



Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	Contact Asset Management Pty Ltd
Benchmark	S&P/ASX 200 TR Index AUD
Product structure	LIC
Market cap. at 31-Jan-2024	\$1.5bn
Inception date	Dec 2003
Asset class	Australian Equities
Sector	Australian Large Cap
Peer group	LIC
Rated peers	10

Product Characteristics

Business Life Cycle	Growing
Product Wind-Up Risk	Low
Key Person Risk	High
Tenure of Decision Makers	Low
Complex (RG240)	No
Strategy Remaining Capacity	None stated
ESG Approach	Filters or Screens
Peer Relative Fees and Costs	In line with median

Annual Fees and Costs (% p.a.)

Management fees & costs	0.17
Performance fee costs	0.00
Annual fees and costs	0.17

Source: FE fundinfo, Offer Document date: Not Provided

Strengths

- The Company has a strong, long-term track record of paying fully franked dividends.
- The Board of Directors and Investment Committee comprises highly experienced individuals with long co-tenure.
- All members of the investment team have a strong alignment of interest with shareholders through a combination of equity ownership and co-investment
- The Company has a low management cost of 0.17% p.a.

Weaknesses

- The team is small given its all-cap coverage responsibilities.
- Team turnover remains an issue following the departure of a senior analyst in 2023.
- Whilst delivering on the Income objective, the underlying portfolio's performance has lagged the benchmark.

Product Opinion

The Company has maintained its **'Recommended'** rating following the most recent review. Supporting the rating is the Company's long-term track record of delivering on its income objective, and its experienced Board and Investment Committee. The Company's low management cost is also considered attractive. However, concerns remain about the small team size and the growing workload for Portfolio Managers, Millner and Culbert. Further, the underlying portfolio has been unable to provide consistent outperformance relative to the benchmark, and a period of sustained alpha is required to bolster conviction in the process.

Lonsec Rating Model

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

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

Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

Return Profile

Income		
Capital		
	Defensive	Growth

Key Facts

Key Objectives

Investment objective	To provide a growing income stream of fully-franked dividends and achieve long-term capital growth
Internal return objective	To provide a growing income stream of fully-franked dividends and achieve long-term capital growth
Internal risk objective	None stated
Non-financial objective	None stated

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

Australian Equities	92.5
Cash	7.5
Total	100.00

Source: FE fundinfo

Trading Snapshot (as at 30/06/2024)

Securities on issue	804,916,666
Ticker	BKI
Last price	\$1.68
52 week high/low price	\$1.85/\$1.67
Last NTA or NAV	\$1.83
52 week high/low NTA or NAV	\$1.87/\$1.67
Premium/discount to NTA or NAV	-8.197 %

Rating History

28-Sep-2023	Recommended
10-Oct-2022	Recommended
20-Sep-2021	Recommended

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

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	1.73	4.74	5.43	5.33	5.93	0.69	5.98	5.98
Standard deviation	10.37	10.70	10.75	10.60	9.74	11.52	16.25	15.83
Excess return (% p.a)	-10.38	-7.36	-8.00	-8.11	-0.44	-5.68	-1.28	-1.28
Outperformance ratio (% p.a)	50.00	41.67	45.83	41.67	52.78	44.44	50.00	50.00
Worst drawdown (%)	-5.97	-6.36	-6.96	-8.23	-6.96	-12.92	-28.16	-25.54
Time to recovery (mths)	NR	4	2	3	2	21	16	NR
Sharpe ratio	-0.26	0.03	0.17	0.17	0.36	-0.14	0.27	0.27
Information ratio	-1.11	-1.02	-0.87	-0.92	-0.05	-0.58	-0.12	-0.12
Tracking error (% p.a)	9.35	9.35	9.19	9.19	9.78	10.49	11.10	11.10

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

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

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

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

Calculated using share price

Product Distribution Profile

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

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

	Weight (%)
Commonwealth Bank	8.7
BHP Group	8.3
National Australia Bank	7.3
Macquarie Group	6.9
Wesfarmers Limited	5.4
APA Group	5.2
New Hope Corporation	4.3
Woodside Energy	3.5
Transurban Group	2.9
Woolworths	2.8

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	Contact Asset Management Pty Ltd
Ultimate Parent Company	Contact is wholly owned by its staff.
Headquarters	Sydney, Australia
Inception Date	Oct 2016
% Staff Ownership	>50%

Governance

% Independent board members	0
% Female board members	0
Independent chair	No
CEO as Chair	No
Separate Audit Committee	No

Who is the Manager?

In 2016, BKI externalised management of the Company to Contact Asset Management ('Contact' or 'the Manager'). Contact is an investment management firm established by former BKI CEO, Tom Millner and Portfolio Manager, Will Culbert, in collaboration with Soul Pattinson. However, Soul Pattinson has since been fully acquired by Millner and Culbert, making Contact entirely staff-owned. In addition to overseeing BKI's portfolio, Contact also manages an ex-50 strategy.

Lonsec Opinion

Profitability

Contact is a moderately sized investment boutique with a respectable amount of funds under management ('FUM'). The Manager oversees two strategies, resulting in earnings quality that is somewhat constrained compared to larger and more diversified competitors. Although the firm has not consistently demonstrated profitability, it continues to invest in its product offerings, which is seen as essential for future growth. Positively, the firm's balance sheet remains well-capitalised, supporting the expansion of the ex-50 strategy.

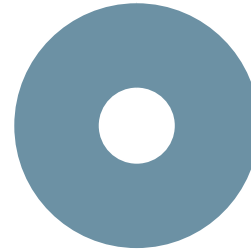
Business Track record

Founded in 2016, Contact has built a solid track record managing BKI and the recently introduced ex-50 strategy. However, while the Manager continues to attract FUM, it has yet to establish a consistent track record of profitability due to ongoing investments in growth initiatives.

Metrics

Total AUM	\$1.53b
Investment Management Headcount	5
Investment Professionals	4
Sales & Service	1
Distributor	Self

AUM



● Australian Equities 100.0%

Business Ownership

Contact is fully staff-owned, with equity held by the founders and Investment Analyst, Rob Horne. This ownership structure aligns the management team's interests closely with those of the investors. The staff's investment in the firm drives them to perform at a high level, pursue sustainable growth, and uphold the integrity of the firm's investment culture.

Business Governance

The Manager's governance is considered appropriate for a firm of its size, with members of the investment team also overseeing the firm's operations, a typical arrangement in similarly sized boutiques. Although having more independent directors on the board would be seen as a positive enhancement, the firm has never encountered any regulatory issues.

Team



Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Will Culbert	Portfolio management	Yes	2013	26/8	15
Tom Millner	Portfolio management	Yes	2008	23/8	20

KDM Change*

No changes.

* Last 3 years

Profile

Size	3
Structure	Centralised
Turnover	Medium

Alignment

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

Resources

	Number	Average Years Experience
Key decision makers	2	25
Portfolio Managers		
Hybrid portfolio manager/ analysts		
Dedicated analysts	1	5
Dedicated dealers		
Quantitative		
ESG/Sustainability		
Macro		
Investment Specialists		

Who is the Team?

The investment team is headed by Portfolio Managers and Founders, Tom Millner and Will Culbert, and is supported by analyst Rob Horne. The team follows a collaborative and flat structure, where all members contribute to analysis and portfolio construction decisions. Due to the team's size and the firm's FUM, the investment team also handles dealing responsibilities, a function overseen by Horne.



Lonsec Opinion

Skill

The investment team brings a moderate level of experience, with Millner and Culbert each having over 20 years in the industry. Their leadership is critical to the firm's success, as they oversee the Manager's strategies and play a key role in shaping the firm's culture, especially when bringing in new talent. However, the team's expertise is heavily concentrated in the two founders, with Horne having five years of investment experience, all of which has been acquired at the firm.

Team Size

The team is relatively small, which enables nimble decision-making and fosters close collaboration. However, this lean structure can also present challenges related to workload and the diversity of expertise. The team is responsible for covering the entire market-cap spectrum of ASX-listed securities, which must be applied across two distinct strategies.

Track Record/Co-Tenure

Culbert and Millner, boast a strong track record and a long-standing partnership, having managed Australian equity strategies together for over a decade. However, since 2021, the team has experienced several departures, including Senior Investment Analyst Jakov Males, who left in 2023 after a brief tenure. Although these changes coincided with a reduction in strategies at the firm, expanding the team and successfully integrating new hires into the firm's culture will remain a key focus going forward.

Alignment

The team is closely aligned with the interests of their investors, as the firm is entirely staff-owned. Culbert and Millner each hold a 45% equity stake, while Horne owns the remaining 10%. This significant ownership structure gives the team a strong financial incentive to drive the Fund's success, as their personal financial outcomes are directly linked to its performance.

Key Person Risk

Key person risk is considered to be high due to the small size of the team and the central roles played by Culbert and Millner. Both co-founders are integral to the Company's strategy and day-to-day management, and their departure could significantly impact the firm's operations and performance. Although their substantial ownership stakes help mitigate this risk by aligning their interests with the long-term success of the firm, the reliance on a few key individuals poses a vulnerability that could affect the stability and continuity of the Fund's management if either were to leave.



What is the Investment Process?

The Company adopts a low turnover, buy-and-hold approach, and has a long-term track record of paying fully franked dividends. The Company aims to generate an increasing income stream for distribution to shareholders in the form of fully franked dividends through long-term investment in a portfolio of assets that are also able to deliver long-term capital growth to shareholders. The Company's investment style is considered to be 'core' with a distinct income bias. Portfolio turnover is expected to be low (10% p.a.) due to the Company's investment philosophy and also for tax reasons, being one of the key tests the Company has to satisfy to maintain its capital account election. The election allows the Company to pass on capital gains tax concessions to shareholders in the form of a capital gains dividend. The majority of the Company's income is expected to be from dividends received from its portfolio.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Type	Fundamental
Investment Approach	Both
Investment Style	Value
Typical market cap	\$5bn-\$50bn
Minimum market cap	None stated
Available Universe	ASX listed securities and interest bearing securities

The 'core' approach is highly portable to the Company's universe and aligns well with the Company's income and capital growth objectives. The Company follows a relatively flexible mandate, which supports its ability to meet its performance goals. However, the low-turnover strategy may challenge the Company's sell discipline at times.

Research Process

Key screens	Balance sheets, Earnings, Yield
Screened universe	90
Idea generation	Financial market data, Newsflow/Events, Financial statements, Other, Brokers
Stocks researched	70
Annual manager meetings	150
Key research inputs	Financial statements, Company meetings, Company data, Industry data, Economic/Market data, Sell-side reports, Quantitative model
Primary valuation approach	DCF

The Manager employs a logical and repeatable investment process aligned with the Company's long-term strategy and low portfolio turnover. Using a blend of quantitative and qualitative techniques, the Manager identifies stocks in a benchmark-unaware manner, focusing on the bottom-up fundamentals of individual companies that offer acceptable dividend-paying opportunities while also considering top-down factors. Given BKI's buy-and-hold philosophy, which emphasises sustainable dividend growth and tax-effective outcomes, Contact's research process prioritises maintaining the stock portfolio. This approach differs from many active bottom-up processes that frequently regenerate the portfolio based on emerging opportunities. Nonetheless, the Manager does periodically add and remove select stocks. A criticism of this strategy is that the buy-and-hold approach may limit the Manager's ability to identify new investment opportunities, potentially leading to a lack of suitable replacement stocks and fewer proactive recommendations. To address this, the Manager utilises systematic screens and filters for idea generation, analysing stocks that pass these filters with a thorough checklist to assess qualities such as financial strength and management quality. This process appears sensible and repeatable, but the portfolio's buy-and-hold nature results in limited annual stock turnover.

Process (continued)



Portfolio Construction

Portfolio management structure	Sole-PM
Approach to benchmark	Benchmark Agnostic
Typical security numbers	40
Typical securities range	38-43
Typical portfolio turnover p.a.	10%
Typical active share	1.20%

The Company's Investment Committee is responsible for all investment decisions, with Lead Portfolio Manager Millner preparing formal 'Stock Review and Analysis' papers using standardised templates. These documents outline the Manager's investment thesis for each stock, consisting of 48 questions aligned with the Manager's six fundamental tenets. The use of standardised templates is believed to enhance the efficiency of the research process. However, the structure of the Investment Committee raises concerns about the potential dilution of accountability for portfolio outcomes. On the positive side, board members have served on the Investment Committee since 2003 and bring significant investment experience. Their strong track record and lengthy co-tenure are vital to the effectiveness of this decision-making structure.

Capacity Management

Capacity guidance	None stated
Strategy AUM	\$1.5bn
Portfolio liquidity (1 week)	45.00%
Substantial holdings by manager	1
Strategy previously closed	No

The Company does not have a formal policy on setting a capacity limit for its portfolio, though it informally estimates a capacity of around \$3bn. As a closed-end Company, future portfolio growth will primarily be driven by performance rather than net inflows. Additionally, the active dividend reinvestment plan and capital management initiatives will contribute incrementally to future growth. At its current size, the Company is not facing any capacity concerns. While it holds large active positions in select mid-cap stocks, the average position size is limited by the portfolio's diversification. Incorporating capacity studies into its risk management process would be a welcome development.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Quarterly
Primary risk management system	Proprietary
Security Limits (Min./Max.)	Unconstrained
Sector Limits (Min./Max.)	Unconstrained
Max illiquid	0%
Cash Allocation (Typical, Max.)	5%, 10%

The Board of Directors provides investment governance oversight for the Company, as outlined in its Board Charter. This includes overseeing investment activities, managing performance, monitoring the Manager's performance and succession plans, and ratifying stock recommendations. Pleasingly, the Board has delegated much of its risk management oversight to the Audit Committee to ensure appropriate segregation of duties. The Audit Committee reviews the Company's risk management framework, among other responsibilities. As a 'benchmark-unaware' company, the focus is on fully franked dividends and long-term capital growth, with bottom-up research playing a key role in embedding risk management into the investment process.

ESG



Manager Positioning

Responsible investment style	ESG Integration
ESG approach	Filters or Screens
Sustainability thematic	No Sustainability Thematic
Non-financial objective	None stated

Sustainability Score

No score.

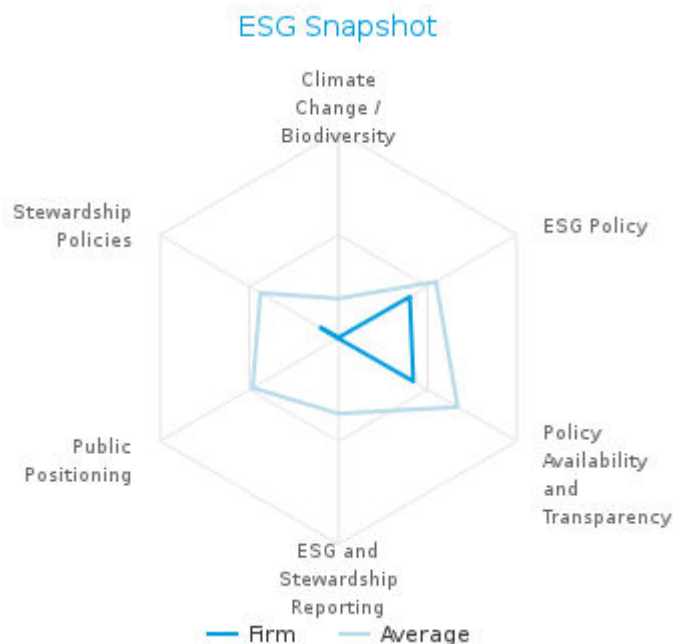
What is the Manager's ESG approach?

The Manager has indicated that their Responsible Investment style is 'ESG integration' and as such they consider environmental, social and governance factors when assessing investment opportunities. With a primary ESG style of 'filters or screens', the Manager is likely using predetermined rules (usually based on the industry a firm operates in) to either include or exclude companies from their investable universe. They may undertake further ESG analysis or use these screens as the sole ESG measure.

Lonsec Opinion & Supporting Facts

Overview

ESG Process Score ModLow



Product Level Approach

While the Manager is sourcing data from external ESG data providers, it is retrieved and stored in a less robust manner than leading peers. The Manager performs little internal ESG research for this Fund, relying on largely on external sources for assessment/ratings. This external assessment does, however, form a clear element in their overall ESG risk assessment. There are clear links to the stock selection process through an unstructured adjustment of the appropriate discount rate based on, among other factors, ESG scores. There is monitoring of ESG characteristics of the portfolio across a number of ESG and sustainability dimensions, however this plays a limited role in overall portfolio construction. While the Manager tracks engagements, there is no clear system for prioritising engagements or for measuring success.

Strategy: Clarity, Measurability & Reporting

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

Manager Level Approach

The Manager's overall ESG policy framework and disclosure lag significantly behind their peers. Although their ESG policy is publicly available and they are a PRI signatory, there is limited visibility of their public stance on ESG issues. The ESG policy provides brief details on voting and engagement practices. The overall framework is relatively generic compared to peers. No reporting on voting or engagement outcomes is publicly available.

Product



Company Board & Service Providers

Chairperson	Robert Millner
Independent chairperson	No
No. of directors	5
No. independent directors	3
No. of female directors	1
Separate Audit Committee	Yes
Separate Investment Committee	Yes
Investment manager	Contact Asset Management Pty Ltd
Custodian	TBA
Administrator	Link Market Services
Auditor	MGI Sydney
Change in Key Providers? (Over last 12 months)	No

Product Details

Market cap	\$1.35bn
Premium / disc. (12M ave.)	-2.7%
Authorised capital management	Yes - SPP and Buyback
Net asset disclosure frequency	Weekly
Distribution model	Internal
Investment structure	Direct
Product type	Public Company
Currency hedged	No

What is the Product Structure?

The Company is a mid-sized LIC (by market capitalisation), that was first listed on the Australian Securities Exchange in 2003. The Company had a market capitalisation of over \$1.3bn as of June 2024 and approximately 17,000 shareholders.

Lonsec Opinion

Price Divergence

A key risk for investors in any LIC is the potential for the structure to trade at a substantial discount to NTA for extended periods. BKI has historically experienced a persistent discount to NTA, but encouragingly, this gap has narrowed due to various initiatives undertaken by the Company and the gradual growth in its size. While this progress is noteworthy, further reduction in the discount to NTA would enhance conviction in the Company.

Liquidity

BKI displays reasonable levels of liquidity relative to peers as a mid-sized LIC. The Company experienced only one day without trade over the 12 months to June 2024.

Governance

The Board consists of five members who are regarded as highly experienced, though it is less diverse compared to some LIC peers. Notably, three of the five members have served since the Company's formation in 2003, reflecting strong co-tenure. Of the five, three—David Hall, Ian Huntley, and Jacqui Clarke—are classified as independent Non-Executive Directors. However, the Chair, Robert Millner, is not designated as independent, which is seen as a departure from best governance practices. Despite this, the Board is considered well-resourced and experienced enough to effectively oversee the Company's operations.

Secondary Market Support

The Company's secondary market support has been strong over its operating history, noting the shareholder base has grown steadily since the Company's inception. The Company actively engages with its shareholders through various communication channels which is believed necessary to promote shareholder loyalty.

Fees



Annual Fees and Costs (% p.a.)

Management fees & costs	0.17
Performance fee costs	0.00
Annual fees and costs	0.17

Source: FE fundinfo, Offer Document date: Not Provided

Performance Fees

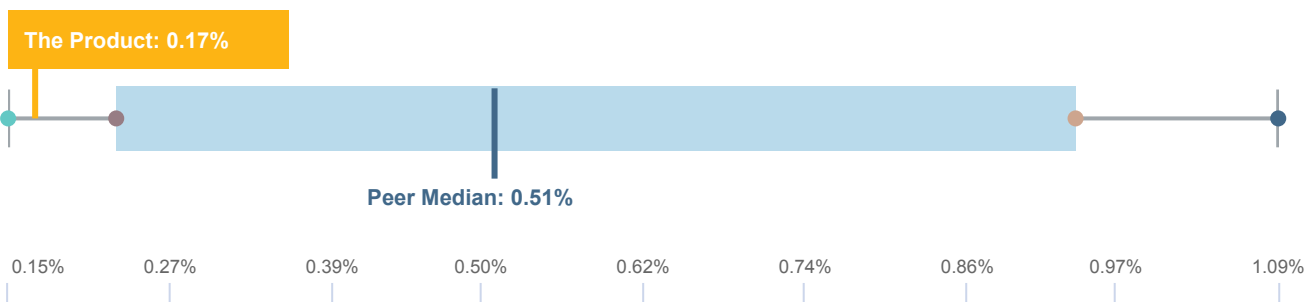
Applicable	No
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Fees Explained

The Company is charged a management fee of 0.10% p.a. of NTA. This is expected to translate into a total management cost of 0.17% for FY24.

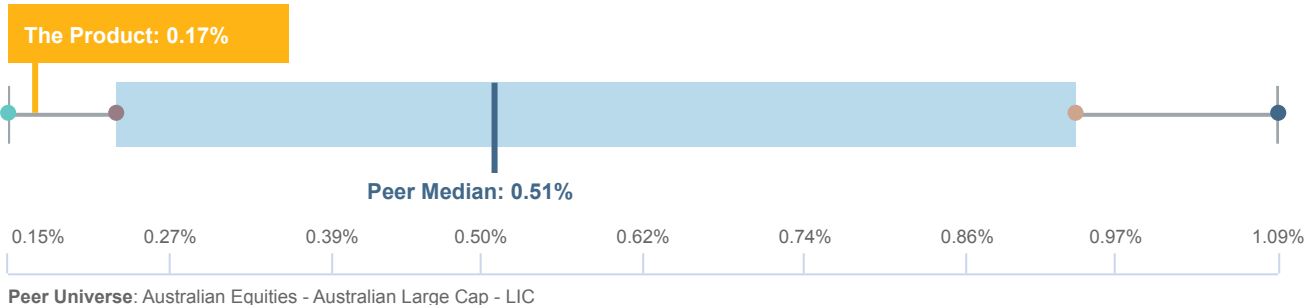
Management Fees and Costs Peer Comparison

● Lowest Peer ● 25th Percentile ● 75th Percentile ● Highest Peer



Annual Fees and Costs Peer Comparison

● Lowest Peer ● 25th Percentile ● 75th Percentile ● Highest Peer



Lonsec Opinion

Annual Fees and Costs

The Company's fixed management cost base of circa 0.17% p.a., compares favourably relative to peers.

Fairness

The Company's fee load is considered attractive relative to other externally managed LICs, ETFs and managed funds in the per group that provide a broad exposure to Australian equities.

Performance data is as at 30 June 2024

Performance

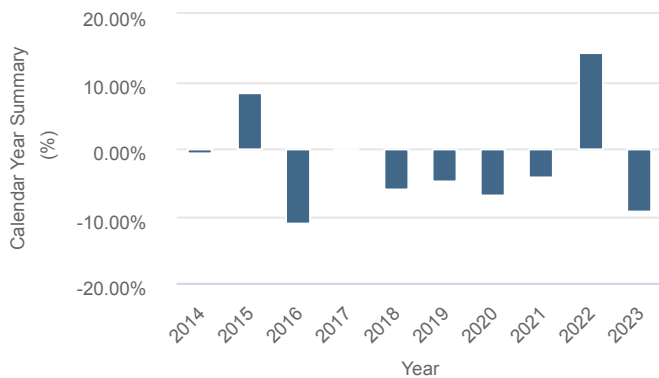
Performance Summary

Investment objective	To provide a growing income stream of fully-franked dividends and achieve long-term capital growth
Internal return objective	To provide a growing stream of fully-franked dividends and achieve long-term capital growth
Internal risk objective	None stated
Product benchmark	S&P/ASX 200 TR Index AUD
Lonsec peer group	LIC

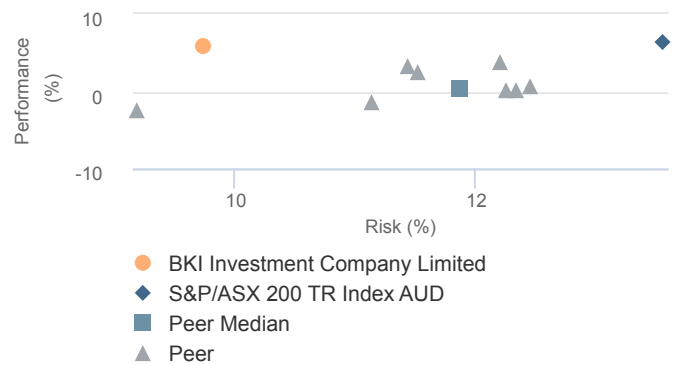
Alpha Generation

The performance table on page 2 shows the LIC's share price returns, while the commentary in this section reflects the underlying portfolio's performance. The underlying portfolio had failed to achieve its investment objective over the five and 10 years to June 2024, underperforming the benchmark by 0.7% p.a. and 0.6% p.a., respectively.

Calendar Year Excess Return



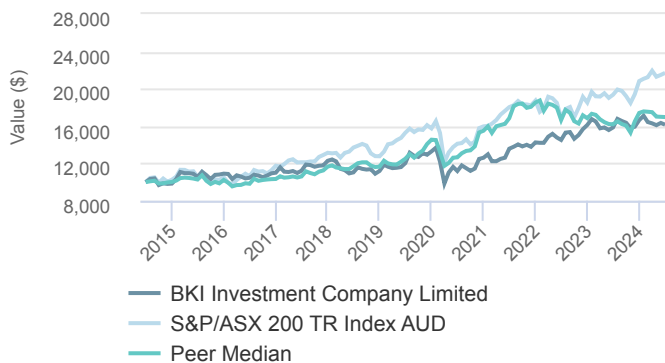
3 Year Risk and Return



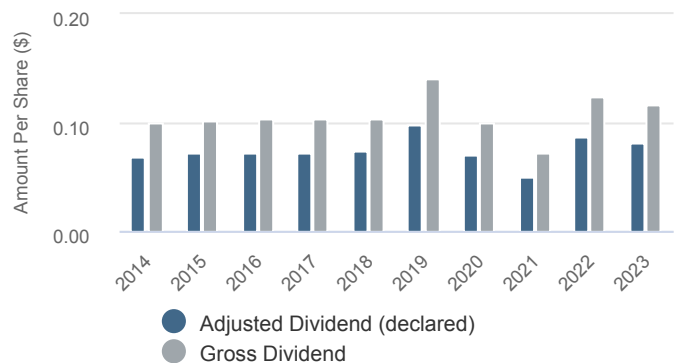
Alpha Consistency

The underlying portfolio has been unable to achieve persistent alpha relative to the benchmark across all assessed periods. However, the Company has a reasonably consistent track record of providing a stable fully franked dividend.

Growth of \$10,000 Over 10 Years



Dividend Record Over 10 years



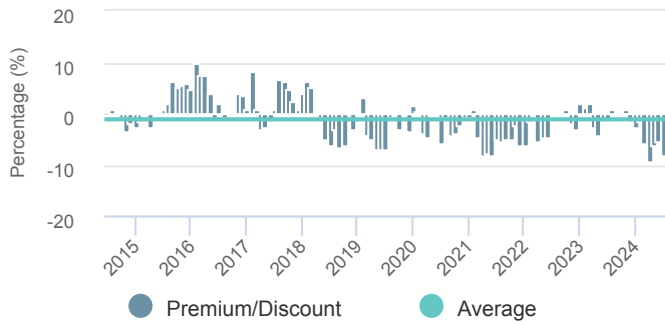
Performance data is as at 30 June 2024

Performance (continued)

Benchmark Relativity

The underlying portfolio exhibits a moderate level of activeness despite not having formal risk guidelines in place. This aligns with the Company's buy-and-hold approach.

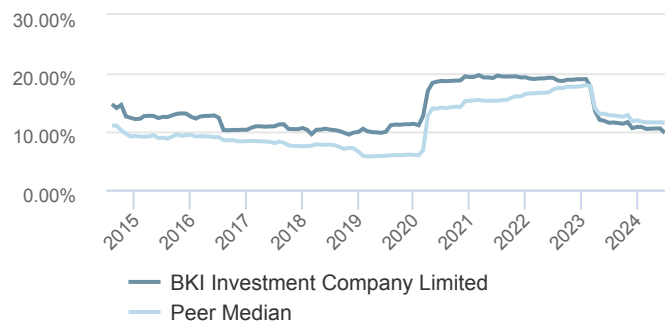
Share Price Premium/Discount to NTA Over 10 Years



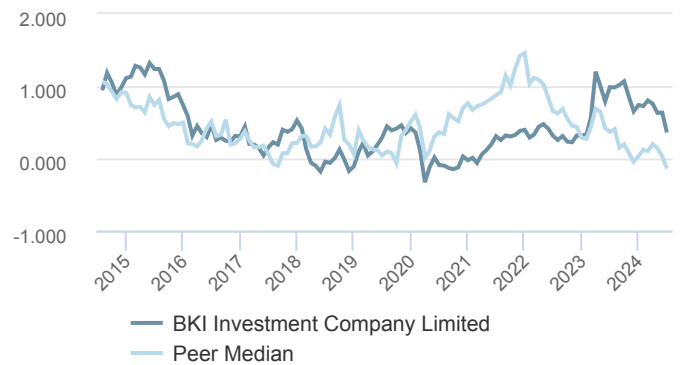
Return Volatility

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

3 Year Rolling Standard Deviation Over 10 Years



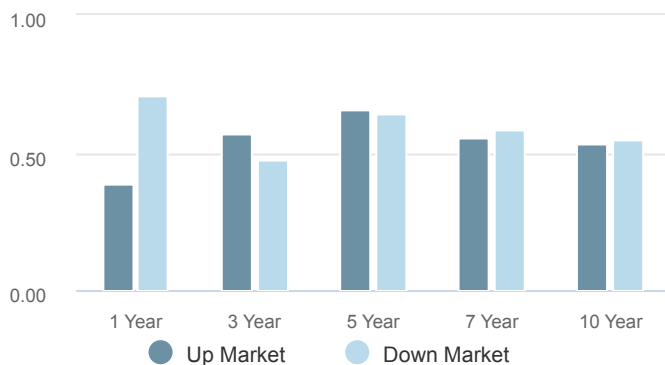
3 Year Rolling Sharpe Over 10 Years



Product Defensiveness

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

Market Capture Ratio



Drawdowns



Scope

Scope of this rating

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

Ratings

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

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

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

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

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

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

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

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

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

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

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

General

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

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

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

Excess return: Return in excess of the benchmark return.

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

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

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

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

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

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

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

Standard deviation: Volatility of monthly Absolute Returns.

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

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

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

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

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

Lonsec Group Disclaimers

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Lonsec Research FSG Financial Services Guide

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

1.1 What is a Financial Services Guide?

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

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

1.2 About Lonsec Research and its related parties

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

Contact Details

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.