



Hostplus - Indexed Balanced

Author: Hewad Safi Published: 30 Apr 2025

Data is provided by the manager at 30 Jun 2024, and currency in AUD, unless otherwise stated

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	\$12.2b
Inception date	Nov 2017
Asset class	Multi-Asset
Sector	61-80% Growth Assets
Growth/defensive split	75/25
Peer group	Superannuation
Rated peers	28

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	Below median

Annual Fees and Costs (% p.a.)

Administration fees and costs	0.23
Investment fees and costs	0.03
Net Transaction Costs	0.01
Buy/Sell Spread	0.00/0.00
Annual fees and costs	0.27

Source: FE fundinfo, PDS Date: 01/Oct/2024

Strengths

- High-quality and experienced senior investment team.
- Lowest fee load in the Lonsec-rated peer group
- Engagement of dedicated resources from the asset consultant, JANA, extends investment capabilities.

Weaknesses

- Limited diversification relative to actively managed multi-asset peers has resulted in higher volatility relative to the peer median over multiple time periods.
- Typically carries higher equity market beta relative to actively managed Lonsec rated peers.

Product Opinion

The Option's '**Recommended**' rating has been maintained at the latest review. This rating is supported by Hostplus's heritage and sustained performance over the long term. The investment team, led by experienced seniors, emphasizes investing in resources and systems to manage growing assets, with dedicated JANA resources providing ongoing support. The Option's fee load is a key competitive strength, providing a highly cost-effective and passive exposure to traditional asset classes.

The Option's limited diversification leads to higher volatility and larger drawdowns relative to active peers, albeit typical for low-cost diversified products.

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	CPI plus 2.5% p.a. (accumulation) and 3.0% p.a. (pension) on average over 20 years, after fees and taxes.
Internal return objective	N/A
Internal risk objective	N/A
Non-financial objective	N/A

Rating History

24-May-2024	Recommended
13-Apr-2023	Recommended
25-Mar-2022	Recommended

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

Asset Allocation (%) (as at 30/06/2024)

	SAA Benchmark %	Min %	Max %	Current Allocation %
Australian Equities	35.00	20.00	60.00	35.70
International Equities	40.00	20.00	75.00	41.30
Global Fixed Interest	20.00	10.00	30.00	18.00
Cash	5.00	0.00	20.00	5.00
Total				100.00

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

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	14.22	11.89	13.70	11.13	6.59	5.34	7.63	6.86
Standard deviation	5.45	4.24	6.64	5.01	9.00	6.44	9.86	7.61
Excess return (% p.a)	3.03	1.17	3.11	0.53	1.36	0.26	1.23	0.63
Outperformance ratio (% p.a)	75.00	66.67	66.67	56.25	55.56	54.17	58.33	56.67
Worst drawdown (%)	-2.29	-1.69	-4.55	-3.63	-8.57	-6.18	-14.58	-12.44
Time to recovery (mths)	2	2	2	-	6	-	8	-
Sharpe ratio	1.79	1.72	1.43	1.34	0.38	0.30	0.57	0.62
Information ratio	1.95	1.07	1.72	0.86	0.49	0.14	0.45	0.25
Tracking error (% p.a)	1.55	1.34	1.81	1.59	2.78	1.68	2.75	1.87

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

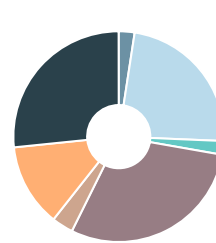
Time to recovery: NR - Not recovered, dash - No drawdown during period

Business ●●●

Facts

Fund Name	Hostplus
Fund ABN	68 657 495 890
Inception Date	Feb 1988
RSE licensee profit status	Not For Profit
Membership	1,861,500

AUM



- Alternatives 2.4%
- Australian Equities 23.2%
- Australian Fixed Interest 2.1%
- Global Equities 29.6%
- Global Fixed Interest 3.3%
- Other 12.8%
- Unlisted Assets 26.6%

Governance

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

Metrics

Total AUM	\$107.6b
Investment Management Headcount	22
Investment Professionals	21
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 1,861,500 members across 312,000 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 December 2024, funds under management stood at \$118.8bn, with strong cashflow supported by a young member base.

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 with sufficient scale to benefit members.

Business Track record

Hostplus has a long and respected track record in multi-asset investing after being founded in 1988 as the industry fund for hospitality workers. A predominately young member base supports the investment program, with sustainable growth and strong cash flows. The Fund has significantly expanded in the previous decade, through mergers but primarily defined contribution plans.

Business Ownership

The Fund operates a not-for-profit, mutual type 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 may 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 demonstrated multiple layers of compliance and risk monitoring, with oversight from the trustee board, external board directors and separate audit committees. The Board of Directors comprises 12 members, with three independent directors and an independent Chair. Board composition is considered to be in line with peers. 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	30/17	17
Greg Clerk	Deputy CIO - Investment Strategy & Risk	No	2016	26/9	9
Susan Orr	Deputy CIO	No	2025	20/1	1

KDM Change*

	Function	Change	Type	Tenure (yrs)	Date of change
Janice Morris	PM - Infrastructure	Joined	New	<1	Feb 2025
Susan Orr (promoted)	Deputy CIO	Joined	Internal	<1	Jan 2025
Con Michalakis	Deputy CIO	Departed	Exit	3	Jan 2025
Chris Cawson	PM - Property	Joined	New	<1	Aug 2024
Susan Orr	Portfolio Management	Joined	New	<1	Jun 2024
Spiros Deftereos	Head of Property	Departed	Exit	9	Dec 2023
Jordan Kraiten	Head of Infrastructure	Departed	Exit	10	Dec 2023
Con Michalakis	Portfolio Management	Joined	New	3	Apr 2022

* Last 3 years

Profile

Size	18
Structure	Centralised
Turnover	Medium

Alignment

Performance-Based bonus	Yes
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Resources

	Number	Average Years Experience
Key decision makers	3	25
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 Investment team is organized around a core group led by the CIO, Sam Sicilia, supported by two Deputy CIOs, Greg Clerk and Susan Orr. This team, consisting of 18 investment professionals, is tasked with designing and implementing the fund's investment strategy, as directed by the Board of Directors.

Sicilia, who has over 30 years of industry experience, is responsible for capital markets and generating investment insights for the Fund. He is supported by two Deputy CIO's – Greg Clerk and Susan Orr. Clerk (previously Head of Investment Strategy) joined the Fund in 2016 with an existing lengthy working relationship from his role at JANA, the primary asset consultant to the Fund. 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 and Private Equity & Venture Capital - Chris Williams, Property - Chris Cawson and Infrastructure - Janice Morris.

The Board oversees the Fund's governance and overall strategy, while the Investment Committee is focused on investment-related decisions, performance monitoring, and compliance with investment policies.

Lonsec Opinion

Skill

The investment team, led by Sicilia and supported by Clerk and Orr, is highly experienced. The senior leaders have significant tenure within the team and bring a broad range of experience in investment consulting and management. 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 Fund's strategic asset allocation ('SAA') and tactical asset allocation ('TAA'). Furthermore, the Fund leverages JANA's manager research process, with the internal investment team involved in the later stages of manager due diligence.

Team Size

The investment team is considered moderate against peers of a similar size. 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. The Fund additionally benefits from a dedicated 27-member team at JANA, which focuses on Capital Markets, Portfolio Construction and various asset classes. The internal team at Hostplus has sufficient expertise to test assumptions, modelling and other output from JANA to ensure it's 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. The most recent joiner, Orr, had an existing relationship with the investment team in her role at JANA which alleviates co-tenure concerns.

Alignment

The level of alignment is considered to be relatively low but 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 portfolio managers 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.

Key Person Risk

Key person risk is moderate and centered primarily around CIO, Sam Sicilia. This is slightly elevated due to the recent departure of co-deputy CIO, Con Michalakis. Positively, the risk is mitigated by the team structure and outsourced investment model.

Process ●●●

What is the Investment Process?

The Fund adopts a long-term approach supported primarily by JANA's asset allocation and manager research processes. Ultimately, the Trustee Board is responsible for asset allocation and manager selection decisions, with guidance and input from the investment team supplemented by JANA. JANA is responsible for researching and monitoring the Fund's strategic asset allocation ('SAA'). As a passive alternative option, this Option does not employ dynamic or tactical asset allocation. To minimise costs, the Option is restricted to the major equity and bond asset classes, which results in a less diversified portfolio relative to active multi-asset peers.

Hostplus remains committed to outsourcing its investment requirements to external managers, except for some investments in the property, infrastructure, and private equity asset classes. In the past few years, the Fund has continued to increase its direct investments and co-investments. Mandates are predominantly used with external managers, who typically exhibit a high-conviction and boutique style.

Like other industry superannuation funds, the Fund invests in related parties, e.g. IFM and ISPT.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Style	Multi-Manager
Asset Allocation Approach	SAA
Sector Exposure	Passive
Available Universe	Mandates, pooled trusts, derivatives

The Fund's investment philosophy centers on selecting best-in-class specialist indexed fund managers. This Option was designed as a passive alternative to the Balanced (MySuper) option. Unlike the Fund's actively managed multi-asset options, the role of the team and JANA in this Option is intentionally minimal, primarily focused on asset allocation. This level of involvement is appropriate given the Option's passive investment approach.

Research Process

Idea generation	JANA, External Managers, Network
SAA review frequency	Annual
DAA/TAA signals	N/A
Managers actively tracked	<5
External consultant	JANA Investment Advisers Pty Ltd

The Option allocates to external managers through specific mandates where possible, defaulting to pooled trusts when necessary. JANA's asset allocation process is robust and well-aligned with the Fund's investment approach. Furthermore, JANA's manager research is thorough, incorporating both quantitative and qualitative analysis to ensure a comprehensive evaluation of investment managers.

Process (continued) ●●●

Portfolio Construction

Portfolio decision making	Other
Use of mandates	Yes
Use of alternatives	No
Use of unlisted assets	No

The portfolio consists entirely of underlying indexed strategies, emphasizing cost efficiency and simplicity. Unlike the active option, where qualitative factors play a more significant role, cost considerations were the primary driver in the allocation decisions for the Option.

The Option's investments are outsourced to external managers, utilizing pooled trusts and mandates. Mandate tailoring or blending individual asset class exposures is considered to enhance portfolio construction and improve control over product design to achieve targeted performance and tracking error objectives. However, it acknowledges that for index funds, economies of scale play a crucial role in keeping costs low, making such customization less practical or necessary.

Like other industry superannuation funds, the Option includes investments in related parties, such as IFM. While related-party investments may introduce perceived conflicts of interest that could impact portfolio construction objectivity, the investment team adheres to strict governance processes. This is further reinforced by the independence of JANA, which reports directly to the Board, ensuring robust oversight.

Capacity Management

Capacity is not a concern for this Option given the passive approach and investable universe.

Investment Risk Management

Monitoring external to investment team	Yes
Primary risk management system	Aladdin
Rebalancing frequency	Weekly
Country Limits (Min./Max.)	N/A
Gross exposure range	N/A

The investment team conducts 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 optimization may take time. The Fund continues to utilize JANA's tools, including Solve, for top-down asset allocation. Hostplus continues to enhance its investment risk and performance analytics, building on substantial improvements in recent years. This ongoing refinement further strengthens its ability to provide a comprehensive 'whole-of-portfolio' view.

ESG ●●●

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

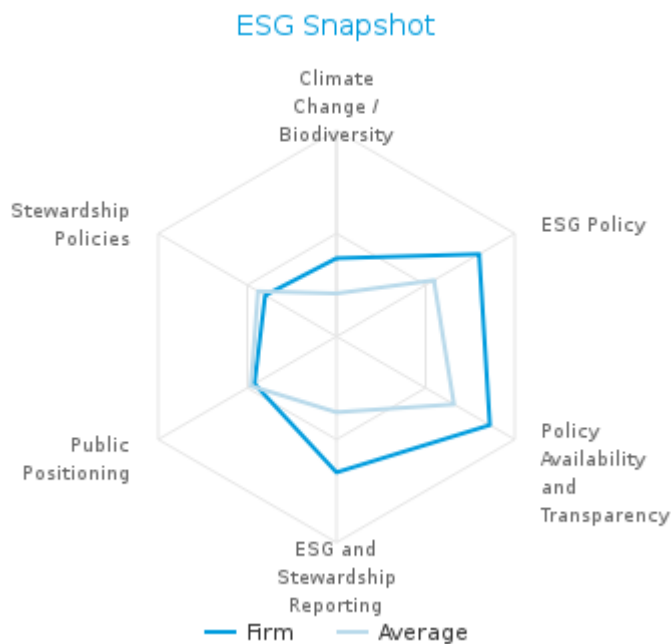
ESG Process Score	Mod
Responsible Investment strategy risk: Clarity, measurability & reporting	N/A

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, with no ESG committee, 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 Fund's overall ESG policy framework and disclosure are slightly ahead of their peers. The Fund 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 concerning the proxy voting policy and voting outcomes is in line with peers supported by publicly available reporting and high-level voting beliefs. The Fund has outsourced engagement activities and reporting to stewardship providers.

Product ●●●

Service Providers

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

Product Details

Product size	\$12.2b
Fund 12-month net flows	Positive
Buy/sell spreads	0.00/0.00
Net transaction costs	0.01
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 ('the test'), which aims to increase the transparency and accountability of superannuation funds, particularly concerning underperformance. Failure of the test can halt future contributions and lead to member outflows for the Option.

Lonsec Opinion

Service Providers

The Fund employs high-quality Tier 1 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 Option is solely invested in major equity and bond asset classes through passive strategies, unlike the Hostplus Balanced Option, which allocates a reasonable amount to assets that are not marked to market. Consequently, the Option is less diversified and exhibits higher equity market beta and volatility than other Hostplus investment options and actively managed peers.

Wind-up Risks

The total assets for the Indexed Option exceeds \$12bn as of December 2024, 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 windup risk is considered low.

Fees ●●●

Annual Fees and Costs (% p.a.)

Administration fees and costs	0.23
Investment fees and costs	0.03
Net Transaction Costs	0.01
Buy/Sell Spread	0.00/0.00
Annual fees and costs	0.27

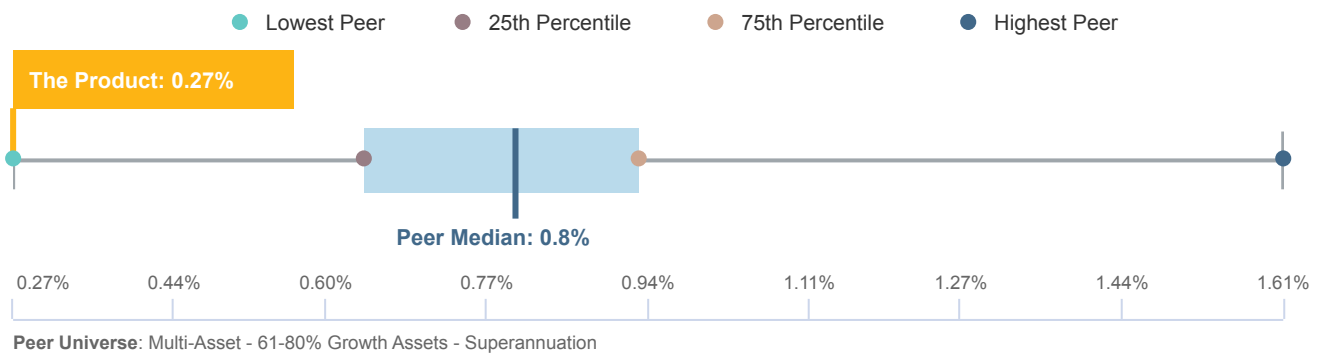
Source: FE fundinfo, PDS Date: 01/Oct/2024

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 administration costs generally consistent 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 0.23% p.a. is comprised of a flat fee of \$115.26 p.a.

Annual Fees and Costs Peer Comparison



Lonsec Opinion

Annual Fees and Costs

The Option's absolute fee load (AFC of 0.27% p.a. based on a \$50,000 balance) is considered low relative to its superannuation peer group.

Fairness

The AFC is highly competitive given its absolute fee structure, albeit with passive exposure.

Performance data is as at 31 December 2024

Performance ●●●

Performance Summary

PDS return objective	CPI plus 2.5% p.a. (accumulation) and 3.0% p.a. (pension) on average over 20 years, after fees and taxes.
Internal return objective	N/A
Internal risk objective	N/A
Product benchmark	SR50 Balanced (60-76) Index#
Lonsec peer group	Superannuation

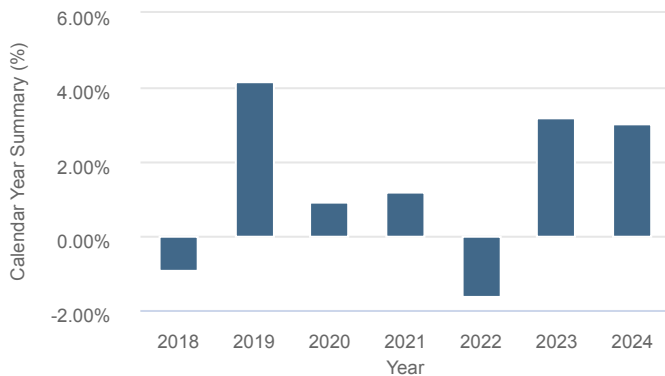
Alpha Generation

All reported performance figures are net of fees and tax but gross of explicit admin fees.

The Option has consistently met its return objective through time and has produced an excess return (against CPI+ 2.5%) of 2.5% p.a. over 10 years.

Relative to peers, the Option's return of 7.6% p.a. was above the peer median of 6.9% p.a. over five years. Over the three-year period, the Option returned 6.6% p.a. (after fees and tax) which was also above the peer median return of 5.3% p.a.

Calendar Year Excess Return



3 Year Risk and Return

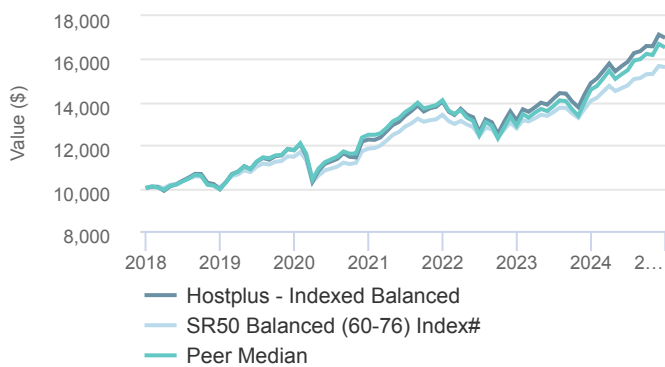


Alpha Consistency

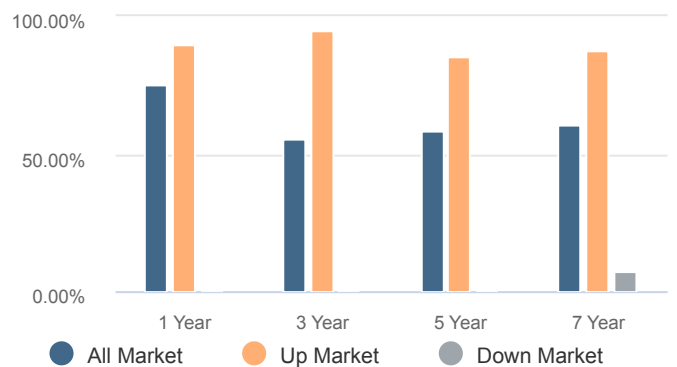
The Option's performance is typically in the top quartile within Lonsec's superannuation peer group, demonstrating an ability to generate strong returns over the long term. The Option's return over the 10 years to December 2024 (7.8%) was slightly above the peer median, as shown in the growth of \$10k chart.

Over the long term, the Option typically outperforms the SR50 Balanced (60-76) Index in 'up markets' while underperforming in 'down markets'. This has been consistent with its one-year returns.

Growth of \$10,000 Over 7 Years



Returns Consistency



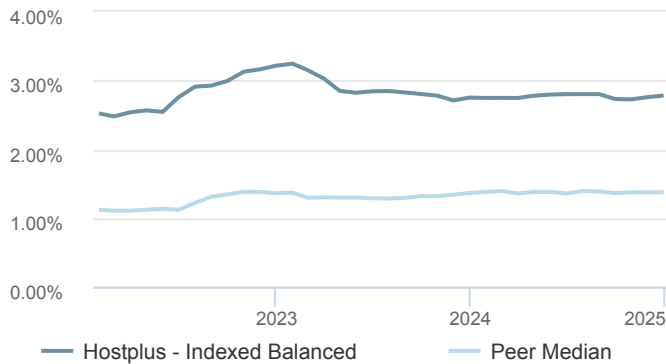
Performance data is as at 31 December 2024

Performance (continued) ●●●

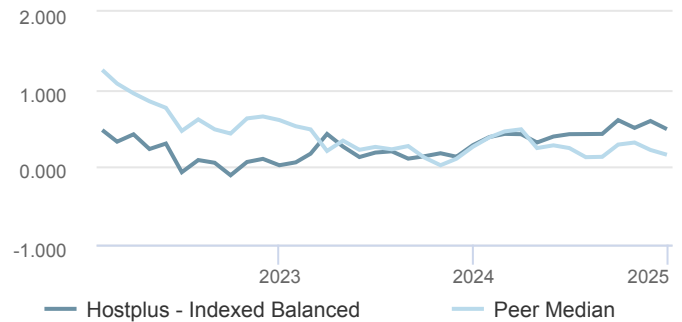
Benchmark Relativity

No commentary available

3 Year Rolling Tracking Error Over 3 Years



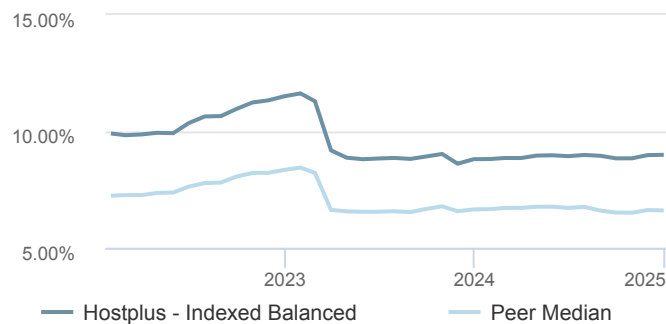
3 Year Rolling Information Ratio Over 3 Years



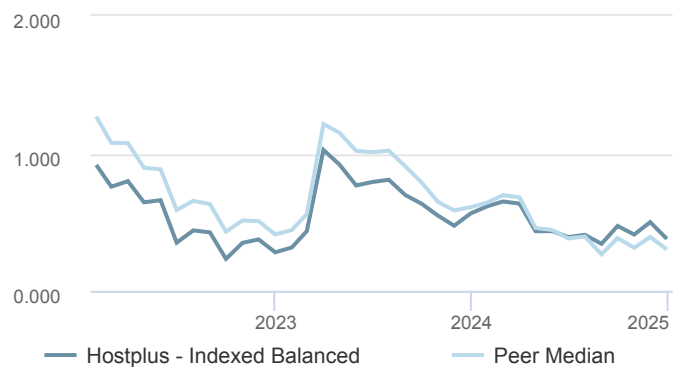
Return Volatility

The Option's three-year rolling volatility is above the peer median over the assessable period. As a result of this, coupled with its absolute returns, the Option's three-year rolling Sharpe ratio has typically been below the peer median through time, albeit narrowing in recent years.

3 Year Rolling Standard Deviation Over 3 Years



3 Year Rolling Sharpe Over 3 Years

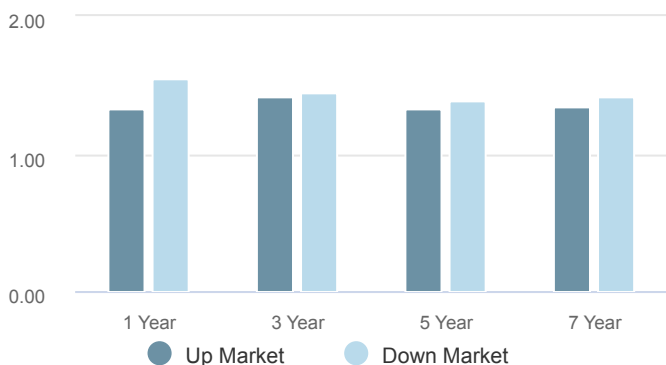


Product Defensiveness

The Option's worst drawdown was above the peer median over the all periods. Over five years, the Option's maximum drawdown of -14.6% was higher than the peer median of -12.5%.

As shown in the Market Capture Ratio chart, the Option typically captures more upside and downside relative to the market, over the long term.

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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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

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 of the above types of products for or by retail and wholesale clients.

1.4 Provision of general advice

Any advice that Lonsec Research provides is of a general nature and does not take into account your personal financial situation, objectives or needs. You should, before acting on the information, consider its appropriateness having regard to your own financial objectives, situation and needs and if appropriate, obtain personal financial advice on the matter from a financial adviser. Before making a decision regarding any financial product, you should obtain and consider a copy of the relevant Product Disclosure Statement or offer document from the financial product issuer.

1.5 How Lonsec Research is paid

Lonsec Research receives fees from Fund Managers and/or financial product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec receives subscriptions fees for providing research content to subscribers including financial advisers, fund managers and financial product issuers. Lonsec Research's fees are not linked to the financial rating outcome of a particular financial product. Lonsec Research fees are determined by private agreement with its clients depending on a number of criteria including the number of financial advisors who access Lonsec Research publications, the range of publications accessed and the complexity of a specific research assignment. 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.

Lonsec Research FSG (continued)

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.

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.

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 1 August 2024.

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