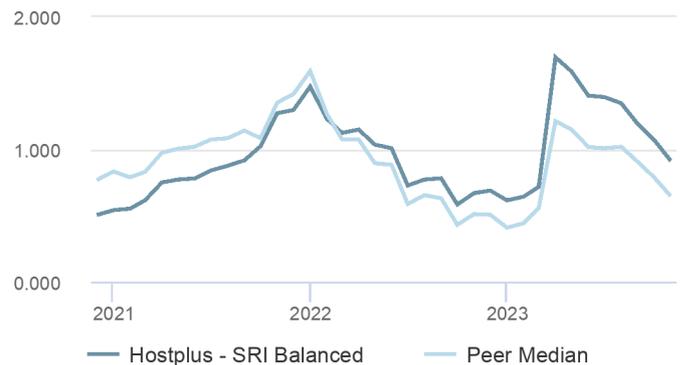
Return Volatility

The Option's volatility (as measured by standard deviation) over three and five years is broadly in line with the peer group median though has been higher than the Balanced option. The Sharpe Ratio has been reasonable over three and five years when compared to the peer median.

3 Year Rolling Standard Deviation Over 3 Years



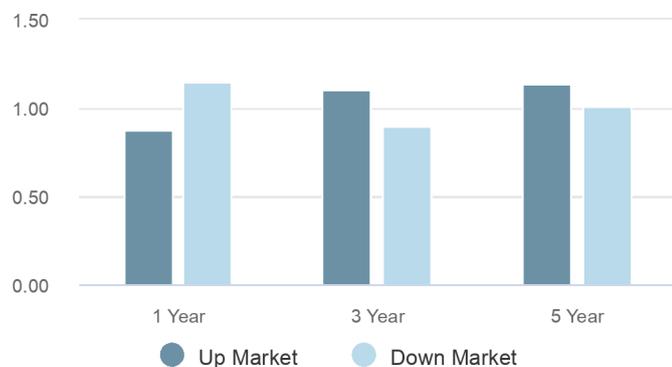
3 Year Rolling Sharpe Over 3 Years



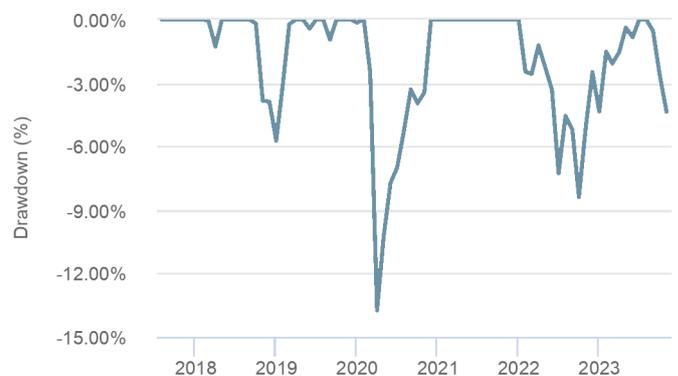
Product Defensiveness

The Option's worst drawdowns were generally in-line with the peer median over all periods.

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

Issued by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec, we/our) a subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) and (Lonsec Group). This document is not a prospectus, any other form of disclosure document or product disclosure statement within the meaning of the Corporations Act 2001. Any advice contained in this document is General Advice only and has been prepared without taking into account investors' objectives, financial situation or needs. Prior to acting upon any information contained in this document, investors must do their own investigation and analysis of the appropriateness of the information or seek independent financial and/or tax advice, having regard to their objectives, financial situation and needs. Investors must consider reading any relevant Product Disclosure Statement (PDS) or offer document to assess the appropriateness of this advice in light of their own objectives before making a decision to obtain a financial product. Past performance is not a reliable indicator of future performance. © 2024 Lonsec Research. All rights reserved. You may not reproduce, transmit, disseminate, sell or publish this information without our written consent.

Except for any liability which cannot be excluded, no representation, warranty or undertaking, express or implied is made and no responsibility or liability is accepted by Lonsec Research, its directors, officers, employees and agents for any error or inaccuracy, misstatement or omission from this document or any loss or damage suffered by the recipient or any other person as a consequence of relying upon it.

Lonsec Research makes no representation, warranty or undertaking in relation to the accuracy, reasonableness or completeness of the information presented in this document which is compiled from information from public and third-party sources. We assume no obligation to update this document after publication. Lonsec Research provides this document for the exclusive use by the recipient to whom it is provided and should not be used or relied upon by any other person unless express permission is obtained from us. Additional fees and charges may apply. Please verify from the offer documents for the relevant financial product. In line with industry practice, returns may be estimated. To access verified returns please refer to the product issuer. This document may also contain third party material that is subject to copyright. To the extent that copyright subsists with a third party, it remains with the original owner and permission may be required to reuse the material.

The product rated in this publication may have related financial products or be associated with other financial products and platforms. Our rating applies to the financial product outlined in this publication. You should seek professional advice before you make an investment decision on related or associated financial products and platforms. You should be aware that the mandate, fees, underlying investments, the issuers of the related and associated financial products and platforms may be different from the financial product specified in this publication.

Disclosures

Lonsec Research does not hold the financial product(s) referred to in this document.

Disclosures (continued)

Lonsec Research representatives and/or their associates may hold the financial product(s) referred to in this document, however we consider such holdings not to be sufficiently material to compromise the rating or advice. Lonsec Research receives a fee from the financial product issuer(s) for researching the financial product(s), using objective criteria. Lonsec Research's rating(s) outcome is not linked to the fee. Lonsec Research and its associates do not receive any other compensation or material benefits from product issuers or third parties in connection with the report. LIS Consulting, a related party to Lonsec Research, has provided Consulting Services to Host-Plus Pty Limited. SuperRatings, a related party to Lonsec Research, has provided Corporate Client Services to Host-Plus Pty Limited. Lonsec Research's research process relies upon the participation of the financial product issuer(s). Should the financial product issuer(s) no longer participate in our research process, we reserve the right to withdraw the document at any time and discontinue future coverage. This is a summary of the research report, you can access the full research report via Lonsec Research. For information about our associations and/or relationships with product issuers, please refer to our Conflict of Interest Statement accessible here <https://www.lonsec.com.au/wp-content/uploads/2020/12/Lonsec-Group-Conflicts-of-Interest-Statement-Dec-2020.pdf>

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 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)

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. 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.