



Argo Global Listed Infrastructure Limited

ALI Author: Peter Green Published: 03 Oct 2024

Data is provided by the manager at 31 Jan 2024, and currency in AUD, unless otherwise stated

Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	Cohen & Steers Capital Management, Inc.
Benchmark	FTSE Global Core Infrastructure 50/50 NR Index AUD
Product structure	LIC
Market cap. at 31-Jan-2024	\$372.66m
Inception date	Jul 2015
Asset class	Property and Infrastructure
Sector	Global Listed Infrastructure
Peer group	LIC
Rated peers	1

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	Medium
Tenure of Decision Makers	Medium
Complex (RG240)	No
Strategy Remaining Capacity	Not applicable
ESG Approach	Risk or Value
Peer Relative Fees and Costs	Above median

Annual Fees and Costs (% p.a.)

Management fees & costs	1.20
Performance fee costs	0.00
Annual fees and costs	1.20

Source: FE fundinfo, Offer Document date: 19/May/2015

Strengths

- Argo has extensive experience in the management of LICs.
- Investment manager Cohen & Steers has an investment team with a strong understanding of global infrastructure investing and a long working relationship using a consistent and slightly more top-down approach than other Managers.
- Cohen & Steers has delivered positive excess returns on the ALI portfolio on average since inception.
- Strong alignment of interests between investors and Manager

Weaknesses

- Although the ALI Board of Directors has a minority of external directors and a non-external Chairman (not best practice), investors have not been disadvantaged.
- Management costs are high compared to infrastructure fund peers.
- Cohen & Steers is one of the larger managers in terms of FUM within Lonsec's infrastructure peer group.
- The discount to NAV has widened materially over the last 12 months and is close to its historical wide.

Product Opinion

The product's Recommended rating has been maintained at this review. The Manager has an experienced investment team that has delivered decent returns since inception. Further, the investment team has the benefit of leveraging insights generated by the Manager's various resources across geographies and asset classes. In addition, the minority of external representatives on the Board of Directors is not considered detrimental to ALI investors. That said, ALI has a relatively high management fee compared to other global infrastructure funds.

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	The Company's objective is to provide a total return for long-term investors consisting of capital growth and dividend income from a global listed infrastructure portfolio which can provide diversification benefits to Australian investors.
Internal return objective	Outperform the benchmark index.
Internal risk objective	No objective. Tracking error expected to range between 1.5% - 3.0% p.a.

Asset Allocation (%)

Information hasn't been provided, contact the product provider.

Trading Snapshot (as at 30/06/2024)

Securities on issue	177,777,227
Ticker	ALI
Last price	2.02
52 week high/low price	2.29/1.91
Last NTA or NAV	2.37
52 week high/low NTA or NAV	2.44/2.13
Premium/discount to NTA or NAV	-0.35

Rating History

21-Sep-2023	Recommended
03-Aug-2022	Recommended
21-Jul-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)	-7.42	-	-3.16	-	1.06	-	1.29	-
Standard deviation	12.48	-	14.47	-	14.87	-	17.43	-
Excess return (% p.a)	-11.42	-	-6.49	-	-5.19	-	-2.81	-
Outperformance ratio (% p.a)	58.33	-	58.33	-	55.56	-	53.33	-
Worst drawdown (%)	-10.97	-	-23.83	-	-23.83	-	-24.58	-
Time to recovery (mths)	3	-	NR	-	NR	-	17	-
Sharpe ratio	-0.95	-	-0.47	-	-0.09	-	-0.02	-
Information ratio	-0.79	-	-0.41	-	-0.35	-	-0.18	-
Tracking error (% p.a)	14.51	-	15.89	-	14.64	-	15.25	-

Lonsec Peer Group: Property and Infrastructure - Global Listed Infrastructure - LIC

Product Benchmark: FTSE Global Core Infrastructure 50/50 NR 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-annual
Last Missed Distribution	N/A
Number of Missed Distributions in the last 5 years	Nil

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

	Weight (%)
NextEra Energy	6.8
American Tower	5.2
Duke Energy	4.0
TC Energy	4.0
NiSource	3.9
Cheniere Energy	3.4
Public Service Enterprise Group	3.3
PG&E	3.2
PPL	3.0
Pembina Pipeline	2.9

Source: FE fundinfo

Target Market Determination

Produced by issuer	No
Provided to Lonsec	No

Business data is as at 31 December 2023

Business

Facts

Investment Manager	Cohen & Steers Capital Management, Inc.
Ultimate Parent Company	Listed on NYSE (interests associated with Martin Cohen & Robert Steers 42.74%; Staff 4.31%)
Headquarters	New York
Inception Date	1986
% Staff Ownership	<5%

Governance

% Independent board members	67%
% Female board members	22%
Independent chair	No
CEO as Chair	No
Separate Audit Committee	Yes

Who is the Manager?

Argo Global Listed Infrastructure Limited (ASX: 'ALI' or 'the Company') is an Australian listed investment company ('LIC') that invests in an actively managed, 'bottom-up' and 'top-down' portfolio of 50-100 listed global infrastructure securities. ALI is managed by Argo Service Company Pty Limited (ASCO), a wholly owned subsidiary of Argo Investments Limited (ASX Code: ARG or 'Argo'). ASCO has appointed Cohen & Steers Capital Management, Inc. as the investment manager of ALI.

Lonsec Opinion

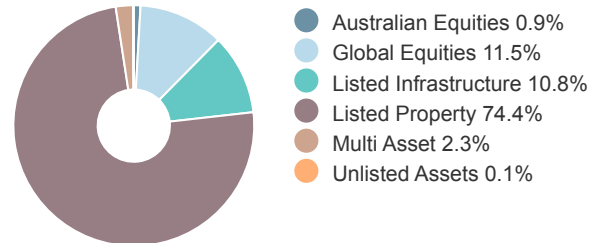
Profitability

Cohen & Steers is one of the largest managers of listed infrastructure securities in the Lonsec peer group with AUD13billion and US\$83bn in total FUM across a range of strategies as at 31 December 2023. Cohen & Steers has been highly profitable since its founding, although experienced some outflows over the last two years, consistent with the broader market.

Business Track record

Cohen & Steers is a globally renowned organisation with US \$83bn in AUM across real estate and infrastructure assets. The firm was established in 1986 and has a long track record of successful performance since then.

AUM



Metrics

Total AUM	US\$83.1bn
Investment Management Headcount	405
Investment Professionals	85
Sales & Service	103
Distributor	Self

Business Ownership

Cohen & Steers is a publicly owned company that is listed on the NYSE - almost 50% insider ownership (founders and staff). Argo Infrastructure has a broad shareholder register of approximately 9000 retail investors who have had regular participation in SPPs over the past couple of years.

Business Governance

Cohen & Steers is a large investment manager and publicly listed on the NYSE and has had no regulatory findings over the previous 12 months.

Argo Infrastructure is required to comply with ASX listing rules. The governance of the Board is enhanced by an Audit & Risk Committee (A&RC) which, in-line with best practice, has a separate chair in non-executive director, Mark Hall. The AR&C also has an additional two non-executive directors as members.

Team



Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Thuy Quy Dang	Portfolio management	Yes	2020	24/13	Not provided
Ben Morton	Portfolio management	Yes	2018	26/21	Not provided
Tyler Rosenlicht	Portfolio management	Yes	2018	15/12	Not provided

KDM Change*

No changes.

* Last 3 years

Profile

Size	14
Structure	Decentralised
Turnover	Low

Alignment

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

Resources

	Number	Average Years Experience
Key decision makers	3	21
Portfolio Managers		
Hybrid portfolio manager/ analysts		
Dedicated analysts	7	15
Dedicated dealers		
Quantitative		
ESG/Sustainability		
Macro		
Investment Specialists	1	28

Who is the Team?

The Cohen & Steers investment team is led by Ben Morton, Head of Global Infrastructure and Senior Portfolio Manager, who is well-qualified to fulfil his role as Senior Portfolio Manager. Portfolio Managers Tyler Rosenlicht and Thuy Quynh Dang both possess solid industry experience with over a decade of experience at Cohen and Steers. Dang also serves as the team's ESG champion. The leadership group is supported by a team of eight research analysts with personnel located in New York, Hong Kong and London. The total investment team size of eleven is above the average across the Lonsec global infrastructure peer group.

ASCO, the manager of ALI, is led by Managing Director, Jason Beddow, who has considerable investment experience, having joined Argo in 2001 with previous roles at Hartley Poynton and Deutsche Bank. Overall, Lonsec has a positive view of ASCO staff experience in terms of the management and administration of LICs. Over a nine-year period, Argo has built a good working relationship with international investment manager, Cohen & Steers.



Lonsec Opinion

Skill

The Cohen & Steers investment team is well-integrated given its decentralised nature. The global reach has the advantage of facilitating greater insight into the local nuance of infrastructure markets. Communication and collaboration between the respective regions occurs formally via weekly video conferencing in addition to constant group discussion through e-mail. When possible, the portfolio managers travel extensively to meet with infrastructure company management and other industry contacts. Usually, the entire team also comes together for an internal Infrastructure summit.

Team Size

The leadership group is supported by a team of eight research analysts with personnel located in New York (six), Hong Kong (two) and London (three). The total investment team size of eleven is above the average across the Lonsec global infrastructure peer group.

Track Record/Co-Tenure

There is good co-tenure at the PM level, albeit somewhat reduced following a recent departure. There is moderate co-tenure at the analyst level, though continued rearrangement of coverage responsibilities is viewed as a sound way to keep analysts fresh and challenged as well as enhancing information sharing.

Alignment

After base salaries, the portfolio managers are rewarded by reaching out-performance targets over one and three years in addition to relative performance versus peers. Each analyst is compensated with reference to individual stock attribution. This structure provides good alignment between the investment team and investors.

Key Person Risk

Morton poses some key person risk, however there are mitigating factors including the significant equity 'tie-in' of the portfolio managers, and relatively low team turnover. The Manager has succession planning which is reviewed yearly and a policy of skills development that aims to create a high-quality candidate pool to draw from.

Process



What is the Investment Process?

The investment process is characterised by the integration of top-down and bottom-up research. The top-down research takes place via the assessment of the macroeconomic operating environment within infrastructure sub-sectors. The team benefits from insights developed by the internal macro team, with back-testing conducted to understand which sub-sectors perform best in various economic climates. To this end, the co-PMs will first allocate capital between the sub-sectors and then populate the portfolio with securities seen adding the most value.

Fundamental bottom-up research is undertaken, with proprietary projections feeding into typical valuation models (DCF, Valuation Multiples etc). Multi-year, three-statement models are completed by each analyst, with discount rate adjustments made for ESG factors where applicable. The team combine a FV and multiple-to-growth estimate to develop a multi-factor value ranking. Central to the investment process is site visitation, touring assets and plants, in addition to speaking with regulators to better understand business dynamics.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Type	Fundamental
Investment Approach	Fundamental based on intrinsic value and growth potential
Investment Style	Core
Typical market cap	Large
Minimum market cap	USD\$500m
Available Universe	350 companies across 17 developed and emerging market countries

The Manager's focus is identifying compelling owners and operators of infrastructure assets that exhibit the following characteristics - 1. Stable, predictable and often inflation-linked cash flows, 2. Regulated and monopolistic businesses, and 3. High barriers to entry.

The universe is split into four sub-sectors:

- Transportation - airports, toll roads, marine ports, railways;
- Utilities - Electric, water, gas, renewables;
- Communications - towers, satellites; and
- Energy - midstream

The definition is less conservative than some global infrastructure peers, who may exclude certain subsectors that potentially have greater sensitivity to the macroeconomic cycle or competition and as such, has the potential to lead to a more volatile performance pattern.

The Manager believes in conducting thorough bottom-up due diligence, creating proprietary financial models, and then establishing forecasts based on the macroeconomic environment for each sub-sector. Multi-factor ranking scores then help inform over and under-weight positions.

Research Process

Key screens	Balance Sheet, Earnings, Liquidity, Market Cap, Sector, Region, Top Down or Thematic
Screened universe	360
Idea generation	Financial market data, Economic data, Financial statements, Direct outreach
Stocks researched	250
Annual manager meetings	500
Key research inputs	Proprietary macro 'top-down', company visitation program, fundamental bottom-up analyst research
Primary valuation approach	DCF, P/E multiples vs Growth

The Manager focuses on owners and operators of such infrastructure assets and generally avoids highly cyclical sub-sectors such as engineering and construction, and oil and gas production. However, it can hold transport and energy-sector facing infrastructure securities which some peers avoid.

The Manager conducts in-depth bottom-up due diligence which considers management meetings, financial statements, macro landscape, and ESG considerations. Internal models are used to derive intrinsic values, with the Manager utilising its own valuation forecasts based on cashflow assumptions and discount rates. Valuations consider a macroeconomic sector matrix that accounts for how different sub-sectors fare given their outlook and base assumptions.

Process (continued)



Portfolio Construction

Portfolio management structure	Decentralised
Approach to benchmark	Benchmark Aware
Typical security numbers	60
Typical securities range	50-70
Typical portfolio turnover p.a.	75.00%
Typical active share	54.23%

Relative attractiveness of the infrastructure sub-sectors based on four key drivers: Regulatory Cycle (25%), Economic Cycle (25%), Credit Cycle (25%), and Industry Fundamentals (25%). Once sub-sector positioning has been determined, the portfolio managers use the outputs from the security-level valuation models to quantify fair value within each sub-sector, using the most appropriate valuation metrics for the respective sub-sector. Analysts then calculate multiple-to-growth metrics, and when combined with fair value rankings, produce a multi-factor ranking that determines each stock's weighting (under/over/neutral). Typically, the portfolio's largest overweight positions are securities that are the most undervalued according to the models.

Capacity Management

Capacity guidance	US\$15bn
Strategy AUM	US\$8.4bn
Portfolio liquidity (1 week)	Not provided
Substantial holdings by manager	Not provided
Strategy previously closed	Not provided

The Manager's capacity was estimated at \$US15bn and currently has around \$US8.4bn in GLI assets. Capacity is not considered to be a major impediment to the Manager's ability to consistently generate returns above the Benchmark.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	Proprietary
Security Limits (Min./Max.)	Maximum stock limit 10%
Sector Limits (Min./Max.)	Sector Limit nil
Cash Allocation (Typical, Max.)	0% / 5%

No single security can exceed 10% of the portfolio's NTA. The tracking error is intended to be smaller than other managers with the Manager more benchmark-aware compared to peers. Although hard sub-sector and country limits are not employed, positioning is expected to be deliberately diverse to minimise the risk of unintended exposures.

Proprietary risk systems stress testing and sensitivity analysis. Barra is used as a third-party resource to help ensure 70% of risk is generated from stock selection and the remainder from sub-sector allocations. The Manager aims to minimise common factor risks as they recognise this is not considered an area of competence.

ESG



Manager Positioning

Responsible investment style	ESG Integration
ESG approach	Risk or Value
Sustainability thematic	None
Non-financial objective	None

Sustainability Score

No score.

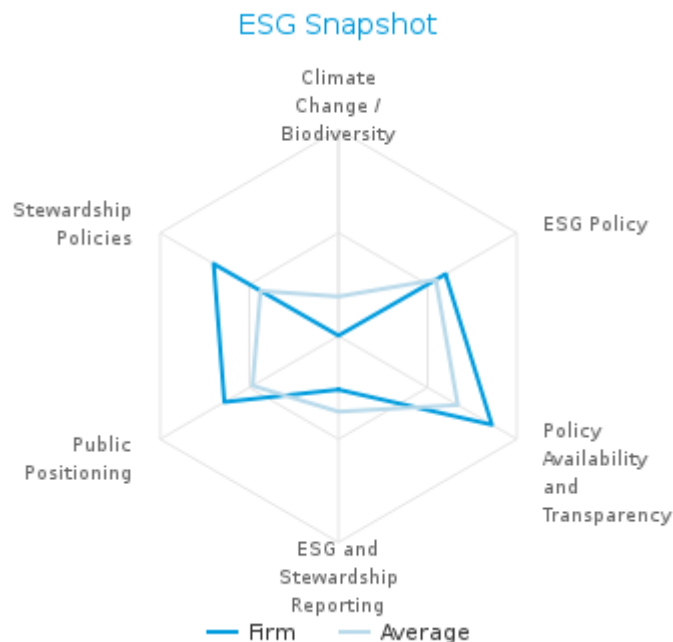
What is the Manager's ESG approach?

The Manager has indicated that their Responsible Investment style is "ESG Integration" and as such that they take Environmental, Social and Governance factors into consideration 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 may be included if the return potential is sufficient and this may conflict with some clients perception of what a strong ESG process would deliver.

Lonsec Opinion & Supporting Facts

Overview

ESG Process Score Mod



Product Level Approach

The Manager sources ESG data in a structured and thorough manner. Multiple providers are accessed with underlying data as well as final scores incorporated. The Manager performs little internal ESG research for this Fund, relying on largely on external sources for assessment/ratings. Transparency on the transmission from research to portfolio construction is limited. There little in the way of portfolio level ESG risks measurement apparent. There are no Portfolio level ESG based limits or targets in place for the fund. 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 N/A.

Manager Level Approach

The Manager's overall ESG policy framework and disclosure are slightly ahead of peers. The Manager has an articulated commitment to the integration of ESG, with evidence of clear public positioning and a robust policy framework. The level of disclosure with respect to the Manager's proxy voting policy and outcomes is better than peers, with particular credit paid to the clarity of the policy framework. While the engagement policy provides a clear engagement framework, no reporting on engagement outcomes is publicly available.

Product



Company Board & Service Providers

Chairperson	Russell Higgins
Independent chairperson	No
No. of directors	5
No. independent directors	3
No. of female directors	2
Separate Audit Committee	Yes
Separate Investment Committee	Yes
Investment manager	Cohen & Steers Capital Management, Inc.
Custodian	State Street
Administrator	ASCO provides administrative, operational and financial services to ALI
Auditor	EY
Change in Key Providers? (Over last 12 months)	No

Product Details

Investment structure	Feeder Fund
Product type	LIC
Currency hedged	Unhedged

What is the Product Structure?

The Company's Board of Directors consists of five members. Three of these are external (Mark Hall, Fiona Hele and Sarah Brennan), while three are existing board members of Argo. Russell Higgins, Chairman and Non-Executive Director of the Company, is also Chairman of Argo Investments Ltd. Best practice is for the majority of Board members, including the Chairperson to be external. The Board has strong relevant experience in overseeing LICs, and has a mix of individuals with the requisite experience and skills to allow the Company to meet its investment objectives. Governance is also enhanced by an Audit & Risk Committee (A&RC), which has an independent chair. The Company is also required to meet ASX listing rules.

Lonsec Opinion

Price Divergence

Historically, the Company's share price has traded at a 5 to 15% discount to NAV. The current discount is at the wider end of the range. Price divergence is considered 'average' compared to other LICs trading on the ASX.

Liquidity

Based on ALI turnover over the 12 months, liquidity is assessed as poor, with average monthly turnover equating to only approximately only 1% of the market cap over 12 months to May 2024.

Governance

The Company Board has the responsibility for ensuring the Company is properly managed so as to protect shareholder interests in a manner that is consistent with the Company's obligation to all stakeholders. The Board has strong relevant experience in overseeing LICs, and is considered to be comprised of a mix of individuals with the requisite experience and skills to allow the Company to meet its investment objectives. The Company is also required to meet ASX listing rules.

Secondary Market Support

Secondary market support appears relatively solid with SPPs issued at a levels reasonably in line with the NTA. Similarly, the ongoing DRPs and management of the dividend stream indicate a level of competency in being able to manage the capital within the LIC. There are reasonable shareholder resources available such as the weekly NTA update, monthly / quarterly reports and collateral such as video on the broader infrastructure space. Similarly, there is shareholder engagement available on the website and via the annual investor 'roadshow'.

Fees

Annual Fees and Costs (% p.a.)

Management fees & costs	1.20
Performance fee costs	0.00
Annual fees and costs	1.20

Source: FE fundinfo, Offer Document date: 19/May/2015

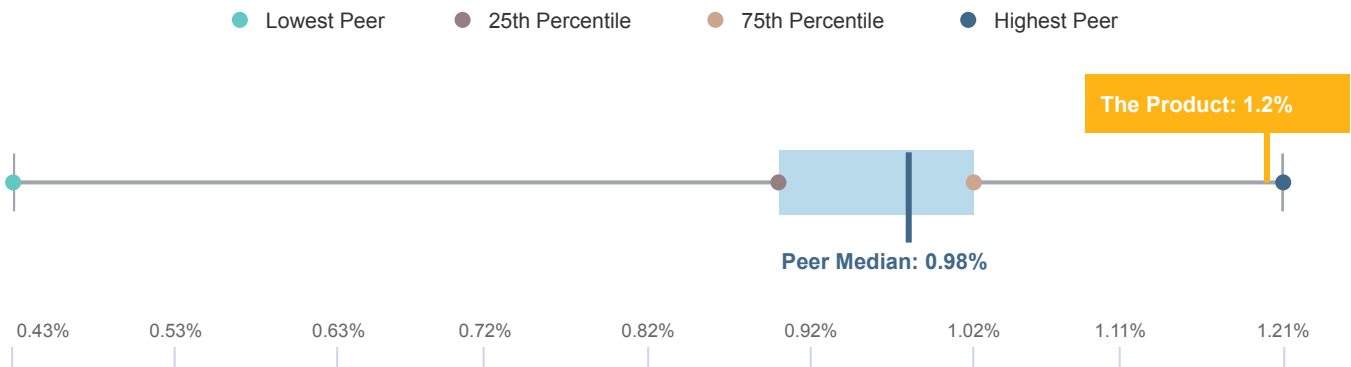
Performance Fees

Applicable	No
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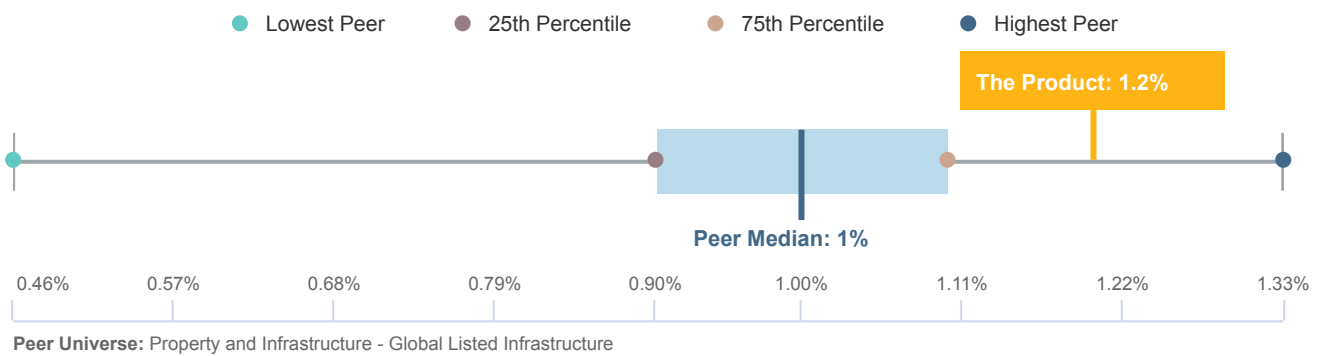
Fees Explained

Scaled management fee starting at 1.2% p.a. which drops to 1.1% p.a. when FUM increases over \$500m.

Management Fees and Costs Peer Comparison



Annual Fees and Costs Peer Comparison



Lonsec Opinion

Annual Fees and Costs

Fees are at the high end of the peer group.

Fairness

There is no performance fee meaning fees are capped, however the total fee load means the Manager is at the high end of the peer group.

Performance data is as at 30 June 2024

Performance

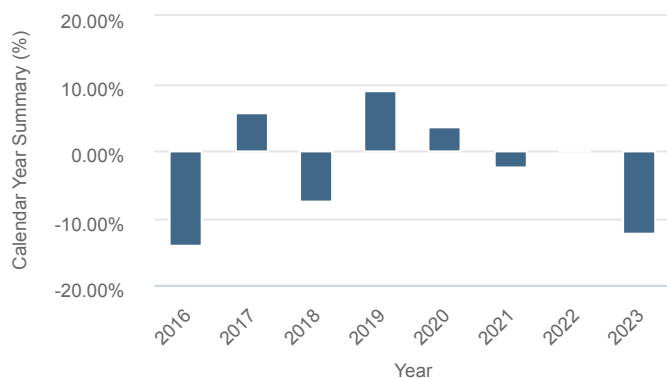
Performance Summary

Investment objective	The Company's stated objective is to provide a total return for long-term investors consisting of capital growth and dividend income from a global listed infrastructure portfolio which can provide diversification benefits to Australian investors.
Internal return objective	Outperform the benchmark index.
Internal risk objective	No objective. Tracking error expected to range between 1.5% - 3.0% p.a.
Product benchmark	FTSE Global Core Infrastructure 50/50 NR Index AUD
Lonsec peer group	LIC

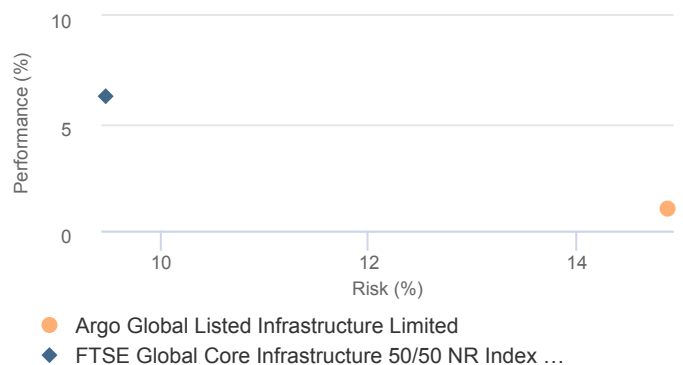
Alpha Generation

Performance has been weaker across all periods when compared to the Global Listed Infrastructure (Unhedged) peer group. This is due the widening of the ALI share price discount to NAV over the last 12 months. Performance of the underlying strategy (managed by Cohen & Steers) has been solid vs peers.

Calendar Year Excess Return



3 Year Risk and Return



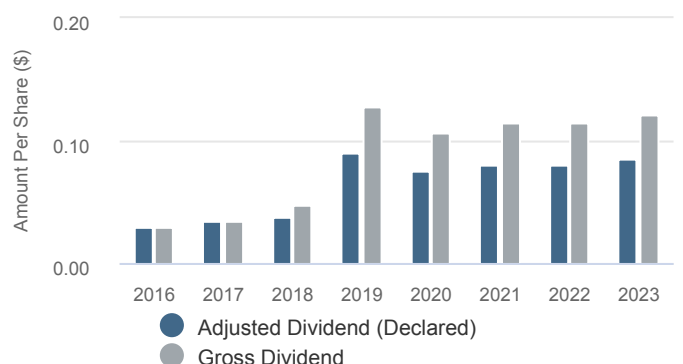
Alpha Consistency

Likewise, the consistency of alpha has been impacted by the widening of the ALI share price discount to NAV over the last 12 months.

Growth of \$10,000 Over 7 Years



Dividend Record Over 10 years



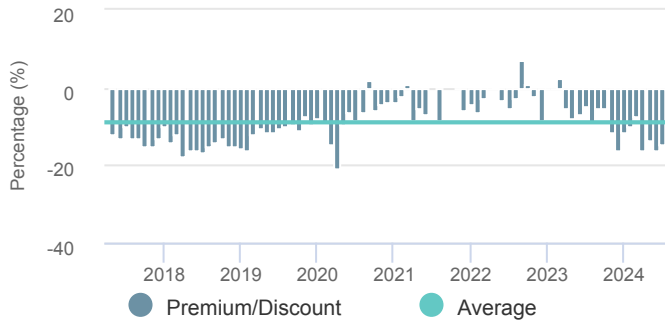
Performance data is as at 30 June 2024

Performance (continued)

Benchmark Relativity

The Tracking Error has been well above the peer group over all time periods.

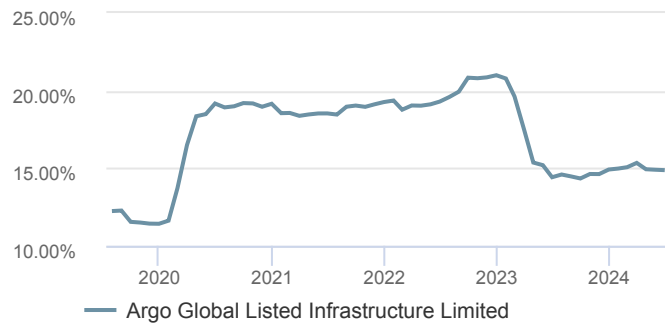
Share Price Premium/Discount to NTA
Over 7 Years



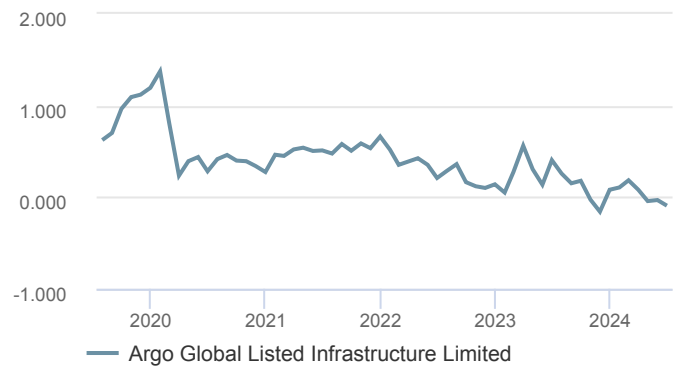
Return Volatility

The volatility of the Company's share price has been higher than the peer group over all time periods.

3 Year Rolling Standard Deviation Over 5 Years



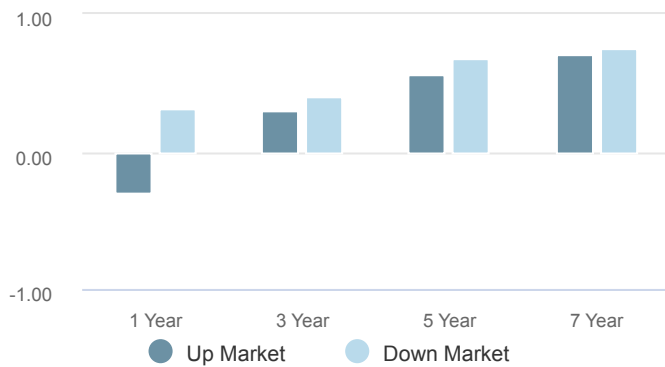
3 Year Rolling Sharpe Over 5 Years



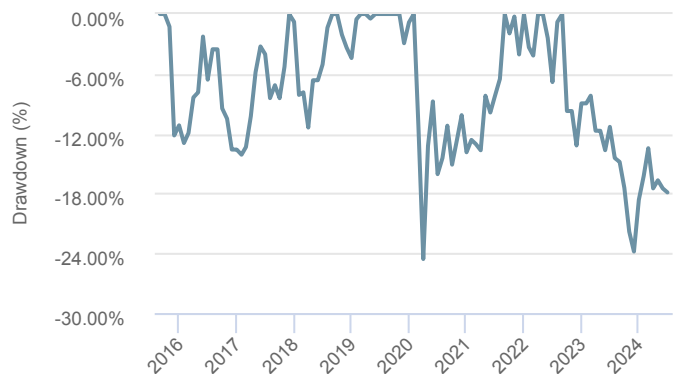
Product Defensiveness

The Worst Drawdown has been higher than the peer group, due to the listed nature of the investment vehicle.

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

Lonsec Research Pty Ltd
Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395

Email: info@lonsec.com.au
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?

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

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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.