AUSTRALIAN

RESEARCH

INDEPENDENT INVESTMENT RESEARCH

eInvest Core Income Fund (Ticker: ECOR)

November 2019

INDEPENDENT INVESTMENT RESEARCH

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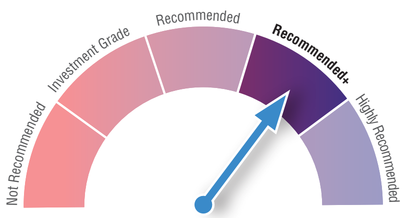
eInvest Core Income Fund

(Ticker: ECOR)

Note: This report is based on information provided by the Manager and contained in the PDS dated 1 November 2019.

Rating



Key Investment Information

Name of ETF	eInvest Core Income Fund
Manager	Daintree Capital Management Pty Limited
Responsible Entity	Perennial Investment Management Limited
Market Maker	Deutsche Securities Australia Limited
Investment Type	ETF
Ticker	ECOR
Listing Date	22 Nov 2019
Issue Price	$50.00
Underlying FUM	$140m
Liquidity	Daily
Return Target	RBA Cash Rate + 1.5-2.0% p.a. (net)
Distribution	Monthly
Rec Timeframe	3 years
FX Exposure	Fully hedged to AUD
Management Costs	0.45% p.a.
Performance Fee	None

Fees Commentary

At 0.45% p.a., IIR believes ECOR is competitively priced, albeit appropriately so given the relatively low risk-return target of the Fund.

Target Portfolio Characteristics

Investment Grade/High Yield	90-100%/0-10%
Average Credit Quality	A+/A
Minimum Security Rating	BB-
Duration	Range -1 to +3
No. Securities	100 - 150
AUD Exposure	90 - 110%
Modified Duration *	1.11 years
Spread Duration *	3.70 years
Portfolio Yield *	2.89%

* As at 31 October 2019

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

OVERVIEW

The eInvest Core Income Fund ('the Fund' or Ticker: ECOR) is an Exchange Traded Fund (ETF) that is expected to list on 22 November 2019. It is an absolute return, global investment grade traded debt mandate managed by Daintree Capital Management Pty Limited (the 'Manager' or 'Daintree'), a Sydney based boutique fixed income specialist founded in 2017 as a 50/50 joint venture (JV) with PVM Capital Partners Ltd (Perennial). The Fund targets an annualised return of RBA Cash + 150-200 basis points (bps) after fees with consistent monthly income while trying to minimize volatility, negative performance months and drawdowns. ECOR will invest in underlying units of the Daintree Core Income Trust, an unlisted unit trust that commenced on 1 July 2017. The bottom up, top down investment strategy is flexible, being benchmark unaware and market driven opportunistic, as the Manager seeks the most attractive relative value opportunities and to do so with the lowest degree of credit, duration, and illiquidity risk to achieve the stated returns target. Being absolute returns, there is a strong focus on downside protection. The investment strategy rests on a philosophy that with yields being at historic lows and secular changes in the traded debt markets heightening volatility and tail risks, it is no longer prudent for an investment manager to simply be long credit risk, duration or the illiquidity premium. The portfolio comprises two components - the 'Core Portfolio' and the 'Overlay Portfolio', with 85-90% of returns expected to derive from the former, and the residual from the latter. Through both, the intention is to construct a portfolio that generates absolute returns by combining active credit management, a diversified overlay strategy and conservative risk management. While Daintree is relatively newly formed, the founding partners, Mark Mitchell and Justin Tyler, are experienced fixed income industry veterans.

INVESTOR SUITABILITY

ECOR is designed as an enhanced cash, term deposit alternative, providing an enhanced and consistent level of monthly income with a limited degree of capital appreciation upside and a very strong focus on downside protection. IIR notes that over the Trust's two year track-record, the Manager's risk-return objectives have been achieved, with the Trust having generated an annualised net return of 206 and 299 basis points over the RBA Cash Rate since inception and over the last 12-months to 31 October 2019, respectively (3.5% p.a. vs 2.1% p.a. Term Deposits vs 1.4% p.a RBA Cash Rate). These returns reflect the 15bps higher fee in the Trust versus ECOR (60bps until 30 June 19 and then dropped to 50bps). During this period, there have been no negative monthly periods, including during the investment grade credit spread widening events from March to June 2018 and November and December 2018. Monthly distributions have been smooth and consistent, generating income of 2.8% in its first full year period. In a peer group analysis, the Fund has outperformed in every important measure (returns, risk, negative months). IIR believes ECOR is a suitable enhanced TD alternative, with the additional benefit of ECOR being effectively 'at call', i.e. daily liquidity.

RECOMMENDATION

IIR ascribes a "**RECOMMENDED PLUS**" rating to the Fund. Daintree, while having a short track record as an entity, represents an experienced investment team led by its two industry veteran portfolio managers (PMs), Mark Mitchell and Justin Tyler. While the boutique manager may not have the resources of larger investment managers, the Manager plays to its relative strengths and has developed internally robust processes and systems. IIR believes, in particular, its ability to manage the ever increasing downside risks in the traded debt markets sets it apart from many other comparable mandates available to domestic investors. We also believe its flexible, market driven opportunistic and absolute returns investment strategy is best suited to the current market environment, the key dynamics of which (low yields, heighten volatility and tail risks, material long duration risk) IIR believes will persist for the foreseeable future. In short, IIR believes ECOR represents a strong investment option for its stated and intended use as an enhanced cash TD alternative.

SWOT ANALYSIS

Strengths

- A strong, experienced (albeit small) investment team, with the two PMs having complementary skill sets and experience through full market cycles. The team have institutional grade technical infrastructure and quantitative investment research tools, both internally developed and externally contracted, that allow the Manager not only to carry out its strategy efficiently but have been integral to the development of the Overlay Portfolio strategy.
- The Overlay Portfolio is both a necessary adjunct to the credit risk of the Core Portfolio and a point of difference to many comparable peer products. It generates a modest amount of alpha, but more importantly, acts as a risk counterbalance to the credit exposures in the Fund and is integral in managing downside risk in credit spread widening ('risk off') periods.
- IIR is of the firm view that a flexible, benchmark unaware, market driven opportunistic investment strategy with a strong focus on downside risk mitigation is the prudent way in which to manage traded debt in the current market environment and one which is likely to persist over the foreseeable future.
- Many flexible investment strategies suffer from a fundamental (and ironic) weakness: the very freedom that a flexible mandate provides. Without a limiting benchmark or framework in which to exercise freedom, flexibility can result in unpredictability, with some approaches assuming too much directional risk or focusing too heavily on a single predominant driver of performance. To be successful, flexible strategies must strike a balance between defensive positioning in volatile markets and opportunistic pursuit of alpha over the long-term - all within a well-understood investment framework. Daintree achieve this balance, both with respect to credit risk in the Core Portfolio and the tight stop loss parameters that apply to the derivatives based Overlay Portfolio.
- The boutique structure of Daintree ensures that the investment teams' interests are fully aligned with those of its investors. All members of the investment team have an equity interest in the business and are co-invested in the funds. Perennial is a very strong and supportive partner for the firm, providing operational and marketing services than allow the investment team to focus on managing money.

Weaknesses

- The underlying Trust has a relatively short two year track record. That said, this is mitigated by the successful prior track records of Daintree's co-founders, Mark Mitchell and Justin Tyler. Additionally, we note the Trust has performed in a manner consistent with its design and stated performance objectives, including two periods of notable credit spread widening (the portfolio's most significant risk).
- As with all smaller boutique investment managers, there is material key person risk, specifically with the two PMs. While the complementarity of their respective skills sets is a positive, it arguably increases the key person risk, in that it potentially equally applies to both the PMs.

Opportunities

- By most measures, the global economic cycle is in its latter stages, and the resulting volatility and rapid shifts in both risk and opportunity create a challenging environment for benchmark-constrained mandates. In contrast, a well-designed dynamic and opportunistic fixed income strategy may benefit from greater investment flexibility to defend against scenarios that are challenging for traditional strategies, while potentially capitalising on market shifts.
- During periods of market volatility, flexible strategies may make an overall portfolio more resilient by reducing directional risk, lowering beta exposure to duration and credit risk, and tilting towards relative value opportunities.

Threats

- While not questioning the investment merit of the Fund's RMBS investments (18.6% of the portfolio as at 31 October 2019), IIR notes secondary market liquidity in Australian RMBS is very limited, potentially running the risk of it becoming a larger part of the portfolio should the Manager need to fund significant redemptions or, in a worst case (albeit highly unlikely) scenario, ETF redemptions frozen. While these risks are no different to an unlisted managed fund, a freeze in redemptions would likely come as an unexpected shock to ETF investors in general.

PRODUCT OVERVIEW

The aim of the eInvest Core Income Fund is about consistency and no surprises. Specifically, to provide a steady income with capital stability through the minimisation of the risk of negative performance months over the medium term. The Manager seeks to achieve this through a number of means: a diversified portfolio of traded debt securities, having a broad global mandate in a market-driven opportunistic and benchmark unaware strategy to maximise the relative value opportunity set (maximising risk-return), and exercising a strong philosophy on downside protection, partly through an absolute returns mandate.

While the Daintree Core Income Fund has a two year track record at Daintree, Mark Mitchell was involved in running a comparable mandate based on a comparable investment strategy that underpins the Core Portfolio for seven years at Kapstream Capital Pty Limited. During this period, the Kapstream Absolute Return Income Fund, grew from approximately $300m to $3.5bn in FUM, with an additional $4bn in absolute returns strategies.

Of the two underlying portfolios, the Core Portfolio and the Overlay Portfolio, 85-90% of the risk budget is allocated to the former. The Core Portfolio generates returns through credit risk implemented through a fundamental bottom-up and top-down approach. The bottom-up approach is based very much a conventional assessment of credit risk with a focus is on finding securities that demonstrates attractive risk/ return characteristics.

The top down component sets general risk guidelines for the overall portfolio. This includes things such as interest rate duration, credit spread duration, cash levels, credit risk tolerances, and other various targets at the portfolio level. Top down views, formally set on a quarterly basis, guides the purchase of new securities as well as the Manager 'tilting' the profile of the portfolio of existing holdings in-line with its macro views.

The purpose of the Overlay Portfolio is two-fold. Firstly, through hedging, to mitigate risk that stems from the inherent short volatility bias of credit exposure in the Core Portfolio. Secondly, to diversify and augment Core Portfolio returns by a target of 30-50 basis points p.a. The latter is achieved by adding technical, quantitative, and short-term positions to complement the Core Portfolio strategy that is otherwise based on the fundamental, judgemental, and longer-term positions.

While the Manager is generally only allocating around 10-15% of the return contribution to the Overlay Strategy, its overall value to the strategy goes beyond what this allocation may suggest. Specifically, it is core to the absolute returns mandate and, based on performance to date, has been integral to either avoiding or minimising negative performance during months in which credit spreads have widened.

The portfolio is characterised by high quality credit portfolio, with an average rating of A+/A (comparable to the Australian regional banks in terms of risk profile). It is well diversified by issuer (around 100 issuing entities) and sector, mitigating return and income risks. It has, and is likely to continue to be materially overweight Australian investments, reflecting the Manager's long held view that there is both attractive relative value in Australia versus offshore credit and, more importantly, Australian credit is materially less volatile than offshore credit.

It is a low duration strategy, with a duration of approximately one year. This is in contrast with many passive fixed income products which tend to follow a benchmark and have longer duration. The Manager's view on duration is that is currently not a good point in the cycle to be taking a lot of duration risk given historically low yields and how the market is pricing longer dated instruments, with the view investors are not being adequately compensated for the additional duration risk.

The use of an ETF structure, versus a Listed Investment Trust (LIT), makes sense given the relatively low risk-return nature of the Fund. Under a LIT, share price discount to NAV risk would undermine the purpose of the strategy by potentially compromising the RBA plus target and its intended use as a term deposit alternative.

The Fund charges an MER of 0.45% p.a., 5 bps lower than the unit trust version. IIR view this as a competitive fee level, albeit appropriate given the relatively low risk-return target.

MANAGEMENT GROUP PROFILE

Daintree was established by Mark Mitchell and Justin Tyler in January 2017. The other three investment team members were brought into the investment team shortly thereafter. It currently manages two investment strategies, specifically the Daintree Core Income Fund and the Daintree High Income Fund (launched in October 2018) and is shortly about to release a third mandate, namely the eInvest Cash Booster Fund.

While three mandates for an investment team numbering five individuals may suggest a stretch of resources, the three mandates are very scalable, utilising the same investment process and often investing in the same issuing entities (albeit at different points in the capital structure / ratings spectrum). In such cases, the per issuer workload is the same, but the Manager is allowing itself to adopt differing levels of risk (by the differing instruments) to align with the respective returns targets of the three products.

At the time of establishment in January 2017, Daintree entered into a partnership with PVM Capital Partners Ltd (Perennial), which acquired a 50% stake in Daintree. Perennial provides support to Daintree in the form of initial working capital, seed investment for the Daintree products, distribution, operations support, IT services, and legal and compliance support. Perennial also acts as Responsible Entity to the Daintree suite of products. Daintree's partnership with Perennial means access to market best-practice operational, distribution and systems expertise; enabling the Daintree investment team to focus wholly on investing.

As at November 2019, Daintree had approximately $162m in FUM across its two strategies. Short of an unforeseen material and sustained outflow of funds, IIR does not perceive any material business sustainability risks for the still relatively newly formed investment manager. In fact, given the general flow of funds into fixed income mandates and the Manager's strong positioning in a potential market downturn by way of its investment strategy, we believe Daintree is well placed to continue to grow solidly over time.

Daintree's three investment strategies are summarised below.

Criteria	Cash Booster	Core Income	High Income / Income Maximiser
Return Target	**RBA Cash + 50-75bps**	**RBA Cash + 150-200bps**	**RBA Cash + 300-400bps**
Inception Date *	12 November 2019	July 2017	October 2018
Structure	ETF	Unit trust / ETF	Unit trust / ETF
ETF Code	ECAS	ECOR	EMAX
Core Portfolio Risk Budget	100%	90%	85%
Overlay Portfolio Risk Budget	0%	10%	15%
Application	TD Alternative	TD Alt / Enhanced Cash	Equity / Hybrid Alternative
Cash Range	0-100%	0-100%	0-100%
Investment Grade/High Yield	100%, 0%	90--100%, 0-10%	50-100%, 0-50%
Average Credit Quality	A1	A+/A	BBB/BBB-
Minimum Security Rating	A2/P2	BB-	N/A
Foreign Country Risk	0-20%	0-40%	0-100%
Duration	Range 0 to +1	Range -1 to +3	Range -2 to +4
AUD Exposure	100%	90% - 110%	80% - 120%
Securities	20-30	100-150	200-400
Distribution Frequency	Monthly	Monthly	Monthly
Liquidity	Daily	Daily	Daily
Rec Min Timeframe	1 year	3 years	3 - 5 years
PDS Fee	15bps	45bps	65bps

* ECOR and EMAX expected launch date 22 November 2019

INVESTMENT TEAM

The investment team comprises five members, specifically the two PMs Mark Mitchell and Justin Tyler, two supporting credit analysts, and a quantitative analyst. As a boutique, the investment team has a flat structure that maximises flexibility and speed of decision-making. All members of the team report directly to Mark Mitchell, who has ultimate responsibility for investment decisions. Justin Tyler, Director - Interest Rates and Currency, is a co-PM. The two PMs have quite complementary skillsets, with Mr Mitchell's credit centric experience dovetailing well into Mr Tyler's career focus on macro, rates, inflation, and currency areas. The two first met and worked together at Colonial First State Global Asset Management in the early 2000s, which augurs well for team stability.

As a relatively small boutique, the cultural is predictability flat and collegiate where a collaborative decision-making process is balanced by individual accountability for portfolio recommendations. While the two PMs are ultimately responsible for making buy and sell decisions, the team's individual analysts have primary responsibility for identifying investment ideas and carrying out all aspects of the research process in their respective sectors of focus. As such, the team has an organisational structure through which it seeks to maximize the potential contributions of each team member.

Daintree is a genuine boutique. Each team member has an equity interest in the business, is co-invested in the funds, and there are significant lock-ups with dividend and bonuses. This structure is designed to attract the best talent and retain and incentivise that talent in order to have very low staff turnover over time. For investors, ideally this should translate into better innovation, better performance and hopefully more predictable performance from a stable team that has an entrepreneurial way of doing things. In dealing with Daintree, investors are dealing with the owners of the business, as opposed to larger investment managers were the inherent risk of key investment personnel is higher.

A summary of the team members is contained below.

Mark Mitchell, Portfolio Manager & Director – Credit. Mark Mitchell established Daintree in January 2017 and has over 23 years' industry experience both in Australia and the USA, specialising in fixed income securities analysis and portfolio management. Prior to establishing Daintree, Mark was the Head of Credit and Portfolio Manager for over seven years at Kapstream Capital. There, he was ultimately responsible for the development and implementation of the credit research processes and portfolio management until the time he left in October 2015. Over this time, Kapstream grew from $350m to over $10bn in assets under management. Prior to his time at Kapstream, Mark was a Portfolio Manager/Senior Credit Analyst specialising in global credit securities at Colonial First State Global Asset Management between March 2001 and September 2008. Before moving to Australia, Mark achieved nearly a decade's work experience in the USA across a range of sectors including high yield, bank loans, commodities, futures and listed equities. Mark holds a Bachelor of Science (Finance) from DePaul University (Chicago) and is a CFA Charterholder.

Justin Tyler, Portfolio Manager & Director - Interest Rates & Currency. Justin Tyler is a founding partner of Daintree, responsible for interest rate and currency decisions. Justin has over 16 years of experience in the industry. Prior to Daintree, Justin was a Senior Investment Manager at Aberdeen. There, he specialised in Inflation and Interest Rate decisions and was a member of Aberdeen's Risk Oversight Group. Justin joined Aberdeen in 2009 following the acquisition of Credit Suisse Asset Management (Australia) Limited. Prior to Aberdeen, Justin spent over 10 years specialising in fixed income analysis and investment banking with RBC Capital Markets and Colonial First State Global Asset Management. Justin is a CFA Charter holder and active volunteer for CFA Institute. He also holds a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. Justin graduated from the University of Sydney with Bachelor of Science and Bachelor of Arts degrees, majoring in Pure Mathematics.

Brad Dunn, Senior Credit Analyst - Brad Dunn commenced with Daintree in May 2017 as a Senior Credit Analyst. Prior to Daintree, Brad was with Ord Minnett for over 10 years. Brad's most recent role at Ord Minnett was as Senior Analyst and Portfolio Manager in the Fixed Income team. In this role, Brad was responsible for the portfolio management of an income orientated portfolio and providing modelling and valuation analysis on listed interest rate securities. Brad would also undertake strategic asset allocation advice for Ord Minnett's internal models. Brad also gained extensive experience as an equities analyst whilst at Ord Minnett, covering the consumer services, property, mining services, retail, technology and industrial sectors. Brad has a Bachelor of Economics, majoring in Economics and Finance, as well as a Master of Applied Finance both from Macquarie University. Brad has also completed Level 1 CFA.

Simon Wang, Senior Credit Analyst - Simon Wang joined Daintree Capital in April 2017 as a Senior Credit Analyst. Prior to Daintree, Simon worked at Nikko Asset Management as a Credit Analyst for over five and a half years. There, he was the lead credit analyst covering all domestic and international corporate, financial and structured finance issuers issuing into the Australia fixed and floating rate market. At Nikko he also generated alpha ideas based on relative value, market mispricing and quantitative analysis. Prior to Nikko, Simon worked with Mazers Global Infrastructure Finance, and ING Investment Management for five years as an

Analyst within the Fixed Income team analysing structured securities. Simon has a Bachelor of Commerce and Science, majoring in Actuarial Studies and Mathematics (Statistics). Simon has also completed the first two levels of the CFA.

Simon Lee, Senior Quantitative Analyst. Simon Lee is the quantitative analyst with responsibility for systems, database build and maintenance, portfolio reporting as well as dealing in the derivative and currency space (under the supervision of Justin Tyler). Simon Lee is a Senior Quantitative Analyst with Daintree Capital, responsible for quantitative analysis and development. Simon has over 15 years industry experience and joined Daintree from NAB's xVA trading desk where he was a quantitative analyst, responsible for developing and managing pricing and risk management tools. Prior to NAB, Simon worked at Aberdeen Asset Management in Sydney, London and Singapore where he invented a process to improve the efficiency of interest rate risk management for Aberdeen's fixed income portfolios, as well as developing key systems that handle billions of dollars in transactions for the group. Prior to Aberdeen, Simon has worked at Colonial First State, ING Investment Management, Morley Fund Managers (London) and Invesco Europe. Simon holds a B.Sc. (Hon) Physics from University College London and a Certificate in Quantitative Finance (CQF).

Daintree Capital Investment Team Summary

Member	Title	Role	Yrs Daintree	Yrs Ind
Mark Mitchell	PM, Director, founding partner	Credit	2.5	23
Justin Tyler	PM, Director, founding partner	Interest Rates & Currency	2.5	18
Brad Dunn	Senior Credit Analyst	Credit analyst	2.5	12
Simon Wang	Senior Credit Analyst	Credit analyst	2.5	12
Simon Lee	Senior Quantitative Analyst	Quantitative analysis & development	2.5	16

INVESTMENT PHILOSOPHY

Daintree's investment philosophy rests on a number of firm beliefs in managing investment grade debt: 1) minimising credit and illiquidity risk to achieve the stated returns target; 2) being absolute return focused; 3) having a global mandate; 4) being unconstrained and benchmark unaware; 5) recognising that there will always be periods when fundamental views are not supported by the market and the consequent downside risks need to be managed, and; 6) incorporating a strong ESG component in the investment process.

These philosophical views are based on a premise that the fixed income environment has fundamentally changed. Over the last thirty years, an investment manager could simply be long credit and duration and would fare reasonably well. Today however, with yields at (near) historic lows and secular changes in particular credit markets creating higher inherent volatility and tail risk, the Manager believes successful strategies are built on being market-driven opportunistic, benchmark unaware and proactively protecting against downside risks.

Each of Daintree's investment strategies are managed according to a specified returns target, with risk allocated to achieve these targets. Within the context of the target return, the Manager seeks to deliver the returns objective with the lowest degree of volatility and capital risk. That is, to maximise its Sharpe ratio and minimise drawdowns. Given the returns targets of the suite of its three products, ranging from RBA Cash Rate + 50-75 basis points through to RBA Cash Rate + 300-400 basis points, the Manager feels it does not need to take on a high degree of credit, duration or illiquidity risk (RMBS excluded) to achieve these targets.

Daintree believes in the need to be an absolute returns manager, stating that performance relative to a benchmark is unsatisfactory given that, in doing so, the risk of negative performance is not being adequately managed. IIR believes this approach is timely, noting that secular market changes have increased the inherent risk of the bond (and bank loans) market, albeit to a lesser degree in the investment grade relative to the high yield segment. There have been both technical (ownership structure) and fundamental (underwriting) changes in traded debt markets that suggest heightened volatility and tail risk moving forward relative to the post-crisis environment over the last ten years. In the investment grade market, we would concur with the Manager that investors are not being adequately compensated for longer duration risk, risking material capital losses on such positions.

The Manager is also a firm believer in being unconstrained relative to a benchmark, noting that fixed income benchmarks are flawed for a number of reasons. These include: i) With new issuance making up an estimated 20 per cent of bond market capitalisation annually (as compared to about 1 per cent in equity markets) index composition change over time can be material, with changes typically reflecting bond structures that are favourable for issuers but not necessarily investors. This may lead to unwanted risks, such as longer duration, greater single name and sector exposures or greater overall credit risk. ii) There are many pockets of fixed income securities that simply do not appear in actively followed indices. By one estimate, approximately two-thirds of the investable universe in the US is not covered by a major index. iii) Indices can not take advantage of new issue primary market discounts. iv) A herding mentality tied with limited liquidity in bond markets (particularly during bouts of volatility) can lead to higher volatility and supply-demand related price distortions.

The Manager believes in broadening the opportunity set of credit investments both by way of being a global mandate and investing in multiple debt asset classes. The Australian traded debt market represents a small part of the global bond market while the domestic leveraged loans market (eligible only for the Daintree High Income Trust) is relatively embryonic. By being global, the opportunity set is significantly larger and it provides the flexibility to look offshore and across different debt markets for relative value opportunities. Unlike many of its peers, the Manager's flexibility to invest across a spectrum of traded debt asset classes, ranging from bonds to leveraged loans to structured credit (RMBS and ABS), facilitates the ability to identify relative value and to over-/under-weight accordingly.

The Manager seeks to invest based on its relative strengths. Or, put another way, it avoids investing in areas where it does not have the required resources and comparative advantage to do so. In this regard, the Manager only invests in sub-investment grade debt in a very limited way, recognising that to do so more broadly and on a diversified basis requires significant sector specific analyst resources that is necessary to conduct the deep fundamental bottom-up research required to invest successfully in that segment. Similarly, its intention to outsource the leveraged loans component of the Daintree High Income Trust to a proven US-based leveraged loans investment manager, rather than managing internally, is also reflective of its approach of focusing on its identified strengths and comparative advantage.

A part of the overall risk budget is allocated to the Overlay Strategy and which is designed to 1) mitigate risk, and 2) provide alpha, largely by diversifying credit related returns from the Core Portfolio. These sources of diversification are: i) a technically driven strategy that diversifies fundamental macro portfolio positioning (duration, curve, and inflation); ii) a momentum based strategy to guide investment timing, and; iii) a strategy that diversifies the (payoff) term positioning of the Core Portfolio, ensuring a mix of short and long-term positions. This diversification component is a pragmatic recognition that an investment manager will at times get its judgement calls wrong. It is also designed to provide a degree of incremental returns that more than offsets the performance drag of the risk mitigation strategy in normal market environments.

Daintree is a signatory of the United Nations Principle for Responsible Investment (UNPRI) and applies an ESG filter as part of its fundamental credit analysis. This is in recognition of the impact that it believes environmental, social and governance ESG issues can have on long-term investment performance.

INVESTMENT STRATEGY

The Fund is managed on the basis of two portfolios; the Core Portfolio and an Overlay Portfolio. Of the two portfolios, 85-90% of the return target is allocated to the Core Portfolio, with the intention being that a large part of returns is derived from credit risk and its associated yield.

The Core Portfolio invests in a diversified portfolio of approximately 100 global investment grade credit securities with attractive risk-return characteristics. In managing the portfolio, Daintree applies a range of strategies that include duration management, (actively managing the maturity profile of the portfolio), sector and asset class rotation, and individual security selection. All securities must carry a Standard & Poor's rating (or equivalent) of BB- or higher at the time of purchase. The Core Portfolio targets a return of 150 – 200 basis points above the RBA Overnight Cash Rate on an annualised basis.

For the Core Portfolio, the Manager applies a top down and bottom up investment process. The top down approach considers macroeconomic, market and central bank policies as factors that lead to the Manager to set duration and credit spread duration targets. This top down approach also guides the Overlay Portfolio. The top down views are formally set on a quarterly basis.

The bottom up process provides the Fund with individual securities, drawn from all developed market fixed income securities that pass the Manager's filter process. The credit research focus is on finding securities that demonstrates attractive risk/ return characteristics. During this process, the key considerations are default risk, potential price falls and a strong focus on relative value considerations.

The Overlay Portfolio is designed to mitigate credit risk as well as to add value, specifically in the vicinity of 30 - 50 basis points p.a. At any given time, the degree and nature of the Manager's hedging program in the Overlay Portfolio is based on its research that leads to conclusions about the market risk environment. For example, where the Manager identifies a risk period of credit spreads widening, then it will look to put in place a pre-planned hedge designed to provide some protection to the portfolio in the short-term. The hedge is determined using modelling to identify an optimal trade-off between the reliability of protection provided and its cost. Where appropriate, the Fund may also have a small long (interest rate) duration bias in the portfolio through time. This will be at times where the Manager believe duration is providing a reasonable hedge against unexpected exogenous shocks to credit.

The value add aspect of the Overlay Portfolio represents a dynamic tactical tilting of the static Core Portfolio to take into account changing global market conditions as well a diversification of return sources to both augment and smooth (diversify) total returns. The Manager employs various strategies that are implemented using derivatives. The strategies used include: duration, curve and other term structures; inflation; spread trades (cross-market); momentum-based; and quantitative.

INVESTMENT PROCESS

Core Portfolio

The Core Portfolio is a product of a bottom up and a top down process. The bottom up process focuses on individual security selection. Daintree has a flexible benchmark unaware approach, with the Manager having the flexibility to seek out the fixed income assets in all markets that offer the best risk adjusted returns on a relative value basis.

The top down component sets general risk guidelines for the overall portfolio. This includes things such as interest rate duration, credit spread duration, cash levels, credit risk tolerances, and other various targets at the portfolio level. Top down views, formally set on a quarterly basis, guides the purchase of new securities as well as the Manager tactically tilting the profile of the portfolio of existing holdings in-line with its dynamic macro views.

The construction of the Core Portfolio can be broken down into four main steps: an initial screen to filter the eligible universe; fundamental credit review; macroeconomic and market reviews, and; portfolio diversification and limitations on exposure sizes at the portfolio construction stage.

Initial Screen

The investment process begins with the screening of the eligible universe to identify the securities that the Manager will consider for purchase. The goal is to reduce the eligible universe to a manageable size of potential investments that the Manager will subject to detailed fundamental analysis.

From the eligible universe of several thousand issuers, the team screens out for issuers in which the Manager can not gain comfort with, for example where there is insufficient data, or where its an industry it can neither fully understand or is facing substantial structural headwinds. Screening tools may include: publicly available agency ratings; liquidity considerations; issuers with publicly listed equity; active credit default swap market prices; indicative cash bond spread pricing; estimated loss given default, and; third-party research.

Additionally, as a signatory of the UNPRI, Daintree also applies an ESG filter as part of the initial screening processes, in recognition of the impact that it believes environmental, social and governance ESG issues can have on long-term investment performance.

These inputs allow the Manager to determine both risk and return elements of the security from multiple perspectives. It can then make an initial determination of the relative attractiveness of the asset and whether it warrants further research. Once a potential new asset is identified for inclusion in the portfolio (and before actual purchase), a credit analyst undertakes a full credit review of the asset.

Credit Research and Security Selection

The credit research process supports the key objectives of the fund, namely capital preservation and income generation. The objective is to identify borrowers that are highly likely to pay principal and interest back on schedule, with a minimal amount of uncertainty along the way, and that offer attractive relative value.

Once a potential asset is considered for inclusion in the portfolio, the credit analyst will undertake a preliminary review of the company or asset to determine its relative merits. The preliminary review process enables timely participation in, for example, new issues.

As part of the fundamental review process, the analyst will review information from a number of sources including rating agencies, brokers, media, company representatives and filings, and third party research providers. The outputs of both the analyst's detailed review and any subsequent changes flowing from ongoing monitoring are a rating for the issuer, as well as an estimated loss given default for the security. These outputs are used to assist in the relative value analysis process. Once an issuer is included in the portfolio, the analyst continues to monitor all exposures for material changes in credit profile.

In addition to its internal resources, the team also utilises a range of third-party information and research providers. Specifically, CreditSights for global fundamental credit analysis, which has 95 analysts spanning Europe, Asia and the US, MSCI research for ESG ratings and the ability to leverage Perennial's and Perennial affiliate Fairlight Asset Management's domestic and global small and mid-cap equities resources, respectively.

In seeking to avoid deteriorating credits, the analysts carry out in-depth fundamental credit research. The team believes this, tied with relative value processes, are the most important component for successful credit investing.

For a corporate issuer, the research process covers conventional aspects of credit investment decisions, including: i) a financial review with specific attention to revenue and cost drivers, predictability of cash flows, internal cash flow generation and the implications for interest and principal payments and capital expenditures; ii) deal structure and covenants; iii) an assessment of management; iv) an assessment of sources of liquidity such as bank lines, cash on hand, access to capital markets, and asset sales, and; v) an assessment of relative valuation based on its internally generated credit quality rating and prevailing spreads for the industries and quality tiers.

A key source of added value is the team's relative value analysis. The goal is to select instruments that analysts believe offer not only strong credit fundamentals, but also the potential for capital appreciation. The team seeks opportunities that it believes offer appropriate compensation for risk and seeks to avoid opportunities that it believes do not. The relative value analysis begins with assigning each security an internal credit rating, which emerges from the team's credit research.

Economic and Market Research

A central tenet of the Daintree investment philosophy is its absolute return approach. With credit risk expected to form the major component of returns, the Manager needs to be aware of any macroeconomic or exogenous shocks that might disrupt those returns during a spread widening / risk-off period.

Research focuses on a qualitative assessment of the medium-term path of growth and inflation in selected developed global economies. The Manager then determines how the expected policy response to this outlook is likely to effect global sovereign bond and credit markets at a high level over the medium-term. Daintree also models historical market dynamics, with an aim to assessing how markets may interact with one another in various scenarios that it may envisage.

Ongoing discussion of views is encouraged, and in addition to this the Manager undertakes a formal meeting every quarter to discuss the outlook and the implication of this on portfolios. A range of information is taken into consideration such as investment team views, reputable external strategists' views, internal modelling, and market inter-relationships.

The outcome of the quarterly process is preferred interest rate duration, credit spread duration, cash levels, credit risk tolerances, and various other targets as applicable. These preferences guide new securities purchases as well as tilting the characteristics of the existing static Core Portfolio to closer align with the Manager's dynamic macro views.

Overlay Portfolio

As noted, the purpose of the Overlay Portfolio is to two-fold. Firstly, through hedging, to mitigate risk that stems from the inherent short volatility bias of credit exposure in the Core Portfolio. And secondly, to diversify and augment returns of the Core Portfolio by a target of 30-50 bps p.a.

In terms of the credit risk hedging component, the Manager has a basket of hedge assets that it can utilise to offset the impact of widening credit spreads in a 'risk-off' situation. This selection of hedge assets was established through extensive analysis of historic periods during which credit spreads underperformed and was designed to determine, from a range of 30 - 40 potential hedge assets, both the most effective and cost efficient hedges.

The historic analysis has also incorporated an assessment of approximately 30 to 40 macro and market-based leading indicators for credit spreads to guide in the timing of implementing hedges.

The output of the internally developed model provides guidance to the Manager as to both the most effective set of hedges and the timing of those hedges, depending on the particular macro dynamics.

The second aspect of the Overlay Portfolio is to add value. While the Fund is intentionally designed to generate returns predominantly from credit risk, there are periods when it is desirable to be generating returns from other sources, for example when credit spreads are tight by historic norms. Through the Manager's macro focused process, it formulates views on the key Australian, US, and core European markets. These views lead to policy responses in terms of the direction of interest rates and the Manager will tactically tilt the Core Portfolio accordingly, with the flexibility to tilt duration, inflation, timing and other levers, by way of active positioning through the Overlay Portfolio.

The Overlay Portfolio has also been designed in recognition that at times an investment manager will get its fundamental macro positioning with respect to duration, timing, and inflation wrong. To address this, the value add component of the Overlay Portfolio is also designed to ensure the sources of returns are diversified. The Manager has undertaken significant backtesting and modelling to determine how to mitigate the risks of getting its fundamental strategies wrong.

By diversifying sources of returns by way of the Overlay Portfolio, the Manager means three things:

1) As important as fundamental views are, there needs to be a realisation that at times such views will be wrong at times and a risk budget is required to mitigate what would otherwise be a detrimental performance impact. To do so, Daintree opens part of its risk budget to technical-based strategies.

2) The effective timing of implementing judgement calls is considered one or the more difficult aspects of any fundamentally based investment process. The Manager utilises a range of models to assist in the timing of implementing such decisions in the portfolio.

3) The third piece to diversifying returns is ensuring positions with varying payoff time horizons, by seeking a balance between shorter term payoff profiles to balance the generally longer-term payoff profile inherent in the Core Portfolio.

To augment and diversify returns, there are four broad strategy sets used in the Overlay Portfolio:

1) Duration / curve. The Manager's duration and curve view is set on a quarterly basis according to its fundamental view of macro-economic interest rate policy in key markets and the implications for the yield curve, specifically whether it is likely to steepen or flatten and whether the movement in rates likely to be led by a particular part of the curve. Based on an internally developed yield curve model, the Manager is able to precisely assess the duration and slope exposure of the Core Portfolio at any point in time. These underlying exposures can be maintained, augmented or offset (hedged), depending how they accord with the Manager's fundamental macro views. Bond futures are predominantly used for both hedging as well as taking active positions.

2) Break-even inflation. Breakeven inflation represents the Manager taking a position on the spread between the real and nominal yields based on its view of inflationary expectations. By way of zero-coupon inflation swaps, the Manager will receive the value of inflation as it accrues, and pay away what the market expected that value to be.

The instrument performs best when there is an unexpected move higher in inflation or deflation, with Europe recently being an example of the latter.

3) Cross market relative value. Cross market relative value is a long-short futures position in different markets based on mis-pricings between government and swap yield curves. Often these mis-pricings are the result of term-premium discrepancies between markets. Conventional policy relativities can also become mis-aligned, although cross-market strategies are less likely to result from such mis-pricings because these are already likely to be reflected by outright duration exposures.

4) Quantitative / technical. The quantitative / technical signals seek to achieving two diversifying aspects relative to the fundamental positioning of the portfolio, both the Core Portfolio and macro-driven overlay aspects discussed above. Firstly, to partly offset the inherent short volatility bias of the credit risk. Secondly, to introduce a short-term pay-off profile (average holding period of around five days or so or less) to an otherwise longer term payoff profile inherent in the Core Portfolio. The Manager is very mindful that as volatility picks up during a risk-off period 1) credit can underperform, 2) when it does, it tends to be a short, sharp underperformance, and 3) when it happens, it tends to be when there are ructions in broader markets, particularly in risk asset markets. Momentum signals provide both a long volatility exposure (as trends typically start to accelerate as volatility increases) and short-term positioning, with the trades typically being held for two to five days on average. The 'tool box' also includes reversionary based strategies. These strategies are commonly implemented by way of very short-term currency or interest rate duration positions, either by way of pairs positions or outright positions. Broadly speaking, these trades are going long the safe haven position, short the risky asset position.

The table below summarises the four sub-strategies. It should be noted that these strategies are very dynamically managed. At times risk limits on some macro-driven derivative strategies will be increased or decreased relative to others, dependent upon the macroeconomic outlook that the PMs expect. For example, if a sustained period of strong risk asset performance is expected (a "risk-on" period), the relative latitude to include carry trades in the portfolio will be increased relative to other potential Overlay strategies and vice versa.

While the intent is to always have a diversified range of Overlay strategies in place, there is no requirement that Overlay strategies are expressed in the portfolio at all times. The selection and timing of strategies is the prerogative of the PMs. Changes to overlay strategies may occur when market price levels change sufficiently relative to the team's forecasts.

Overlay Process

Source	Expected Avg Value-Add (% of total value-add)	Avg # Trades / month	Avg Holding Period	Performs Best:	Performs Worst:
Duration / Curve	30%	1 - 2	10-20 days	Term premium or monetary policy convergence. Range-trading environment	Term premium or monetary policy divergence. Volatile environment.
Break-even Inflation	10%	0 - 1	6 months	Unexpected inflation	Unexpected disinflation. Volatile environment / market stress.
Cross Market Relative Value	20%	0 - 1	3 months	Term premium or monetary policy divergence.	Term premium or monetary policy convergence.
Quantitative / Technical	40%	25	2-5 days	Volatile environment / market stress.	Benign environment.

As evident in the table above, the Manager has different expectations for value add by strategy set, specifically being relatively low for inflation and relatively high for quantitative / technical strategies. This is linked to the average holding period. Inflation strategies tend to be in the portfolio for quite some time, so the Manager is reluctant to allocate much of the risk budget as the performance impact of a wrong call will persist an extended period. Conversely, the quantitative / technical strategies are short-term, with a consequent expectation of deriving more alpha from these strategies.

The final measure to the Overlay Portfolio is the implementation of a strict stop-loss discipline. This is designed to minimise potential drawdowns arising from the Overlay Portfolio strategies themselves. There are stop-losses on each of the four sub-strategies as well as on the overall Overlay Portfolio as well.

Portfolio Construction

With respect to construction of the Core Portfolio, the objective is to achieve the targeted level of return for investors while minimising risk. The Fund targets a weighted average credit rating of "A+/A" while seeking diversification across regions, sectors and issuers. Factors such as cash levels, interest rate duration, credit spread duration, and sector weightings are adjusted to optimise the risk/return characteristics of the portfolio. Additionally, Fund guidelines are utilised to prevent concentration at the rating, sector, or security level, as tabled below.

Ex-ante risk modelling is used in portfolio construction, particularly in the overlay, to keep the portfolio manager aware of the likely impact on portfolio return, volatility and skew when a position is added to the portfolio. The aim is to ensure that positions are only combined in the event that the correlation between them is low enough to provide an attractive risk/return contribution. Otherwise, alternative expressions of a particular view are sought to limit the possibility of any unintended amplification of risk.

The aggregate level of credit risk is measured with a number of metrics including credit spread duration; VaR and CVaR. In the bottom-up credit analysis, the team ensures that fundamental 'red flags' are identified and monitored for all holdings.

Portfolio Risk Parameters

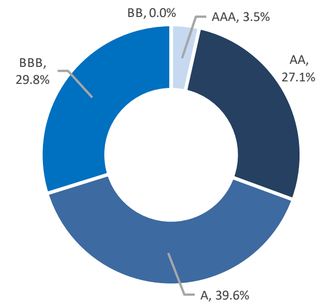
Issuer Rating	Asset Allocation Range	Max Exposure per Issuer
AAA/AA+/AA/AA-	0-100%	10%
A+/A/A-	0-100%	5%
BBB+/BBB/BBB-	0-50%	3%
BB+/BB/BB-	0-10%	1%
B+/B/B-	N/A	N/A
CCC+ or Lower	N/A	N/A
A1/A1+/P1	0-100%	10%
A2/P2	0-100%	5%
A3/P3	0-50%	3%

The portfolio as at 31 October 2019 is detailed below. It is a high quality credit portfolio, with an average rating of A+/A (comparable to the Australian regional banks in terms of risk profile). It is well diversified by issuer (101 issuing entities) and sector, mitigating return and income risks. The materially overweight Australia position (73% of the portfolio) reflects the Manager's long held view that there is both attractive relative value in Australia versus offshore credit and, more importantly, Australian credit is materially less volatile than offshore credit. In short, drawdown risks remain lower when credit underperforms and the Sharpe ratio remains superior from Australian credit than offshore credit.

It is a low duration strategy, with a duration of approximately one year. The Manager's view on duration is that it is not a good point in the cycle to be taking a lot of duration risk, with yields at historic lows and investors today arguably not being adequately compensated for duration risk in longer dated instruments.

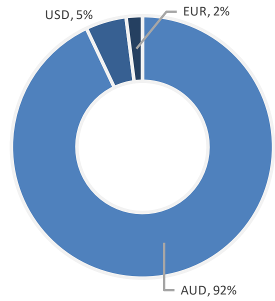
Portfolio Metrics (as at 31 October 2019)	
Modified Duration	1.11
Slope	0.45
Spread Duration	3.70
Adjusted Yield	2.89
Average Spread	146
# of Securities	115
# of Unique Names	101
Average Rating	A

Portfolio by Credit Quality (Market Value)



Country Allocation % (MV)	
Australia	72.6%
United Kingdom	5.6%
United States	4.8%
Canada	4.6%
France	2.9%
Netherlands	2.8%
Switzerland	2.0%
Singapore	2.0%
Spain	1.7%
Sweden	1.0%
Total	100.0%

Portfolio by Currency Allocation (Market Value)



Top 10 Issuers	
Liberty Funding Pty Ltd	2.7%
Stockland	2.4%
ING Groep NV	2.2%
Bank of Montreal	2.2%
AusNet Services	2.1%
Aurizon Holdings Ltd	2.1%
ANZ Banking Group Ltd	2.0%
Commonwealth Bank of Australia	1.9%
Standard Chartered PLC	1.8%
CK William UK Holdings Ltd	1.8%
Total	21.3%

GICS Exposures	
Cash	5.5%
Non-AU Financials	23.8%
AU Financials	19.4%
RMBS	18.6%
Real Estate	11.3%
Utilities	5.6%
Industrials	5.5%
Consumer Staples	4.2%
Materials	2.5%
Energy	1.6%
Telecommunications	1.3%
Consumer Discretionary	0.6%
Total	100.0%

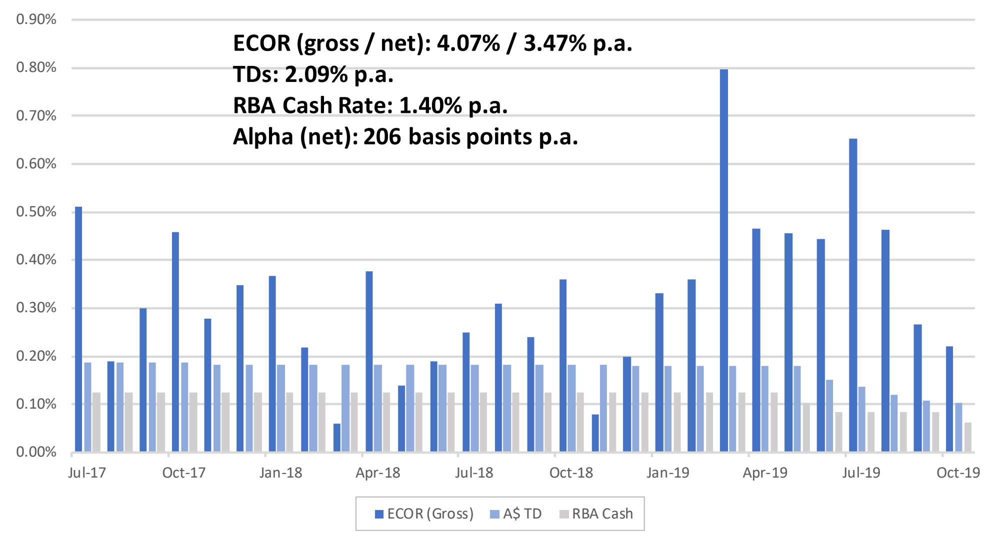
PERFORMANCE

The historic performance of the Daintree Core Income Trust is diagrammatically presented below and tabled in the peer comparison section overleaf. We would note this performance is based on the MER of 0.60 p.a. for the unit trust (60bps until 30 June 19 and then dropped to 50bps) versus the 0.45% p.a. applicable to the ECOR ETF. The key points:

- The Daintree Core Income Trust has generated an annualised net return of 206 and 299 basis points over the RBA Cash Rate since inception and over the last 12-months to 31 October 2019, respectively. During this period, there have been no negative monthly periods, including during the credit spread widening events from March to June 2018 and November and December 2018. Spread duration risk represents the portfolio's biggest risk, with the portfolio having 3.7 years duration exposure. Nevertheless, through portfolio construction (tilted to positive long duration to mitigate the risk) and the Overlay Portfolio the Manager was able to avoid any negative months and record 206 basis points of outperformance since inception during a period over where spread contribution has been negative. Based on the Manager's historic modelling of the spread duration risk inherent in the portfolio, its expectation is that it may record one negative month every

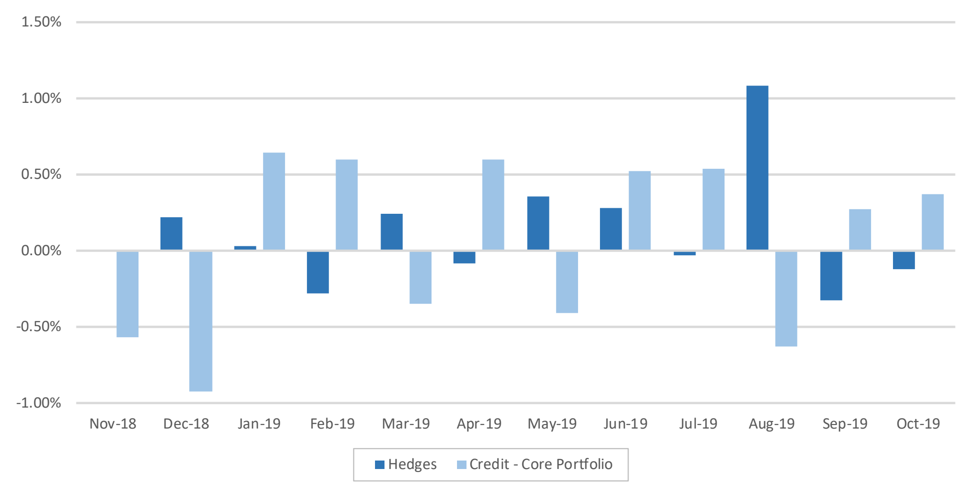
12 months, but even then the magnitude is limited at an expected loss of 5-15 basis points. In short, the portfolio has performed in-line with the Manager's expectation of the product design over the first two years.

Daintree Core Income Trust Monthly Performance



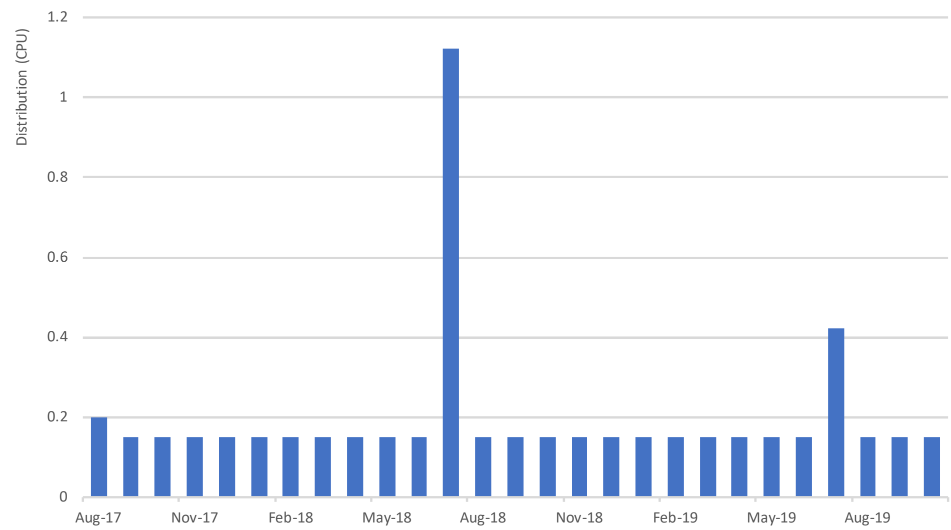
- The chart below illustrates the attribution of performance since inception for the Daintree Core Income Trust. As per design, the majority of returns have derived from income (yield), with 85-90% of the return target allocated to the Core Portfolio. As noted above, credit has been mildly adversely impacted by the two spread widening periods in 2018. The credit spreads and duration measures illustrate the actively-traded value add in the Core Portfolio relative to the static amount of both measures inherent in the Manager's buy-and-hold positions. The alpha component, up 3 basis points, was still adversely impacted by the credit spread widening months. Duration, adding 26 basis points of alpha, reflects the Manager's positioning in longer dated government bonds during periods of perceived credit spreads widening risk. The Overlay Portfolio added 31 basis points of annualised performance, but there is an expectation that it will be more value accretive moving forward with the Manager loosening in April/May 2018 what were previously very tight stops (much of the return has come over the last year, or so). Hedging has had a minimal impact, reflecting the fact that, based on the Manager's judgement call of macro risks, hedges have not been applied for much of the two year period. IIR notes, however, that in the higher beta Daintree High Income Trust portfolio, the hedging process has been highly effective. Transaction costs of an annualised 6 basis points have been incurred as the unlisted trust has grown from approximately $10m to $140m in FUM.

Daintree Core Income Trust Performance Attribution



- Distributions have been reliable and stable and in-line with the Manager's internal forecasts. In its first full year, the Daintree Core Income Trust generated an income yield of 2.8%. As an ETF that invests in an underlying unit trust, all income, realised capital gains and realised capital losses are passed through to investors as distributions in the financial year earned. On a monthly basis, however, the Manager prudently chooses to smooth to annual income by distributing slightly less than the maximum each month. This is because at times there will be losses realised (for example when a currency hedge is rolled). The intention is to ensure that monthly income errs on the conservative side such that if a loss is realised, a distribution payment is not missed. Any undistributed income at the end of the financial year is passed to investors at that point.

Monthly Distribution Profile

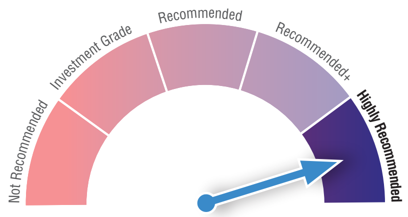


APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd "IIR" rating system

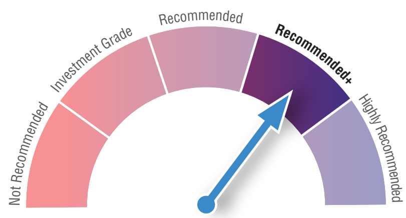
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction;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

LMI Ratings	SCORE
Highly Recommended	**83 and above**



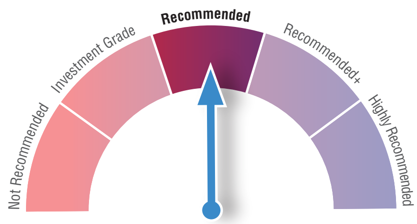
This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return 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**



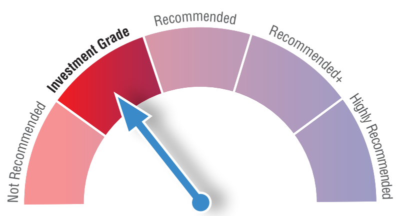
This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key 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**



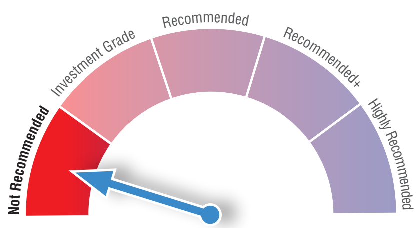
This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted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

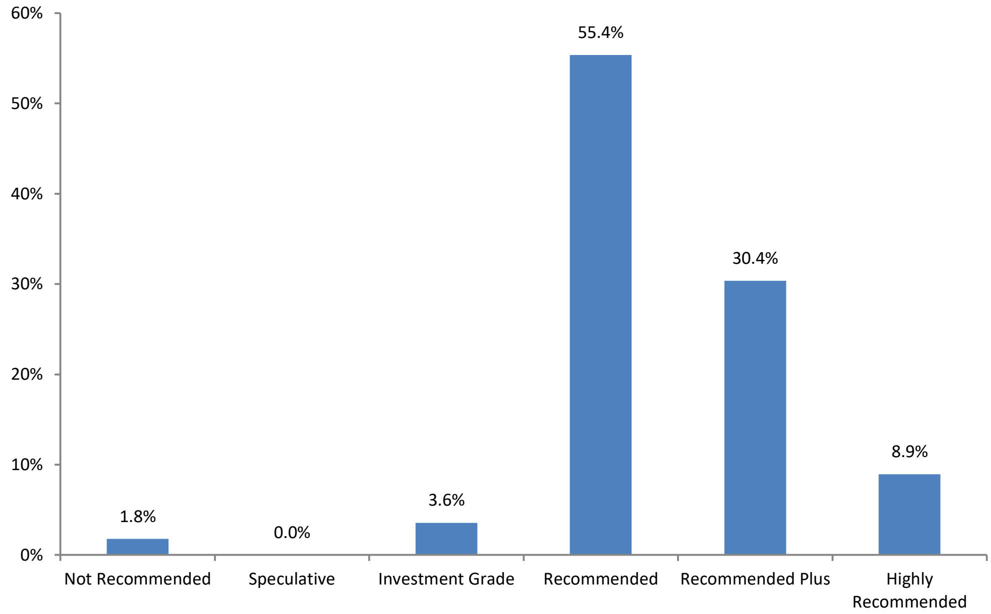


This rating indicates that IIR believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this 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



DISCLAIMER

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