

Bell Australian Small Companies Fund - Class A

PIM8252AU Author: Samuel Hoare Published: 10 Sep 2026

Data is provided by the manager at 30 Jun 2026, and currency in AUD, unless otherwise stated

Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	Bell Asset Management Limited
Benchmark	S&P/ASX Small Ordinaries TR Index AUD
Product structure	Managed Fund
Product size	\$15.00m
Inception date	Jun 2026
Asset class	Australian Equities
Sector	Australian Small Cap
Peer group	Australian Equities - Australian Small Cap - Growth
Rated peers	12
Annual fees and costs	1.95
Source: FE fundinfo * Refer to Fees section	

What is the Product?

The Bell Australian Small Companies Fund is an actively managed Australian small cap equity strategy of 30-70 holdings benchmarked against the S&P/ASX Small Ordinaries Accumulation Index, targeting outperformance of 300–500bps per annum over rolling three-year periods after fees.

Product Characteristics

Business Life Cycle	Growing
Product Wind-Up Risk	High
Key Person Risk	Medium
Tenure of Decision Makers	Low
Complex (RG240)	No
Strategy Remaining Capacity	\$985.00m
ESG Approach	Risk or Value
Peer Relative Fees and Costs	In line with median

Product Opinion

The Fund has been initiated at a **'Recommended'** rating. The rating is underpinned by a disciplined investment process, experienced Portfolio Managers, Tim Johnston and James Nguyen, and a well-developed risk management framework. While Scott Hudson has only recently joined the team and has a limited working relationship with the incumbent Portfolio Managers, integration is progressing well. The Fund has significant headroom for FUM growth; however, wind-up risk at present levels remains elevated. The Fund also has a limited performance track record, given its recent inception. That said, the team's prior performance at Tyndall was favourable.

Lonsec Rating Model

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

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

Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

Return Profile

Income		
Capital		
	Defensive	Growth

Strengths

- Disciplined and repeatable investment process, with a clear quality and valuation framework suited to the small-cap universe.
- Portfolio construction and risk management are well developed, with explicit emphasis on ensuring active risk is predominantly stock specific.
- Experienced and cohesive team with 18 years of co-tenure between Johnston and Nguyen
- Strong team alignment through co-investment and a profit-share remuneration model.

Weaknesses

- The Fund was recently incepted and therefore has a limited performance track record from which to assess the consistency of investment outcomes.
- The team has only recently transitioned to Bell Asset Management and, while largely established, some residual execution and integration risk remains as it settles into the new platform.
- Low current AUM results in elevated wind-up risk, although this is partly mitigated by the support of the broader Bell platform.

Key Facts

Changes Since Last Review

This is the initial review of the Fund.

Key Objectives

Investment objective	To outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term after fees and expenses (but before taxes).
Internal return objective	To outperform the Small Ordinaries Accumulation Index by 3-5% pa. over a rolling 3 year basis.
Internal risk objective	Maintain a Tracking Error of 5% - 9%, with at least 80% of T/E coming from stock selection

Asset Allocation (%) (as at 30/06/2026)

Australian Equities	97.26
Cash	2.74
Total	100.00

Source: FE fundinfo

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

Product Distribution Profile

Frequency	Semi Annually
Last Missed Distribution	N/A
Number of Missed Distributions in the last 5 years	0
AMIT Election	Yes
TOFA Election	Fair value

Top 10 Holdings (as at 30/06/2026)

	Weight (%)
AUB GROUP LTD	4.26
ZIP CO LTD	3.83
AUSSIE BROADBAND LTD	3.77
NEXGEN ENERGY LTD	3.35
NETWEALTH GROUP LTD	3.18
IRESS LTD	3.08
PERENTI LTD	2.68
CAPSTONE COPPER CORP	2.67
ALCOA CORPORATION	2.61
SERVICE STREAM LTD	2.58

Source: FE fundinfo

Rating History

This is the initial review of the Product.

Performance Analysis - annualised after fees at 30/06/2026

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	-	-4.12	-	9.25	-	9.28	-	2.22
Standard deviation	-	17.38	-	15.89	-	15.34	-	16.69
Excess return (% p.a)	-	-12.23	-	-0.72	-	0.96	-	-1.02
Outperformance ratio (% p.a)	-	33.33	-	50.00	-	47.22	-	49.17
Worst drawdown (%)	-	-20.50	-	-20.50	-	-20.50	-	-30.78
Time to recovery (mths)	-	NR	-	NR	-	NR	-	-
Sharpe ratio	-	-0.46	-	0.31	-	0.33	-	-0.06
Information ratio	-	-1.29	-	-0.13	-	0.18	-	-0.10
Tracking error (% p.a)	-	13.43	-	11.11	-	10.07	-	9.23

Lonsec Peer Group: Australian Equities - Australian Small Cap - Growth

Product Benchmark: S&P/ASX Small Ordinaries TR Index AUD

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

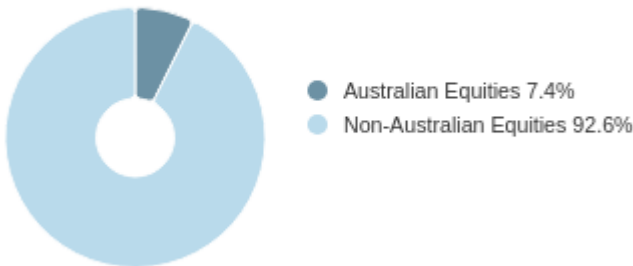
Time to recovery: NR - Not recovered, dash - No drawdown during period

Business ●●●

Facts

Investment Manager	Bell Asset Management Limited
Ultimate Parent Company	59.7% employee owned, 40.3% Bell Group Holdings
Headquarters	Melbourne
Inception Date	Mar 1997
% Staff Ownership	>50%

AUM



Governance

% Independent board members	33
% Female board members	33
Independent chair	Yes
CEO as Chair	No
Separate Audit Committee	No

Metrics

Total AUM	\$4.2b
Investment Management Headcount	28
Investment Professionals	11
Sales & Service	7
Distributor	Internal

Who is the Manager?

Bell Asset Management Ltd ('BAM' or 'the Manager') is an Australian 'boutique' firm that offers global equity products to retail, wholesale and institutional investors. First founded in 1997, BAM also runs a small Australian equities capability.

Lonsec Opinion

Profitability

The Manager is stand-alone profitable and well capitalised. Earnings quality is relatively high due to the diversified nature of firm's AUM across multiple distribution channels and a range of global equity capabilities in the market.

Business Track record

The firm has a long and successful track record dating back to the launch of the Global core strategy in 2003. The firm has since diversified its asset management business successfully, launching its global select and SMID strategies in 2016 and high conviction in 2021. Despite recent outflows, the business has strengthened its retail distribution presence under the strategic leadership of CEO, Michael Lovett who joined in 2024. The firm's retail efforts will be further driven by Andrew Stewart, who joined as Head of Retail Sales in 2025.

Business Ownership

The Manager has a strong 'boutique' investment culture aided by the majority of equity in the firm being held by key investors and executives. The structure is viewed favourably and is expected to ensure the integrity of the firm's investment culture. Additionally, as the firm is consistently profitable at current AUM, the business is well capitalised.

Business Governance

Business governance is in-line with many 'boutique' peers, with the firm having no regulatory findings in recent history. The firm has a reasonable governance framework, albeit the board does not have a majority of independent directors. There is reasonable segregation of duties between the investment team and operations team including the roles of CEO and CIO.

Team ●●●

Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Tim Johnston	Portfolio management	Yes	2026	27/1	19
James Nguyen	Portfolio management	Yes	2026	22/1	10
Scott Hudson	Portfolio management	Yes	2026	22/1	1

KDM Change*

No changes.

* Last 3 years

Profile

Size	3
Structure	Centralised
Turnover	Low

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	3	23
Portfolio Managers		
Hybrid portfolio manager/analysts		
Dedicated analysts		
Dedicated dealers		
Quantitative		
ESG/Sustainability		
Macro		
Investment Specialists		

Who is the Team?

The investment team is led by Tim Johnston, with James Nguyen and Scott Hudson as Co-Portfolio Managers on the strategy. The team joined Bell Asset Management in April 2026, having previously worked together at Tyndall Investment Management. Tim Johnston spent 28 years at Tyndall, holding senior investment roles including Head of Equities, and co-managed the Tyndall Concentrated Strategy for 15 years before establishing the Small Companies strategy with James Nguyen in 2023. James Nguyen spent 18 years at Tyndall, managing the Small Cap Portfolio since its inception in March 2023, and previously running the ex-20 high-conviction strategy for seven years. Prior to Tyndall, Nguyen managed a long-short Asia ex-Japan hedge fund at DVA Capital. Scott Hudson joined the team as Deputy Portfolio Manager at Tyndall before being promoted to Portfolio Manager after the Bell fund was incepted in 2026. Hudson brings over two decades of experience as a sell-side analyst at MST Financial, CLSA and Citi across Australian, UK and European markets before joining Tyndall as Deputy Portfolio Manager in 2025.

Lonsec Opinion

Skill

The team combines complementary skill sets across the investment process. Johnston brings deep fundamental research experience across the Australian market, while Nguyen contributes a strong foundation in portfolio construction and risk management, underpinned by prior experience at JANA Investment Advisors and as a risk analyst at Deloitte. Together, Johnston and Nguyen designed the current process in 2023, building on prior foundations with a deliberate quality and valuation overlay tailored specifically for the small-cap universe. Hudson brings extensive sell-side analytical depth, along with a strong network of contacts at unlisted companies built over two decades. While Hudson's buy-side experience is more limited relative to his peers, this is largely offset by Johnston and Nguyen's combined buy-side tenure. The portfolio managers are considered capable investment professionals with a sound understanding of the process. A longer live track record under the Bell vehicle is required to build full conviction in the team's ability to consistently meet investment objectives, though the Tyndall strategy, whilst short in duration, was performing strongly.

Team Size

The size of the investment team is considered in line with the peer group and the breadth of the investment universe, with additional comfort drawn from the Manager's structured quality and valuation screening process, which systematically narrows the investable universe and prioritises research effort. Further alignment is provided by the co-portfolio managers' sole focus on this strategy, which offers a competitive advantage to some peers who divide attention across multiple competing mandates.

Track Record/Co-Tenure

Johnston and Nguyen have worked together for 18 years at Tyndall, establishing the Small Companies strategy in March 2023 before transitioning to Bell Asset Management in 2026. The team's track record of managing this strategy remains relatively short. However, there is comfort that the approach is well-designed and was tracking well against its investment objectives prior to the move. Hudson joined the team in 2025, reducing overall co-tenure; this is partially mitigated by the fact that Hudson was well known to the team prior to joining, having built a strong profile covering the Australian small-cap universe. A longer live track record under the Bell vehicle will be required to build full conviction in the team's ability to consistently deliver on investment objectives.

Alignment

The investment team's alignment with end investors is considered relatively high. Key decision makers participate in a profit share arrangement with Bell Asset Management, and all portfolio managers are co-invested in the underlying strategy, directly aligning their interests with those of investors. Variable remuneration is tied to individual and collective performance outcomes, ensuring accountability across the team. However, variable compensation is only assessed over a one-year period and has no vesting schedule, which is a limitation. It would be preferable to see longer-term incentive structures that better reflect the strategy's medium-to-long term investment horizon.

Key Person Risk

There is moderate key person risk associated with both Johnston and Nguyen. Johnston retains final decision-making authority where consensus cannot be reached, and the strategy's design is closely associated with the Johnston-Nguyen partnership. The departure of either would represent a significant loss to the strategy. This is partially mitigated by the collaborative three-way decision-making structure in day-to-day portfolio management, the revenue share arrangement as well as significant co-investment in the Fund.

Process ●●●

What is the Investment Process?

The team employs a bottom-up fundamental investment process that combines a quality assessment with valuation discipline. The process begins with a proprietary quality scorecard that narrows the investable universe to a focused research list, helping direct effort toward companies exhibiting stronger business quality and financial characteristics.

The team develops integrated valuations, with a key output being a two-year IRR. Expected return is a key driver of stock selection, with capital generally allocated toward companies offering the most attractive return potential.

Portfolio construction combines bottom-up conviction with explicit risk oversight. Position sizing reflects quality, valuation, conviction and portfolio fit, while quantitative tools monitor aggregate factor and sector exposures. The portfolio is managed to ensure the majority of active risk is derived from stock-specific positions rather than unintended macro or factor exposures.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Type	Fundamental
Investment Approach	Bottom-up
Investment Style	Quality
Typical market cap	\$500m - \$2bn
Minimum market cap	\$170m
Available Universe	Ex - S&P/ASX 100 and select NZ stocks

The Manager's investment philosophy is underpinned by the belief that small-cap markets are inefficient and can be exploited through rigorous bottom-up research. The approach emphasises quality as a key risk mitigant, while maintaining valuation discipline to avoid overpaying for otherwise attractive businesses. Portfolio outcomes are intended to be driven primarily by stock selection rather than unintended macro or factor exposures. The philosophy is well suited to the Fund's small-cap universe and consistent with its outperformance objective.

Research Process

Key screens	Balance Sheet, Earnings, Liquidity, Market Cap
Screened universe	180
Idea generation	Financial market data, financial statements, Direct outreach, Company meetings, Screening
Stocks researched	130
Annual manager meetings	750
Key research inputs	Financial statements, Company meetings, Company data, Industry data, Economic/Market data, Expert networks
Primary valuation approach	FCF yield

Ideas enter the process through two channels. IRR screens identify valuation opportunities across the universe, and company visits surface insights from direct engagement with management, competitors, and suppliers.

Companies are assessed using a proprietary quality scorecard that incorporates qualitative factors, including management capability and business model durability, and quantitative measures such as ROE, leverage, and earnings stability. This provides a disciplined mechanism for narrowing the universe to higher-quality opportunities; these companies then progress to deeper fundamental research, with analysts building integrated financial models over a two-year horizon and applying sector-appropriate valuation methodologies.

Valuation is anchored by a standardised IRR framework that integrates capital appreciation, dividends and franking, with DCF analysis used as a cross-check where appropriate. Stocks are ranked by expected return, supporting consistent research prioritisation and portfolio construction. Material ESG risks are formally assessed and reflected in earnings or valuation assumptions. The team's valuation approach is considered to be reasonable and consistently applied.

Process (continued) ●●●

Portfolio Construction

Portfolio management structure	Portfolio team
Approach to benchmark	Benchmark Aware
Typical security numbers	45
Typical securities range	30-70
Typical portfolio turnover p.a.	70.00%
Typical active share	80.00%

Portfolio construction combines bottom-up fundamental research with quantitative risk oversight, aiming to ensure that most tracking error is driven by stock-specific risk. Positions are sized using a four-factor framework incorporating quality, valuation, conviction and portfolio fit, with maximum active weights of 3-4% reserved for companies that score strongly across all four criteria. Sector exposures are primarily a residual of stock selection, while proprietary risk tools monitor aggregate factor and 'super-sector' exposures to identify unintended portfolio biases. The flat team structure supports collective decision-making, with portfolio managers required to agree on positions and Johnston retaining veto rights where consensus cannot be reached.

Capacity Management

Capacity guidance	\$1.00bn
Strategy AUM	\$15.00m
Portfolio liquidity (1 week)	100.00%
Substantial holdings by manager	None
Strategy previously closed	No

Capacity for this strategy is earmarked between \$1.0bn to \$1.25bn. As the strategy grows in FUM, the Manager will undertake a detailed capacity assessment. There are currently no capacity concerns given the current size of the strategy.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	QuantAnswer
Security Limits (Min./Max.)	Soft: Benchmark relative +/-6% and Hard: 10% maximum absolute
Sector Limits (Min./Max.)	Soft: Internally defined sector groupings +/-10% benchmark relative.
Country Limits (Min./Max.)	Australia and New Zealand(100.00%)
Non-index Allocation (Typical, Max.)	0%, 15%
Cash Allocation (Typical, Max.)	0%, 10%

Risk management is embedded throughout the process through both bottom-up and top-down analysis. At the stock level, risk is assessed through the quality screen and fundamental analysis. At the portfolio level, risk is monitored daily across multiple models, including QuantAnswer, Barra and FactSet, each providing a complementary risk lens. Oversight is further supported by a performance and compliance team, which runs a monthly Barra risk report to complement the daily QuantAnswer report, which is viewed favourably. The portfolio is managed relative to the benchmark, targeting a tracking error range of 5-9%, aggregate factor risk below 20% of TE, maximum individual stock active weight of 6%, and maximum marginal contribution to risk of 15% per position. The explicit 80% stock-specific tracking error requirement is a defining feature of the framework. Taken together, the depth and structure of the risk management approach are considered more comprehensive than those of most peers.

Manager Positioning - Product

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

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

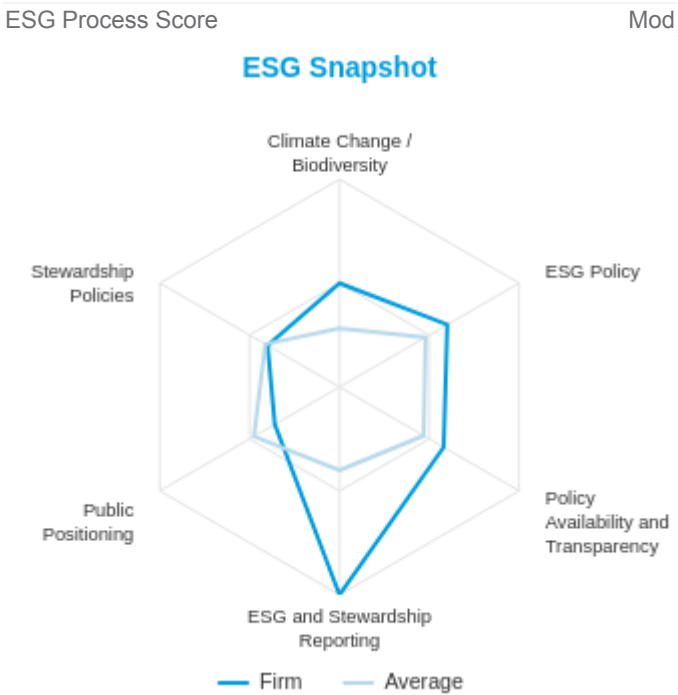
The Manager has indicated that their Responsible Investment style is 'ESG integration', and as such, they consider environmental, social, and governance factors when assessing investment opportunities. With a primary ESG style of 'risk or value', managers will determine inclusion based on the balance of overall risk (including ESG risk) and potential return. As a result, this approach may mean that lower-quality ESG companies could be included if the return potential is sufficient, which may conflict with some clients' perception of what a strong ESG process should deliver.

Sustainability Score

No score.

Lonsec Opinion & Supporting Facts

Overview



Product Level Approach

While the Manager is sourcing data from an external ESG data provider, it is less comprehensive than that of some peers. The Manager conducts limited internal ESG research for this Fund and relies primarily on external sources for assessment and ratings. ESG considerations are linked to stock selection through an unstructured adjustment of the discount rate, with ESG scores among the factors considered. There is monitoring of the ESG characteristics of the portfolio across various ESG and sustainability dimensions; however, there are no portfolio-level ESG-based limits or targets in place for the Fund. Engagement is a component of the Manager's approach; however, the Fund's short track record limits the ability to assess the extensiveness and effectiveness of this engagement in practice.

Strategy: Clarity, Measurability & Reporting

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

Manager Level Approach

The Manager demonstrates a commitment to ESG integration, supported by its public positioning. The ESG approach varies by strategy but is generally integrated across investment research and stewardship, with a focus on financial materiality. The Proxy Voting Policy is brief with limited voting guidance, although reporting is strong, including rationales for votes against management. The firm-wide engagement approach is supplemented by more detailed strategy-level frameworks, which provide guidance on engagement objectives, prioritisation and escalation. Detailed engagement reporting is available for Global Equities, including quantitative activity, progress tracking and case studies. There is no firm-wide climate commitment or standalone policy; however, Global Equities maintains a portfolio carbon-intensity target of at least 25% below benchmark and reports in line with TCFD.

Product ●●●

Service Providers

Responsible entity	The Trust Company (RE Services) Limited
Investment manager	Bell Asset Management Limited
Custodian	Apex Fund Services
Administrator	Apex Fund Services
Fund Auditor	Ernst & Young
Change in Key Providers? (Over last 12 months)	No

Product Details

Product size	\$15.00m
Fund 12-month net flows	Positive
Distribution model	Internal
Buy/sell spreads	0.30%/0.30%
Investment structure	Direct
Product type	Registered Managed Investment Scheme (Unitised)
Currency hedged	No
Use of derivatives	Yes
Types of derivatives	Futures

What is the Product Structure?

The Fund is an Australian Unit Trust. The Fund is a long-only, actively managed Australian equities small-cap product. The Fund is managed in a ‘benchmark aware’ fashion investing in 30-70 Australian Equities. The Fund is permitted to hold up to 10% in cash, however, it will typically be nearly fully invested over the cycle.

Lonsec Opinion

Service Providers

The Manager has engaged large ‘tier 1’ service providers for critical functions such as custodial, administration, audit, and broking services. The Trust Company acts as the Responsible Entity (RE) for the Fund, and there have been no issues with this model since its appointment in 2025. Bell Group Holdings (‘BGH’), which owns a 40% stake in the Manager, also holds a majority stake in ASX-listed Bell Financial Group Limited (ASX: BFG), the holding company of stockbroker Bell Potter Securities (‘BPS’). BPS is an approved broker for the strategy and, given its related-party status, is subject to additional governance, monitoring and best-execution controls.

Wind-up Risks

The Fund’s wind-up risk is considered moderately high, reflecting its recent inception and currently low level of assets under management. This risk is partly mitigated by the support of Bell’s established distribution team.

Operational ‘Red Flags’

The Fund is a long-only Australian equity strategy that invests primarily in small-cap stocks and is therefore not considered operationally challenging to implement. The potential conflict associated with BPS is managed through the Manager’s Conflicts of Interest and Best Execution policies, with BPS approved as a related-party broker for the Australian Small Companies strategy, subject to due diligence, best-execution requirements and ongoing compliance oversight.

Fees

Annual Fees and Costs (% p.a.)

Management fees & costs	1.10
Performance fee costs	0.85
Net Transaction Costs	0.00
Buy/Sell Spread	0.30/0.30

Annual fees and costs **1.95**

Source: FE fundinfo, PDS Date: Not Provided

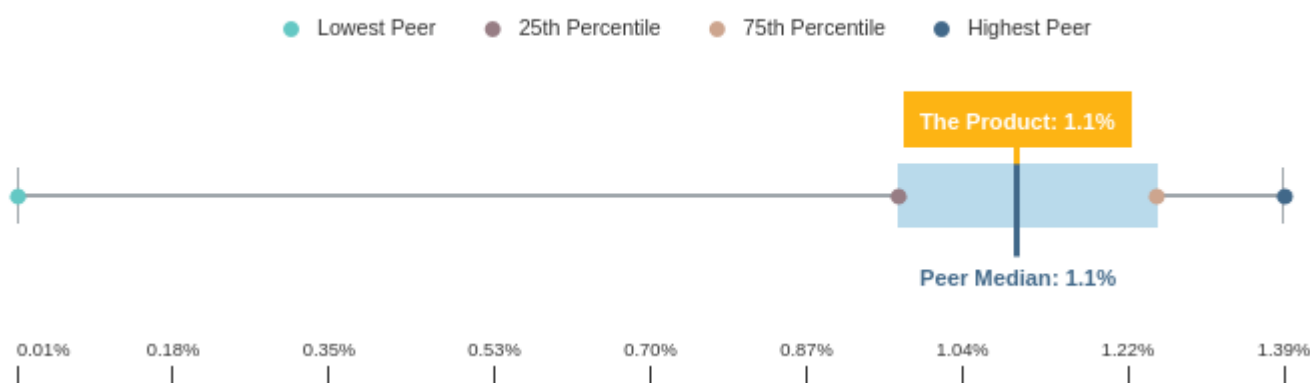
Performance Fees

Applicable	Yes
Hurdle type	Benchmark Relative
Hurdle	S&P/ASX Small Ordinaries Accumulation Index
Rate	20%
Fee capping	No
High watermark	Yes
Above high watermark	Yes
Reset Allowed	No

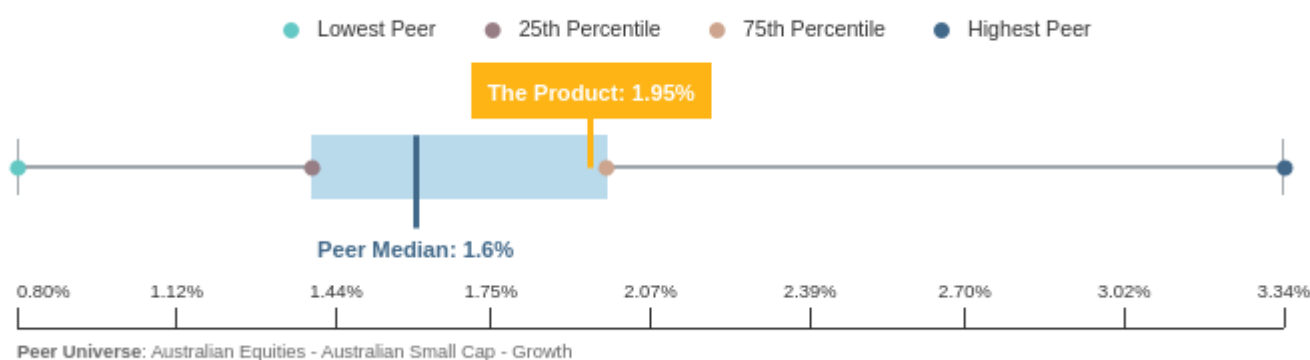
Fees Explained

The Manager charges management fees and costs of 1.10% p.a. The Fund also charges a performance fee of 20% on net outperformance of the S&P/ASX Small Ordinaries Accumulation Index. The performance fee is calculated and accrued daily but paid at the end of each quarter. This fee is subject to a high watermark which cannot be reset by the Manager.

Management Fees and Costs Peer Comparison



Annual Fees and Costs Peer Comparison



Lonsec Opinion

Annual Fees and Costs

The Fund's total fee load is higher than the peer median; however, it is worth noting that the management fee of 1.10% per annum is below the peer median, with the fee load impacted by an estimated performance fee charge.

Fairness

The product's annual fees and costs ('AFC') are reasonable when considering the opportunity set and delivery of highly idiosyncratic alpha. The performance fee is believed to be reasonably structured.

Performance ●●●

Performance Summary

PDS return objective	To outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term after fees and expenses (but before taxes).
Internal return objective	To outperformance the Small Ordinaries Accumulation Index by 3-5% pa. over a rolling 3 year basis.
Internal risk objective	Tracking error of 5% - 9% with at least 80% coming from stock selection
Product benchmark	S&P/ASX Small Ordinaries TR Index AUD
Lonsec peer group	Australian Equities - Australian Small Cap - Growth

Alpha Generation

The investment team previously ran the Tyndall Australian Small Companies Fund and over that time the strategy delivered solid performance outcomes, with the Manager outperforming the benchmark and peer group median. Stock specific risk in the portfolio is deliberately high and has been the main driver of performance, which aligns with the Manager's philosophy.

Alpha Consistency

Given the Fund's recent inception, a longer track record will be required to build stronger conviction in the consistency of performance outcomes. Encouragingly, the strategy has historically demonstrated an ability to outperform across both rising and falling markets.

Performance (*continued*) ●●●

Benchmark Relativity

Given the Fund's recent inception, active risk appears appropriate for a benchmark-aware approach, with Tracking Error of 7.6% and Active Share of 80%. These levels are consistent with a meaningfully active portfolio and will continue to be monitored as the track record develops.

Return Volatility

Performance volatility sits below the benchmark but is similar to peers. More time is required to assess the volatility profile of the Fund.

Product Defensiveness

Given the Fund's recent inception, there is insufficient live performance history to assess downside protection. That said, historical outcomes at Tyndall demonstrated a reasonable level of capital protection in weaker markets.

Appendix

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.

'Not Rated' is a classification applying to a product not reviewed under Lonsec's Research Process and no view or opinion is being made in any way as to the product's ability to meet its investment objectives.

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

This Financial Services Guide (FSG) has been prepared and issued by Lonsec Research Pty Ltd ABN 11 151 658 561 (Lonsec Research, we, us, our), holder of Australian Financial Services Licence (AFSL) No. 421445, to assist you in determining whether to use our financial services and products. This is an important document, and you should read it carefully. The contents of this FSG are general information only and does not take into account your personal needs or objectives. Lonsec Research provides no warranty as to the suitability of the services of this FSG for any particular person.

1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;
- how we deal with conflicts of interest; and
- how we deal with complaints

1.2 About Lonsec Research and its related parties

ASX listed Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings). Lonsec Research is a wholly owned subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings) and provides in-depth, investigative investment research across a broad range of listed and unlisted investments. Other subsidiaries of Lonsec Holdings include SuperRatings Pty Ltd (ABN 95 100 192 283), Implemented Portfolios Pty Limited (ABN 36 141 881 147) and Lonsec Investment Solutions Pty Ltd (ABN 95 608 837 583). All employees of the Lonsec group entities, including Lonsec Research, are employed by Lonsec Fiscal Pty Ltd (ABN 94 151 658 534).

Contact Details

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Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395
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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.

Lonsec Research FSG (continued)

1.5 How Lonsec Research is paid

Lonsec Research receives fees from Fund Managers and/or financial product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec receives subscriptions fees for providing research content to subscribers including financial advisers, fund managers and financial product issuers. Lonsec Research's fees are not linked to the financial rating outcome of a particular financial product. Lonsec Research fees are determined by private agreement with its clients depending on a number of criteria including the number of financial advisors who access Lonsec Research publications, the range of publications accessed and the complexity of a specific research assignment. Due to the specific nature of its charges, disclosure of Lonsec Research fees may not be ascertainable when you receive this FSG, but you are able to request this information in writing before a financial service is provided to you. The fees received by Lonsec Research do not have an effect on the inclusion (or otherwise) of a financial product in portfolios managed by Lonsec Investment Solutions; or in approved product lists as a result of Lonsec Investment Solutions consulting activities. We do not have any direct employees as all employees are contracted, for employment purposes, with Lonsec Fiscal, a subsidiary of Lonsec Holdings. All employees of Lonsec are paid a salary and may receive a discretionary bonus which is not guaranteed. Sales employees may have a sales commission plan, relevant for sales to Wholesale clients, as offered by Lonsec Research from time to time at its discretion.

1.6 How do we manage our compensation arrangements?

Lonsec Research has Professional Indemnity insurance arrangements in place to compensate clients for loss or damage because of breaches of any relevant legislative obligations by Lonsec Research or its representatives which satisfy section 912B of the Corporations Act 2001.

1.7 What should you do if you have a complaint?

Lonsec Research's internal complaints handling process is designed to ensure that your concerns are treated seriously, addressed promptly and fairly. A complaint may be lodged either verbally or in writing and will be dealt with in strict confidence. If you have a complaint relating to Lonsec Research's products, services, its employees, the complaint should be addressed to:

Complaints Manager

Level 39, 25 Martin Place

Sydney NSW 2000

Tel: 1300 826 395

Email: complaints@lonsec.com.au

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

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail:

Australian Financial Complaints Authority

GPO Box 3

Melbourne, Victoria, 3001.

1.8 Conflicts of Interest

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](#). 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.

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