



Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	Nikko Asset Management Europe Ltd
Benchmark	MSCI AC World NR Index AUD
Product structure	Managed Fund
Product size	\$257.7m
Inception date	Nov 1995
Asset class	Global Equities
Sector	Global Large Cap
Peer group	Growth
Rated peers	61

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	US\$20bn
ESG Approach	Risk or Value
Peer Relative Fees and Costs	In line with median

Annual Fees and Costs (% p.a.)

Management fees & costs	0.99
Performance fee costs	0.00
Net Transaction Costs	0.00
Buy/Sell Spread	0.00/0.00
Annual fees and costs	0.99

Source: FE fundinfo, PDS Date: 20/Mar/2023

Strengths

- Broadly experienced investment team with considerable co-tenure among portfolio managers.
- Highly collaborative research approach which promotes the strong buy-in of the investment team.
- Logical and intuitive investment approach which also benefits from a top-down lens.

Weaknesses

- Relatively small investment team of sector specialists, which also magnifies key person risks.
- The Fund has not met its performance objective, albeit noting headwinds impacting the Manager's style in recent years. However, short-term performance has shown significant improvement.

Product Opinion

The Fund's **'Recommended'** rating has been maintained following the latest review. This rating reflects the experienced portfolio management team and their highly collaborative, well-structured, and repeatable investment approach. However, the team's modest size remains a consideration. While ongoing expansion is positive, the integration of newer members remains an area of focus. Additionally, the Fund has not met its investment objective, with stock selection challenges and style headwinds playing a role, though recent performance has shown improvement.

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 outperform the benchmark by 3% p.a., before fees, over rolling three year periods
Internal return objective	To outperform the benchmark by 3% p.a., before fees, over rolling three-year periods
Internal risk objective	Tracking error within 3-8% p.a.
Non-financial objective	Not applicable

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

Australian Equities	1.01
International Equities	97.42
Cash	1.57
Total	100.00

Source: FE fundinfo

Rating History

21-May-2024	Recommended
08-May-2023	Recommended
11-Apr-2022	Recommended

Product Distribution Profile

Frequency	Annually
Last Missed Distribution	Not applicable
Number of Missed Distributions in the last 5 years	0
AMIT Election	Yes
TOFA Election	No

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

	Weight (%)
NVIDIA CORP	5.840
MICROSOFT CORPORATION	5.450
AMAZON.COM, INC.	5.140
META PLATFORMS, INC.	4.130
BROADCOM INC	3.540
NETFLIX, INC.	3.110
HDFC BANK LIMITED	2.860
COMPASS GROUP PLC	2.790
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2.780
SONY GROUP CORPORATION	2.740

Source: FE fundinfo

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

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

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	38.17	26.33	24.06	23.64	9.75	7.18	14.08	11.89
Standard deviation	11.20	10.84	10.30	10.68	12.48	13.57	11.48	13.63
Excess return (% p.a)	8.69	-3.89	-1.34	-2.84	-1.48	-4.91	1.19	-2.25
Outperformance ratio (% p.a)	66.67	41.67	50.00	41.67	50.00	38.89	55.00	46.67
Worst drawdown (%)	-4.14	-3.92	-6.59	-6.01	-12.72	-19.05	-17.14	-23.06
Time to recovery (mths)	2	-	3	3	9	-	16	12
Sharpe ratio	3.01	2.13	1.93	1.80	0.53	0.33	1.05	0.74
Information ratio	2.19	-0.69	-0.28	-0.61	-0.32	-0.82	0.25	-0.25
Tracking error (% p.a)	3.96	5.10	4.82	5.97	4.66	6.14	4.76	6.52

Lonsec Peer Group: Global Equities - Global Large Cap - Growth

Product Benchmark: MSCI AC World NR Index AUD

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

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

Business ●●●

Facts

Investment Manager	Nikko Asset Management Europe Ltd
Ultimate Parent Company	Sumitomo Mitsui Trust Group, Inc
Headquarters	Tokyo, Japan
Inception Date	Jan 1984
% Staff Ownership	0-10%

Governance

% Independent board members	25
% Female board members	13
Independent chair	No
CEO as Chair	No
Separate Audit Committee	Yes

Who is the Manager?

Yarra Capital Management Group ('Yarra') serves as the investment manager for the Fund, which has delegated asset management responsibilities to Nikko Asset Management ('Nikko' or 'the Manager'). Among Asia's largest asset managers, Nikko offers equity, fixed-income, multi-asset, and passive strategies. Nikko is a consolidated subsidiary of Sumitomo Mitsui Financial Group, a major Japanese multinational financial services group and holding company.

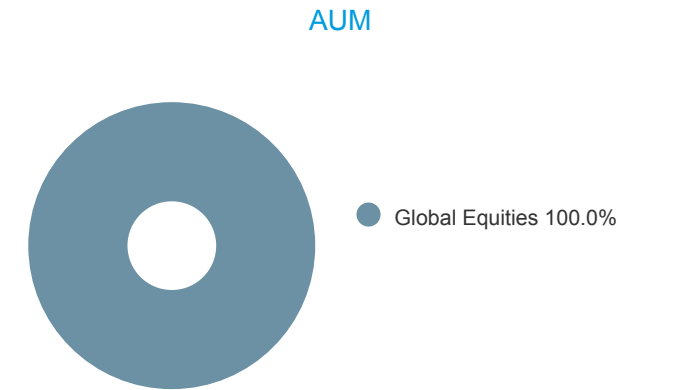
Lonsec Opinion

Profitability

Nikko operates as a stand-alone profitable entity with significant funds under management ('FUM') and is well capitalised. The firm's diversified FUM, spanning various distribution channels, investment strategies, and client types, enhances the stability and quality of its earnings.

Business Track record

Since its founding in 1959, Nikko has built a strong and successful track record in asset management. Over the years, it has expanded and diversified its investment strategies, spanning multiple geographies and asset classes, reinforcing its expertise and market presence.



Metrics

Total AUM	\$343.1bn
Investment Management Headcount	95
Investment Professionals	247
Sales & Service	0
Distributor	Yarra Capital Management

Business Ownership

Nikko is a prominent investment manager with a demonstrated tendency to pursue mergers and acquisitions opportunistically. While this focus on asset growth can strengthen its market position, it also carries the risk of diluting the firm's underlying investment culture. Furthermore, its ownership structure restricts direct equity participation by members of the investment management teams, which could influence the firm's investment culture. However, this challenge appears to have been effectively managed thus far, with Nikko maintaining strong support for its teams.

Business Governance

The firm's business governance structures are viewed as positive, including the presence of a separate audit committee and no regulatory findings in recent years. While increased board independence would be a welcomed enhancement, the additional oversight from Nikko's parent company, Sumitomo Mitsui Financial Group, is seen as reinforcing governance rigour.

Team ●●●

Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Greig Bryson	Portfolio management	Yes	2014	26/10	24
Iain Fulton	Portfolio management	Yes	2014	28/10	27
James Kinghorn	Portfolio management	Yes	2014	26/10	24
William Low	Portfolio management	Yes	2014	37/10	36
Johnny Russell	Portfolio management	Yes	2014	26/10	25
Ella Kara-Brown	Portfolio Management	Yes	2023	20/1	14

KDM Change*

	Function	Change	Type	Tenure (yrs)	Date of change
Ella Kara-Brown	Portfolio management	Joined	New	1	2023

* Last 3 years

Profile

Size	8
Structure	Centralised
Turnover	Medium

Alignment

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

Resources

	Number	Average Years Experience
Key decision makers	6	27
Portfolio Managers		
Hybrid portfolio manager/analysts		
Dedicated analysts	2	6
Dedicated dealers	3	24
Quantitative	2	17
ESG/Sustainability	3	15
Macro		
Investment Specialists	2	22
Key decision makers	5	27.2
Key decision makers		

Who is the Team?

William Low and selected members of his former Scottish Widows Investment Partnership team joined Nikko in 2014 after Aberdeen Asset Management took over and fully integrated the former Scottish Widows Investment Partnership ('SWIP') equities business. This marked an expansion of Nikko's capabilities to global equities and continues the Group's push for growth which would be familiar to Australian investors.

The investment team comprises eight members, with six portfolio managers and two portfolio analysts. Each team member conducts research, ensuring coverage of every sector by at least one portfolio manager or analyst. Together, they manage a universe of around 100 stocks. The team operates with a flat structure, making decisions collaboratively. The broader business supports the team with portfolio and ESG specialists, along with a trading team.

Team (continued) ●●●

Lonsec Opinion

Skill

The portfolio managers are renowned as quality investors, offering valuable insights into portfolio management, with an average of over 25 years of industry experience. Ella-Kara Brown is the newest addition to the team, bringing over 18 years of experience gained exclusively at abrdn. While she is seen as aligned philosophically due to similarities in investing ethos, her integration into the team and its processes will be closely monitored. The portfolio analysts who support the key decision makers ('KDMs') are relatively junior but are considered well-mentored and integrated into the team's operations. The team functions within a collegiate structure. Additionally, the team is centralised at the Manager's Edinburgh office, which facilitates the exchange of ideas and collaboration in research. However, a potential drawback of this structure is being less proximate to other offshore markets compared to competing multi-jurisdictional teams.

Team Size

The investment team is moderate in size compared to its peers; however, its exclusive focus on a single strategy serves as a meaningful offset. Additional strengths include the team's decent experience, strong co-tenure, and relatively concentrated list of actively researched stocks. Furthermore, the team's structure - where analysts hold both primary and secondary responsibilities - supports knowledge retention and continuity in the event of a lead analyst's departure.

Track Record/Co-Tenure

With the exception of Brown, the portfolio managers have established a strong track record of collaboration, dating back to their time at SWIP in 2011 before joining the Manager in 2014. While the broader analyst's tenure is relatively short, they benefit from strong support from the senior members. Furthermore, aside from the recent departure of Portfolio Analyst Ellie Dupuis, it is reassuring that the team has remained largely stable.

Alignment

Alignment with end investors is deemed sufficient, although not as robust as that of peers. The team is entitled to bonuses as part of its variable remuneration, determined by the strategy's performance and the company's profitability. Additionally, the team is motivated by a direct share of the revenue generated, with this share vesting on a rolling three-year basis into units in the strategy. However, key decision makers ('KDMs') do not possess equity in the business, which somewhat diminishes alignment relative to boutique peers.

Key Person Risk

Key person risk ("KPR") is considered moderate, primarily focused on Low and other senior investors due to the team's relatively small size. The lack of direct equity ownership is thought to heighten KPR. However, mitigating factors include the structured investment process, co-portfolio management structure, and relatively flat team approach.

Process ●●●

What is the Investment Process?

Nikko utilises a bottom-up and top-down, fundamental approach to identify high-quality companies. The investment style is termed 'future quality', which entails selecting companies with robust and growing cash flows, returns exceeding their cost of capital, sustainable franchises, capable management teams, appropriate leverage, and a focus on value. Additionally, Nikko considers companies in their early stages, turnarounds, and those improving in quality. Consequently, the underlying fund's style may appear 'core' at certain points in the cycle, but it generally maintains a bias towards 'quality / growth'. The investment process is highly collaborative, with all members actively involved in stock and portfolio discussions. Final decision-making for the Fund rests with the co-portfolio managers.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Type	Combination
Investment Approach	Bottom-up
Investment Style	Growth
Typical market cap	All-cap
Minimum market cap	US\$1bn
Available Universe	The selection universe is all global listed equities in developed and emerging markets

Nikko's future 'quality' approach is highly portable to the Fund's investment universe and aligns well with the Fund's outperformance objectives. The Fund's mandate, while more tracking error aware than some peers, is flexible enough to ensure the Fund can meet its 3% p.a. alpha goals over rolling three-year periods.

Research Process

Key screens	Market Cap
Screened universe	500
Idea generation	Financial market data, Economic data, Newsflow/Events, Expert networks, Financial statements
Stocks researched	100
Annual manager meetings	23
Key research inputs	Financial statements, Company meetings, Company data, Industry data, Economic/Market data, Expert networks
Primary valuation approach	Other

The investment process is considered to be generally well-structured and pragmatic in design. Nikko's strength lies in the experience and tenure of its senior investors, who have established a solid track record. The team uses various sources for idea generation, including quantitative tools and detailed investigations into broad trends identified through bottom-up analysis. This multi-faceted approach is seen as practical, although the results of the team's thematic analysis have been inconsistent at times. Additionally, the team's breadth is naturally limited somewhat due to its modest size and lack of offshore presence. While the team can access the broader Nikko network, the primary benefit is considered to be the use of the Nikko brand and its sizeable footprint. When it comes to 'bottom-up' research, the team's intellectual property is primarily centred around their analysis of quality and valuation. Nikko maintains a consistent valuation framework, enhancing comparability across investments. The firm's investment tools are well-aligned with its process, combining a balanced mix of internal and off-the-shelf solutions. While the team's centralised location and absence near key offshore markets could pose a competitive limitation, this is largely offset by the deep sector expertise of its senior investors.

Process (continued) ●●●

Portfolio Construction

Portfolio management structure	Co-PM
Approach to benchmark	Benchmark Aware
Typical security numbers	43
Typical securities range	40-50
Typical portfolio turnover p.a.	<40%
Typical active share	90-95%

The research process concludes with each stock being ranked based on three key criteria: alpha upside, alpha confidence, and the uniqueness of its alpha drivers. These scores are determined solely by the responsible sector specialist and can only be modified by them. This scoring methodology is considered effective in helping the team efficiently identify the most compelling opportunities and integrate them into the final portfolio. While portfolio construction is a collaborative process, sector specialists play a significant role due to their influence on scoring. The process is generally transparent, promoting consistency and repeatability. However, the collaborative approach to decision-making may prolong portfolio changes.

Capacity Management

Capacity guidance	US\$20bn
Strategy AUM	US\$5.3bn
Portfolio liquidity (1 week)	99.42%
Substantial holdings by manager	None
Strategy previously closed	No

The Manager's capacity limit is considered appropriate given the size of the investment universe. Currently, there are no capacity concerns for the strategy, as funds under management (FUM) remain well below the estimated capacity threshold.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	Barra
Security Limits (Min./Max.)	Soft: Benchmark Relative, 1-6%
Sector Limits (Min./Max.)	Soft Limit: Benchmark relative, 0-20%
Country Limits (Min./Max.)	Soft Limit: Benchmark relative, 0-20%
Non-index Allocation (Typical, Max.)	15%, 100%
Cash Allocation (Typical, Max.)	2%, 10%

The Fund's risk mandate is somewhat constrained by a tighter tracking error target compared to some peers. To align with this, several broad risk limits are in place. Risk management is complemented by Nikko's ranking tool along alpha dimensions which enables comparisons between stocks. Nikko employs a range of off-the-shelf risk tools, however, the team typically reduces reliance on these tools during market inflection points and periods of heightened volatility. During such periods, greater emphasis is placed on stock-specific fundamental risk analysis over quantitative risk tools, which is considered pragmatic given the backward-looking nature of these tools. The team regularly engages with a separate risk team and this segregation in duties is regarded as good practice.

ESG

Manager Positioning - Product

Responsible investment style	ESG Integration
ESG approach	Risk or Value
Sustainability thematic	No Sustainability Thematic
Non-financial objective	None

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

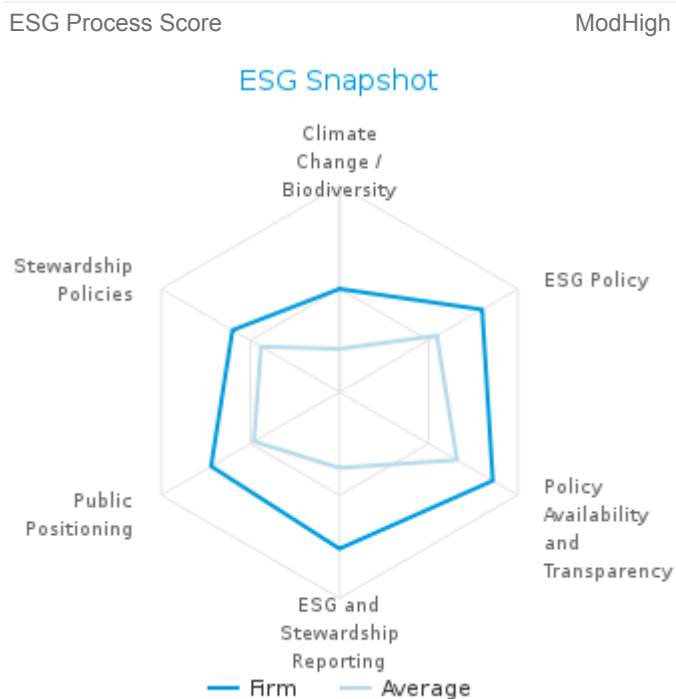
The Manager has indicated that their responsible investment style is 'ESG Integration' and as such they consider environmental, social and governance factors when assessing investment opportunities. With a primary ESG style of 'risk or value', managers will determine inclusion based on the balance of 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 client's perception of what a strong ESG process would deliver.

Sustainability Score

No score.

Lonsec Opinion & Supporting Facts

Overview



Product Level Approach

The Manager has an appropriately structured approach to the collection and use of ESG-specific data. The Manager accesses a smaller range of data providers than other managers of their size. The Manager demonstrates a foundational ESG research element in their investment process. Research outputs are qualitative allowing input to investment decisions but in a less structured manner than in some peers. Transparency on the transmission from research to portfolio construction is limited. Portfolio monitoring is evident however rather limited in scope. Pleasingly there are some portfolio limits in place. Engagement is a clear component of the Manager's approach and is managed with a structured engagement prioritisation process.

Strategy: Clarity, Measurability & Reporting

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

Manager Level Approach

The Manager's overall ESG policy framework and disclosure are ahead of their peers. The Manager is committed to integrating ESG within their investment process, with a robust framework and strong public positioning. The ESG, proxy voting and engagement policies are accessible on the firm's website. The proxy voting policy and reporting on voting outcomes align with peers supported by a decent proxy voting policy framework and publicly available voting decisions. The Manager has highlighted that engagement is the key pillar of their ESG implementation. A robust framework underpins the engagement policy. While reporting on engagement outcomes is publicly available, further disclosure at the company level would be welcomed.

Product ●●●

Service Providers

Responsible entity	Yarra Funds Management Limited
Investment manager	Nikko Asset Management Europe Ltd
Custodian	Citicorp Pty Limited
Administrator	Citicorp Pty Limited
Fund Auditor	Deloitte
Change in Key Providers? (Over last 12 months)	No

Product Details

Product size	\$257.74m
Fund 12-month net flows	Negative
Distribution model	Affiliate
Buy/sell spreads	0.15%/0.15%
Investment structure	Underlying product
Product type	Registered Managed Investment Scheme (Unitised)
Currency hedged	No
Use of derivatives	No
Types of derivatives	Not applicable

What is the Product Structure?

The product invests in shares of the Nikko AM Global Equity Fund ("the Fund"), a sub-fund of the Nikko AM Global Umbrella Fund, an open-ended investment company. The Fund follows a straightforward, listed global equity strategy, primarily focusing on mid to large-cap stocks and remaining currency unhedged. Yarra Funds Management Ltd serves as the product's Responsible Entity ("RE") and is considered a related party.

Lonsec Opinion

Service Providers

The Manager has engaged large 'tier 1' service providers for critical functions such as custodial, administration and broking services. While the product uses a related-party RE, there have not been any issues with this model since the product's inception.

Operational 'Red Flags'

Implementing the product is not considered operationally challenging. However, it is structured as a feeder fund, gaining exposure through purchasing or selling shares in a Luxembourg investment company. This structure might be less tax-efficient than direct equity investments, so investors may wish to seek independent tax advice.

Wind-up Risks

The product and the broader global equity capability enjoy strong market support, with minimal wind-up risk. This support is enhanced by the additional distribution resources provided by Yarra locally.

Fees ●●●

Annual Fees and Costs (% p.a.)

Management fees & costs	0.99
Performance fee costs	0.00
Net Transaction Costs	0.00
Buy/Sell Spread	0.00/0.00
Annual fees and costs	0.99

Source: FE fundinfo, PDS Date: 20/Mar/2023

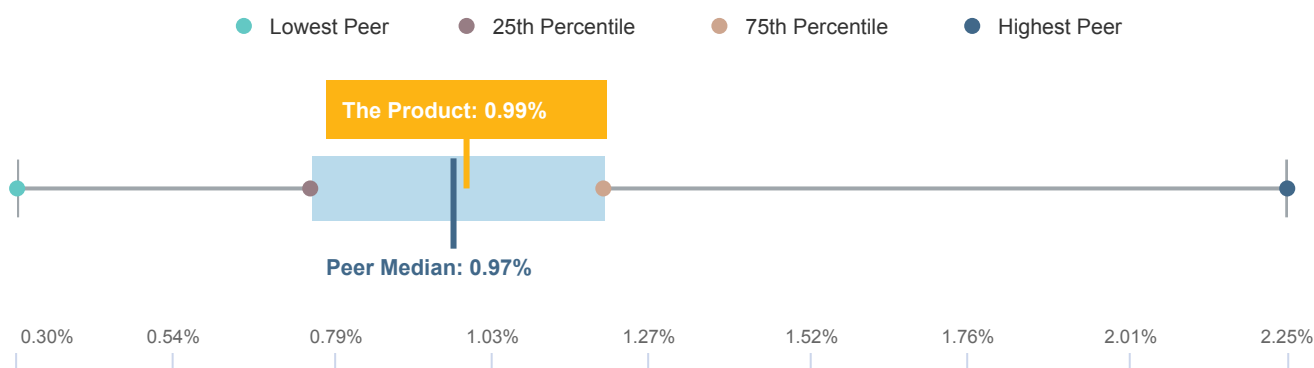
Performance Fees

Applicable	No
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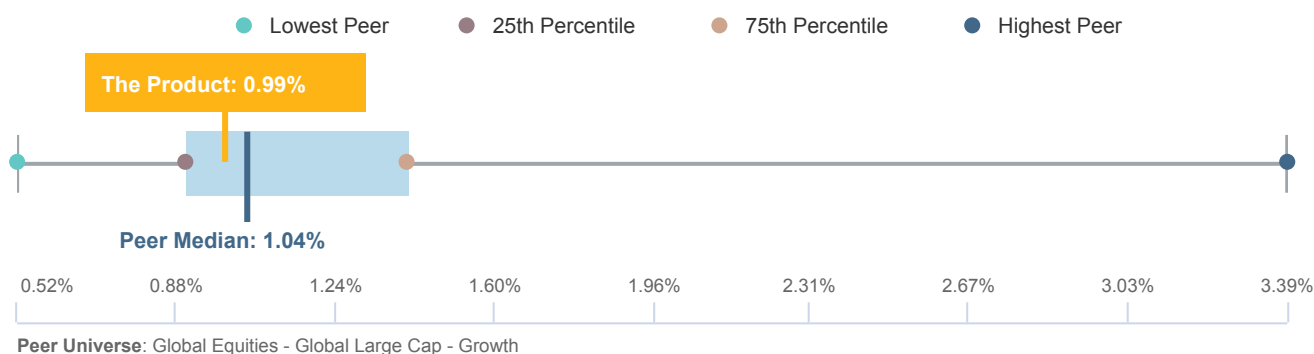
Fees Explained

The Fund's Annual Fees and Costs ('AFC') total 0.99% p.a. This value comprises (1) management fees and costs of 0.99% p.a. and (2) net transaction costs of nil. The Fund does not charge a performance fee.

Management Fees and Costs Peer Comparison



Annual Fees and Costs Peer Comparison



Lonsec Opinion

Annual Fees and Costs

The total fee load for the Fund is considered to be reasonably competitive compared with the peer group.

Fairness

Since there is no performance fee, total fees and costs are capped, providing investors with certainty. The fee structure is competitive, especially when considering the Fund's performance objective.

Performance data is as at 31 December 2024

Performance ●●●

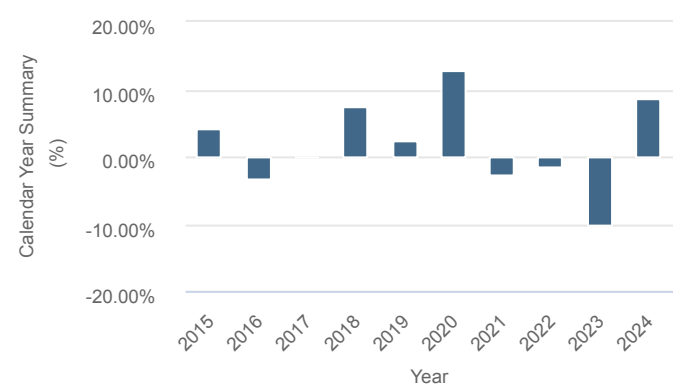
Performance Summary

PDS return objective	To outperform the benchmark by 3% p.a., before fees, over rolling three-year periods
Internal return objective	To outperform the benchmark by 3% p.a., before fees, over rolling three-year periods
Internal risk objective	Tracking error within 3-8% p.a.
Product benchmark	MSCI AC World NR Index AUD
Lonsec peer group	Growth

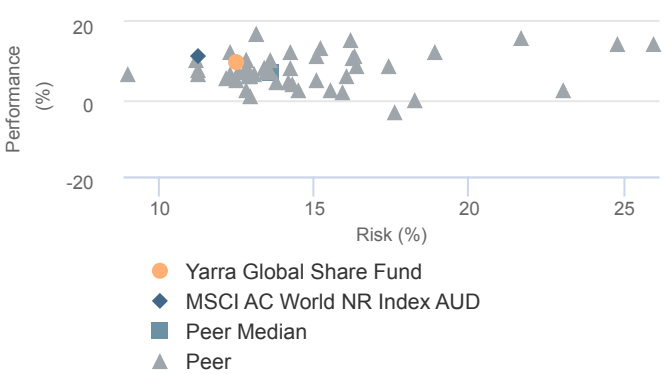
Alpha Generation

The Fund's performance over the medium to long term was impacted by a challenging 2022, during which rising rates created a notable headwind for 'quality / growth' focused investment strategies. As a result, the Fund was unable to meet its lofty investment objective over the three years to December 2024. Pleasingly, the Fund's performance recovered strongly over the year, outperforming both the benchmark and peer median comfortably.

Calendar Year Excess Return



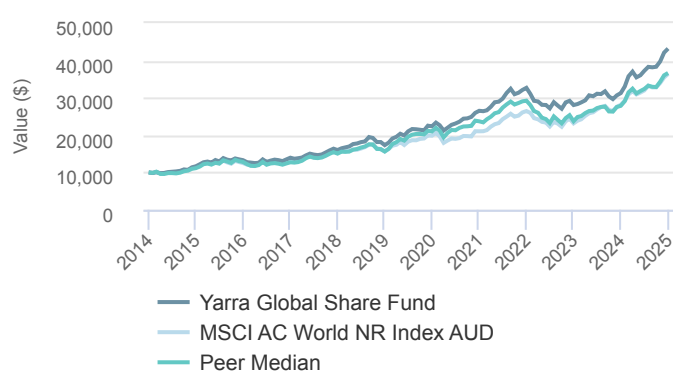
3 Year Risk and Return



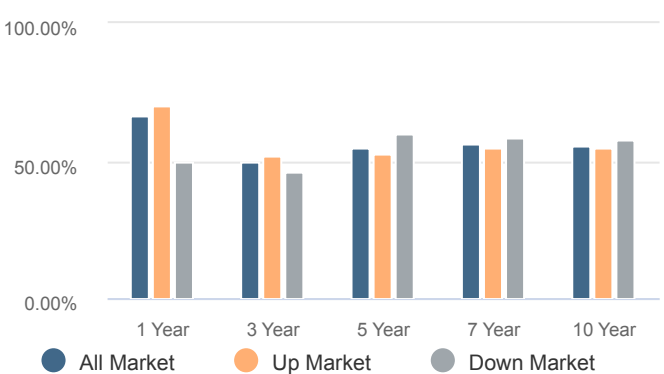
Alpha Consistency

Recent results have diminished the Fund's medium- to long-term alpha. Nevertheless, the strategy has a track record of outperformance relative to the Benchmark in markets favourable to its investment style. Since its inception to December 2024, the Fund outperformed by 3% p.a.

Growth of \$10,000 Over 10 Years



Returns Consistency



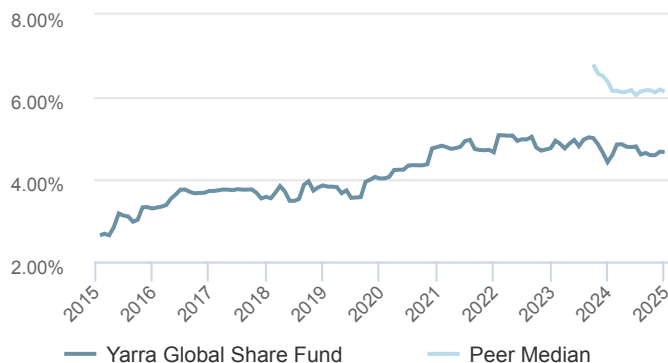
Performance data is as at 31 December 2024

Performance (continued) ●●●

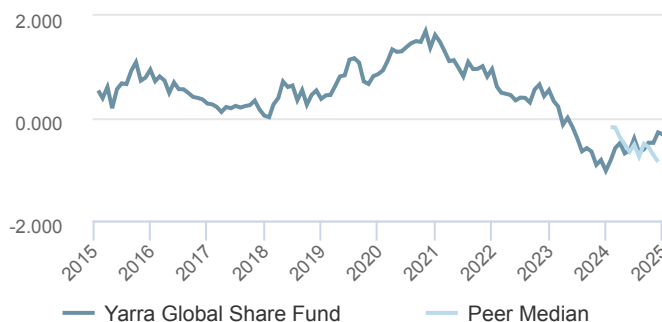
Benchmark Relativity

The Fund demonstrates a moderate level of activeness, consistent with its target tracking error of 3-8% p.a. For the three years ending in December 2024, the Fund had a tracking error of 4.7% p.a., compared to the peer median of 6.1% p.a. Additionally, the Fund has maintained an Active Share of approximately 90%, indicating its active investment approach.

3 Year Rolling Tracking Error Over 10 Years



3 Year Rolling Information Ratio Over 10 Years



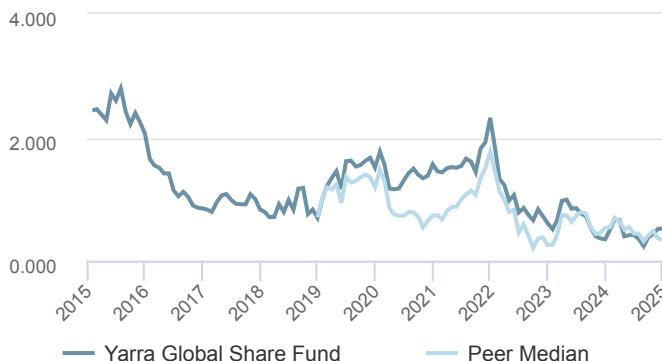
Return Volatility

The Fund's returns have been more stable than the peer median over the three years ending in December 2024 (12.5% p.a. versus 13.6% p.a.). This, coupled with a slight outperformance compared to the peer median, resulted in a slightly higher Sharpe Ratio than peers over the period, indicative of superior risk-adjusted returns. The Fund's Sharpe Ratio tracked higher than the peer median across most time frames to December 2024.

3 Year Rolling Standard Deviation Over 10 Years



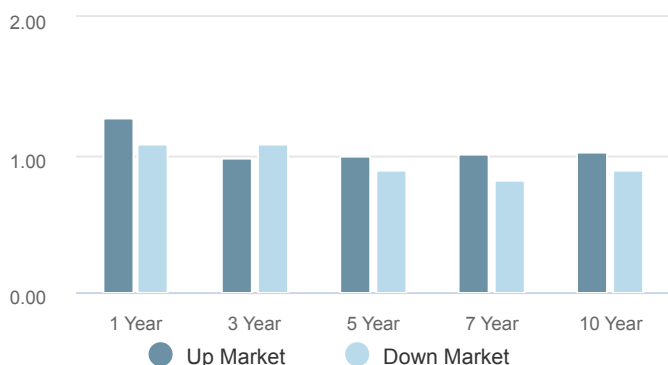
3 Year Rolling Sharpe Over 10 Years



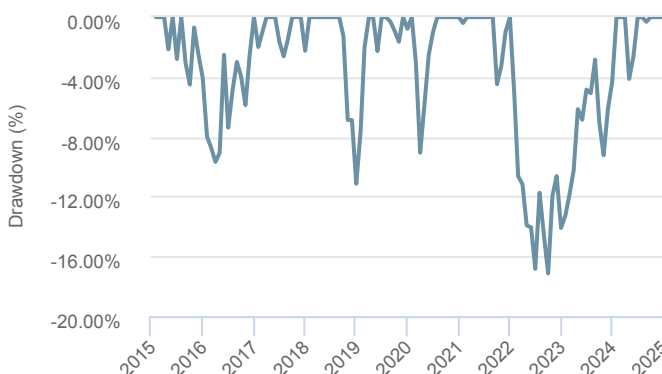
Product Defensiveness

Since its inception, the Fund has demonstrated a reasonable level of defensiveness, consistent with the strategy's focus on 'quality.' This is evidenced by the Fund's downside capture of around 97% since inception. Despite experiencing a notable drawdown in 2022, similar to its peers, the Fund's drawdown was lower than the peer median, highlighting its defensive attributes.

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

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

ASX listed Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings). Lonsec Research is a wholly owned subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings) and provides in-depth, investigative investment research across a broad range of listed and unlisted investments. 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.

Lonsec Research FSG (continued)

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. 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

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Lonsec Research review and rate products for Fund and Equity Managers who may from time to time have holdings within Generation Development Group Limited. Lonsec Research manages any potential conflict by disclosing to investors who access the research for these products and by implementing a comprehensive ratings process, information barriers and monitoring program. For further information on how Lonsec manages its conflicts refer to our Conflicts of Interest Statement accessible here <https://www.lonsec.com.au/lonsec-group-conflicts-of-interest-statement/>. For more information refer to Lonsec Research Ratings Methodology available on our platform iRate or by contacting us on 1300 826 395.

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