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Savana US Small Caps Active ETF

Research Review

July 2026

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Savana US Small Caps Active ETF

Research Review

Note: This report is based on information provided by Savana Asset Management Pty Ltd as at June 2026 and the PDS dated November 2024.

Rating

Key Investment Information	
Fund Name	Savana US Small Caps Active ETF
Structure	Registered managed investment scheme (ETF)
Term	Open-ended
Investor Type	Retail / Wholesale (ASX Listed)
Inception Date	6 November 2024
Responsible Entity	K2 Asset Management
Investment Manager	Savana Asset Management Pty Ltd
Investment Classification	US small caps, Long-only, unhedged, small-cap value
Investment Objective	Outperform the S&P 600 Total Return Index, after fees, over the medium-to-long-term
Distribution Frequency	Semi-annual
Fees:	MER: 1.0% p.a. Performance Fee: 15% of net returns vs the Index subject to a HWM

PRODUCT SUMMARY

The Savana US Small Caps Active ETF (the "Fund") is a registered managed investment scheme listed on the ASX as an active ETF under the ticker SVNP. It is managed by Savana Asset Management ('the Manager'), a boutique business based in Sydney. Savana uses an algorithmic, long-only style to manage numerous equity portfolios. Its first active ETF is the US Small Caps Active ETF, which was launched in November 2024 as the firm felt it was a differentiator for them to be in the US rather than Australian equities as well as the larger stock universe in the US. Prior to launch, it had been run as a paper trade since July 2022.

The investment manager's approach is based on a systematic value investing strategy based on a proprietary algorithm that ingests public data and recommends undervalued companies without exposure to traditional portfolio manager behavioural biases. Savana leverages 10+ years of R&D in understanding how collective behaviour drives mispricing. Savana's approach is bottom up and focuses on identifying undervalued stocks that Savana considers mispriced. The algorithms enable Savana to efficiently construct multiple diversified portfolios of such mispriced stocks across the global investment universe. The ability to cover all stocks in the investment universe is not typically performed by traditional investment managers offering a unique investment opportunity.

The Fund is a true equities portfolio diversifier, historically only moderate correlation to the S&P 500. Diversification is one thing but it matters little if it comes with poor performance. Since listing on the ASX in November 2024, SVNP is the #2 performing US Small Caps ETF in the world out of 150 comparable funds. It is the strongest performing ASX-listed US market ETF on the market. The track-record may be relatively short, but the systematic algorithm investment engine creates a far higher degree of repeatability than a conventional investment strategy.

The Fund may be relatively new but the algorithm was circa 10-years in development and numerous paper portfolios were run to tweak and perfect. The management team has significant experience and we believe of very high caliber. This is no 'fly by night' operation.

INVESTOR SUITABILITY

As noted, the Fund is a true international equities portfolio diversifier. It is a diversifier by market cap, by investment strategy, by economic cycle exposure, and by portfolio style attributes. Small caps are inherently more volatile than large caps, but the strategy's focus on under-valued companies and high cash yield companies mitigates downside risk, as evident in performance since inception. The Fund should be utilized in a barbell strategy approach - a relatively small proportion of a larger international equities portfolio.

RECOMMENDATION

Independent Investment Research (IIR) has assigned the Fund a **RECOMMENDED** rating. While relatively new, we believe the systemic nature of the investment strategy creates a higher degree of repeatability compared to a conventional fundamental investment selection approach. In short, past performance may be a more powerful source of predictive power. And past performance to date has indeed been impressive, both returns, risk-return, and upside/downside capture ratios.

SWOT

Strengths

1. Since listing on the ASX in November 2024, SVNP is the #2 performing US Small Caps ETF in the world out of 150 comparable funds. It is the strongest performing ASX-listed US market ETF on the market. The track-record may be relatively short, but the systematic algorithm investment engine creates a far higher degree of repeatability than a conventional investment strategy.
2. Most of the Fund's peer group comprises S&P 500 ETFs, although there a few are small cap peers. We raise two points here. Firstly, most investors would be well aware of the lack of performance breadth in the S&P 500, having been largely driven by circa the largest 10 stocks in the index. 500 stocks, but hardly diversified. Secondly, when it comes to the small cap world a whole-of-index approach is less than desirable. Selectivity is required.
3. The Fund is a true equities portfolio diversifier. To date, it has exhibited a circa 0.6 correlation to the NYSE FANG+ Index. At 0.6., the correlation is low enough that holding both reduced the volatility of the combination below either on its own. The two are not the same bet: they tend to lead at different points in the cycle, and the returns they produce do not arrive at the same time or for the same reasons. The Fund should be perceived as part of a barbell strategy – perhaps 5-10% of an overall international equities allocation. It is a Fund that has a very clear portfolio allocation meaning.
4. The Fund may be relatively new but the algorithm was circa 10-years in development and numerous paper portfolios were run to tweak and perfect. The management team has significant experience and we believe of very high caliber. This is no 'fly by night' operation.

Weaknesses

1. Active ETFs invariably come with higher fees. However, with a management fee of 1.0% p.a. and the Manager eligible for a performance fee of 15% of the portfolio returns (net of management fees and expenses) in excess of the Index, we have certainly seen materially higher.
2. A statement fact rather than a criticism. The track-record of the Fund is relatively short. But again, we note the repeatability of the strategy and the prior testing by way of paper portfolios.

Opportunities

1. Only three ASX-listed ETFs provide direct US Small Cap exposure. SVNP is the only actively managed solution - designed to capitalize on inefficiencies the others cannot.
2. US Small Caps receive limited institutional attention and analyst coverage, creating opportunities for persistent mispricing that our algorithms are designed to exploit.
3. Portfolio Diversification Broadens US exposure beyond the Magnificent 7 and other Mega-Cap Technology stocks. True diversification beyond mega-cap concentration risk.

Threats

1. Small caps by their very nature typically exhibit higher volatility. And on paper a 30 stock portfolio will augment this. But we do remind investors of the natural downside risk mitigation that is provided by targeting, one, under-valued companies and, two, companies that have a high cash-flow yield. It is not volatility per se that is an investor concern, rather downside risk.

PRODUCT OVERVIEW

The Fund was established to broaden access to US Small Caps for Australian investors, combining targeted exposure with an active, algorithm-driven stock selection process designed to capitalise on the inefficiencies inherent in small-cap markets, predominantly informational inefficiencies. The US portfolio was launched in 2022 as an in-house incubator strategy and formally launched as an ETF (its current format) in November 2024. To date, the Fund's outperformance has been impressive and true to style, notably with a strong upside/downside capture ratio.

In terms of investment signals, the Manager's algorithms have a pronounced bias toward specific value ratios, namely Sales to Price, Free Cash Flow Yield, Cash Flow Yield, and Shareholder Yield. These metrics act as indicators of deeply undervalued companies with strong cash flow generation relative to their market value. In contrast to many value measures, it favours these metrics over valuation metrics such as PE and Book to Price, for example.

The Fund is benchmarked against the S&P Small Cap 600, a market capitalisation-weighted index of US companies with market caps between $1.2 billion and $8 billion, selected in part on demonstrated profitability - a quality screen that distinguishes it from broader small-cap benchmarks like the Russell 2000. The portfolio consists of 30 stocks, equally weighted, with the portfolio rebalanced every second month

The strategy is defined as a "Small and Mid-Cap Value" style. The core philosophy seeks stocks with an asymmetric risk-reward profile— specifically, "out-of-favour" businesses where the downside risk is already efficiently priced in by the market, but the potential for upside surprises is ignored.

The Fund is automatically rebalanced every two months, driving mechanical buy and sell decisions. The algorithmic rules enforce disciplined selling as a stock's price rises and realises its intrinsic value, and trims high-performing momentum stocks back to equal weight.

As at 31 May, the FUM of the Fund was $5.9m. ETF closure is a broader market issue, but we do not perceive it to be one with the Manager and the Fund. The co-founders have funded a lot of their development themselves. Both have interests in a range of other businesses as well. Together they hold approximately 50% of the business. The Manager also has money from Centerstone Capital on the VC side, which holds approximately 30% in the Manager. The remaining is with employees and a small proportion of retail money. That said, the Manager is in the market for additional capital, conversations of which are currently ongoing.

The management fee on the ETF is 1% and the performance fee is 15% per annum of the outperformance relative to the benchmark. However, the Manager expects these will come down in due course as the company scales up. Over the next few years, the firm has ambitions to launch as many as 20 ETFs, including an Australian small-cap and a global small-cap one, and looks to Australian ETF giant Betashares as a model to follow. As noted, it also plans to team up with a distribution partner that will be able to help the firm to achieve scale

INVESTMENT PHILOSOPHY

The overall investment approach of the Manager is grounded in science, specifically what is referred to as collective intelligence. Collective intelligence is a branch of science, and not limited to financial science, based on the concept that crowds or groups have a collective wisdom, which is in addition to the wisdom of any of the individuals. In essence, markets represent a collections of diverse opinions and that diversity has value. It is the Manager's view that a crowd has the potential to make better decisions than any single expert individual, regardless of the expertise of the individual components of that crowd.

The way this philosophy plays out in the Manager's models is it starts with the premise that yes, markets are generally efficient, but there are certain preconditions around the way crowd dynamics work where that efficiency can break down. But in particular, when the crowd starts to lose independence and diversity in any particular stock market efficiency breaks down and that's where the Manager perceives opportunities. In short, the Manager is searching for stocks where it thinks there is crowding, where there is group think, and where diversity of opinion has broken down. In other words, where everyone is pricing the downside and nobody is looking at the upside potential of stocks. These are the types of stocks that the Manager seeks to include in the Fund's portfolio.

Connecting this philosophy to the small cap space, it is well known that the small cap sector is relatively under-brokered, under-covered and subject to technical swings. In the large cap end of the market, companies are generally fairly valued, with no clear opportunity to generate alpha. In the small cap space there can be single news stories dominating and/or particular narratives spreading very quickly through a thin market of analysts and fund managers. With respect to the Fund, the Manager seeks to take a very high conviction approach, investing in companies where it identifies the largest degree of mispricing and the largest opportunity to effectively ride the realignment of that pricing.

Furthermore, the investment strategy is targeting companies with significantly lower priced earnings, significantly higher dividend yield, and lower price to cashflow. This implicitly provides a dual performance dynamic – capital upside potential, yet downside mitigation risk.

The Manager also notes that while most Australian investors gain US equity exposure through large-cap indices such as the S&P 500 and Nasdaq 100, it believes that this approach overlooks one of the most dynamic and under-appreciated segments in global markets. Operating closer to the domestic US economy and typically exhibiting more dynamic growth characteristics, US Small Caps have historically delivered strong long-term outperformance while offering meaningful portfolio diversification benefits relative to large caps.

While recent market narratives have focused on large-cap performance, a longer-term perspective demonstrates that US Small Caps have in fact generated the most compelling long-term returns across market cycles. Over the last 25 years, the S&P Small Cap 600 has returned 9.27% per annum, exceeding the S&P 500 (8.83% p.a.), the ASX 200 (8.48% p.a.) and other major indices.

Why the combination holds - the two ends are driven by different things. Large-cap technology follows the path of secular growth; small caps follow value and the slow return of attention. Over the period since SVNP listed, US small caps and the NYSE FANG+ Index carried a correlation of about 0.6, low enough that holding both reduced the volatility of the combination below either on its own. The two are not the same bet: they tend to lead at different points in the cycle, and the returns they produce do not arrive at the same time or for the same reasons.

With respect to the underlying philosophy of portfolio construction, as noted the Fund comprises 30 stocks, rebalanced bi-monthly. While there is some esotericism and complexity in the algorithms themselves, the portfolio construction is kept deliberately very simple. The key reason for this is that the Manager tested many different portfolio construction methodologies but found that circa a 30 stock portfolio and rebalanced every two months (in order not to have excessive churn) was the sweet spot. The portfolio tends to have a 30% attrition rate at the rebalancing junctures and an average holding period for any given stock around six months. As such, it is moderately high turnover, but definitely an investment strategy, not a trading strategy.

INVESTMENT MANAGER

The team is led by Founders Stephen Duchesne (38 years of industry experience) and John Atkinson, and Associate Director Samuel Atkinson (8 years of experience). The team averages 15 years of industry experience. There is also the more recent addition of Evan Metcalf as executive director, he brings decades of experience having run Global-X as the CEO in Australia.

Savana does not employ a traditional analyst team. Instead, it has replaced the conventional investment team with a fully tech-driven "digital investment team" powered by their proprietary algorithms. This highly automated platform is capable of analysing and valuing over 48,000 companies daily across the investment universe, giving it the breadth to cover small-cap markets efficiently without human capacity constraints.

But proprietary algorithms by definition are just not bought off the shelf, so to speak. The Manager’s underlying technology was 10 years in the making. It was extensively tested by way of paper portfolios. The key team members are detailed below. The team is a mix of technological expertise and ETF product market expertise, particularly with the addition of Evan Metcalf. While the Manager may still be a relatively new entrant into the Australian ETF space, it has large ambitions regarding active ETF product expansion. These ambitions are well-founded; its engine is scalable and applicable to any listed market and only ‘constrained’ by its style parameters.

In regard to the latter, the Manager is exploring 3rd-party distribution companies. Outsourcing is a sensible move versus funding an internal distribution capability. And like any product market, you can have the best product in a market but even on that basis so much of success comes down to marketing and distribution.

Exhibit 1: Investment Team

Name	Position	Tenure with Mgr (years)	Experience
Evan Metcalf	Executive Director	1	Evan is one of Australia's most experienced ETF executives and previously led the growth of Global X in Australia during a period of significant expansion in the local ETF industry. At Savana, Evan is focused on building the business into a leading next-generation ETF provider — combining institutional distribution, product strategy and industry relationships to scale Savana's systematic investment platform across multiple strategies and markets. Evan is a CFA charter holder, holds a Masters in Financial Mathematics from King's College London, and a Bachelor of Commerce (Finance) and Bachelor of Science (Mathematics) from UNSW.
Samuel Atkinson	Associate Director	3	Samuel has experience across financial analysis, capital markets and business development, with a background spanning both Australia and London. Prior to Savana, he worked as a Senior Investment Analyst, contributing to the growth of structured credit businesses across multiple jurisdictions. At Savana, Samuel works across investment operations, research, strategic partnerships and business development, with a focus on scaling the firm's investment and distribution capabilities. Samuel holds a Bachelor of Commerce from the University of Melbourne, graduating with Distinction in Finance.
John Atkinson	Co-Founder & Director	11	John is a technology investor and entrepreneur with extensive experience backing high-growth businesses across software, fintech and healthcare technology. He has invested in and supported a number of emerging companies, including Cashu and Big Picture Medical, with a particular focus on scalable, technology-led platforms. At Savana, John provides strategic guidance across technology, capital allocation and long-term business development.
Stephen Duchesne	Co-Founder	11	Steve is the chief architect behind Savana's proprietary investment algorithms and systematic research framework. Over a multi-decade career in financial markets, he has held roles at UBS, Credit Suisse and Merrill Lynch. Stephen holds a Bachelor of Science in Pure Mathematics from the University of Sydney and a Master of Applied Finance from Macquarie University, where he won the University Prize for Portfolio Management. He has also undertaken postgraduate studies in Stochastic Finance and Complex Systems at the Santa Fe Institute where he was introduced to the ubiquity and potential of collective computation. At Savana, Steve leads the development and refinement of the firm's systematic investment technology and valuation algorithms.
John Meacock	Director	4	John is an experienced strategy, innovation and venture capital executive, having formerly served as the Global Chief Strategy Officer and Deputy Global Board Chair at Deloitte. At Savana, John brings deep expertise in scaling technology-driven businesses, strategic partnerships and innovation-led growth.
Mark Wang	Senior Data Engineer	1	Mark is a technology and data infrastructure specialist with experience across cloud architecture, software engineering and large-scale data systems. At Savana, he leads the development and management of the firm's technology infrastructure, including data pipelines, cloud computing environments and systematic investment systems. Mark plays a key role in ensuring Savana's investment technology remains scalable, efficient and operationally robust.

INVESTMENT PROCESS

The investment process applies a systematic, rules-based process to identify mispricing in companies that receive comparatively little coverage, the conditions under which the gap between price and value is widest. It leverages 10+ years of R&D in understanding how collective behaviour drives mispricing. The investment process is highly automated and does not require a traditional investment team. Consequently, the investment process scales to multiple portfolios with potentially minimal impact on fund performance.

The proprietary technology processes thousands of data points daily, transforming fundamental market information into investment decisions. Its algorithms seek to uncover companies trading below intrinsic value - businesses with durable fundamentals neglected by sentiment. That asymmetric profile creates a dual engine for upside: valuation re-rating and compounding cash flows. Furthermore, by systematically positioning in mispriced companies with a higher 'margin of safety', the Manager seeks to engineer asymmetric portfolio returns that can outperform in both upside and downside market scenarios.

The investment process is, nevertheless, universally applied. It utilises a highly engineered structured approach to the way data is curated and ingested. It is a scalable and an all cloud-based infrastructure. Several years back, the Manager did a lot of work with different data vendors. It currently utilises S&P as its main data provider, but ran evaluations across all the main providers. The point being this process facilitates future-proofing the business as well.

In terms of investment signals, the Manager's algorithms have a pronounced bias toward specific value ratios, namely Sales to Price, Free Cash Flow Yield, Cash Flow Yield, and Shareholder Yield. These metrics act as indicators of deeply undervalued companies with strong cash flow generation relative to their market value. In contrast to many value measures, it favours these metrics over valuation metrics such as PE and Book to Price, for example.

The investment process can be broken down into 4 stages:

1. Data collection and analysis – on a continuous cycle the model collects and analyses stock data from all constituents in the relevant universe to identify mispriced opportunities.

2. Valuation – This step assesses company valuations across the investment universe daily and ranks their relative attractiveness. The Manager uses various valuation techniques to assess the intrinsic value of stocks, but as noted above there is a pronounced bias toward specific value ratios, namely Sales to Price, Free Cash Flow Yield, Cash Flow Yield, and Shareholder Yield over valuation metrics.

3. Portfolio construction - as noted the Fund comprises 30 stocks, rebalanced bi-monthly. While there is some esotericism and complexity in the algorithms themselves, the portfolio construction is kept deliberately very simple. The key reason for this is that the Manager tested many different portfolio construction methodologies but found that circa a 30 stock portfolio and rebalanced every two months (in order not to have excessive churn) was the sweet spot.

4. Portfolio rebalancing – conducted bi-monthly. The portfolio tends to have a 30% attrition rate at the rebalancing junctures and an average holding period for any given stock around six months. As such, it is moderately high turnover, but definitely an investment strategy, not a trading strategy.

At a more granular level, some Value factors (measures of cheapness) relatively more significant (statistically) and include:

• Sales to Price

• Free Cash Flow Yield

• Cash Flow Yield

From the analysis of the value factors, Savana's process appears to favour mispriced opportunities based on their cash flow or revenue generation as opposed to PE and Book to Price for instance. This is in contrast to many systematic value managers. The focus on cash flow also goes a long way to driving the positive upside/downside capture ratio. Combined with the valuation aspect, it creates a downside buffer.

PORTFOLIO

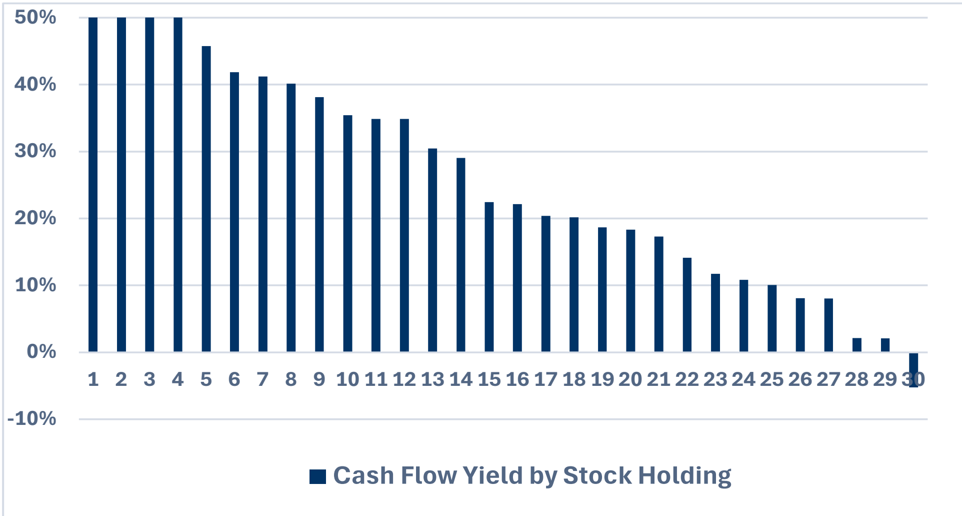
The portfolio as at 31 May 2026 is tabled below. The previously described attributes of the algorithm become quite clear in these metrics – under-priced, cash flow generating companies, and relatively high yielding companies. The high cash flow yield aspect is also evident in the chart below.

Ex 2: Key Portfolio Metrics (as at 31 May 2026)

Portfolio Fundamentals	Savana US Small Caps Active ETF	S&P Small Cap 600
Average Market Cap	US$2,505m	US$2,824m
Trailing Price-to-Earnings	10.64x	30.76x
Price-to-Book	0.61x	2.11x
Price-to-Cash Flow	2.63x	19.86x
Dividend Yield	3.55%	1.55%
Debt-to-Capital	42.89%	55.24%

Source: Savana Asset Management Pty Ltd

Ex 3: Cash Flow Yield by Stock Holding (as at 31 May 2026)



Source: Savana Asset Management Pty Ltd

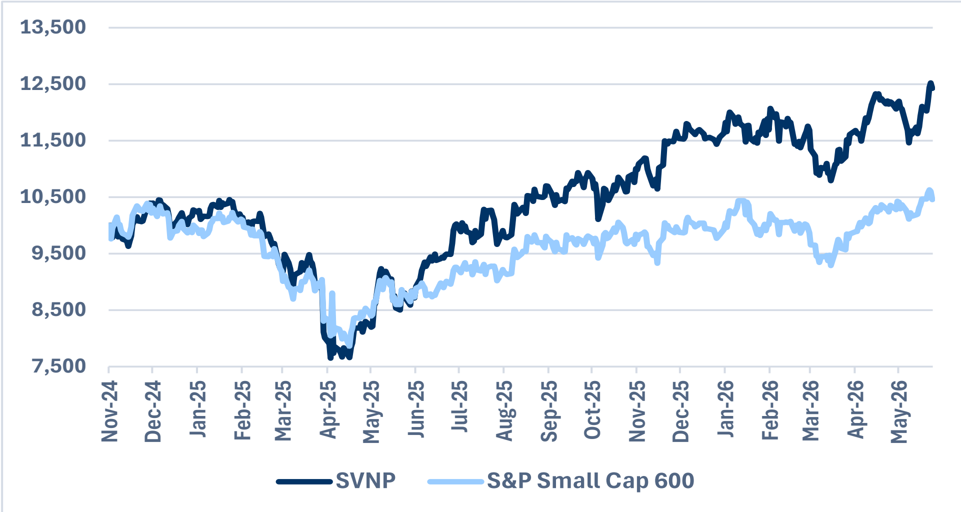
PERFORMANCE ANALYTICS

The key performance metrics are presented below. All data is at 31 May 2026 end. Since inception the Fund has generated an annualized return of 14.95% and an impressive outperformance relative to the Index of 12.05%. Risk-return metrics, specifically the Sharpe and Sortino ratios are equally impressive. Volatility is marginally higher, but this is to be expected given it is a 30 stock portfolio versus the 600 stocks in the index. As evident in exhibit 7 and 8, monthly alpha has been relatively persistent and the upside/downside capture favourable.

As per any relatively recently released investment strategy, the caveat of short track-record applies. But in the case of the Fund, there are two important points to note. The strategy is systematic and was significantly 'road tested' and tweaked prior to product launch. That is, we believe there is a high degree of repeatability. Investments are not subject to human judgement. In short, while the track-record may be short, we believe the merit of that track-record is likely more indicative of future relative performance than would otherwise be the case.

As the Manager has noted, over the period since SVNP listed, US small caps and the NYSE FANG+ Index carried a correlation of about 0.6, low enough that holding both reduced the volatility of the combination compared to holding either on its own. The two are not the same bet: they tend to lead at different points in the cycle, and the returns they produce do not arrive at the same time or for the same reasons.

Ex 4: Peer Comparison – SVNP vs ASX-listed US Equities ETFs



Source: Savana Asset Management Pty Ltd

Exhibits 6 – 8 below are based on since inception data.

Ex 5: SVNP – Trailing Returns

Trailing Returns	SVNP	S&P Small Cap 600 TR (AUD)	Relative
1 Month	1.97%	0.97%	1.01%
3 Month	9.26%	6.00%	3.25%
6 Month	8.11%	5.20%	2.91%
1 Year	42.75%	19.26%	23.50%
Since Inception	14.95%	2.91%	12.05%

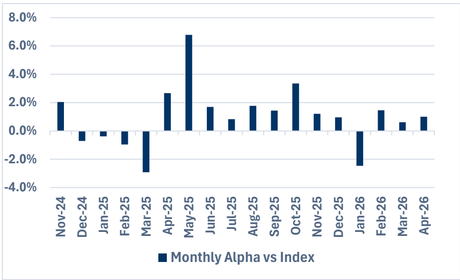
Source: Savana Asset Management Pty Ltd

Ex 6: SVNP – Risk-Return Metrics (since Inception)

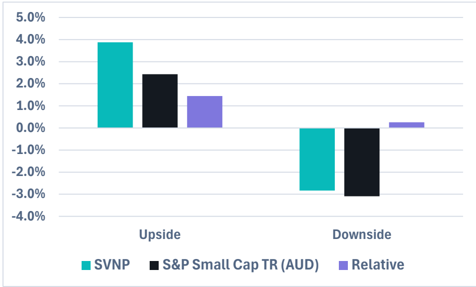
Trailing Returns	SVNP	S&P Small Cap 600 TR (AUD)
Annualised return	14.95%	2.91%
Information ratio	1.00	-
Volatility	26.64%	22.00%
Downside volatility	17.80%	15.37%
Sharpe ratio	0.50	0.06
Sortino ratio	0.97	0.34

Source: Savana Asset Management Pty Ltd

Ex 7: SVNP – Monthly Alpha vs Index



Ex 8: Capture Ratio vs Index

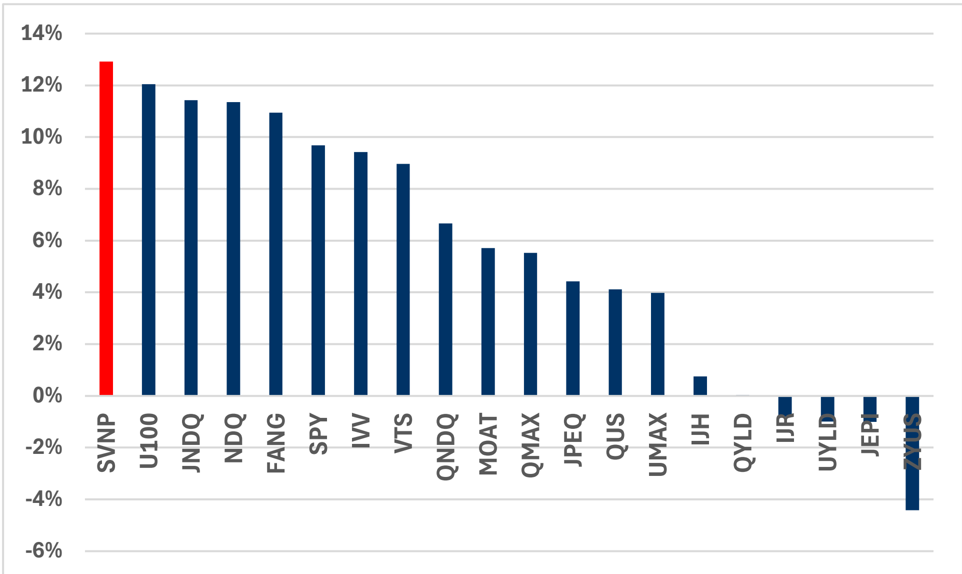


Source: Savana Asset Management Pty Ltd

PEER COMPARISON

Exhibit 9 below speaks for itself. And bear in mind the previously mentioned repeatability comments. Most of the peer group comprises S&P 500 ETFs, yet a few are small cap peers. We raise two points here. Firstly, most investors would be well are of the lack of performance breadth in the S&P 500, having been largely driven by circa the largest 10 stocks in the index. 500 stocks, but hardly diversified. Secondly, when it comes to the small cap world a whole of index approach is less than desirable. Selectivity is required.

Ex 9: Peer Comparison – SVNP vs ASX-listed US Equities ETFs 1-year Returns



Source: Savana Asset Management Pty Ltd

APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd "IIR" rating system.

IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: product management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
Highly Recommended	83 and above
	This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.
Recommended +	79–83
	This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.
Recommended	70–79
	This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.

Investment Grade	60-70

This rating indicates that IIR believes this is an average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an average risk/ return trade-off and should be able to consistently generate average risk adjusted returns in line with stated investment objectives.

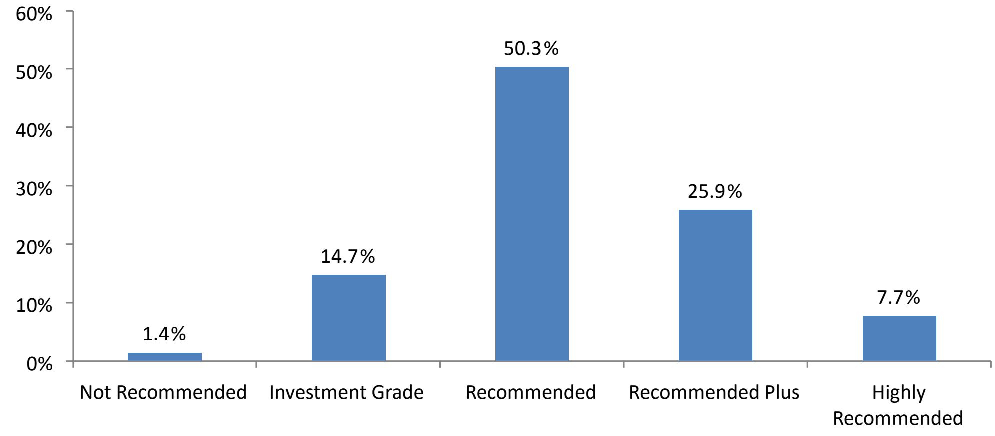
Not Recommended	<60

This rating indicates that IIR believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this does not mean the product is without merit. Funds in this category are considered to be susceptible to high risks that are not reflected by the projected return. Performance volatility, particularly on the down-side, is likely.

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

Spread of Managed Investment Ratings



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