



Refer to glossary for definition of the rating

Product Review

About this Product

Benchmark	CPI + 2.00%
Product structure	Super Option
Product size	\$5.97m
Inception date	May 2019
Asset class	Property and Infrastructure
Sector	Direct Assets
Growth/defensive split	75/25
Peer group	Diversified
Rated peers	9

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	0.33
Investment fees and costs	0.78
Net Transaction Costs	0.13
Buy/Sell Spread	0.00/0.00
Annual fees and costs	1.24

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

Strengths

- High-quality and experienced senior investment team.
- Provides SMSFs with access to unlisted property assets, an asset class traditionally difficult to enter at low investment minimums.
- Offers better liquidity than direct property investments, though some mismatch with underlying assets remains.

Weaknesses

- The team is smaller than peers managing similar portfolios, with recent senior departures in Private Markets.
- A significant allocation to ISPT, a related-party manager, presents a potential conflict, though diversification efforts are underway.
- High concentration in Australian assets increases geographic risk, though offshore exposure is gradually expanding.

Product Opinion

The Option's 'Recommended' rating has been maintained at the latest review, supported by Hostplus's strong investment heritage, experienced leadership, and dedicated JANA resources. It provides SMSFs with access to a difficult-to-invest asset class at low investment minimums and offers better liquidity than direct property funds.

While the introduction of quarterly switching windows is beneficial, a mismatch between the Option's redemption terms and those of its underlying assets remains. However, this has been well managed and is unlikely to pose issues given the Option's current size relative to the broader Fund.

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 2.0% p.a. (accumulation) and 2.5% p.a. (pension) on average over 20 years, after fees and taxes.
Internal return objective	Other
Internal risk objective	Other
Non-financial objective	N/A

Rating History

29-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 %
Unlisted Property	100.00	90.00	100.00	100.00
Cash	0.00	0.00	10.00	0.00
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)	-6.40	-3.21	-6.25	-7.04	0.12	-2.52	2.47	0.93
Standard deviation	3.85	5.36	4.40	5.40	4.95	5.14	6.81	6.93
Excess return (% p.a)	-10.82	-6.10	-11.48	-2.35	-6.63	-0.75	-3.24	-1.48
Outperformance ratio (% p.a)	8.33	75.00	8.33	62.50	16.67	58.33	35.00	51.67
Worst drawdown (%)	-4.64	-5.42	-12.67	-12.67	-12.67	-17.25	-12.67	-18.00
Time to recovery (mths)	NR	-	NR	NR	NR	-	NR	-
Sharpe ratio	-2.83	-1.54	-2.37	-1.53	-0.62	-0.80	0.07	-0.07
Information ratio	-2.63	-0.68	-2.58	-0.30	-1.42	-0.11	-0.47	-0.23
Tracking error (% p.a)	4.11	6.25	4.45	7.81	4.66	6.72	6.89	6.89

Lonsec Peer Group: Property and Infrastructure - Direct Assets - Diversified

Product Benchmark: CPI + 2.00%

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

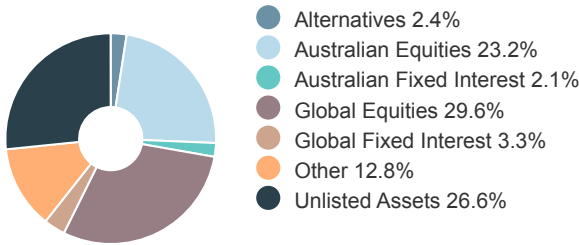
Time to recovery: NR - Not recovered, dash - No drawdown during period

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



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 Michalakakis	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 Michalakakis	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 Michalakakis. 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.

Team (continued) ●●●

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 Michalakakis. Positively, the risk is mitigated by the team structure and outsourced investment model.

Process ●●●

What is the Investment Process?

The Option has approximately 85% of its assets allocated to 'Core' property assets. The Fund defines these as high-quality assets providing a stable, durable return predominantly driven by income. In contrast, the non-core property allocation carries more risk and tends to be more opportunistic e.g. carrying development risks or containing higher leverage. The Option has historically invested in assets within Australia but has, in recent times, increased its allocation to offshore assets (approximately 28% of the Option).

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

The Fund's investment philosophy is predicated on its long-term focus, member demographics and strong cash flows. These factors distinguish Hostplus from other industry peers and support the long-term approach and higher tolerance for illiquidity.

The Fund utilises best-in-class specialist external managers and is enhanced with direct investments and co-investments, particularly focusing on the illiquidity premium of unlisted assets as a central element of its strategy.

Research Process

Idea generation	JANA, External Managers, Network
SAA review frequency	Annual
DAA/TAA signals	N/A
Managers actively tracked	0
External consultant	JANA Investment Advisers Pty Ltd

The Option allocates to external managers using specific mandates where possible or pooled trusts otherwise. JANA's asset allocation process is considered robust and compatible with the Fund's investment approach. Additionally, JANA's approach to manager research is comprehensive, with a dual focus on quantitative and qualitative analysis, ensuring a thorough evaluation of investment managers.

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

Process (continued) ●●●

Portfolio Construction

Portfolio decision making	Other
Approach to benchmark	CPI+ relative
Typical number of managers	15
Use of mandates	No
Use of alternatives	No
Use of unlisted assets	Yes
Allocation to related/affiliated exposure	Yes

The majority of the Option's investments are outsourced to external managers, with significant allocations to ISPT, Lendlease, Charter Hall, and Kayne Anderson. While the underlying assets are illiquid, the Fund has actively expanded relationships in recent years and adjusted sector exposures to enhance diversification and align with its medium- to long-term outlook. The Fund primarily invests through commingled funds rather than mandates, often holding substantial allocations in these funds. This can provide influence over strategic decisions, such as exiting or repositioning assets, but may also limit the ability to fully redeem holdings within liquidity windows.

Although the allocation to ISPT, a related-party manager, raises potential conflicts of interest, the Manager has significantly reduced its exposure over time. Additionally, strict governance processes are in place to ensure investment decisions remain objective.

The portfolio remains heavily weighted toward Australian assets, introducing concentration risk. However, the Fund has increased U.S. exposure, with a medium-term target of 30–40% allocated offshore.

Capacity Management

Despite the Fund's large level of FUM, capacity is currently not a concern given the approach and wide investable universe. 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
Primary risk management system	Aladdin
Rebalancing frequency	Weekly
Country Limits (Min./Max.)	N/A
Gross exposure range	0-0%

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.

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

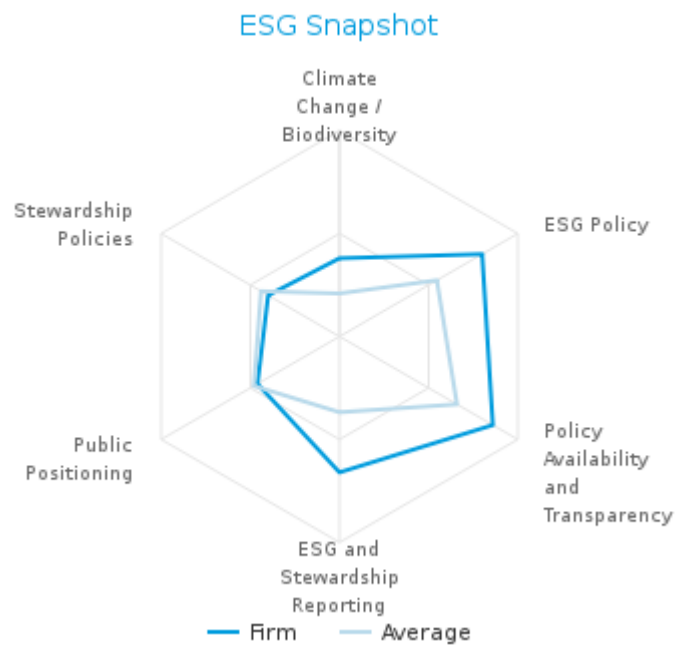
ESG Process Score	Mod
Responsible Investment strategy risk: Clarity, measurability & reporting	N/A

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	Hostplus Pooled Superannuation Trust
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	\$5.97m
Fund 12-month net flows	Negative
Buy/sell spreads	0.00/0.00
Net transaction costs	0.13
Product type	Registrable Superannuation Entity
Unlisted asset valuation frequency	Quarterly
Valuation externally audited	Yes

What is the Product Structure?

The Hostplus Pooled Superannuation Trust (PST) is a registrable superannuation entity (RSE) for which Hostplus Pty Ltd is the issuer and the Trustee. APRA regulates the trustees of superannuation funds who are required to act in the best interest of their members. Hostplus Self Managed Invest enables eligible complying superannuation funds access to investments in the PST that are typically difficult to access. This includes the following Option, which fully invests in direct assets via several external investment managers.

The Option's underlying assets are illiquid and not marked to market. The PST's notional funding structure provides liquidity, with the Hostplus Balanced Option acting as a funding source for all transactions. This feature can only persist while the Balanced Option is much larger than the sum of all other available options (at least 60% of total assets under management). In managing the risks of the notional funding structure, the PST reports at each Board meeting on the aggregate impact of inflows/outflows/switches/market movements upon the asset allocation of the Hostplus Balanced 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 Fund may hold a reasonable allocation towards 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.

Hostplus relies heavily on the underlying managers to provide valuation estimates. Where valuations are relied upon by the external asset managers of interposed vehicles, the Fund has a process to ensure those valuations are conducted appropriately. The Fund also has a policy concerning private equity allocations to assess if the General Partner's ('GP') valuation practices are appropriate. Infrastructure and property assets are backed by independent third-party valuation, with a significant majority occurring quarterly. Its valuation policy also addresses stale valuations in volatile markets.

Given the scale and complexity of unlisted assets, the establishment of a separate valuation committee is seen as best practice. Further internal expertise could enhance valuation reliability, particularly during periods of volatility.

Wind-up Risks

The total FUM for the Option is considered to be low as of June 2024. While the Option itself is significantly smaller, it is backed by a material portfolio enabling scale. As such, the windup risk is considered low.

Fees ●●●

Annual Fees and Costs (% p.a.)

Administration fees and costs	0.33
Investment fees and costs	0.78
Net Transaction Costs	0.13
Buy/Sell Spread	0.00/0.00
Annual fees and costs	1.24

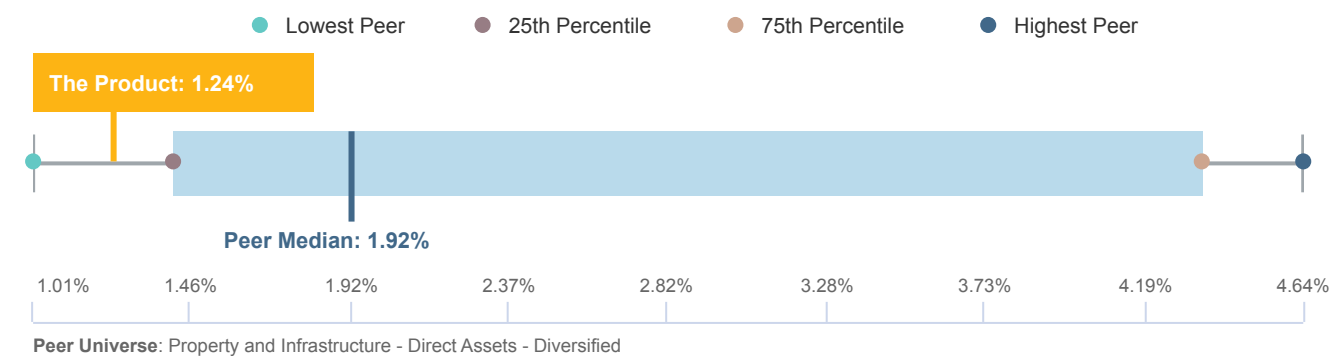
Source: FE fundinfo, PDS Date: 01/Oct/2024

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 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 0.33% p.a. are comprised of a flat fee of \$165 p.a.

Annual Fees and Costs Peer Comparison



Lonsec Opinion

Annual Fees and Costs

The Option's absolute fee load (AFC of 1.24% p.a.) is considered lower than the Direct Assets Diversified peer group.

Fairness

The AFC is very competitive, given it provides similar unlisted asset exposure relative to peers.

Performance data is as at 31 December 2024

Performance ●●●

Performance Summary

PDS return objective	CPI plus 2.0% p.a. (accumulation) and 2.5% p.a. (pension) on average over 20 years, after fees and taxes.
Internal return objective	Other
Internal risk objective	Other
Product benchmark	CPI + 2.00%
Lonsec peer group	Diversified

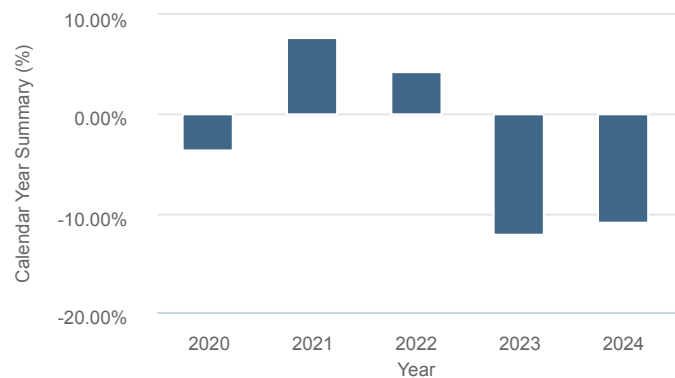
Alpha Generation

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

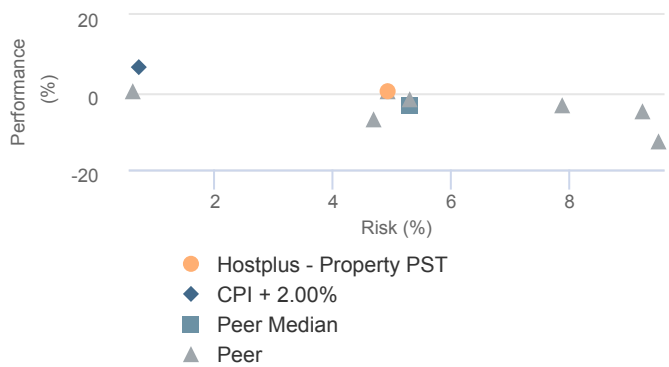
Launched in 2021 as one of six PST offerings, the Option lacks a significant long-term standalone track record. The Option has failed to meet its return objective over five years and has produced an excess return (against CPI+ 2.0%) of -3.2% p.a.

Relative to peers, the Option's return of 2.5% p.a. was above the peer median of 0.9% p.a. over five years. Over the three-year period, the Option returned 0.1% p.a. (after fees and tax) which was also above the peer median return of -2.5% p.a.

Calendar Year Excess Return



3 Year Risk and Return



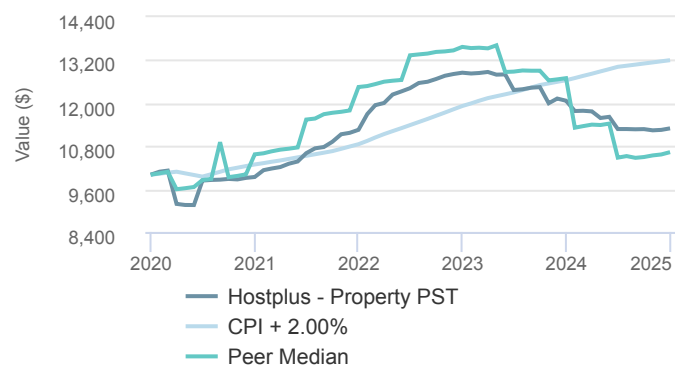
Alpha Consistency

The Option has a limited track record albeit the property portfolio has a well-established and fairly consistent track record within the Hostplus Balanced option.

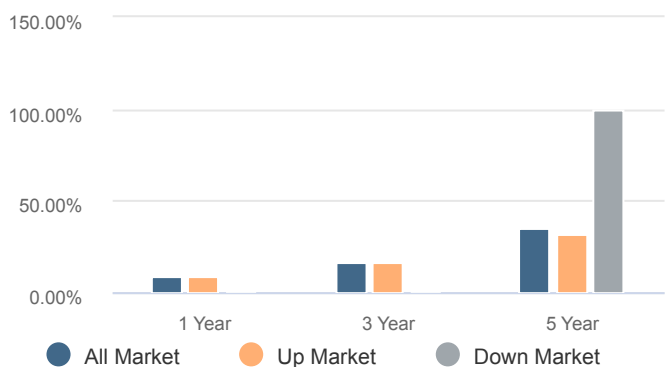
The Option's performance is typically in line with Lonsec's superannuation peer group, demonstrating an ability to generate reasonable returns over the long term. The Option's return over the 5 years to December 2024 (2.5%) was slightly above the peer median, as shown in the growth of \$10k chart.

Over five years, the Option typically outperforms the CPI+ benchmark in 'down markets' while underperforming in 'up markets'. This has been partially consistent with its one-year returns, while no 'down market' has been experienced.

Growth of \$10,000 Over 5 Years



Returns Consistency

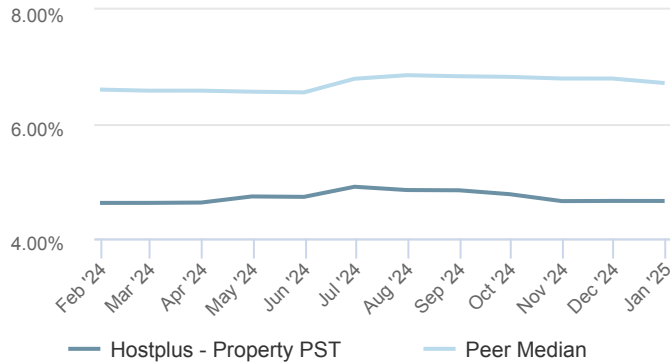


Performance data is as at 31 December 2024

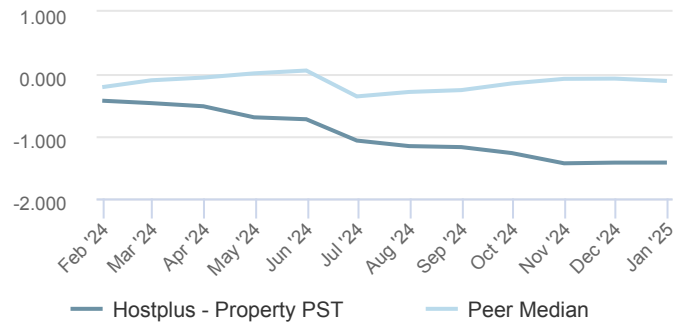
Performance (continued) ●●●

Benchmark Relativity

3 Year Rolling Tracking Error Over 1 Year



3 Year Rolling Information Ratio Over 1 Year

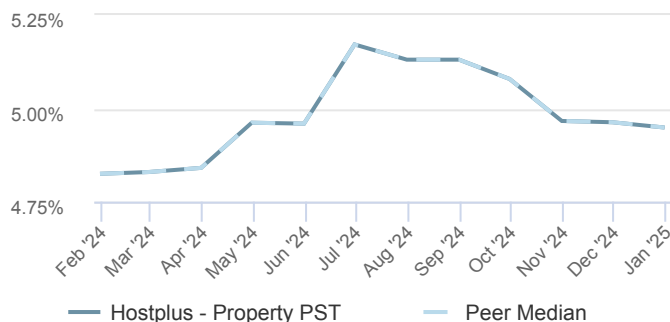


Return Volatility

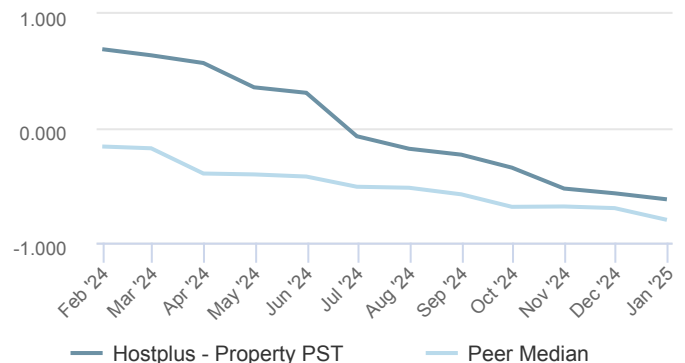
The Option's rolling volatility is in line with expectations given the nature of the underlying assets. Underlying assets aren't marked to market which should provide a smoother return profile through time and lower volatility when compared to listed assets.

As a result of this, coupled with its absolute returns, the Option's one-year rolling Sharpe ratio has been above the peer median, albeit narrowing in recent years.

3 Year Rolling Standard Deviation Over 1 Year



3 Year Rolling Sharpe Over 1 Year

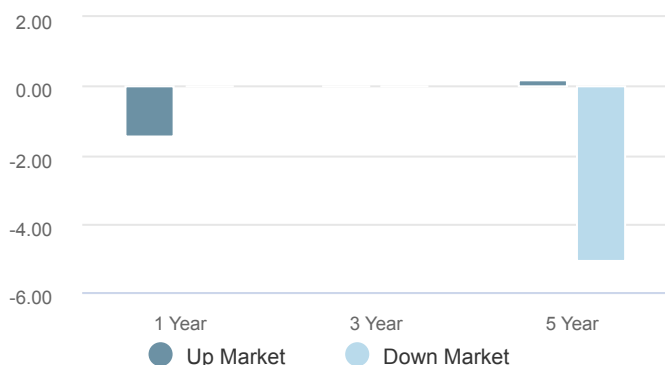


Product Defensiveness

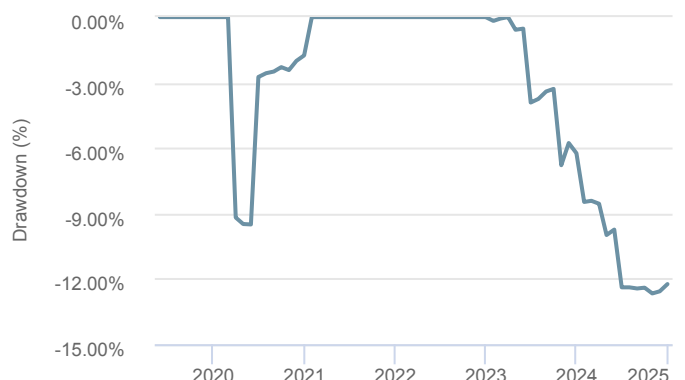
The Option's worst drawdown was below the peer median over three and five years. Over five years, the Option's maximum drawdown of -12.7% was below the peer median of -18%. The Option suffered a moderate drawdown during the COVID sell-off in 2020 before recovering. This drawdown was smaller than listed markets.

As shown in the Market Capture Ratio chart, over five years, the Option has captured positive returns in down markets while exhibiting neutral performance in up markets. This was inconsistent over one and three-year 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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Lonsec Research FSG Financial Services Guide

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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

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Contact Details

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Sydney NSW 2000
Tel: 1300 826 395
Email: info@lonsec.com.au
www.lonsec.com.au

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- 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.

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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

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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.

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