



Pengana WHEB Sustainable Impact Fund

HHA0007AU Author: Leon Khoo Published: 02 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

Investment manager	Foresight Group LLP
Benchmark	MSCI World NR Index AUD
Product structure	Managed Fund
Product size	\$255mil
Inception date	Oct 2007
Asset class	Global Equities
Sector	Global Large Cap
Peer group	Thematic
Rated peers	26

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	Medium
Tenure of Decision Makers	High
Complex (RG240)	No
Strategy Remaining Capacity	\$9.0bn
ESG Approach	Minimum Standards
Peer Relative Fees and Costs	Above median

Annual Fees and Costs (% p.a.)

Management fees & costs	1.35
Performance fee costs	0.00
Net Transaction Costs	0.00
Buy/Sell Spread	0.00/0.00
Annual fees and costs	1.35

Source: FE fundinfo, PDS Date: 10/May/2024

Strengths

- The team has a long track record managing money as global equity ESG specialists.
- The team exhibits a strong philosophical commitment to ESG investing, which is evident in the extensive integration of ESG in the investment process.
- Superior level of transparency and accountability governing the investment stewardship of the Fund.
- The strategy is differentiated relative to some peers, albeit noting recent product development within the sub-sector.

Weaknesses

- Performance relative to the benchmark and peers has been weak for all periods for the last five years.
- The Fund's sustainability approach may translate to a less diversified portfolio versus some peers.
- The new ownership structure has the potential to dilute longer-term incentives and alignment.

Product Opinion

The Fund's rating has been maintained at **Recommended**. The investment team is strongly committed to impact-focused investing, demonstrating high levels of transparency and accountability. In March 2025, the firm was acquired by UK-based Foresight Group LLP, and the new ownership structure and team alignment are important factors to monitor. Additionally, concerns arise from the team's ability to navigate an increasingly complex market environment, along with the Fund's ongoing underperformance compared to its benchmark over the last five years. Furthermore, the Fund's fees are significantly higher than those of its peers.

Lonsec Rating Model

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

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

Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

Return Profile

Income		
Capital		
	Defensive	Growth

Key Facts

Key Objectives

Investment objective	To achieve capital growth over the medium to longer term and contribute to positive sustainability impact over this period.
Internal return objective	Outperform the MSCI World (AUD Unhedged TR) + 3% p.a. over rolling 3 year periods (gross of fees)
Internal risk objective	Tracking error 4-7% p.a. (not targeted)
Non-financial objective	To contribute to positive sustainability impact over the medium to longer term.

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

Australian Equities	1.37
International Equities	97.71
Cash	0.92
Total	100.00

Source: FE fundinfo

Rating History

17-May-2024	Recommended
28-Apr-2023	Recommended
12-Apr-2022	Highly Recommended

Product Distribution Profile

Frequency	Annually
Last Missed Distribution	30 Jun 2024
Number of Missed Distributions in the last 5 years	2
AMIT Election	Yes
TOFA Election	Fair value

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

	Weight (%)
AUTODESK INC	4.31
TRANE TECHNOLOGIES PLC	3.94
THERMO FISHER SCIENTIFIC INC.	3.81
ECOLAB INC.	3.75
DANAHER CORPORATION	3.73
AGILENT TECHNOLOGIES INC	3.67
SCHNEIDER ELECTRIC SE	3.67
STERIS PLC	3.67
MSA SAFETY INC	3.64
ASTRAZENECA PLC	3.62

Source: FE fundinfo

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

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

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	5.22	19.70	7.32	20.03	-3.37	5.96	4.40	10.05
Standard deviation	13.01	10.51	14.12	10.50	17.24	13.99	15.44	11.90
Excess return (% p.a)	-25.56	-9.73	-19.52	-5.37	-15.56	-5.82	-9.62	-3.47
Outperformance ratio (% p.a)	16.67	33.33	20.83	37.50	25.00	36.11	33.33	44.17
Worst drawdown (%)	-7.27	-3.37	-14.47	-8.69	-18.25	-16.99	-26.58	-21.80
Time to recovery (mths)	NR	-	4	3	17	-	NR	-
Sharpe ratio	0.06	1.57	0.22	1.65	-0.38	0.22	0.16	0.71
Information ratio	-2.98	-1.58	-2.13	-1.15	-1.60	-1.03	-1.11	-0.42
Tracking error (% p.a)	8.57	5.46	9.17	5.35	9.70	5.65	8.64	6.10

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

Product Benchmark: MSCI World NR Index AUD

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

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

Business



Facts

Investment Manager	Foresight Group LLP
Ultimate Parent Company	Foresight Group Holdings
Headquarters	London, UK
Inception Date	1984
% Staff Ownership	35-40%

Governance

% Independent board members	20
% Female board members	20
Independent chair	No
CEO as Chair	Yes
Separate Audit Committee	No

Who is the Manager?

WHEB Asset Management ('WHEB'), a London-based ESG investment specialist, focuses on opportunities arising from the global shift towards sustainable, resource-efficient and energy-efficient economies. Established in 2009, it was privately managed and majority-owned by three partners and a former Chairman holding a combined 40% equity stake. As of March 2025, WHEB was completely acquired by Foresight Group Holdings ('FSG'), a UK-based investment manager specializing in sustainable investments. The WHEB investment team will be integrated into Foresight Capital Management ('FCM') the capital markets division of FSG. Pengana Capital Limited (Pengana) is the Responsible Entity (RE) for the Fund and manages distribution in Australia. It is a subsidiary of Pengana Capital Group Limited (ASX: PCG), a diversified funds management group.

Lonsec Opinion

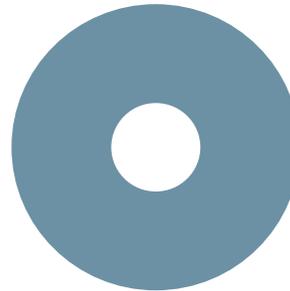
Profitability

Over the years, business profitability has seen a steady rise with WHEB turning profitable in 2018 and AUM peaking at \$3.0bn in 2021. That said, FUM levels have declined somewhat due to a combination market movements and softer net inflows in recent years. As of 30 June 2024, WHEB managed over \$2.1bn in assets. Foresight Group Holdings is a larger UK-listed funds management group with AUM of circa GBP9billion (excluding WHEB), with sound financial resourcing.

Business Track record

Since its establishment in 2008, the WHEB business has seen consistent growth in Funds Under Management (FUM). Maintaining its commitment to 'impact' investing, the business has successfully expanded its FUM through various distribution channels. This growth has been driven by investor interest, especially in the European markets. That said, FUM levels of the 'boutique' have declined somewhat over recent years, however the new ownership structure means that it is now part of FSG which has a larger overall FUM base, with a longer track record.

AUM



● Global Equities 100.0%

Metrics

Total AUM	GBP12.4bn(Sep24)
Investment Management Headcount	450
Investment Professionals	244
Sales & Service	82
Distributor	Pengana Capital Limited

Business Ownership

As of March 2025, WHEB became fully-owned by Foresight Group Holdings, a leading UK-based investment manager listed on the London Stock Exchange ('LSE'). All three WHEB partners are committed through a three-year incentive plan and will move across as Managing Directors. WHEB will maintain investment autonomy over its investment process and team with no changes expected at this stage. Historically, WHEB has exhibited a strong 'boutique' investment culture, and this will be monitored over future reviews.

Business Governance

As of March 2025, WHEB is now a fully-owned subsidiary of Foresight Group Holdings. Business governance standards will reflect its status as a subsidiary of a LSE-listed firm. The firm has had no regulatory findings in recent history. FSG has a strong governance framework consistent with LSE listing standards.

Team



Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Ted Franks	Portfolio management	Yes	2015	19/15	14
Claire Jervis	Portfolio management	Yes	2023	11/3	6
Ty Lee	Portfolio management	Yes	2015	19/13	7
Seb Beloe	Research	Yes	2012	16/12	4

KDM Change*

No changes.

* Last 3 years

Profile

Size	8
Structure	Centralised
Turnover	Medium

Alignment

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

Resources

	Number	Average Years Experience
Key decision makers	4	9
Portfolio Managers		
Hybrid portfolio manager/analysts		
Dedicated analysts	3	10
Dedicated dealers		
Quantitative	1	19
ESG/Sustainability	2	4
Macro		
Investment Specialists		

Who is the Team?

An eight-person investment team is responsible for WHEB's thematic and company research process. The team reports to George Latham, as Managing Director and CRO. Latham has 27 years of investment experience, mainly within Responsible Investment strategies. Latham's role includes overseeing the investment process, chairing the Investment and Risk Committee, and leading business development.

Ted Franks is a founder of WHEB and the Lead Portfolio Manager of the Fund. He has the longest tenure in WHEB's sustainable equities approach since its launch in 2009. He is fully accountable for stock research, selection and fund positioning.

Seb Beloe is Head of Research and responsible for the integration of sustainability analysis within the investment process and leading the firm's engagement activities. Beloe holds over two decades of sustainability-focused investment experience.

The wider investment team consists of Associate Fund Managers Ty Lee, Claire Jervis, and Senior Analyst, Ben Kluffinger. The Impact Research Team was formed in 2022, comprising three individuals – Seb Beloe, Katie Woodhouse (Climate & Data Analyst) and Rachael Monteiro (Stewardship Analyst). An advisory committee contributes to the strategy through ESG thematic input and risk oversight. The group comprises external industry experts, who meets quarterly to discuss positioning and sustainability developments.



Lonsec Opinion

Skill

Ted Franks, within a consensus-driven decision-making approach, is ultimately accountable for the Fund's performance. Franks is seen as a capable and passionate investor, and his sound investment philosophy and understanding of overall themes, individual holdings and portfolio positioning make him a valuable resource in the team. Beloe's investment experience and leadership of the ESG focus are seen as key assets to the investment team and the Fund. As Associate Fund Managers, Lee, and Jervis serve as capable backup-PMs to Franks. However, this is Jervis' inaugural portfolio management role. The Advisory Committee's contribution to the investment process is viewed positively, and it serves as further evidence of WHEB's commitment to maintaining the ESG integrity of the investment approach.

Team Size

The stock research effort is carried out by a team of eight investors. Given the demands of the investment process, this relatively small team has a high workload when compared to the wider global equity peer group. They also bear a significant impact reporting burden. The Impact Research team, formed in 2022, is seen as a positive development in alleviating some of this workload.

Track Record/Co-Tenure

Latham, Franks, and Beloe have been a team at WHEB for eleven years. This long-standing stability among the firm's senior leadership is reassuring. They have shown a strong commitment to the ESG investment philosophy and have successfully instilled this culture among the less experienced members of the Investment and Impact Research teams. Following completion of the FSG acquisition, all three have been retained as Managing Directors of Foresight Capital Management, the capital markets division of FSG.

Alignment

The alignment of interest is deemed to be reasonable with Latham, Beloe and Franks, committing to a three-year incentive plan under the new ownership structure. They historically owned circa 40% of the business and have significant co-investments in the strategy which has translated to strong alignment in the past. The largely performance-driven remuneration structure for the wider investment team is considered to create a reasonable alignment of interest. However, given the new incentive/alignment structures, these aspects will be thoroughly assessed in future reviews.

Key Person Risk

The risk associated with key personnel is seen as relatively high and is concentrated among Latham, Franks and Beloe. As a relatively small team, the Fund is more vulnerable to the impact of a key departure compared to teams with more resources. These individuals have committed to a three-year retention and incentive structure under the new ownership, which mitigates some of the risk. However, should one of these members of the team depart, the Fund's rating would be subject to review.

Process



What is the Investment Process?

WHEB's investment philosophy is built on principles of 'sustainability', 'growth', 'quality', and 'valuation'. The strategy targets nine sustainable investment themes, five environmental (cleaner energy, environmental services, resource efficiency, sustainable transport, and water management) and four social (education, health, safety, and well-being). The aim is to invest in companies where 50% or more of their revenue or profits are derived from these themes (historic exposure >80%). Stocks are selected via a 'bottom-up' fundamental research process, whereby analysts determine an impact score and fundamental quality score for each company. Impact scores are structured around the degree of change and the contribution to outcomes linked to positive impacts being considered. The fundamental quality score assesses a company's business strength, quality and market position, and combines this with an expected valuation over a three- to seven-year time horizon. The impact scores, fundamental quality scores and relative attractiveness of each stock in the portfolio lead to an overall conviction score, either A or B, which influences eventual position sizing with maximum limits. This is accompanied by the relative attractiveness of the company's valuation as determined by analysts. Companies with positive evaluations on both aspects are considered for investment.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Type	Fundamental
Investment Approach	Bottom-up
Investment Style	Other
Typical market cap	US\$2bn - US\$10bn
Minimum market cap	US\$2.0bn
Available Universe	Listed equities globally. Developed markets.

The investment team demonstrates a strong commitment to sustainable investing, reflected in a well-defined investment process. The sustainability themes are diverse and investable, allowing exposure to a wide array of companies and sectors through the sustainability lens. Despite the themes remaining constant throughout the strategy's lifespan, the team has shown adaptability by incorporating recent sustainability developments, reflective of an understanding of the sector's continuous evolution. The team's transparency in limiting investments to companies that derive a majority of their revenue or profits from the themes is seen as a crucial credibility test of the investment process and is a notable consideration for investors.

Research Process

Key screens	Market Cap, Top Down or Thematic
Screened universe	450
Idea generation	Newsflow/Events, Expert networks, Other, Referrals, Brokers
Stocks researched	250
Annual manager meetings	100
Key research inputs	Financial statements, Company meetings, Company data, Industry data, Economic/Market data, Sell-side reports, Quantitative model, Expert networks
Primary valuation approach	Other

The research approach is team-based and non-hierarchical and covers a reasonable breadth of stocks. To mitigate any biases, the team appoints a separate analyst for further research after initial approval and rotates stock research ownership among analysts every two years. Despite increasing the workload for a small team, this approach maintains the effectiveness of research discipline and fosters team debate.

The team regularly conducts thematic research to identify ideas. Recently, they have shifted to explore thematic research on an ad-hoc basis within a cluster of stocks. This approach is considered a distinguishing feature of the process, aiding in idea generation, and enabling the team to identify sustainability trends earlier.

The team's approach is research-intensive and proprietary. While external research can be accessed to supplement and test internal conclusions, the specialised nature of the philosophy and process relies heavily on the skill and expertise of its personnel. This also underscores the importance of the ability to capture its proprietary research on suitable systems.

Process (continued)



Portfolio Construction

Portfolio management structure	Portfolio team
Approach to benchmark	Benchmark Agnostic
Typical security numbers	50
Typical securities range	40-60
Typical portfolio turnover p.a.	20%
Typical active share	98%

Like many responsible investing peers, the philosophy naturally leads to structural portfolio biases, such as underweighting (or excluding) sectors like financials and energy, while overweighting others like healthcare and industrials. A reasonable correlation is observed between the team's stock research rankings, conviction scores and the portfolio construction process, which is believed to foster consistent outcomes.

Stocks are sold when there is a change in the fundamental view, such as a significant shift in management or ESG assessment or when valuation becomes unattractive. The combination of a longer-term investment view, intensive research focusing on wider impact and sustainability, and flexible valuation could lead to lenient sell discipline and as such will be monitored.

Capacity Management

Capacity guidance	\$12.0bn
Strategy AUM	\$2.1bn
Portfolio liquidity (1 week)	100.00%
Substantial holdings by manager	None

As of September 2024, the investment team oversaw approximately \$2.1bn. The estimated capacity for WHEB's sustainable impact strategy is tentatively set at US\$8bn (approx. \$12bn) indicating ample room for growth at this stage. The conservative capacity target is appreciated, considering the Fund's small to mid-cap bias, which should help maintain its appeal and longevity.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Monthly
Primary risk management system	Barra
Security Limits (Min./Max.)	Hard: Absolute, 0-5%
Sector Limits (Min./Max.)	Unconstrained.
Non-index Allocation (Typical, Max.)	98%, 100%
Cash Allocation (Typical, Max.)	0%, 5%

Risk management is a central focus of the investment process and rigorously applied. The investment team manages portfolio risks daily, ensuring the Fund is positioned within mandated constraints and operational compliance procedures. The team follows a benchmark-unaware approach, with most of the portfolio comprising off-benchmark names. An independent Investment and Risk Committee oversees the investment team and monitors overall portfolio risk. The Committee meets monthly to discuss factors including tracking error, portfolio volatility, scenario analysis, concentration risk, liquidity risk, valuation risk, leverage, growth and ESG risk.

ESG



Manager Positioning - Product

Responsible investment style	Impact
ESG approach	Minimum Standards
Sustainability thematic	General Sustainability or Impact
Non-financial objective	To invest in impactful companies which produce goods and services that solve sustainability challenges

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

WHEB has indicated that their Responsible Investment style is "Impact". Note, this ESG review is not a measure of the impact of either the companies in the portfolio or the portfolio itself but is an assessment of the process the investment team undertakes to assess the degree to which ESG factors are considered when assessing investment opportunities. With a primary ESG style of "Minimum Standards" Managers typically use ESG scores (internal proprietary or external) to determine a hard threshold below which they won't invest in a company. Investors need to be comfortable with this threshold.

Sustainability Score



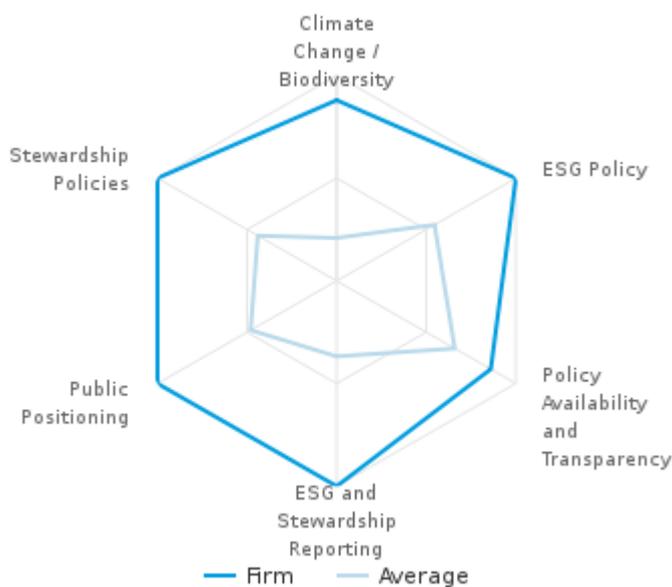
Refer to current quarterly Sustainability Report

Lonsec Opinion & Supporting Facts

Overview

ESG Process Score	High
Responsible Investment strategy risk: Clarity, measurability & reporting	Low

ESG Snapshot



Product Level Approach

The investment team uses ESG data within their investment process in a structured and thorough manner. Multiple providers are accessed. The Manager demonstrates a disciplined proprietary ESG research process incorporating materiality frameworks into internal assessments. Research outputs are clear and useful for a structured approach to investment decision incorporation. Transparency on the transmission from research to portfolio construction is limited. There is monitoring of ESG characteristics of the portfolio across a number of ESG and sustainability dimensions, and a limit framework in place. The team demonstrated a strong engagement program and a structured approach. Engagements are documented with clear objectives set and outcomes tracked.

Strategy: Clarity, Measurability & Reporting

The name of the product and its underlying strategy are clearly aligned. The PDS provides a high level of clarity of the products non-financial objectives. The Product's regular reporting provides strong support that the product is managed to align with its non-financial objectives. ESG based compliance monitoring is seen as appropriate. There is a very high level of alignment between the WHEB investment team's mission/purpose and the objectives for this product. On balance this product provides a high degree of clarity, measurability and reporting of its non-financial objectives and the risk of misalignment is low.

Manager Level Approach

The WHEB investment team's overall ESG policy framework and disclosure are well ahead of their peers with a focus on investing for impact. Policies are clearly articulated with strong guidance and expectations. The level of disclosure with respect to their proxy voting policy and voting outcomes is considered industry-leading. There is also a clear commitment to net zero carbon emissions across portfolio and operational emissions.

Product



Service Providers

Responsible entity	Pengana Capital Limited
Investment manager	Foresight Group LLP
Custodian	BNP Paribas
Administrator	BNP Paribas
Fund Auditor	Ernst & Young
Change in Key Providers? (Over last 12 months)	Yes

Product Details

Product size	\$255.00m
Fund 12-month net flows	Negative
Distribution model	Affiliate
Buy/sell spreads	0.25%/0.25%
Investment structure	Direct
Product type	Registered Managed Investment Scheme (Unitised)
Currency hedged	Unhedged
Use of derivatives	No

What is the Product Structure?

The Fund is an Australian-based unit trust that employs a 'long only', benchmark-unaware global equity strategy. It actively invests in companies across the market cap spectrum that are addressing global sustainability challenges.

Lonsec Opinion

Service Providers

The Fund operates with an independent Responsible Entity ('RE'). This RE relationship has been stable since the Fund's inception, with no issues reported. Furthermore, the Manager engages with high-quality 'tier 1' service providers.

Operational 'Red Flags'

The Fund is a straightforward global equity strategy, primarily targeting developed markets. It is not considered operationally challenging to implement. However, it also actively invests in small to mid-cap stocks (down to a hard limit market cap of US \$2bn). This approach may occasionally present operational and liquidity challenges during market dislocations due to the Fund's daily liquid nature.

Wind-up Risks

The Fund, with \$255m in FUM, has maintained steady inflows in the current market conditions. Its distribution is supported by Pengana Capital. Thus, there is minimal risk of the Fund winding up.

Fees

Annual Fees and Costs (% p.a.)

Management fees & costs	1.35
Performance fee costs	0.00
Net Transaction Costs	0.00
Buy/Sell Spread	0.00/0.00
Annual fees and costs	1.35

Source: FE fundinfo, PDS Date: 10/May/2024

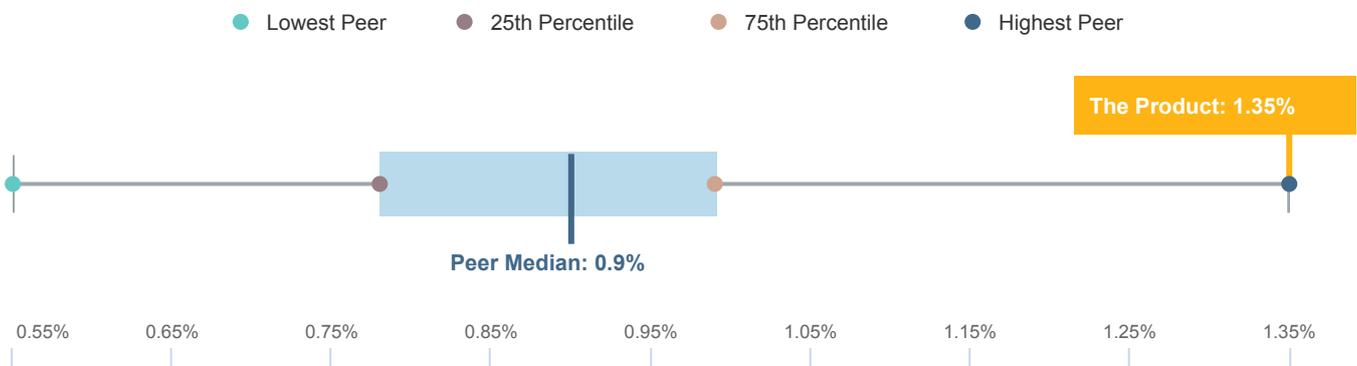
Performance Fees

Applicable	No
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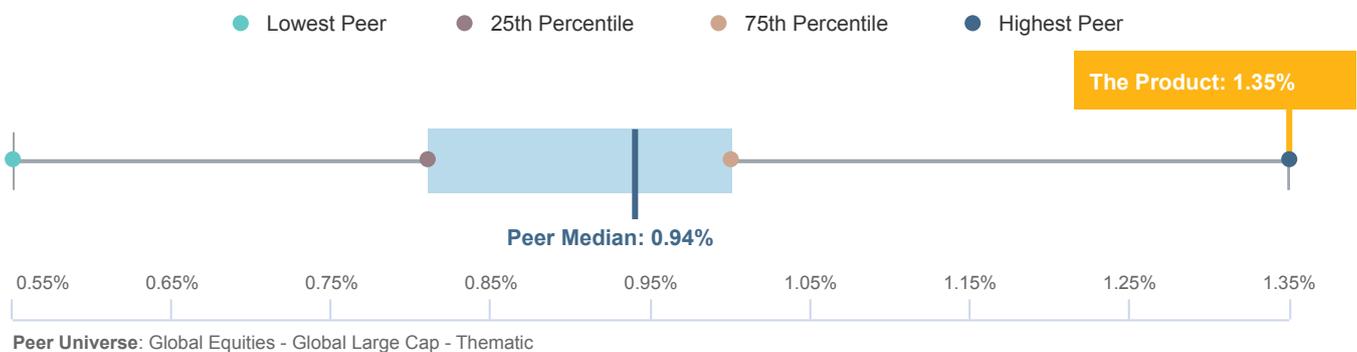
Fees Explained

The Fund charges Annual Fees and Costs ('AFC') totalling 1.35% p.a., comprising of management fees and costs of 1.35% p.a. The Fund charges buy/sell spreads set at 0.25% / 0.25%.

Management Fees and Costs Peer Comparison



Annual Fees and Costs Peer Comparison



Lonsec Opinion

Annual Fees and Costs

It is highlighted that the Fund's AFC of 1.35% p.a. is substantially higher than peers.

Fairness

Given the absence of a performance fee, total fees and costs are capped which provides certainty to investors. While the AFC is higher than peers, the Fund's more active investment approach needs to be considered.

Performance data is as at 31 December 2024

Performance

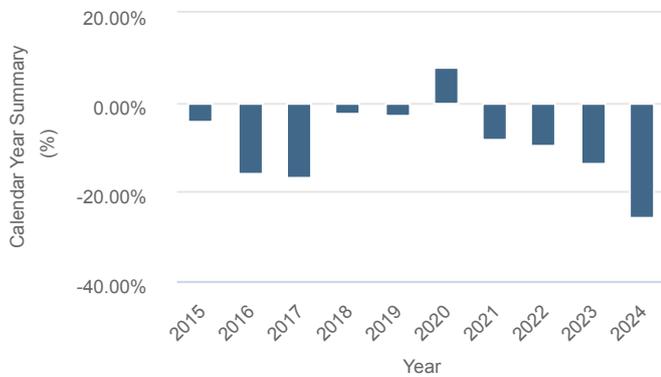
Performance Summary

PDS return objective	The Fund's investment objective is to achieve capital growth over the medium to longer term and contribute to positive sustainability impact over this period.
Internal return objective	Outperform the MSCI World (AUD Unhedged TR) + 3% p.a. over rolling 3 year periods (gross of fees)
Internal risk objective	Tracking Error of 4-7% p.a. (not targeted)
Product benchmark	MSCI World NR Index AUD
Lonsec peer group	Thematic

Alpha Generation

All performance figures in the commentary are referenced on an after fees basis for the period ending 31 December 2024. Over three- and five-year periods, the Fund has substantially underperformed its Benchmark. The Fund has also underperformed the impact thematic peer median over one and three year horizons. The Fund has not achieved its performance objective.

Calendar Year Excess Return



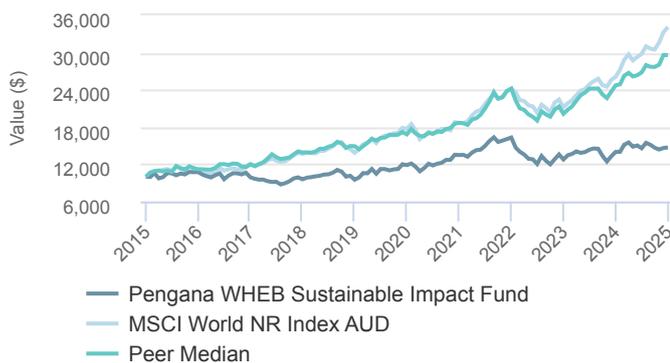
3 Year Risk and Return



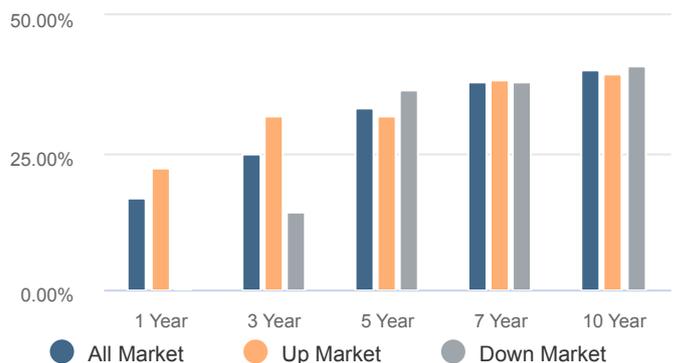
Alpha Consistency

Since its inception in 2017, the Fund has demonstrated inconsistent benchmark relative performance. It has surpassed the Benchmark in circa 47% of up-market months and in 34% of down-market months. A higher consistency score signifies that the investment reliably yields excess returns.

Growth of \$10,000 Over 10 Years



Returns Consistency



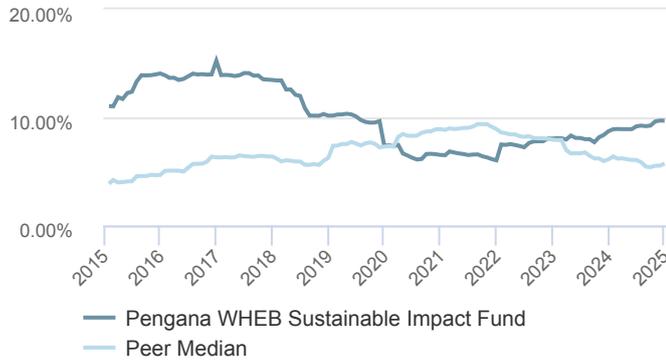
Performance data is as at 31 December 2024

Performance (continued)

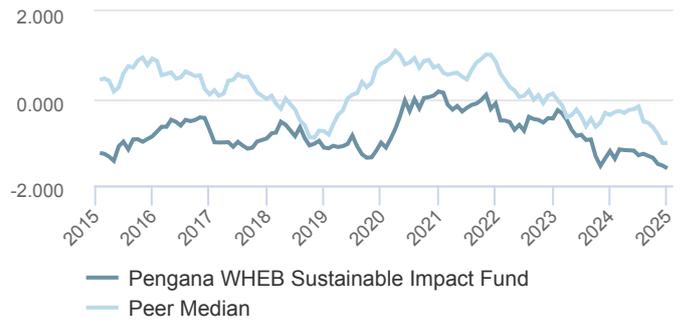
Benchmark Relativity

As expected, the Fund's divergence from the Benchmark results in a high Active Share, typically above 95%. This high level of activity is also reflected in the Fund's significant tracking error, which is typically high at circa 9% p.a. and is well above the peer median. However, the Fund's weak return profile has led to an information ratio and overall performance that lag behind its peers.

3 Year Rolling Tracking Error Over 10 Years



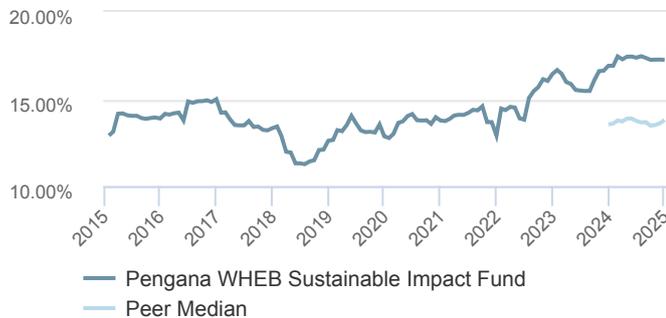
3 Year Rolling Information Ratio Over 10 Years



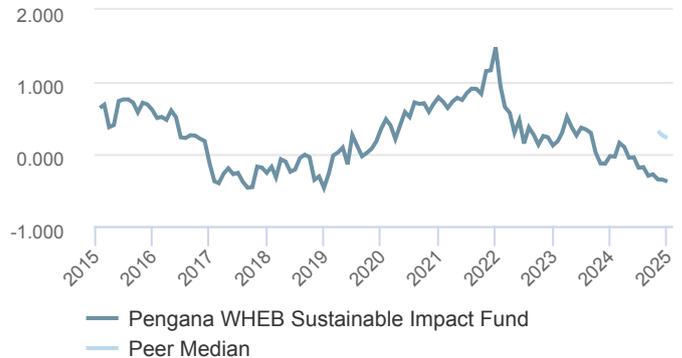
Return Volatility

The Fund's volatility is notably high compared to its peers and exceeds that of the Benchmark. Over three years, the Fund's volatility (as measured by Standard Deviation) was 17.2% p.a. against the Benchmark's 12.3% p.a. and peer median of 14% p.a. This level of volatility is anticipated due to the Fund's benchmark agnostic /thematic investment approach.

3 Year Rolling Standard Deviation Over 10 Years



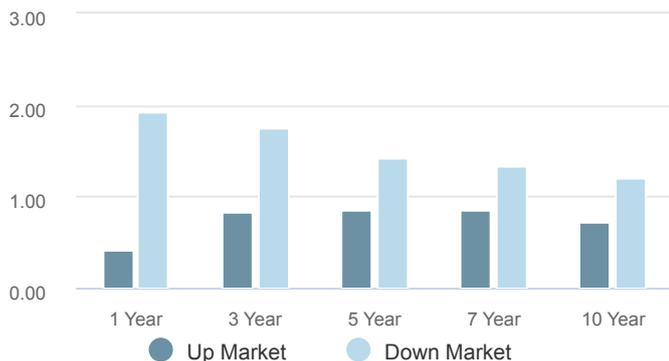
3 Year Rolling Sharpe Over 10 Years



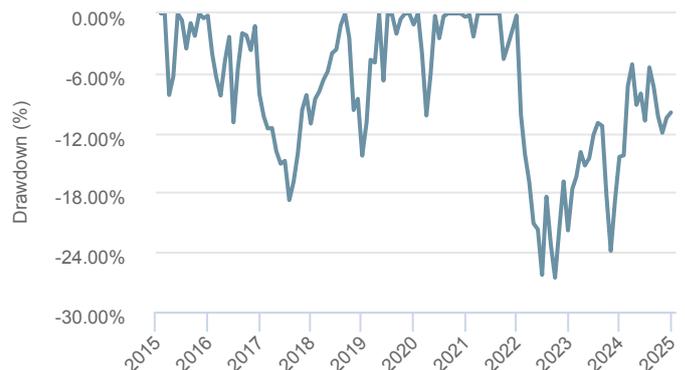
Product Defensiveness

The defensiveness of the Fund also aligns with the investment strategy; its largest drawdown over five years (-26.6%) is worse than that of the Benchmark and the thematic peer group. The Fund has yet to recover from this drawdown, which is a disappointing result for investors.

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

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).

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www.lonsec.com.au

1.3 What kind of financial services can Lonsec Research provide?

Lonsec Research is authorised under its Australian Financial Services Licence to provide general financial product advice to retail and wholesale clients on the following types of financial products:

- securities
- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
 - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
 - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

Lonsec Research is also authorised to deal in a financial product by arranging for another person to apply for, acquire, vary, or dispose the above types of products for or by retail and wholesale clients.

1.4 Provision of general advice

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

1.5 How Lonsec Research is paid

Lonsec Research receives fees from Fund Managers and/or financial product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec receives subscriptions fees for providing research content to subscribers including financial advisers, fund managers and financial product issuers. Lonsec Research's fees are not linked to the financial rating outcome of a particular financial product.

Lonsec Research FSG (continued)

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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?

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Complaints Manager

Level 39, 25 Martin Place
Sydney NSW 2000

Tel: 1300 826 395

Email: complaints@lonsec.com.au

An individual may request further information about Lonsec Research's internal complaints handling procedure at any time. If an individual is not satisfied with the outcome of their complaint or has not received a response within 30 days from Lonsec Research, the individual can complain to the Australian Financial Complaints Authority (AFCA). AFCA provides an independent dispute resolution service and can be contacted on:

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail:

Australian Financial Complaints Authority
GPO Box 3
Melbourne, Victoria, 3001.

1.8 Conflicts of Interest

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