



## Hostplus - Conservative

Author: Mike Grdosic Published: 30 Mar 2026

Data is provided by the manager at 30 Jun 2025, and currency in AUD, unless otherwise stated

Refer to glossary for definition of the rating

### Product Review

#### About this Product

Benchmark	SR25 Conservative Balanced (41-59) Index#
Product structure	Super Option
Product size	\$4.1b
Inception date	Oct 2007
Asset class	Multi-Asset
Sector	41-60% Growth Assets
Growth/defensive split	58/42
Peer group	Superannuation
Rated peers	12

#### Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	High
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	0.24
Investment fees and costs	0.81
Net Transaction Costs	0.07
Buy/Sell Spread	0.00/0.00
<b>Annual fees and costs</b>	<b>1.12</b>

Source: FE fundinfo, PDS Date: 30/Sep/2025

### Product Opinion

The Option's 'Recommended' rating has been maintained at the latest review. This rating is supported by Hostplus's heritage in multi-asset investing and sustained performance over the long term. There is a clear investment strategy focussed on capturing the illiquidity and complexity premium, which is supported by the young demographic profile of the fund. The investment team, led by experienced investors, has also been increasing resources and systems to manage growing assets, with dedicated JANA resources providing ongoing support.

Detracting from the rating is a high fee load relative to peers. In addition, the deep reliance on a singular asset consultant may inhibit idea generation over the medium term.

#### 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

#### Strengths

- A clearly articulated long term investment approach supported by a young member base and strong cash flows.
- High-quality, experienced and relatively stable senior leaders, supported by a growing well credentialed investment team.
- A comprehensive outsourced operational model that allows the team to remain focused on key investment matters.
- Sufficient scale to harness the broad range of market opportunities without undermining the investment operational model.

#### Weaknesses

- Total fee load is at the higher end of the Lonsec-rated peer group.
- High allocations to less liquid 'defensive' assets may lead to less protection in protracted downturns involving liquidity events.
- A narrow range of external specialist consultants relative to larger peers.

### Key Facts

#### Key Objectives

Investment objective	CPI plus 3% p.a. on average over 20 years, after fees and taxes.
Internal return objective	Outperform customised internal benchmark, after fees and costs.
Internal risk objective	N/A
Non-financial objective	N/A

#### Rating History

30-Apr-2025	Recommended
24-May-2024	Recommended

#### Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

#### Asset Allocation (%) (as at 30/06/2025)

	SAA Benchmark %	Min %	Max %	Current Allocation %
Australian Equities	16.00	10.00	30.00	16.19
International Equities	22.00	10.00	45.00	23.98
Unlisted Property	9.00	0.00	25.00	8.04
Unlisted Infrastructure	9.00	0.00	25.00	8.91
Australian Fixed Interest	9.00	0.00	40.00	7.11
Global Fixed Interest	9.00	0.00	40.00	8.89
Alternative Assets	6.00	0.00	20.00	6.32
Private Equity	3.00	0.00	10.00	3.28
Others	7.00	0.00	20.00	6.93
Cash	10.00	5.00	25.00	10.35
Total				100.00

#### Performance Analysis - annualised after fees at 31/12/2025

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	9.18	7.73	9.02	8.47	8.59	8.46	6.58	6.02
Standard deviation	3.16	3.33	2.73	3.18	3.13	3.58	3.52	4.14
Excess return (% p.a)	1.42	-0.03	0.80	0.24	0.37	0.24	0.64	0.08
Outperformance ratio (% p.a)	75.00	41.67	54.17	54.17	52.78	54.17	55.00	50.00
Worst drawdown (%)	-1.37	-1.80	-1.37	-1.81	-2.29	-2.34	-4.95	-6.83
Time to recovery (mths)	2	2	2	2	2	-	6	11
Sharpe ratio	1.65	1.12	1.76	1.28	1.44	1.12	1.10	0.75
Information ratio	2.31	-0.03	0.82	0.41	0.38	0.28	0.54	0.10
Tracking error (% p.a)	0.61	0.66	0.98	0.85	0.97	0.90	1.18	0.99

**Lonsec Peer Group:** Multi-Asset - 41-60% Growth Assets - Superannuation

**Product Benchmark:** SR25 Conservative Balanced (41-59) Index#

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

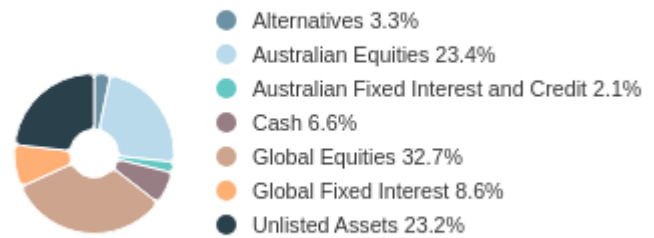
**Time to recovery:** NR - Not recovered, dash - No drawdown during period

### Business ●●●

#### Facts

Fund Name	Host-Plus Pty Limited
Fund ABN	69 657 495 890
Inception Date	Feb 1988
RSE licensee profit status	Not For Profit
Membership	1,861,501

#### AUM



#### Governance

% Independent board members	27
% Female board members	36
Independent chair	Yes
CEO as Chair	No
Separate Audit Committee	Yes

#### Metrics

Total AUM	\$138.3b
Investment Management Headcount	29
Investment Professionals	29
Sales & Service	0

#### Who is the Manager?

Hostplus Superannuation Fund (Hostplus or the Fund) is one of the country's largest profit-to-member industry superannuation funds, managing the retirement savings of over 1,861,501 members across 324,000 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 of October 2025, funds under management stood at \$144.8bn, with strong net cashflow supported by a young member base.

Like other industry superannuation funds, the Fund invests in related parties, including IFM Investors (IFM) and ISPT Pty Ltd (ISPT).

### 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 in a strong financial position.

#### Business Track record

Hostplus began in 1988 as the industry fund for hospitality workers. Since then, the Fund has significantly expanded, mainly through defined contribution plans.

#### Business Ownership

The Fund operates a profit-to-member structure and solely operates to benefit the members of the Fund. This structure has the benefit of all profits going to the Fund, rather than shareholders and should be resilient to corporate ownership issues that can beset 'for profit' super funds. All else equal, this is expected to bring greater stability and focus on its long-term strategy.

#### Business Governance

Hostplus has established multiple layers of compliance and risk monitoring, with oversight from the Trustee Board, external board directors and separate Audit Committee. The Board comprises three independent directors, with the balance representing employee and employer groups. Non-executive directors are viewed as having complementary skills and experience, with the Chair notably having a strong investment management background, which is viewed positively. Importantly, the Fund has not reported any significant regulatory findings in recent years.

Overall, governance is considered strong, although it is notable that a formal Investment Committee (IC) does not exist, which stands apart from most peers. However, the Specialist Investment Group (SIG) has delegated authority to oversee unlisted asset valuation governance and to provide timely approvals for direct and co-investment opportunities.

### 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	31/18	18
Greg Clerk	Deputy CIO - Investment Strategy & Risk	No	2016	27/10	10
Susan Orr	Deputy CIO - Portfolio Construction	No	2024	21/<2	<2
Kevin Wan Lum	Executive Manager, Investment Research	No	2025	28/<1	18

#### KDM Change\*

	Function	Change	Type	Tenure (yrs)	Date of change
Kylie Molinaro	Head of Responsible Investing	Joined	New	2	July 2023
Jordan Kraiten	Head of Infrastructure	Departed	Exit	10	Dec 2023
Spiros Deftereos	Head of Property	Departed	Exit	9	Dec 2023
Mayur Taylor	Head of Residential Living	Joined	New	2	Dec 2023
Susan Orr	Deputy CIO (promoted 2025)	Joined	New	<2	June 2024
Chris Cawson	PM - Property	Joined	New	<2	Aug 2024
Con Michalakis	Deputy, CIO	Departed	Exit	3	Jan 2025
Janis Morris	PM - Infrastructure	Joined	New	<2	Feb 2025
Marc Bautista	Head of Portfolio Management	Joined	New	<1	Sep 2025
Kevin Wan Lum	Executive Manager, Investment Research	Joined	New	<1	Nov 2025

\* Last 3 years

#### Profile

Size	29
Structure	Decentralised
Turnover	Medium

#### Alignment

Performance-Based bonus	Yes
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#### Resources

	Number	Average Years Experience
Key decision makers	4	26
Portfolio Managers	8	21
Hybrid portfolio manager/analysts		
Dedicated analysts	4	9
Dedicated dealers		
Quantitative	3	6
ESG/Sustainability	3	22
Macro		
Investment Specialists	7	15

#### Who is the Team?

CIO Sam Sicilia has over 30 years of industry experience, leads the team and is responsible for capital markets and generating investment insights for the Fund. Sicilia is supported by two Deputy CIOs, Greg Clerk and Susan Orr. The team currently consists of 29 investment professionals who are tasked with designing and implementing the fund's investment strategy, as directed by the Board of Directors.

Clerk (previously Head of Investment Strategy) joined the Fund in 2016, bringing with him a long-standing working relationship from his time at JANA, the Fund's primary asset consultant. Orr joined the Fund in June 2024 and was appointed Deputy CIO in January 2025 subsequent to the departure of Con Michalakis. Like Clerk, Orr was a senior leader at JANA where she was the Head of Infrastructure Research for over 12 years. The KDMs are supported by portfolio managers in International Equities - Dmitry Capel, Alternatives - Daniel Dujmovic, Credit, Diversified FI & Cash - Alice Hardie, Australian Equities - David Obst, Private Equity & Venture Capital - Chris Williams, Property - Chris Cawson, Residential Living - Mayur Taylor, Infrastructure - Janice Morris, Investment Research - Kevin Wan Lum and Head of Portfolio Liabilities - Marc Bautista. The team is expected to continue growing with a number of remaining vacant positions.

## Lonsec Opinion

### Skill

The investment team, led by Sicilia and supported by Clerk, is highly experienced. The two senior leaders have significant tenure within the team and bring a broad range of experience in investment consulting and management. Orr, recently promoted, has deep experience in Infrastructure but is still developing the multi-asset operational experience required for the current role. Most of the remaining asset class heads and senior investors are seen to have sound skills and experience, with supporting analysts being well-credentialled. Since 2002, the Fund has exclusively used JANA for asset consulting in a very integrated manner, benefiting from JANA's extensive research and implementation capabilities. Importantly, the internal investment team leverages the extensive external managers' networks, particularly in private markets, to capture ideas and capabilities well beyond those available internally or at JANA.

Although JANA's capabilities are well regarded within Australia, additional advisors with a deeper global footprint may be needed for a large and growing fund. Moreover, the strong JANA heritage across many internal team members may give rise to perceived conflicts that need to be carefully managed to ensure objectivity.

### Team Size

The investment team of 29 (with additional vacancies) appears smaller than peers with a similar level of assets under management. That said, the team size is aligned with the dominant external 'manager-of-manager' implementation model. The growth in direct and co-investments in private assets may require further resources over time, although the team benefits from an additional 27-member team at JANA, focusing on strategic asset allocation (SAA), asset class research, direct/co-investment asset diligence and reporting. The depth of integration of JANA with the investment team is unique relative to peers, but is seen to allow the team to be more focused on strategic issues and investment opportunities. Smaller teams can also benefit from a more collegiate culture with fewer organisational frictions that can lead to better investment outcomes.

### Track Record/Co-Tenure

The key decision makers have a demonstrable track record developed over market cycles with a reasonable level of co-tenure, noting Orr is a recent hire but brings continuity from her prior role at JANA. More broadly, the team has low to moderate co-tenure given recent growth in team members.

### Alignment

The level of financial alignment is moderate 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 may lead the team to adopt a greater 'whole of portfolio' mindset rather than promoting a siloed culture. Importantly, non-monetary benefits appear high, given the smaller team size, positive culture and work environment, which will need to be monitored for any degradation as the team size grows.

### Key Person Risk

Key persons risk is moderate to high and focused primarily around Sicilia and Clerk. This is slightly elevated due to the recent departure of co-deputy CIO, Con Michalakis, although his tenure was relatively short. Positively, the risk is partially mitigated by the broader team's experience, including recent additions of Orr and Wan Lum, the outsourced investment model and deep integration of JANA.

Also of note is the Management Investment Committee comprising David Elia (CEO) and the four KDM's in the CIO team, which is the key internal Committee which guides the strategic investment recommendations to the Trustee alongside the CIO. Elia has been with the Fund for over two decades, which is viewed positively.

#### What is the Investment Process?

The Fund adopts a long-term investment approach supported primarily by JANA's asset allocation and manager research processes, which supplement internal resources. The team, along with JANA, are responsible for researching and monitoring the Fund's strategic asset allocation (SAA). JANA's asset allocation views are determined quarterly by an in-house committee and then tailored to meet the objectives of the Fund. The team, however, do not support short-term active asset allocation decisions; rather, it has focused on bottom-up asset class opportunities and has historically allocated materially to unlisted assets. The SAA and asset class strategies are formally reviewed annually, with external manager performance monitored monthly or quarterly by the investment team with the support of JANA. Ultimately, the Trustee Board or delegated sub-committees approve the SAA, manager selection and direct/co-investment opportunities.

Hostplus remains committed to outsourcing its investment requirements to external managers, with the only internal management capability comprising the residential property team. Hostplus holds a small number of unlisted asset investments directly, but otherwise all assets, including co-investments, are externally managed. Internal processes and governance structures have evolved to support the direct and co-investment opportunities.

Like other industry superannuation funds, the Fund invests in related parties, including IFM Investors (IFM) and ISPT Pty Ltd (ISPT).

### 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, underpinned by beliefs associated with diversification, long-term investing, active management and the availability of an illiquidity/complexity premium, makes good use of its long-term member demographics and robust net cash flows. A young demographic means the Fund can take a true long-term investment approach and coupled with strong net flows, means they can have a higher tolerance for illiquidity and complexity. The Fund then seeks to add to these natural advantages through its active management process, which sees it adding capital to long term opportunities or where capital is scarce.

The team also believes that it's the 'net-benefit to members that counts', resulting in higher allocations to more illiquid and complex strategies with higher fee structures. It is viewed positively that the team has a differentiated investment approach.

Notwithstanding these positives, the Fund is considered heavily reliant on the younger member demographic profile, the illiquidity/complexity premium to persist, and strong stakeholder management skills to retain the differentiated strategy during lean years. The Fund's approach may need to be adaptable should these conditions change.

#### Research Process

Idea generation	JANA, External Managers, Network, Internal Research
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, the team and JANA's approach to manager research is comprehensive, with a dual focus on quantitative and qualitative analysis, ensuring a thorough evaluation of investment managers. Given the growing number of strategies and complexity included in the Option, maintaining a high level of engagement with underlying managers may have implications for resourcing.

When reviewing direct investments and co-investments in unlisted property, infrastructure and private equity, the investment team conducts due diligence alongside relevant JANA staff, with contributions from external specialists where required. Given the research-intensive nature of these asset classes, JANA's continued input is seen positively alongside an expansion of investment team resources.

Although JANA's unlisted capabilities are well regarded within Australia, a deeper global reach may be needed for a growing fund. Supplementing existing consulting relationships with niche global experts would bring the Fund more closely aligned with larger peers.

### Process (continued) ●●●

#### Portfolio Construction

Portfolio decision making	Other
Approach to benchmark	Unaware
Typical number of managers	>100
Use of mandates	Yes
Use of alternatives	Yes
Use of unlisted assets	Yes
Allocation to related/affiliated exposure	circa 24%

The Option's investments are primarily outsourced to external managers via mandates. However, in recent years, the Fund has increased its direct investments and co-investments within the property, infrastructure, and private equity asset classes. These co-investments, along with partnerships with external managers that provide access to high-quality deal flow, are viewed positively. In more traditional asset classes, the Fund has effectively utilised an incubator strategy over time, initially allocating smaller amounts of capital to start-up fund managers, which helps secure capacity and potentially more competitive fees.

Portfolio construction follows the SAA closely, with rebalancing via the liquid asset classes. Given the high allocation to illiquids, the SAA can drift meaningfully from strategy in volatile periods. Rebalancing typically involves the physical movement of cash, which can be viewed as lagging behind leading peers where derivative overlays are used to quickly gain access to liquid market exposures to reduce implementation slippage.

FX hedging policy is focused on the AUD/USD currency pair, which is not as comprehensive as leading peers given underlying portfolio exposures, but implementation levels are very clear and prescriptive.

#### Capacity Management

It is considered good practice for superannuation funds to have a strategic capacity management plan. 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. Hostplus is well aware of potential domestic capacity issues and continues to develop its strategy. While these challenges will continue to be monitored, the Fund is suitably positioned with several levers that can be used to alleviate capacity concerns.

#### Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	Aladdin
Rebalancing frequency	Weekly
Rebalancing bands	+/-2%
Country Limits (Min./Max.)	N/A
Gross exposure range	0-0%

Hostplus continues to enhance its investment risk and performance analytics, building on substantial improvements in recent years. The Fund continues to utilise JANA's tools, including Solve, for top-down asset allocation. The investment team augments this analysis by conducting bottom-up portfolio analytics primarily through Aladdin, integrated with eFront for private markets, which has been operational since Q1 2023. Aladdin is regarded as a best-in-class risk management system, though full implementation and optimisation may take time. Hostplus continues to enhance its investment risk and performance analytics, building on substantial improvements in recent years.

The Board oversees the Fund's governance and overall strategy covering investment decisions, performance monitoring, and investment policy compliance. Notably, the Special Investment Group, focuses on large unlisted asset transactions involving direct and co-investment opportunities, including valuation governance and is seen as a positive development for a growing fund.

#### Manager Positioning - Product

Responsible investment style	ESG Integration
ESG approach	Stewardship
Sustainability thematic	SDG Alignment
Non-financial objective	None

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

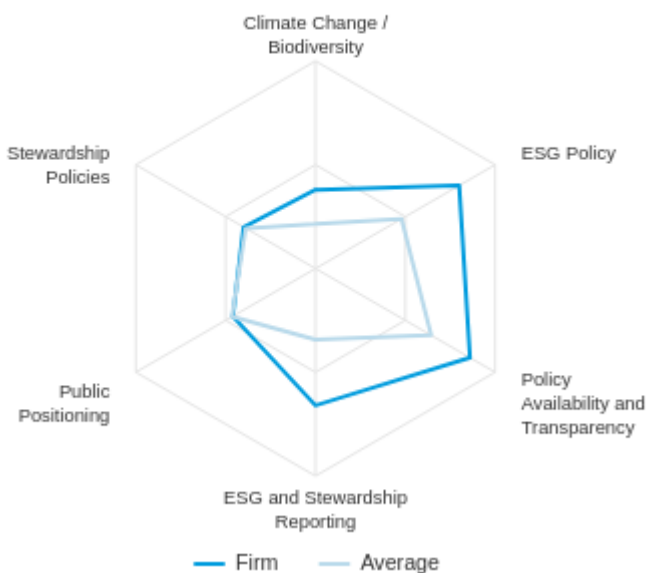
The Fund has indicated that their Responsible Investment style is 'ESG Integration' and as such they consider Environmental, Social and Governance factors when assessing investment opportunities. With a primary ESG style of ;Stewardship' Funds will usually focus their ESG strategy on Engagement and Voting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

### Lonsec Opinion & Supporting Facts

#### Overview

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

#### ESG Snapshot



#### Product Level Approach

While there may be elements of ESG integration undertaken in underlying asset classes there is no clear ESG structure at the overall portfolio level, although the Board retains oversight, minimum ESG requirements for underlying assets or required styles of ESG integration. While this Option does apply screens at the overall portfolio level, systems for monitoring, on a look-through basis, are not evident. The Fund has a clear ESG element in their manager selection process. Funds must have ESG policies in place and adhere to other minimum ESG-based investment standards. Documentation requirements are appropriate. While there is no monitoring of the ESG characteristics of the underlying stocks performed, ongoing monitoring of the policies of the underlying managers is performed on at least an annual basis

#### Strategy: Clarity, Measurability & Reporting

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

#### Manager Level Approach

The Manager's overall ESG policy framework and disclosure are slightly ahead of their peers. The Manager is committed to integrating ESG within their investment process with evidence of policy framework and clear public positioning. The responsible investment and stewardship policies are 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

Registrable Superannuation Entity	Host-Plus Pty Limited
Custodian	Citibank
Administrator	MUFG
Fund Auditor	PricewaterhouseCoopers
Change in Key Providers? (Over last 12 months )	No

#### Product Details

Product size	\$4.1b
Fund 12-month net flows	Positive
Buy/sell spreads	0.00%/0.00%
Net transaction costs	0.07
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 Host-plus 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 is subject to the Federal Government's Your Future, Your Super (YFYS) reforms which came into effect on 1 July 2021. A key requirement for APRA under these reforms is to conduct an annual Performance Test, which aims to increase the transparency and accountability of superannuation funds, particularly concerning underperformance. Failure of the Performance Test can halt future contributions and lead to member outflows for the Option.

### Lonsec Opinion

#### Service Providers

The Fund employs well established service providers. The RSE licensee is a related entity and is responsible for operating and managing the superannuation fund, holds an AFSL and as such is required to comply with its AFSL and RSE obligations as outlined under law and the APRA standards. APRA has not flagged any concerns with the RSE licensee at the time of this review.

Recent press has highlighted the importance of the Administrator function in the general member experience. While somewhat agnostic on the preference of internal or outsourced administration, Funds are encouraged to ensure they balance the costs, risks and efficiencies in both approaches and ensure robust risk management and governance apply.

#### Operational 'Red Flags'

The Fund holds a large allocation towards unlisted assets that are not marked to market. The Trustee has developed a transparent and well-documented valuation policy ensuring valuations are consistently applied through time. The Fund's valuation policy also has measures to deal with stale underlying valuations where market environments are rapidly changing. The Special Investments Group (SIG), a dedicated committee of the Trustee Board, is responsible for valuation oversight and policy enhancements. SIG, however, also has investment-related functions by way of approving large direct/co-investment opportunities. Given the scale and complexity of unlisted assets in the portfolio, the establishment and membership of an independent valuation committee, separate from members comprising SIG, would be viewed favourably.

#### Wind-up Risks

The total assets for superannuation products were \$144.8bn as of October 2025, which indicates strong support from the market. Further, at the time of this report, the product has a reasonable buffer against the Performance Test. As such, the wind-up risk is considered low.

### Fees ●●●

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

Administration fees and costs	0.24
Investment fees and costs	0.81
Net Transaction Costs	0.07
Buy/Sell Spread	0.00/0.00
<b>Annual fees and costs</b>	<b>1.12</b>

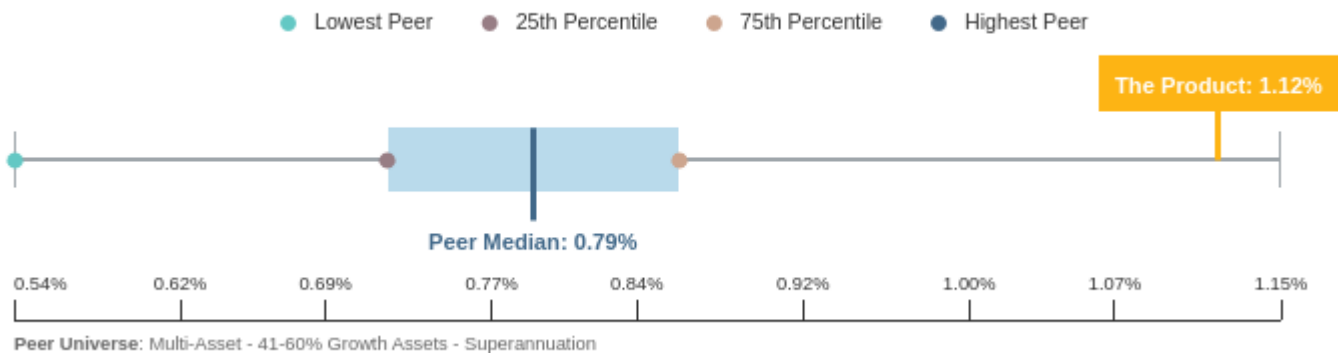
Source: FE fundinfo, PDS Date: 30/Sep/2025

#### Fees Explained

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

Given that 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. The administration fees and costs of 0.24% p.a. are comprised of a flat fee of \$119.16 p.a., regardless of your balance.

#### Annual Fees and Costs Peer Comparison



## Lonsec Opinion

#### Annual Fees and Costs

The Option's absolute fee load (AFC of 1.12% p.a. based on a \$50,000 balance) is considered high relative to its superannuation peer group.

#### Fairness

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

### Performance ●●●

#### Performance Summary

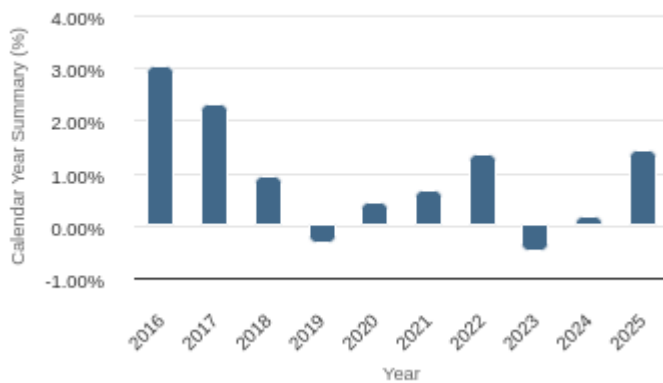
PDS return objective	CPI plus 3.0% per annum on average over 20 years, net of fees and costs.
Internal return objective	Outperform customised internal benchmark, net of fees and costs.
Internal risk objective	N/A
Product benchmark	SR25 Conservative Balanced (41-59) Index#
Lonsec peer group	Superannuation

#### Alpha Generation

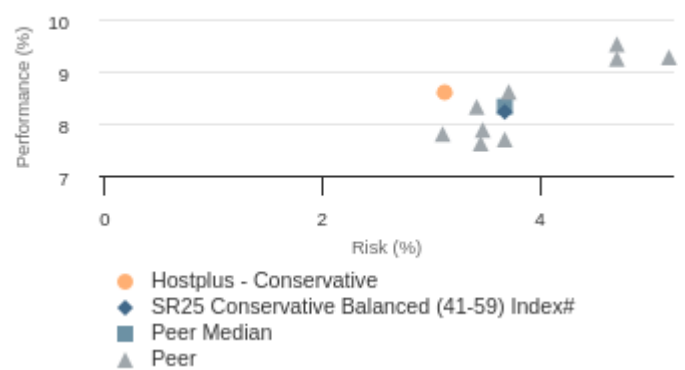
The Option has produced an excess CPI return (after fees and tax) of 3.75% p.a. for the 10 years to December 2025, meaning it has exceeded its performance objective of CPI+ 3.0% p.a. Relative to peers, the Option's return of 6.7% p.a. was above the peer median over the same 10 year period.

The Option's high allocation to unlisted assets vs peers has delivered an appropriate illiquidity premium over the long run. More recently, unlisted assets such as property have lagged, as has active equity management.

**Calendar Year Excess Return**



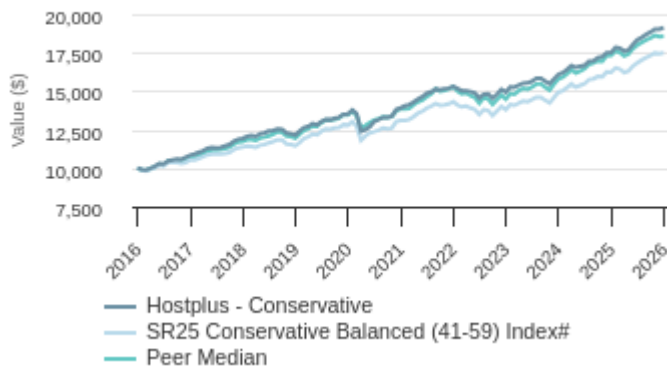
**3 Year Risk and Return**



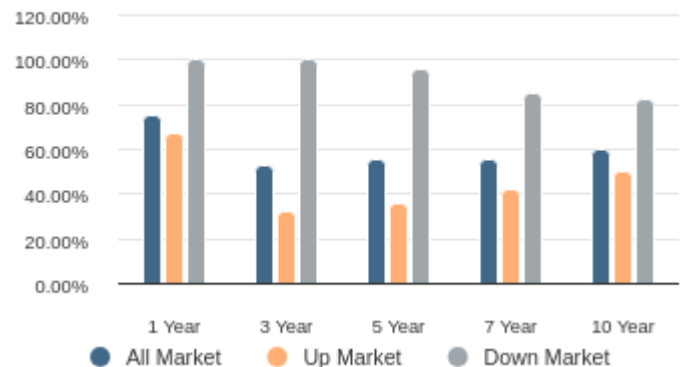
#### Alpha Consistency

The Option's performance is in the top quartile within Lonsec's superannuation peer group across most time periods, demonstrating an ability to generate strong returns over the long term. Growth of \$10k chart is above peer median.

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



**Returns Consistency**

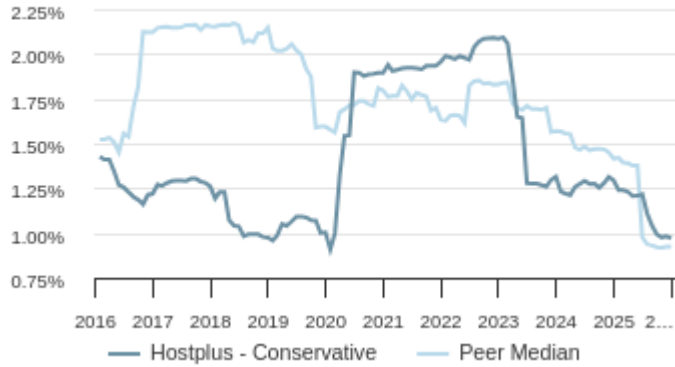


### Performance (continued) ●●●

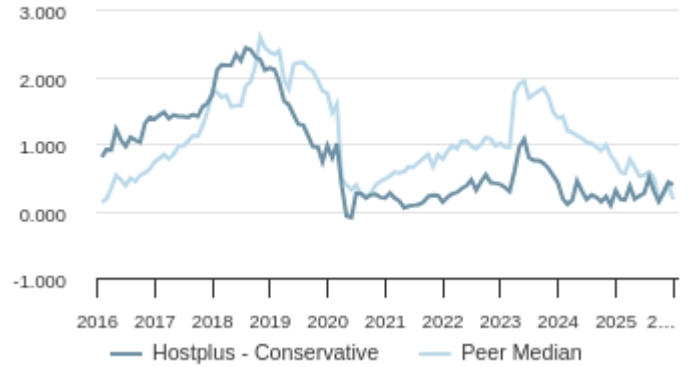
#### Benchmark Relativity

Tracking error is a less relevant measure for multi-asset Super funds. However, the Option's tracking error, a measure of activeness, versus the SR50 Conservative Balanced (41-59) Index, is around peer medium over recent time periods, while the information ratio over a rolling 3-year period has generally been lower more recently.

3 Year Rolling Tracking Error Over 10 Years



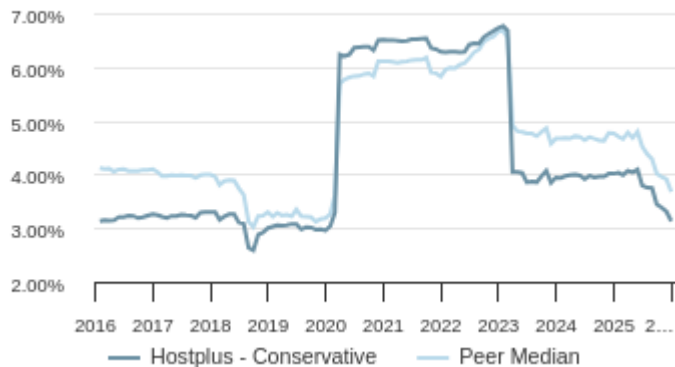
3 Year Rolling Information Ratio Over 10 Years



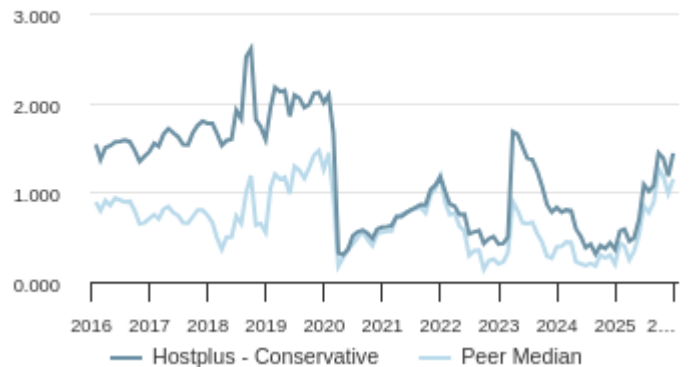
#### Return Volatility

The Option's three-year rolling volatility is lower than the peer group average over most time periods, reflecting its holdings of unlisted assets. As a result, the Option's Sharpe ratio was higher than peers over the same periods.

3 Year Rolling Standard Deviation Over 10 Years



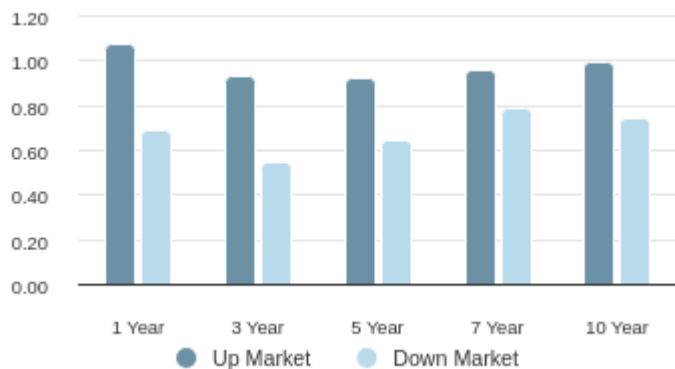
3 Year Rolling Sharpe Over 10 Years



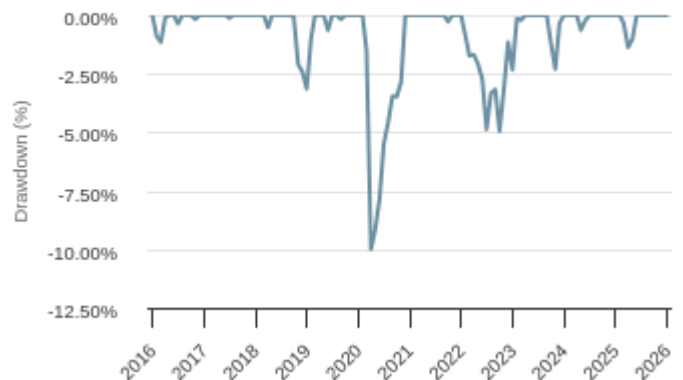
#### Product Defensiveness

The Option's worst drawdowns were generally below peer median over recent time 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.

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# Cumulative returns are calculated by compounding SuperRatings' monthly benchmark series, returns are annualised for periods greater than one year.

## Lonsec Research FSG Financial Services Guide

## Lonsec Research FSG (continued)

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

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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 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.

## Lonsec Research FSG (continued)

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### Complaints Manager

Level 39, 25 Martin Place  
Sydney NSW 2000

Tel: 1300 826 395

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

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

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.

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Australian Retirement Trust is a subscriber to our services and pays a fee to us for this subscription service.

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This FSG was prepared on 1 August 2024.

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