



Refer to glossary for definition of the rating

## Product Review

### About this Product

Investment manager	Argo Investments Limited
Benchmark	S&P/ASX 200 TR Index AUD
Product structure	LIC
Market cap. at 31-Jan-2024	\$6.9bn
Inception date	Jul 1948
Asset class	Australian Equities
Sector	Australian Large Cap
Peer group	LIC
Rated peers	10

### Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	
Key Person Risk	Low
Tenure of Decision Makers	High
Complex (RG240)	No
Strategy Remaining Capacity	None stated
ESG Approach	Stewardship
Peer Relative Fees and Costs	Below median

### Annual Fees and Costs (% p.a.)

Management fees & costs	0.15
Performance fee costs	0.00
<b>Annual fees and costs</b>	<b>0.15</b>

Source: FE fundinfo, Offer Document date: Not Provided

### Strengths

- The Company has a multi-decade track record of growing dividends, excluding exceptional circumstances, with the structure allowing pass through of capital gains tax concessions to shareholders.
- The Company has a diverse Board of Directors and experienced investment team capably led by Managing Director, Jason Beddow.
- The Company has a very low management cost.

### Weaknesses

- The Company's sell discipline is impacted by the need to maintain very low portfolio turnover for both philosophical and tax-related reasons.
- The process is relatively unstructured and the somewhat unconstrained approach to portfolio management results in a less concentrated portfolio than peers.
- The performance of the Company's NTA has lagged behind the benchmark over the long term.

## Product Opinion

The Company's rating has been maintained at **'Recommended'** following the most recent review. This rating is supported by the Company's long history of dividend and capital growth. ARG benefits from a highly qualified board overseeing the team, and its low management costs are seen as a competitive advantage. However, the rating is somewhat impacted by a relatively unstructured investment process and a potentially weakened sell discipline, given the low turnover strategy, which is followed for both philosophical and tax reasons.

### 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 maximise long-term returns through a balance of capital and dividend growth
Internal return objective	To maximise long-term returns through a balance of capital and dividend growth
Internal risk objective	Capital preservation

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

Australian Equities	98.70
Cash	1.30
<b>Total</b>	<b>100.00</b>

Source: FE fundinfo

### Trading Snapshot (as at 30/06/2024)

Securities on issue	761,241,898
Ticker	ARG
Last price	\$8.64
52 week high/low price	\$9.14/\$8.28
Last NTA or NAV	\$9.61
52 week high/low NTA or NAV	\$9.66/\$8.49
Premium/discount to NTA or NAV	-10.094 %

### Rating History

15-Sep-2023	Recommended
16-Sep-2022	Recommended
07-Sep-2021	Recommended

### Performance Analysis - annualised after fees at 30/06/2024

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	2.55	4.74	2.86	5.33	2.45	0.69	4.93	5.98
Standard deviation	7.48	10.70	9.39	10.60	11.52	11.52	14.50	15.83
Excess return (% p.a)	-9.55	-7.36	-10.58	-8.11	-3.92	-5.68	-2.34	-1.28
Outperformance ratio (% p.a)	33.33	41.67	33.33	41.67	41.67	44.44	43.33	50.00
Worst drawdown (%)	-4.04	-6.36	-8.23	-8.23	-12.15	-12.92	-22.16	-25.54
Time to recovery (mths)	2	4	3	3	NR	21	10	NR
Sharpe ratio	-0.24	0.03	-0.08	0.17	0.00	-0.14	0.23	0.27
Information ratio	-1.32	-1.02	-1.49	-0.92	-0.37	-0.58	-0.24	-0.12
Tracking error (% p.a)	7.24	9.35	7.10	9.19	10.49	10.49	9.90	11.10

**Lonsec Peer Group:** Australian Equities - Australian Large Cap - LIC

**Product Benchmark:** S&P/ASX 200 TR Index AUD

**Cash Benchmark:** Bloomberg AusBond Bank Bill Index AUD

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

Calculated using share price

### Product Distribution Profile

Frequency	Semi Annually
Last Missed Distribution	Not applicable
Number of Missed Distributions in the last 5 years	0

### Top 10 Holdings (as at 30/06/2024)

	Weight (%)
MACQUARIE GROUP	7.30
BHP GROUP	5.70
CSL	5.40
COMMONWEALTH BANK OF AUSTRALIA	4.70
WESFARMERS	3.90
RIO TINTO	3.60
WESTPAC BANKING	3.10
ANZ GROUP HOLDINGS	3.10
SANTOS	3.00
ARISTOCRAT HOLDINGS	2.80

Source: FE fundinfo

### Target Market Determination

Produced by issuer	N/A
Provided to Lonsec	N/A

Business data is as at 31 December 2023

## Business

### Facts

Investment Manager	Argo Investments Limited
Ultimate Parent Company	Argo Investments Limited
Headquarters	Adelaide
Inception Date	1946
% Staff Ownership	Not applicable

### Governance

% Independent board members	86
% Female board members	43
Independent chair	Yes
CEO as Chair	No
Separate Audit Committee	Yes

### Who is the Manager?

Argo Investment Ltd ('Argo' or 'the Manager') was established in 1946 and is a long-term listed investment company ('LIC') listed on the ASX (ASX: ARG). It provides investors with professionally managed, diversified exposure to the Australian equity market. As of June 2024, Argo had over 93,000 shareholders and a market cap of approximately \$6.6bn. Unlike many LICs, Argo is internally managed, funding its investment team instead of outsourcing. This in-house model offers economies of scale, with largely fixed operating expenses that do not increase with net asset growth.

## Lonsec Opinion

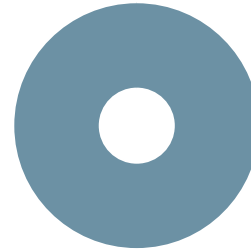
### Profitability

The Manager is stand-alone profitable and well-capitalised. Although it lacks the earnings diversity of some of its peers due to a somewhat narrower product focus, the Company has maintained a strong profit reserve over time and a consistent dividend stream.

### Business Track record

The firm has a successful track record of over 75 years. While focused on meeting ARG's investment objectives, the board added funds management to its business model by managing Argo Global Listed Infrastructure Ltd (ASX: ALI). ARG holds a 7.4% equity stake in ALI, shares two directors, and receives an annual fee for managing ALI's operations, however, investment management is outsourced to US-based Cohen & Steers. Fund management revenue is not expected to become a significant income source for ARG. Pleasingly, policies are in place to manage related-party risks.

### AUM



● Australian Equities 100.0%

### Metrics

Total AUM	\$7bn
Investment Management Headcount	7
Investment Professionals	7
Sales & Service Distributor	Self

### Business Ownership

The Company boasts a large and diverse shareholder base. Its investment culture is strengthened by a reasonable level of staff ownership within the investment team. Additionally, the board has pleasingly shown a conservative approach to raising capital to ensure the integrity of the investment process.

### Business Governance

The Company's business governance is comparable to its peers, with no recent regulatory findings. It has a solid governance framework, including a majority of independent directors on the board. Notably, the Remuneration Committee and the Audit and Risk Committees are composed of non-executive directors which represents a commitment to best practice. However, greater separation between the Managing Director and CIO would be viewed positively.

## Team



### Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Jason Beddow	Managing Director	Yes	2001	26/23	20
Andy Forster	Portfolio management	Yes	2010	26/14	9

### KDM Change\*

No changes.

\* Last 3 years

### Profile

Size	7
Structure	Centralised
Turnover	Low

### Alignment

KDM equity held in manager	Yes
KDM co-investment in strategy	Yes
Performance-Based bonus	Yes
Long term incentive plan	Yes

### Resources

	Number	Average Years Experience
Key decision makers	2	26
Portfolio Managers		
Hybrid portfolio manager/ analysts		
Dedicated analysts	5	20
Dedicated dealers		
Quantitative		
ESG/Sustainability		
Macro		
Investment Specialists		

### Who is the Team?

ARG's investment team reports to Beddow who has ultimate accountability for the LIC's performance. Beddow also sits on the ARG Board as an executive director. The analyst team is led by Senior Investment Officer, Andrew Forster, who supports Beddow in portfolio decision-making. Rounding out the investment team are six analysts, whose stock research is organised by sector, with each analyst responsible for multiple sectors. The team is responsible for covering a universe of around 200 eligible securities.



## Lonsec Opinion

### Skill

Beddow is regarded as an experienced and capable investor with a diverse skill set. Over the past 20 years, he has held various executive roles, including CIO, CEO, and now Managing Director ('MD'). He is believed to manage the dual roles of MD and CIO effectively, supported by key executives Tim Binks (Chief Operating Officer and Company Secretary) and Andrew Hill (Chief Financial Officer). Forster is viewed as well-qualified to assist Beddow, having held a variety of investment roles. The rest of the investment team is well-qualified, averaging 20 years of industry experience.

### Team Size

The investment team of seven is considered comparable to peers. It is viewed as adequately resourced, given the single-strategy focus and the long-term, low-turnover approach in place. There is a moderate level of cross-sector coverage within the team, which supports knowledge retention.

### Track Record/Co-Tenure

Beddow and Forster have notable tenure at the firm and 14 years of co-tenure with each other. The broader team also demonstrates strong tenure, averaging 11 years. Notably, team stability has been a key feature in recent years, fostering a collaborative environment and reinforcing cultural alignment within the investment team.

### Alignment

The team has considered to have reasonable alignment with investors. ARG's executives and investors have a significant variable component to their remuneration, delivered through short-term ('STI') and long-term incentive ('LTI') schemes. These are driven by key financial metrics over 12 months for STIs and four years for LTIs. The tests focus on superior earnings per share ('EPS') growth and generating a better total portfolio return ('TPR') after tax versus the Index. The emphasis on EPS growth, which is critical for dividend sustainability, aligns the team with shareholder objectives. Analysts' STIs can also be enhanced by the performance of a 'shadow' portfolio of their stock picks over 12 months. This is an important factor in analyst retention due to the low turnover approach, meaning that an analyst's 'best ideas' will not always be reflected in the portfolio at a weight commensurate with conviction levels. Both the STI and LTI have a deferred component that acts to 'lock in' key staff for the longer term.

### Key Person Risk

Key person risk ('KPR') is considered moderate, primarily centred around Beddow. However, mitigating factors include the experienced executive and investment teams, which are expected to maintain the integrity of the process in the event of Beddow's departure. Additionally, Beddow's co-investment in the Company provides further reassurance.



### What is the Investment Process?

ARG is internally managed with an investment objective to maximise returns through a combination of capital and dividend growth. The firm adheres to a long-term strategy of holding quality companies across multiple market cycles, with a mild value bias as it seeks to opportunistically add to core positions during short-term price volatility. Portfolio turnover is expected to remain very low due to ARG's 'buy and hold' approach and infrequent selling, which also helps ARG maintain its 'capital account' election, allowing the company to pass capital gains tax concessions to shareholders as 'LIC capital gain dividends.' While the majority of income is expected to come from dividends received from its large-cap portfolio, ARG can generate additional income from interest on cash deposits, option premiums from writing exchange-traded options ('buy-write'), and a small trading account.

## Lonsec Opinion & Supporting Facts

### Philosophy and Universe

Investment Type	Fundamental
Investment Approach	Bottom-up
Investment Style	Value
Typical market cap	\$5bn - \$10bn
Minimum market cap	Not applicable
Available Universe	All ASX-listed securities

The 'quality / value' approach is highly portable to the Company's universe and aligns well with the Company's income and capital growth objectives. The Company follows a relatively flexible mandate, which supports its ability to meet performance goals. However, the low-turnover strategy may challenge the 'value' approach as portfolio stocks reach fair value.

### Research Process

Key screens	Not applicable
Screened universe	Not applicable
Idea generation	Financial market data, Economic data, Newsflow/events, Expert networks, Financial statements, Brokers
Stocks researched	200
Annual manager meetings	500
Key research inputs	Financial statements, Company meetings, Company data, Industry data, Economic/market data, Sell-side reports
Primary valuation approach	DCF

The Company has a diversified portfolio of stocks that it considers to meet its 'quality' criteria and this sees the portfolio having a large absolute weight to the 'top 20' index constituents. It is unlikely that this approach will change given the the focus on dividend growth and after-tax outcomes. This approach means that ARG's research process is more focused on maintenance and identifying high-risk stocks, both from capital preservation and a dividend sustainability perspective. This is different from many other 'bottom-up' research processes which seek to regenerate the portfolio from time to time based on the opportunity set of best ideas. Despite the more static approach, the Company has a long-standing research process that benefits from a heavy company visitation program. Whilst it lacks the repeatability and structure of some peers, it is believed sufficiently robust to service the low turnover approach. In terms of 'bottom-up' research, intellectual property is limited to the depth and experience of the investment team.

## Process (continued)



### Portfolio Construction

Portfolio management structure	Sole PM
Approach to benchmark	Benchmark Aware
Typical security numbers	90
Typical securities range	85-100
Typical portfolio turnover p.a.	5%
Typical active share	40%

Portfolio construction at ARG is seen as more 'art' than 'science.' The Company follows a long-term 'buy and hold' approach, keeping portfolio turnover below 10% to pass CGT concessions to shareholders, which may limit its sell discipline. However, ARG maintains a short-term trading account to capitalise on IPOs, market mispricings, and corporate actions, which is viewed positively in contributing to returns. Additionally, the Company may also generate income through options strategies, like buy-writes and covered calls. The options premium earned further aids in supplementing capital returns and also protects against price drops. Prudently, price targets in line with fair value are set before writing options to avoid forfeiting potential upside.

### Capacity Management

Capacity guidance	None stated
Strategy AUM	\$7bn
Portfolio liquidity (1 week)	0.00%
Substantial holdings by manager	7
Strategy previously closed	No

The Manager has no stated capacity limit for the strategy. However, the board has historically taken a prudent approach to raising capital, which is viewed positively. Further, the Company's size is considered modest relative to the size of the investable universe, and no capacity constraints have been observed so far.

### Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	Factset
Security Limits (Min./Max.)	Unconstrained
Sector Limits (Min./Max.)	Unconstrained
Non-index Allocation (Typical, Max.)	5%, 0%
Cash Allocation (Typical, Max.)	3%, 0%

ARG has an experienced board that provides primary investment governance oversight. The board's role, outlined in ARG's Board Charter, encompasses stewardship of all strategic, delegation, supervision, risk, governance, nomination, and remuneration matters. In its supervisory capacity, the board oversees the MD's performance, succession plans, and portfolio performance, and ratifies all portfolio transactions. It relies on advice from the separate Audit and Risk Committee, which oversees financial reporting, internal controls, risk management systems, and external audits. With a strong focus on income and capital growth, the biggest risk for the LIC is considered to be income or capital losses. ARG's quality philosophy ensures that risk management is integrated into the investment process. The Manager also uses third-party risk tools to monitor portfolio risk, which is deemed appropriate.

## ESG



### Manager Positioning

Responsible investment style	ESG Integration
ESG approach	Stewardship
Sustainability thematic	No Sustainability Thematic
Non-financial objective	None

### Sustainability Score

No score.

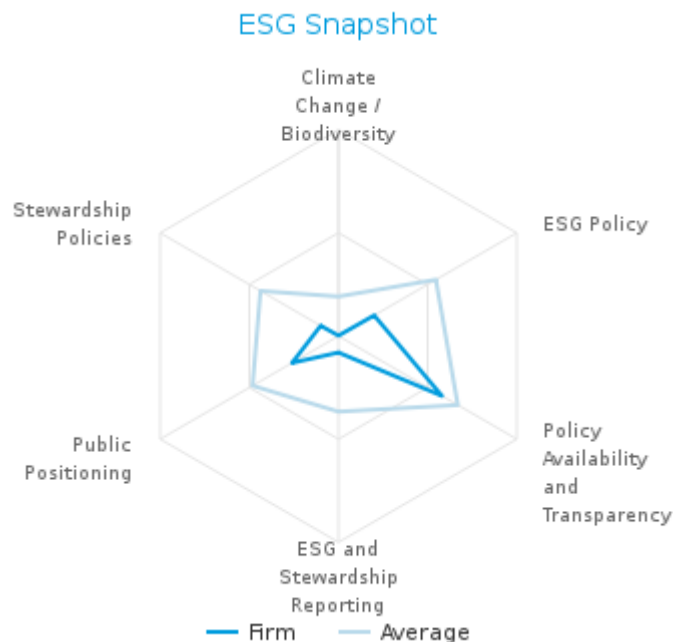
### What is the Manager's ESG approach?

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 'stewardship', managers will usually focus their ESG strategy on engagement and voting as the key tools in managing their ESG risks. While stewardship approaches are common across most managers, they can form the key ESG strategy employed by some.

## Lonsec Opinion & Supporting Facts

### Overview

ESG Process Score ModLow



### Product Level Approach

The Manager has an appropriately structured approach to the collection and use of ESG-specific data for their size. Multiple providers are accessed. The Manager performs little internal ESG research for this Company, relying largely on external sources for assessment/ratings. Transparency on the transmission from research to portfolio construction is limited. There is little in the way of portfolio-level ESG risk measurement apparent. There are no portfolio-level ESG-based limits or targets in place for the Company. Engagement is a clear component of the Manager's approach and is managed with a structured engagement prioritisation process.

### 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 thus the product's risk of misalignment has been assessed as not applicable.

### Manager Level Approach

While the Manager conducts ESG research internally, it is considered less comprehensive than some peers. There are clear links from the Manager's research to the stock selection process through structured adjustment of price targets to account for outsized ESG risks. While there is monitoring of ESG characteristics of the portfolio across several ESG and sustainability dimensions, this plays no clear role in overall portfolio construction. The Manager demonstrated a strong engagement program and a structured approach. Engagements are tracked clearly with clear objectives set and outcomes tracked.



## Product



### Company Board & Service Providers

Chairperson	Russell Higgins
Independent chairperson	Yes
No. of directors	7
No. independent directors	6
No. of female directors	3
Separate Audit Committee	Yes
Investment manager	Argo Investments Limited
Custodian	Not applicable
Administrator	Kody Watts
Auditor	PWC
Change in Key Providers? (Over last 12 months)	No

### Product Details

Market cap	\$6.6bn
Premium / disc. (12M ave.)	-5.4%
Authorised capital management	Buyback
Net asset disclosure frequency	Weekly
Distribution model	Internal
Investment structure	Direct
Product type	Public Company
Currency hedged	No

### What is the Product Structure?

Argo Investment Ltd ('the Company') is a listed investment company (LIC) that actively manages a portfolio of Australian equities. It is the second-largest LIC by market capitalization on the ASX and was first listed in 1948. The Company's board is comprised of seven directors, six of whom are deemed independent.

## Lonsec Opinion

### Price Divergence

The LIC has historically traded at a consistent premium to its net tangible assets ('NTA'). However, market fluctuations and interest rate movements have dampened investor interest in recent years. Despite these challenges, the company's long-term performance remains competitive compared to its peers.

### Liquidity

ARG displays solid levels of liquidity relative to peers. It is the second-largest LIC on the ASX and had not experienced a day without trade over the 12 months to 30 June 2024.

### Governance

The seven-member board has a reasonably diverse range of backgrounds and is considered sufficiently qualified to fulfil its governance and oversight responsibilities effectively. It is structured appropriately, with most of the members, including the chairperson, being independent directors. Further, the board has historically taken a conservative approach to capital management. Whilst a buy-back facility is in place, it has not been called on over 20 years.

### Secondary Market Support

ARG enjoys solid secondary market support, driven by its internal team that promotes the company within the Australian market. The growing shareholder base also reflects a strong sense of shareholder loyalty. The company actively engages with its shareholders through various communication channels.

## Fees

### Annual Fees and Costs (% p.a.)

Management fees & costs	0.15
Performance fee costs	0.00
<b>Annual fees and costs</b>	<b>0.15</b>

Source: FE fundinfo, Offer Document date: Not Provided

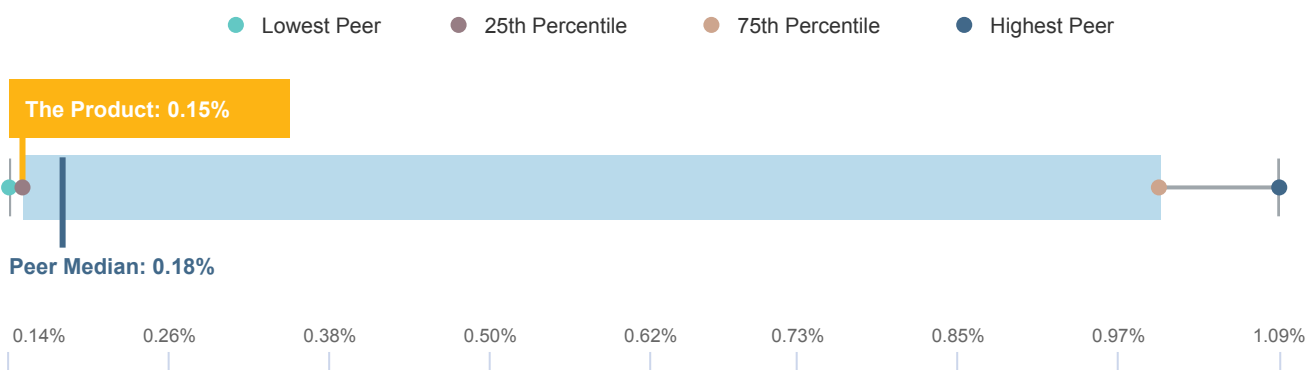
### Performance Fees

Applicable	No
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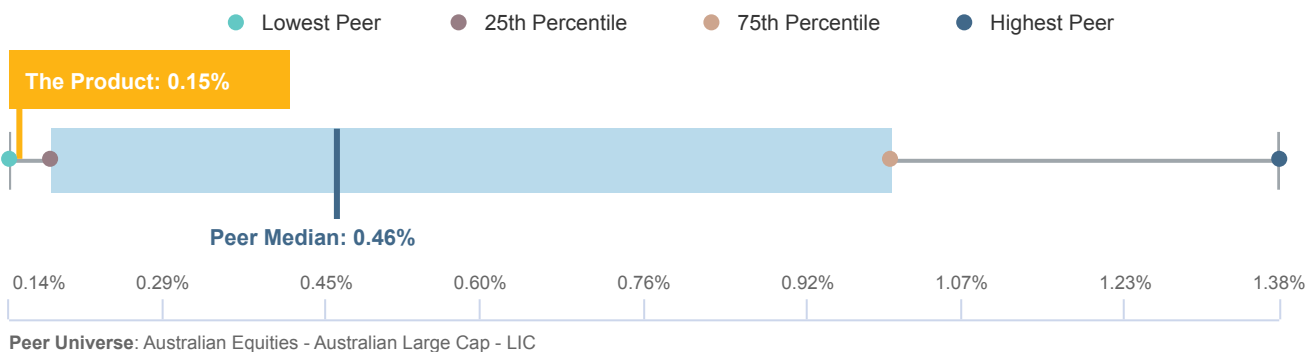
### Fees Explained

Due to economies of scale in running a reasonably large equities portfolio, the Company has a relatively low fixed management cost base of circa 0.15% p.a. This compares favourably with externally managed LICs/ ETFs and is in line with similar-sized managed funds with a broad exposure to Australian equities.

#### Management Fees and Costs Peer Comparison



#### Annual Fees and Costs Peer Comparison



## Lonsec Opinion

### Annual Fees and Costs

The Company's fixed management cost structure is considered attractive compared to externally managed LICs and ETFs, and significantly more affordable than similarly sized managed funds with broad exposure to Australian equities, though the Company tends to be less active than most.

### Fairness

The fee is competitive relative to peers and is considered a key strength of the offering.

Performance data is as at 30 June 2024

## Performance

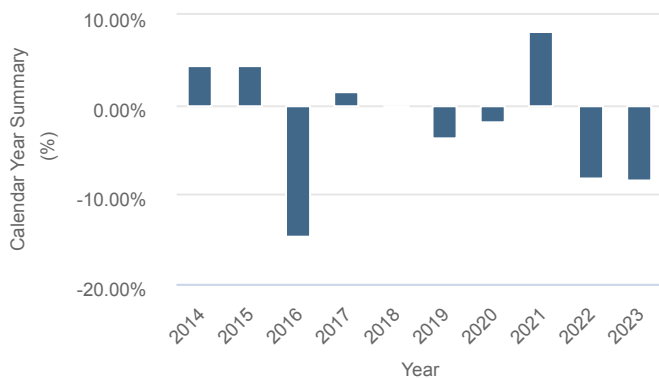
### Performance Summary

Investment objective	To maximise long-term returns through a balance of capital and dividend growth
Internal return objective	To maximise long-term returns through a balance of capital and dividend growth
Internal risk objective	Capital preservation
Product benchmark	S&P/ASX 200 TR Index AUD
Lonsec peer group	LIC

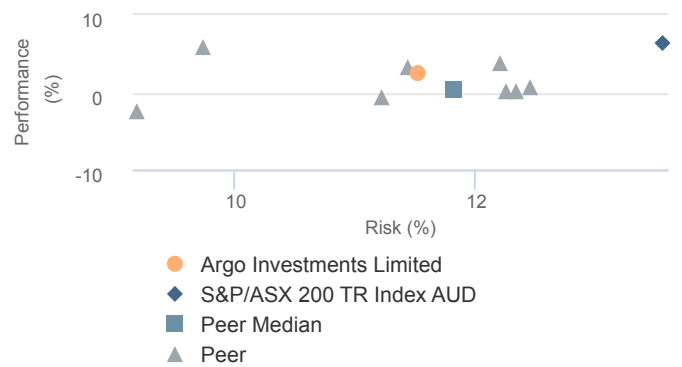
### Alpha Generation

The performance table on page 2 shows the LIC's share price returns, while the commentary in this section reflects the underlying portfolio's performance. The underlying portfolio delivered returns in line with the benchmark over the three- and five-year periods leading up to June 2024. However, recent performance has affected its long-term track record. In the past 12 months, the portfolio returned 11%, underperforming the benchmark by 12.1%.

#### Calendar Year Excess Return



#### 3 Year Risk and Return



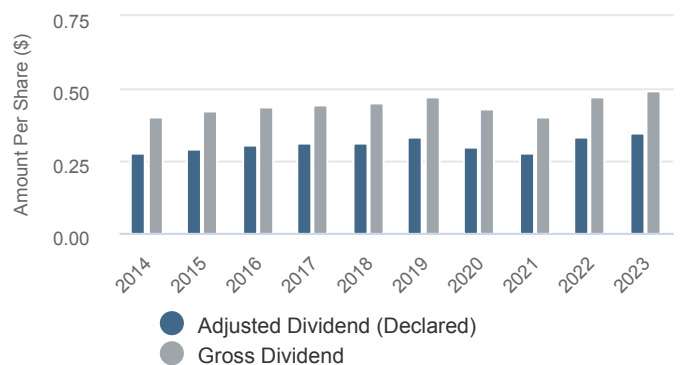
### Alpha Consistency

The portfolio has struggled to consistently generate persistent alpha over time, largely due to its relatively diversified stock holdings and low turnover strategy, leading to a performance profile that often mirrors the benchmark. However, the company has reliably delivered a stable and growing fully-franked dividend, a key factor for investors in LICs

#### Growth of \$10,000 Over 10 Years



#### Dividend Record Over 10 years



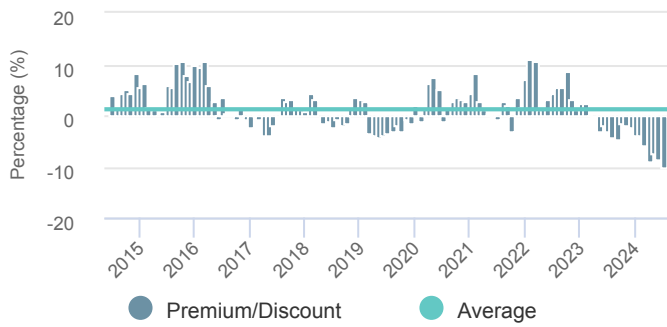
Performance data is as at 30 June 2024

## Performance (continued)

### Benchmark Relativity

The underlying portfolio exhibits a moderate level of activeness, with an average active share of 40%, despite not having formal risk guidelines in place. This aligns with the Manager's strategy of maintaining a significant absolute weight in the 'top 20' index.

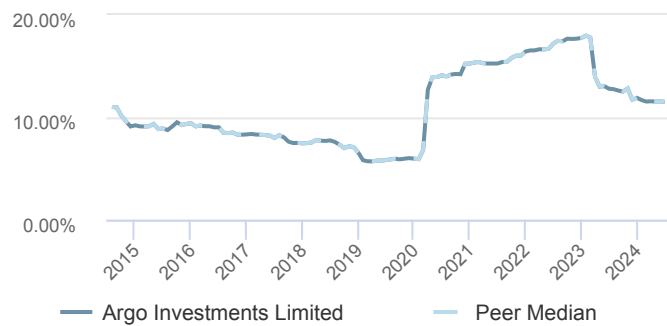
#### Share Price Premium/Discount to NTA Over 10 Years



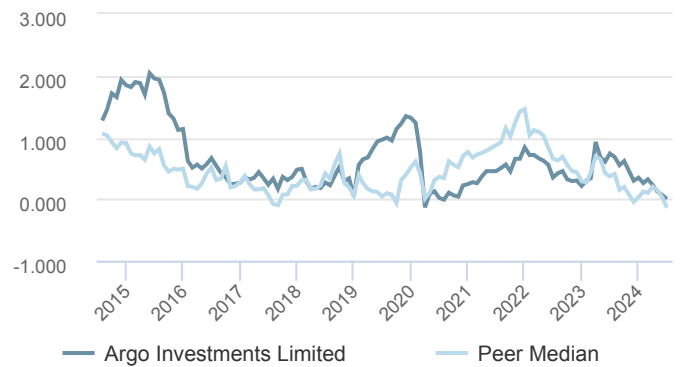
### Return Volatility

The underlying portfolio exhibits a return profile with volatility comparable to the benchmark. However, due to relatively weaker performance, the portfolio's Sharpe Ratio has lagged behind its peers over the medium to long term.

#### 3 Year Rolling Standard Deviation Over 10 Years



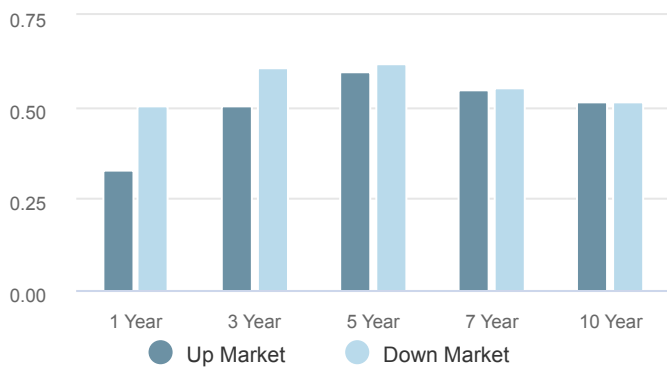
#### 3 Year Rolling Sharpe Over 10 Years



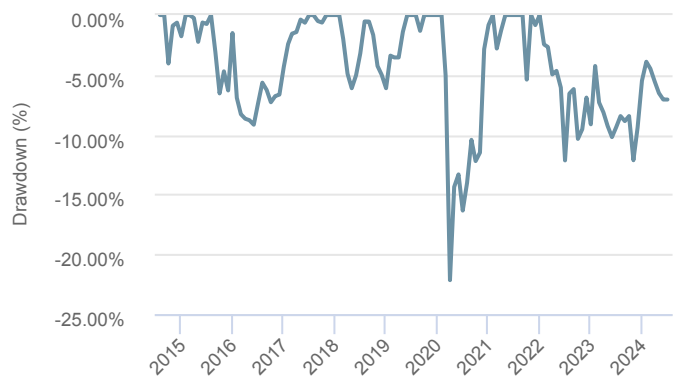
### Product Defensiveness

The Company has offered decent downside protection in line with its focus on quality. Its drawdowns have generally been in line with the benchmark over time.

#### Market Capture Ratio



#### Drawdowns



## Scope

### Scope of this rating

The rating incorporates a view on the Listed Investment Vehicle's (LIV) ability to meet its investment objectives and the vehicle's effectiveness. The rating should not be interpreted as an opinion on the 'intrinsic value' of the LIV relative to its price.

## Ratings

'**Highly Recommended**' rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.

'**Recommended**' rating indicates that Lonsec has strong conviction the product can meet its investment objectives.

'**Investment Grade**' rating indicates that Lonsec has conviction the product can meet its investment objectives.

'**Approved**' rating indicates that Lonsec believes the product can meet its investment objectives.

'**Not -Approved**' rating indicates that Lonsec does not believe the product can meet its investment objectives.

'**Closed / Wind Up**' status is applied when the product has been closed.

'**Fund Watch**' status is applied when a rating is under review due to the occurrence of a significant event relating to the product.

The '**Redeem**' rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.

The '**Screened Out**' rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.

'**Discontinued Review**' status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.

The '**Ceased Coverage**' status is applied when a rated product is withdrawn from the research process by the product issuer.

## General

**Climate Change / Biodiversity:** the extent to which a manager has a leading climate and biodiversity policies.

**ESG and Stewardship Reporting:** the transparency, accessibility and usefulness of a manager's reporting.

**ESG Policy:** the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.

**Excess return:** Return in excess of the benchmark return.

**Information ratio:** Relative reward for relative risk taken (Excess Returns / Tracking Error).

**Key decision maker (KDM):** A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.

**Market capture ratio:** A product's performance during either 'up' or 'down' market trends relative to an index.

**Policy Availability / Transparency:** the ease of public access to, and transparency of, a manager's overall ESG policy suite.

**Public Positioning:** the resolve of a manager's commitment to ESG as ascertained by their public positioning.

**Returns consistency:** The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.

**Sharpe ratio:** Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.

**Standard deviation:** Volatility of monthly Absolute Returns.

**Stewardship Policies:** the strength of a manager's proxy voting and engagement policies with respect to ESG.

**Time to recovery:** The number of months taken to recover the Worst Drawdown.

**Total return:** 'Top line' actual return, after fees.

**Tracking error:** Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).

**Worst drawdown:** The worst cumulative loss ('peak to trough') experienced over the period assessed.

## Lonsec Group Disclaimers

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## 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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[www.lonsec.com.au](http://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.

## 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?

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#### Complaints Manager

Level 39, 25 Martin Place  
Sydney NSW 2000

Tel: 1300 826 395

Email: [complaints@lonsec.com.au](mailto: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](http://www.afca.org.au)

Email: [info@afca.org.au](mailto: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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Lonsec Research review and rate products for Fund and Equity Managers who may from time to time have holdings within Generation Development Group Limited. Lonsec Research manages any potential conflict by disclosing to investors who access the research for these products and by implementing a comprehensive ratings process, information barriers and monitoring program. For further information on how Lonsec manages its conflicts refer to our Conflicts of Interest Statement accessible here <https://www.lonsec.com.au/lonsec-group-conflicts-of-interest-statement/>. For more information refer to Lonsec Research Ratings Methodology available on our platform iRate or by contacting us on 1300 826 395.

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This FSG was prepared on 1 August 2024.