Allan Gray Australia Stable Fund

This report has been prepared for financial advisers and wholesale clients only

Superior

June 2025

INTRODUCTION

Key Principles

SQM Research considers (but is not restricted to) the following key review elements within its assessment:

1. Business profile - product strategies and future direction
2. Marketing strategies and capabilities, market access
3. Executive Management / Oversight of the investment management firm
4. Corporate Governance / fund compliance / risk management
5. Investment team and investment process
6. Fund performance, investment style, market conditions, investment market outlook
7. Recent material portfolio changes
8. Investment liquidity
9. Investment risks
10. Fund/Trust fees and expenses

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Report Date: 4 June 2025

Star Rating**	Description	Definition	
4½ stars and above	*Outstanding*	***Highly suitable for inclusion on APLs*** *SQM Research believes the Fund has substantial potential to outperform over the medium-to-long term. Past returns have typically been very strong. Product disclosure statement (PDS) compliance processes are high-calibre. There are no corporate governance concerns. Management is extremely experienced, highly skilled and has access to significant resources.*	*Highest Investment Grade*
4¼ stars	*Superior*	***Suitable for inclusion on most APLs*** *SQM Research considers the Fund has considerable potential to outperform over the medium-to-long term. Past returns have tended to be strong. PDS compliance processes are high-quality. There are no material corporate governance concerns. Management is of a very high calibre.*	*High Investment Grade*
4 stars	*Superior*	***Suitable for inclusion on most APLs*** *In SQM Research's view, the Fund has an appreciable potential to outperform over the medium-to-long term. Historical performance has tended to be meaningful. PDS compliance processes are strong. There are very little to no material governance concerns. Management is of a high calibre.*	*High Investment Grade*
*3¾ stars**	*Favourable*	***Consider for APL inclusion*** *SQM Research concludes the Fund has a moderate potential to outperform over the medium-to-long term. Past performance has tended to be reasonable. Management is experienced and displays investment-grade quality, however they may not be yet fully tested. As a result the manager/product may have higher risks attached compared to peers.*	*Investment Grade*
*3½ stars**	*Acceptable*	***Consider for APL inclusion*** *In SQM Research's view, the potential for future outperformance in the medium-to-long term is uncertain. Historical performance has tended to be modest or patchy. Management is generally experienced and displays investment-grade quality, however they may not be yet fully tested. As a result the manager/product may have higher risks attached compared to peers. SQM Research has identified material weaknesses which need addressing in order to improve confidence in the Manager. There might be some corporate governance concerns.*	*Low Investment Grade*
3¼ stars	*Caution Required*	***Not suitable for most APLs*** *In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is very uncertain. Historical returns have tended to be disappointing or materially below expectations. PDS compliance processes are potentially substandard. There might be material corporate governance concerns. Management quality is not of investment-grade standard.*	
3 stars	*Strong Caution Required*	***Not suitable for APL inclusion*** *In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is unlikely. Historical performance has tended to be unacceptable. There could be material corporate governance concerns. SQM Research has a number of concerns regarding management.*	
Below 3 stars	*Avoid or Redeem*	***Not suitable for APL inclusion*** *SQM Research has multiple material concerns surrounding the Fund.*	

Event-driven Rating	Definition
Withdrawn	*The rating is withdrawn and no longer applicable. Significant issues have arisen since the last report was issued, and investors should avoid or redeem units in the fund.*
Discontinued - Withdrawn	*The manager, after agreeing to be reviewed, has pulled out of the process and/or has not responded.*
Hold	*Rating is suspended until SQM Research receives further information. A rating is typically put on hold for a period of two days to four weeks. Dealer groups should not be making further investments into this fund until SQM has completed its additional investigations.*

** It is strongly recommended advisers conduct additional due diligence over and above base requirements when considering such rated funds.*

*** The definitions in the table above are not all encompassing and not all individual items mentioned will necessarily be relevant to the rated Fund. Users should read the current rating report for a comprehensive assessment.*

CONTENTS

SQM Rating ★★★★½

Superior. Suitable for inclusion on most APLs.

Fund Description	
Fund Name	Allan Gray Australia Stable Fund
APIR code	ETL0273AU
Asset Class	Multi Asset
Management and Service Providers	
Fund Manager	Allan Gray Australia Pty Ltd
Responsible Entity	Equity Trustees Limited
Fund Information	
Fund Inception Date	1-Jul-11
Fund Size	$331.5 million as of 30 April 2025
Return Objective (per PDS/IM)	The Fund aims to provide a long-term return that exceeds the Benchmark, with less volatility than the Australian share market.
Internal Return Objective	N/A
Risk Level (per PDS/IM)	Low to medium risk.
Internal Risk Objective	N/A
Benchmark	RBA cash rate
Number of stocks/positions	20
Fund Leverage	N/A
Portfolio Turnover	37.07%, 10-year average up to Dec 2024
Top 10 Holdings Weight	12.90%
Investor Information	
Management Fee	0.26% of the Fund's net asset value
TCR (Total Cost Ratio)	0.52% as at 31 Jan 2025
Buy Spread	0.10%
Sell Spread	0.10%
Performance Fee Rate	20.5% of the Fund's outperformance
Minimum Application	Minimum of AUD 10,000 or set up a regular savings plan of at least AUD 500 per month
Redemption Policy	Daily
Distribution Frequency	Quarterly
Investment Horizon	Two years or longer
Currency Hedging Policy	Not Applicable

Fund Summary

Description

The **Allan Gray Australia Stable Fund (the "Fund")** is a multi-asset strategy that invests a minimum of **50%** in cash and money market instruments such as term deposits. When Allan Gray believes share markets offer compelling long-term value, up to **50%** of the Fund's total assets may be held in Australian-listed securities. The Fund's growth asset allocation has been c.27% over the long term and reached a maximum of c.40% in April 2016.

The Fund aims to provide a long-term return that exceeds the Reserve Bank of Australia cash rate, with less volatility than the Australian share market.

The investment approach can be described as long-term, fundamental, bottom-up, and contrarian. Allan Gray avoids the most popular areas of the market where the risk of overpaying is higher. Over time, the Fund owns investments across different sectors, industries and market cap sizes.

The Fund is structured as an open-ended unlisted registered managed investment scheme or unit trust.

Fund Rating

The Fund has achieved the following rating:

Star Rating	Description	Definition	Investment Grading
4.25 stars	Superior	Suitable for inclusion on most APLs	High Investment Grade

Previous Rating: 4.50 stars (Issued June 2024)

SQM Research's Review & Key Observations

About the Manager

Allan Gray Australia is a privately-owned Australian incorporated investment management company, managing wealth for Australian investors since 2005, as has been done by the broader Group globally since 1973.

Allan Gray Australia's (AGA) ultimate owners are current senior staff, Dr Simon Marais' family interests, and the Allan & Gill Gray Foundation via Orbis Allan Gray Ltd. Dr Marais was the former Managing Director of AGA and one of its initial shareholders.

The **Orbis Group** is a global fund manager established in 1989 and founded by Dr Allan WB Gray, who also founded Allan Gray Proprietary Limited in South Africa (AGL). AGA, the Orbis Group and AGL ("the Allan Gray and Orbis Group") all share the same investment approach and philosophy.

Allan Gray Australia is based in Sydney, with smaller offices in Melbourne and Brisbane. As of January 2025, the firm's FUM was AUD 12.0 billion across Australian Equity, Balanced and Stable strategies. The firm's clients include individuals, trusts, companies, superannuation funds, family offices and government entities.

Responsible Entity

The Responsible Entity is Equity Trustees Limited (EQT), established in 1888. EQT is a wholly-owned subsidiary of EQT Holdings Limited (EQTHL), a financial services company, which is headquartered in Melbourne and has been listed on the Australian Securities Exchange (ASX) since 1985. EQTHL provides a range of products and services to a diverse client base, including fund managers, managed funds, superannuation funds, and financial planning. EQT acts as a Responsible Entity or Trustee for over 100 Australian and international investment managers.

The Board of Directors of the Responsible Entity (RE) includes **five** directors who are **independent** of the Fund Manager.

The Board's principal responsibility regarding EQT's Responsible Entity activities is to ensure the company has adequate systems of internal controls and appropriate monitoring of compliance activities.

The EQTHL Board Charter (June 2020) mandates that the Board adhere to the following principles:

- The Board will comprise an appropriate number of directors, of whom a **majority are independent non-executive directors** and ordinarily reside in Australia.
- The Board will be led by an independent chair who is not the same person as the Managing Director.
- Directors, collectively, are to have the appropriate balance of skills, knowledge, experience, independence, and diversity to enable them to discharge their duties and responsibilities effectively.
- The Board assesses at least annually whether its directors are independent.

- Board meetings are to take place at least quarterly.
- Two members of the Board form a quorum.

Investment Team

Allan Gray Australia's investment team comprises 9 investment professionals: 8 analysts, including senior analyst and co-Portfolio Manager of the Allan Gray Australian Equity Fund Dr Suhas Nayak and Chief Investment Officer, Simon Mawhinney.

Simon Mawhinney is the Portfolio Manager for the Allan Gray Australia Stable Fund.

Within the Allan Gray and Orbis Group, analysts are responsible for producing investment ideas, identifying those that are worth pursuing and providing a thorough report, which could take up to several months. Analysts are expected to provide 2 to 3 portfolio ideas in the year based on rigorous, detailed, high-quality research that conforms to Allan Gray's contrarian value style. The investment team relies heavily on internal Policy Group Meetings to have investment ideas challenged by the internal peer group and subjected to scrutiny via this process. Portfolio Managers have the ultimate decision as to whether ideas are implemented.

Allan Gray Australia personnel can access the wider Group's resources, such as those of the Orbis Group investment team, as and when required. This includes research conducted elsewhere within the Allan Gray and Orbis Group, including conferencing into PGM (stock discussions) held overseas.

As a result of the investment process, Dr Nayak as a deputy to Mr Mawhinney, the adherence to the Allan Gray investment philosophy, and the size of the team, SQM Research believes that ***key person risk is low***.

1. Investment Philosophy and Process

Investable Universe

Primarily, the Fund invests in cash and money market instruments, such as term deposits and short-term bonds (government bonds and treasury bills). The Fund may also invest in securities listed on the ASX.

Philosophy / Process / Style

The Allan Gray philosophy can be described as follows:

1. Contrarian: Focus is on investment opportunities that are unloved or out of favour, because that's often where the best opportunities to buy at meaningful discounts to fair value arise.
2. Long Term: Evaluate investment opportunities as a long-term owner of a business. Having decided to invest in a share, the Manager typically adopts a five to ten-year horizon. The focus of efforts is on understanding the intrinsic value of a company, rather than trying to forecast the next share price move.
3. Fundamental: Focus on company fundamentals (margins, competitive dynamics and long-term averages) rather than economic variables, currency rates and economic growth rates.

Portfolio Biases/Preferences

The Fund applies the same all-cap approach used by Allan Gray – the Fund is able to hold stocks from large to small cap.

The style bias is **contrarian** investing.

Liquidity

The liquidity of the Fund is expected to be high at all times, given the cash exposure being a minimum of 50%, and on average much higher than this.

The liquidity of the equity component of the Fund may vary over time depending on where Allan Gray sees the most attractive opportunities. The Manager is mindful of liquidity, particularly when allocating to smaller capitalisation companies.

Leverage

This Fund does not employ direct leverage (through borrowing by the Fund) or economic leverage (through the use of derivatives).

2. Performance & Risk

Return Objective

The Fund's investment objective, as per the PDS, is to provide a long-term return that exceeds the RBA cash rate (after fees and expenses), with less volatility than the Australian share market.

The Fund's benchmark is the RBA cash rate.

Material Risks

Advisers and Investors should refer to the 'Risks' section of the PDS. Risks other than those mentioned in this section (or the PDS) may also have a material adverse impact on the Portfolio's performance or value.

Material risks which are associated with the Fund include:

- Market and individual investment risks
- Fund risk
- Liquidity risk
- Contractual risk
- Inflation risk

Risk Objective

The Fund's PDS states that the risk level of the Fund is "low to medium". The portfolio manager's risk focus is predominantly on managing the risk of permanent loss of capital in the Fund.

Fund Performance to 30 April 2025 (% p.a.)

Total Return	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
Fund	-0.47	-0.18	0.84	3.60	3.81	5.44	5.68
Benchmark	0.34	1.03	2.16	4.46	3.74	2.28	2.25
Peer Average	0.74	-0.20	2.06	6.61	4.00	4.19	4.90
Alpha	-0.81	-1.21	-1.32	-0.86	0.07	3.16	3.43

With distributions reinvested. Returns beyond one year are annualised. Return history starts Jul-2011
Benchmark: RBA Cash Rate

The Fund has a history of **13.8** years.

Observations and analysis of returns will have substantial statistical meaning as a result of the sample size of observations.

Strengths

- The unique cash/term deposit "plus" approach in the Stable Fund, which offers a lower-volatility alternative to the Allan Gray Australia Equity Fund, is likely to appeal to investors with lower risk tolerance or shorter time horizons. Investors are effectively delegating the decision to invest in Australian equities in a simple 'barbell' multi-asset structure.
- Clear and rigorous contrarian Australian equities investment philosophy that has proven itself over the long term in Allan Gray's South African and Orbis Global equities strategies.
- A straightforward and conservative approach to investing in cash/term deposits, which can account for up to 100% of the Fund (currently approximately 81%). Note that the manager does not have a specialist fixed interest capability in Australia.
- The Fund is managed by experienced and highly qualified portfolio managers. The analysts are also highly qualified.
- Focused and in-depth fundamental Australian equities research approach, implemented via a centralised group meeting with accountability resting clearly with the portfolio manager.
- The compensation structure for the Stable Fund portfolio managers and analysts is in alignment with investor objectives.
- The Fund has significantly outperformed the benchmark (Cash) over long periods (5 years+).
- The Fund has moderately outperformed the peer group over long periods.
- The management fee is competitive when compared with the peer average.

Weaknesses

- Significant sector biases and contrarian position taking in the Australian equities portion of the portfolio lead to the potential for some short-term performance volatility. Despite this, the Fund's overall volatility is likely to be materially lower than standard Australian equity benchmarks.

- SQM has assessed the fee structure and key parameters (including the high watermark) and has concluded that the structure is generally fair for investors. However, in certain market conditions that favour equities (and assuming the Manager is positioned as such), the overall fee may rise considerably as the benchmark used is the RBA Cash Rate and not a weighted benchmark that includes an equities index component.

Other Considerations

- The Fund's performance (total and risk-adjusted returns) has been similar to its benchmark and peers over the medium term (3-year period).

- The Funds' Australian equities component is more concentrated compared to the Growth component in traditional 30/70 multi-asset funds (funds with a 70% Defensive and 30% Growth asset allocation). Consequently, the Fund may occasionally experience higher volatility compared to those traditional 30/70 multi-asset funds.

- The Fund offers allocations to cash-style investments and an allocation to Australian equities run to the same structure as its Australian Equity Fund.

- The Fund uses a benchmark that accurately captures the cash-style allocations of the Fund, not so much the equity allocation.

- The FUM of the Fund has softened in the past 12 months (down c.6% year on year).

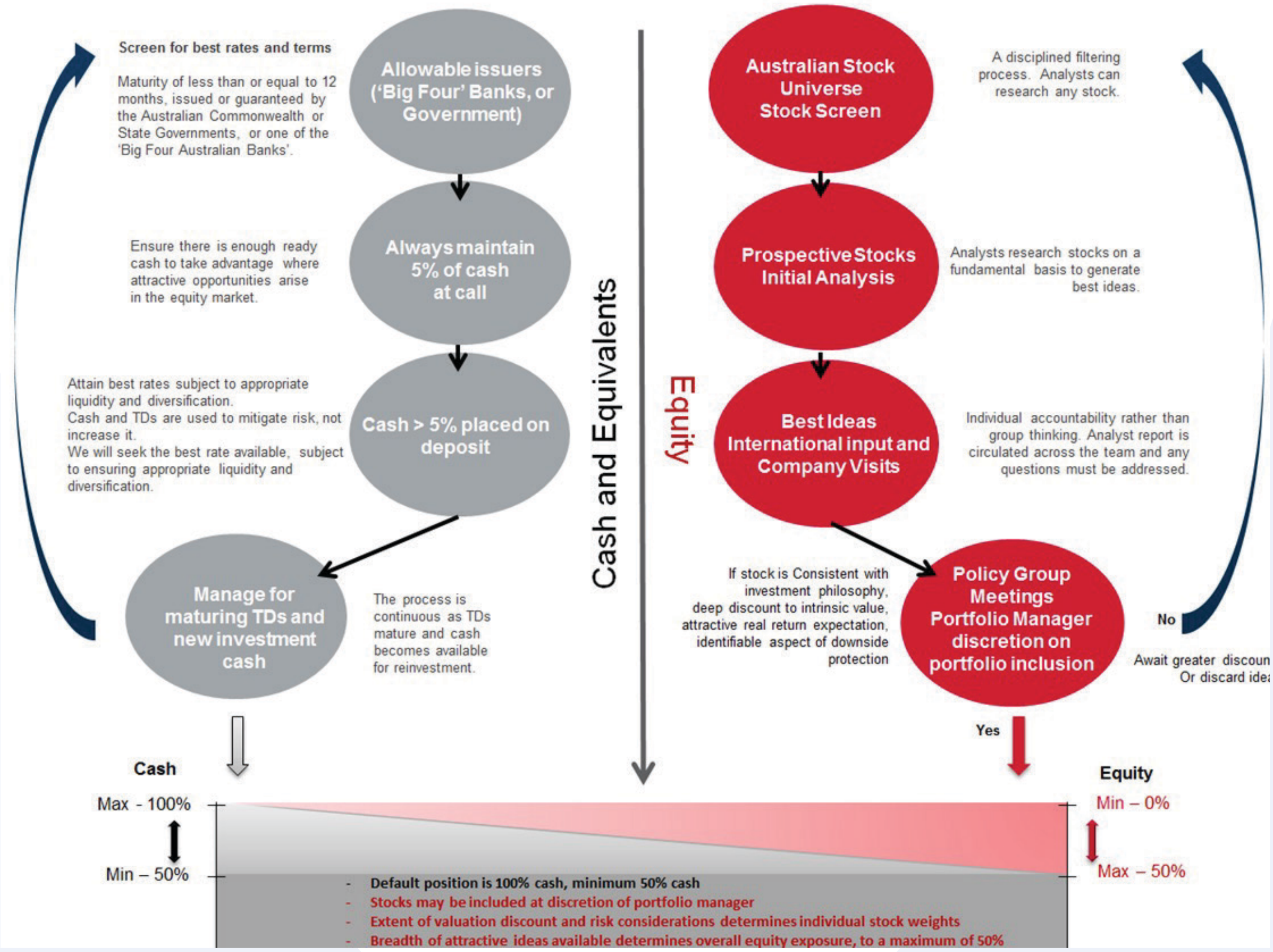
Fund Metrics

- See *"Asset Allocation"*

Key Changes Since the Last Review

- No changes to the investment process since the previous review.

Investment Process Diagram



Process Description

Investment Process

Screening and Idea Generation

The Manager prefers companies that are out of favour with the broader investment community. The team monitors overall sell-side recommendations as one of the key contrarian screens for idea generation. Where a stock is roundly disliked across the sell-side, this will often pique interest in undertaking more detailed research.

The initial stock screen criteria are applied in selecting stocks for further research. It aims to identify stocks that may be priced significantly below their intrinsic value. Simple ratios such as price to book or price to average earnings are supplemented with more sophisticated dividend discount, discounted cash flow and whole enterprise valuation models to provide a list of prospective stocks for the analysts to examine. In line with Allan Gray's contrarian approach, other indicators of potentially interesting research ideas include companies where the share price has fallen significantly, and where the share is unpopular with the research and broking community in general.

Research and Investment Selection

Short-listed securities are then analysed further by the investment analysts in an intensive process to encourage focus on the most likely opportunities. Company meetings are strongly encouraged, especially at the final phase of fundamental research and in ongoing coverage of holdings. The final step in the process is presentation of the idea and supporting research at the policy group meeting (PGM). Investments are selected with a long-term view.

The PGM is held as and when analysts are looking to promote their ideas into the portfolio. Analysts are responsible for calling the PGM and submitting their report to other team members for review. The PGM provides portfolio managers with an avenue for formally considering potential securities to include within the portfolio. The portfolio manager retains overall responsibility. If the idea is accepted, the portfolio manager will determine the respective percentage of NAV and send instructions to the Trading team to start buying the stock.

Portfolio Construction

The Fund is constructed by taking all the best ideas (i.e. where the gap between assessed value and the stock market price is the largest) and combining them in a way that limits the exposure to any single underlying variable. This diversification strategy aims to mitigate downside risk.

The Fund's default position will be investments in cash and money market instruments issued by, or with, entities that have at least an investment grade credit rating issued by Standard & Poor's or Moody's, such as large Australian banks. The only time the Fund will move out of cash and money market instruments is if Allan Gray identifies an investment opportunity that offers long-term value. Such investments can only comprise up to 50% of the Fund's net asset value at any one time. No single share exposure may be greater than 5% of the Fund.

If Allan Gray cannot find such investments (typically in strong equity markets), the Fund will be fully invested in cash and money market instruments. Allan Gray identifies investments that offer long-term value based on their investment philosophy.

The Portfolio Manager may determine to hold positions at a standard single weight, a smaller fraction of that or a multiple of that. Examples of factors affecting the decision on weighting would include downside risk and the extent to which that is mitigated. This may be via a large discount to intrinsic value (as well as fundamental considerations such as competitive advantage, tangible assets and balance sheet strength), size and liquidity of the stock, and investment restrictions of the Fund.

Asset Allocation*

Basic Asset Allocation	Weight	Growth	Defensive	Long-Term Averages
Australian Equity	16.38%	16.38%		27.10%
International Equity	-	-		-
Fixed Income	-		-	-
Alternatives	-	-		-
Property	-	-		-
Cash	83.62%		83.62%	72.90%
Other (inc. Commodities)	-		-	-
		16.38%	**83.62%**	

Top 5 Holdings*

Asset Class	Holding	Sector	Weight	Currency
Cash	Cash and money market instruments	-	82.62%	AUD
Equity	Woodside Energy Group	Energy	2.58%	AUD
Equity	Newmont	Materials	1.90%	AUD
Equity	Alcoa	Materials	1.90%	AUD
Equity	Fletcher Building	Industrials	1.11%	AUD

* As reported to SQM on the return of the RFI – holdings will change over time.

Sell Discipline

The Manager aims to sell when a company's share price reflects the intrinsic value and when the applicable investment teams can identify more attractive opportunities.

The Manager does not operate stop-losses. However, analysts covering stocks are responsible for maintaining their assessment of valuation and monitoring changes over time. Any changes in assessed value versus price will be monitored, and the portfolio managers will have the ultimate decision and responsibility regarding maintaining or adjusting positions.

Risk Management

The portfolio manager's focus is predominantly on managing the risk of permanent loss of capital in the Fund. Allan Gray's first and primary source of protection against this is having a strong and disciplined approach to valuation, and only making investments where the Manager assesses that there is a significant margin of safety between price and value.

At the portfolio level, risk is managed with a detailed system that was developed and is maintained within the Orbis Group. This assesses where there is potential for excessive congregation of similar risks and advises the portfolio manager on this. It also monitors factors such as liquidity. The liquidity risk in the portfolio is monitored to ensure that the portfolio maintains sufficient liquidity to meet redemptions and to be able to take advantage of future investment opportunities.

On an annual basis, the Manager performs scenario-based stress testing, sensitivity analysis and liquidity stress testing, both in normal and stressed environments.

At the end of each trading day, compliance reports are generated from the compliance checker system, indicating whether any restrictions have been breached or are close to being breached. A designated member of the compliance team undertakes, twice a day, a review of these reports to investigate any breaches of the investment restrictions. Equity Trustees, the Responsible Entity, is notified of any deviation from the agreed investment restrictions and will determine the appropriate action.

The table below outlines limits on the Fund's asset allocation and other risk parameters:

Fund Constraints and Risk Limits	Permitted Range or Limit
Cash and money market instruments	These investments must have a term of maturity of less than or equal to 12 months, issued or guaranteed by the Australian Commonwealth or State Governments or one of the 'Big Four Australian Banks' - Westpac, Commonwealth, NAB and ANZ banks or their subsidiaries. Examples of such instruments are term deposits and short-term bonds (treasury bills). Also, no more than 50% of the Fund's net asset value shall be held with any one of these issuers.
ASX securities	Included in this category are securities purchased pursuant to an initial public offering on the ASX. Also, no single ASX security can exceed 5% of the Fund's net asset value.
Derivatives	The Fund will not purchase any derivatives. This does not preclude the Fund from investing in ASX-listed convertible instruments (being instruments that, at some point in the future, may convert into shares).
Borrowing	Borrowing is limited to 10% of the Fund's NAV and must be repaid within 90 days.

Key Counterparties

Allan Gray Holdings Limited
Parent Entity

Allan Gray Australia Pty Ltd
Investment Manager / Fund Manager

Citibank N.A.
Custodian

Allan Gray Australia Stable Fund
Fund Under Review

Equity Trustees Limited
Responsible Entity

Distributions | Investments

Investors

Governance

Management Risk

Funds management businesses rely on the operational capabilities of key counterparties. A critical element is the ability of the Responsible Entity to monitor operational performance and to meet the regulatory and statutory responsibilities required. For any investment fund, there is a risk that a weak financial position or management performance deterioration of key counterparties could temporarily or permanently compromise their performance and competency. This can adversely affect financial or regulatory outcomes for the Fund or associated entities.

Based on the materials reviewed, SQM Research believes that the Manager and associated key counterparties are qualified to carry out their assigned responsibilities. Management risk is rated as low.

Management & People

Name	Responsibility / Position	Location	Years at Firm	Years in Industry
Simon Mawhinney	Portfolio Manager, Managing Director & Chief Investment Officer	Sydney	19	24
Dr Suhas Nayak	Analyst and Portfolio Manager	Sydney	14	14
Tim Hillier	Analyst	Sydney	11	11
Tim Morrison	Analyst	Sydney	10	14
Dr Justin Koonin	Analyst	Sydney	10	10
Dr James (Yi Chan) Lee	Analyst	Sydney	8	8
Sudhir Kissun	Analyst	Sydney	8	8
Yipeng Liu	Analyst	Sydney	5	5
Stephanie Derrington	ESG Analyst	Sydney	3	3

Staffing Changes

Additions			
Date	**Name**	**Position / Responsibility**	**Previous Position / Employer**
04-Apr-22	Stephanie Derrington	Responsible Investment Analyst	New to industry

There have been no investment personnel departures in the past three years.

SQM Research observes that the levels of investment experience and company tenure are strong across the investment team. The size and nature of staff turnover are not an issue of concern, in SQM's view.

Fees and Costs	Fund	Peer Avg**
Management Fee % p.a.	0.26%	0.82%
Expense Recovery/Other Costs % p.a.	–	–
Performance Fee %	20.50%	1.54%
Total Cost Ratio (TCR) % p.a.	**0.52%**	**0.84%**
Buy Spread %*	0.10%	0.13%
Sell Spread %*	0.10%	0.13%

* This spread is the difference between the Fund's application price and withdrawal price and reflects transaction costs relating to the underlying assets.

** Peer average is based on data provided by SQM's data provider. SQM is not responsible for any errors or omissions. The peer group average Performance Fee includes those that do not charge a performance fee i.e. (0%). SQM observes that funds that charge a performance fee tend to charge a lower management fee than those that do not.

Management Fee

The management fee includes GST and is net of any applicable Reduced Input Tax Credits (RITC). The Management Fee includes the Responsible Entity fees as well as the investment manager fees.

Performance Fee

There is a performance fee charged as follows:

- 20.3% of the amount by which the Fund's investment returns (**after** base management fees have been deducted) exceed the returns of the Benchmark (Fund's custom benchmark)
- Including GST and the impact of RITC (Reduced Input Tax Credit)
- The fee is accrued daily and (if applicable) paid to the Manager monthly
- The fee is adjusted for any prior accumulated negative performance fee. Underperformance in a previous performance period is required to be made up for before a performance fee is payable. This creates a permanent high-water mark

SQM Research observes that:

- ***The Fund management fee is 56 basis points lower than the peer group average.***
- ***The Total Cost Ratio (TCR) is 32 basis points lower than the peer group average.***

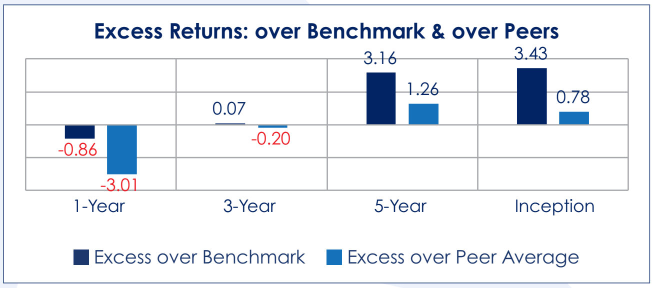
Risk/Return Data to 30 April 2025							
Total Return	**1-Month**	**3-Month**	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Fund	-0.47	-0.18	0.84	3.60	3.81	5.44	5.68
Benchmark	0.34	1.03	2.16	4.46	3.74	2.28	2.25
Peer Average	0.74	-0.20	2.06	6.61	4.00	4.19	4.90
Alpha	-0.81	-1.21	-1.32	-0.86	0.07	3.16	3.43
Metrics				**1-Year**	**3-Year**	**5-Year**	**Inception**
Tracking Error (% p.a.) - Fund				1.98	3.49	4.38	4.21
Tracking Error (% p.a.) - Peer Average				3.31	5.32	4.84	4.34
Information Ratio - Fund				-0.43	0.02	0.72	0.82
Information Ratio - Peer Average				0.71	0.07	0.41	0.04
Sharpe Ratio - Fund				-0.43	0.03	0.75	0.79
Sharpe Ratio - Peer Average				0.71	0.08	0.42	0.58
Volatility - Fund (% p.a.)				1.99	3.58	4.32	4.21
Volatility - Peer Average (% p.a.)				3.32	5.40	4.86	4.36
Volatility - Benchmark (% p.a.)				0.05	0.32	0.56	0.41
Beta based on stated Benchmark				9.56	3.35	-0.27	0.46

Distributions reinvested. Returns beyond one year are annualised. Return history starts Jul-2011
Benchmark: RBA Cash Rate

Quantitative Insight[1]

Note: Unless otherwise stated, all return and risk data reported in this section are **after-fees** and for **periods ending April 2025.**

Excess Returns (Alpha)

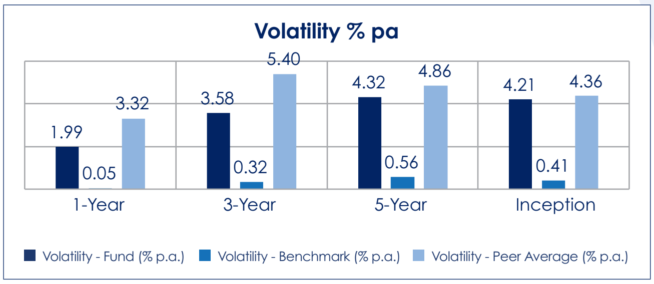


The Fund has shown mixed performance relative to its benchmark and peers. While it has outperformed both over the long term (5 years and beyond), this outperformance has diminished in more recent periods. Over the past 3 years, the Fund's performance has been similar to that of the benchmark and peers, but it has lagged over the past 12 months.

Before fees, ASX-listed securities returned 0.0% over the past year and -1.1% over the three months to April 2025. It is worth noting that the Fund is currently underweight equities (approximately 16% of the portfolio), compared to its long-term average allocation of around 27%. This underweight position may result in underperformance relative to peers that maintain a growth asset allocation in line with the Fund's long-term average allocation.

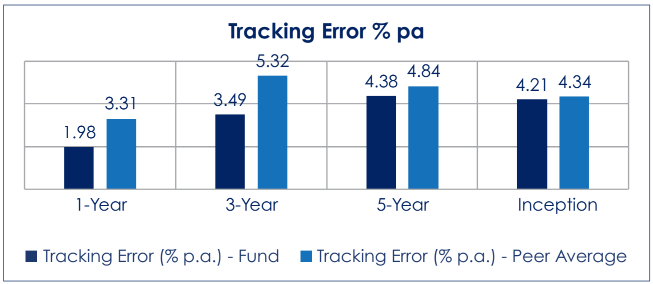
The **return outcomes,** as described above, are generally in line with the PDS objective and are consistent with SQM's expectations for the Fund relative to its fee level and volatility.

Risk



[1] Note: Sharpe and Information Ratios are not reliable comparison tools in periods where both the Fund and its peers/benchmark record a negative result

The Fund's **volatility** (annualised standard deviation of monthly returns) has tended to be lower than the benchmark and peers.



SQM has measured and reported tracking error in the table above. Since the Fund's benchmark has almost no volatility, the tracking error readings add no new information to observations gained from studying volatility. The tracking error of the Fund is virtually identical to its volatility (standard deviation).

The **risk outcomes,** as described above regarding volatility and tracking error are in line with the PDS statements about risk and are consistent with SQM's expectations for this Fund.

Drawdowns

Drawdown Summary			
Drawdown Size (peak-to-trough)			
	Fund	Bench	Peers
Average	-0.91%	no data	-1.66%
Number	20	0	23
Smallest	-0.12%	+0.00%	-0.03%
Largest	-3.40%	+0.00%	-10.85%
Length of Drawdown (in months)			
	Fund	Bench	Peers
Average	3.2	no data	5.0

Length of Drawdown = time from peak to trough and back to the previous peak level

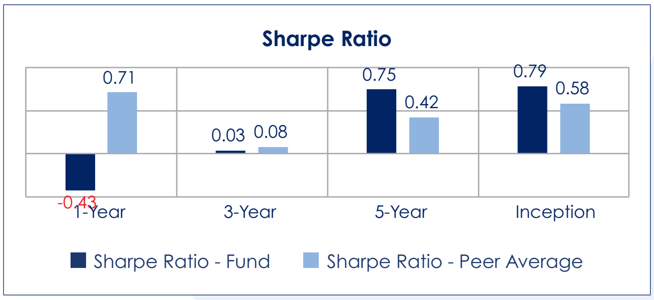
Average drawdowns have been better than the peer average. The benchmark has had zero drawdowns as expected from inflation or cash-based indexes.

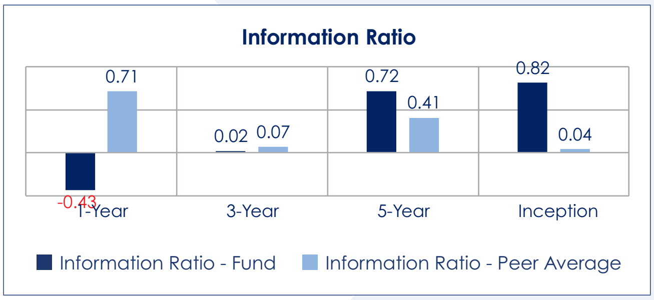
Upside/Downside Capture

	Downside Capture		Upside Capture	
	3 years	Inception	3 years	Inception
Fund	.	.	103.4%	252.2%
Peer Average	.	.	110.8%	214.2%

for a cash benchmark, downside capture is not valid

Risk-Adjusted Returns





The Fund's risk-adjusted returns (as measured by Sharpe and Information ratios) have been mixed relative to the peer average. While the Fund has outperformed over the long term (5 years and beyond), this outperformance has diminished in more recent periods. Over the past 3 years, the Fund's risk-adjusted performance has been similar to that of peers, but the Fund has lagged over the past 12 months.

Correlation of Fund to Asset Classes

Market	3 years	Inception	Market Indexes
Aust Bonds	+46.9%	+1.2%	Bloomberg AusBond Composite 0+Y TR
Aust Equity	+77.5%	+75.7%	S&P/ASX 300 TR
Global Bonds	+55.6%	+19.4%	Bloomberg Global Aggregate Hdg AUD
Global Equity	+46.3%	+34.9%	MSCI World Ex Australia NR AUD

Correlation Key

Low	High	Description
0%	20%	low, weak
20%	40%	modest, moderate
40%	70%	significant, material
70%	90%	strong, high
90%	100%	substantial

Tail Risk

*(The analysis in the table below looks at the **tail risk performance relationship of the Fund to the ASX300**, a practice that SQM has set as common across asset classes in Fund reviews. This approach recognises that for the large bulk of financial planner clients, their key traditional asset class **risk** regarding **size** and **volatility** is to Australian equities. Exploring that relationship is useful regardless of the asset class of the Fund itself, as it is helpful to understand how a Fund has acted in times of Australian equity market stress in terms of softening or exaggerating the negative performance experienced at such times.)*

The table below details the **largest negative monthly returns** for the ASX 300 **since the inception of the Fund**. This is compared to the Fund's performance over the same months.

Extreme Market Returns vs Fund Return Same Month

Index: S&P/ASX 300 TR — **From Jul-11 to Apr-25**

Rank	Date	Market	Fund	Difference
1	Mar-20	-20.83%	-5.67%	+15.16%
2	Jun-22	-8.97%	-2.03%	+6.94%
3	Feb-20	-7.76%	-1.71%	+6.05%
4	Aug-15	-7.70%	-0.88%	+6.82%
5	May-12	-6.74%	-1.11%	+5.63%
6	Jan-22	-6.45%	-0.18%	+6.27%
7	Sep-22	-6.29%	-2.10%	+4.19%
8	Sep-11	-6.28%	+0.87%	+7.15%
9	Oct-18	-6.16%	-1.23%	+4.93%
10	Jan-16	-5.45%	-1.40%	+4.05%
Totals		**-82.63%**	**-15.44%**	**+67.19%**

			No. of Months
Correlation	+87.1%	Positive Return	1
Capture	+18.7%	Outperform	10

Tail Risk Observations:

The data in the table above indicate that the Fund displays high/significant **defensive characteristics** in the face of extreme Australian equity tail risk *(that's in the context of this being a Multi-Asset Stable/Moderate SAA Type Fund, not a defensive Fixed Interest Fund)*.

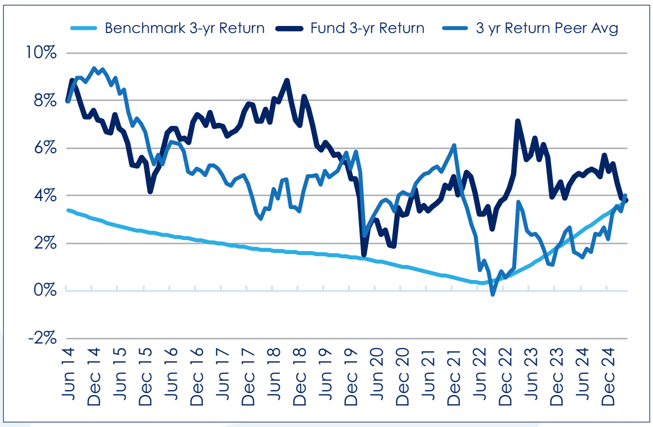
Annual Returns

Year	Fund	Benchmark	Peer Avg	vs. Bench	vs. Peers
2013	+8.15	+2.78	+8.81	**+5.37**	**-0.66**
2014	+6.05	+2.53	+7.89	**+3.52**	**-1.84**
2015	+2.06	+2.13	+3.39	**-0.07**	**-1.32**
2016	+14.43	+1.75	+4.17	**+12.68**	**+10.26**
2017	+7.50	+1.53	+6.02	**+5.96**	**+1.47**
2018	-0.54	+1.53	-0.04	**-2.07**	**-0.50**
2019	+7.40	+1.19	+9.62	**+6.20**	**-2.22**
2020	+2.85	+0.33	+3.16	**+2.52**	**-0.31**
2021	+4.21	+0.10	+5.78	**+4.11**	**-1.57**
2022	+4.59	+1.31	-6.82	**+3.28**	**+11.41**
2023	+4.02	+4.01	+7.16	**+0.01**	**-3.14**
2024	+6.55	+4.52	+6.85	**+2.03**	**-0.30**
Apr-25	+0.51	+1.41	+1.00	**-0.90**	**-0.49**

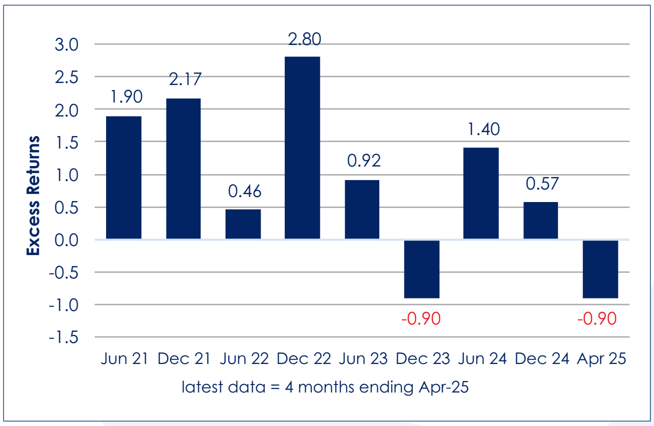
2025 data = 4 months ending Apr-25

Return and Risk

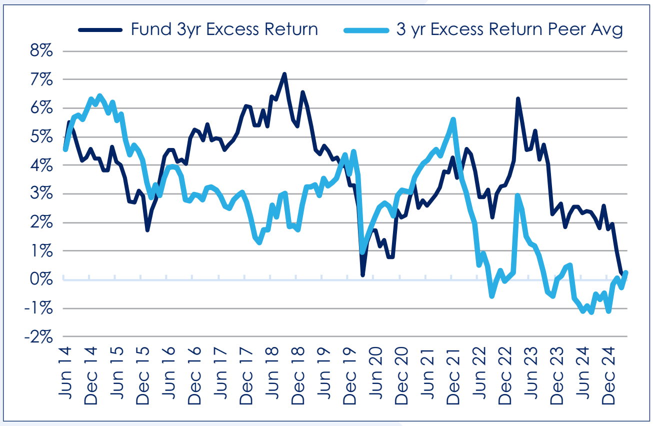
Rolling Returns



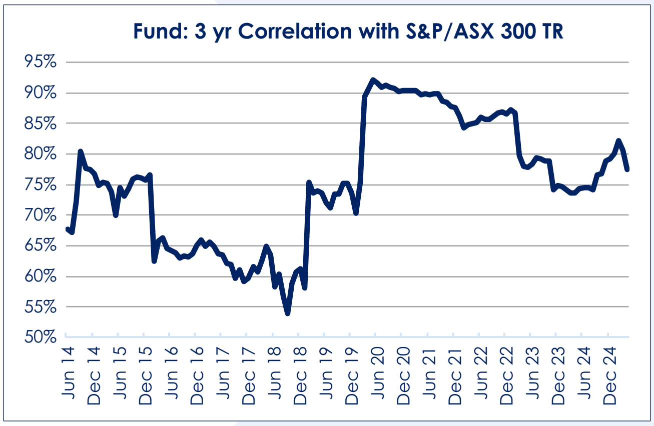
Fund Excess Return Half Yearly



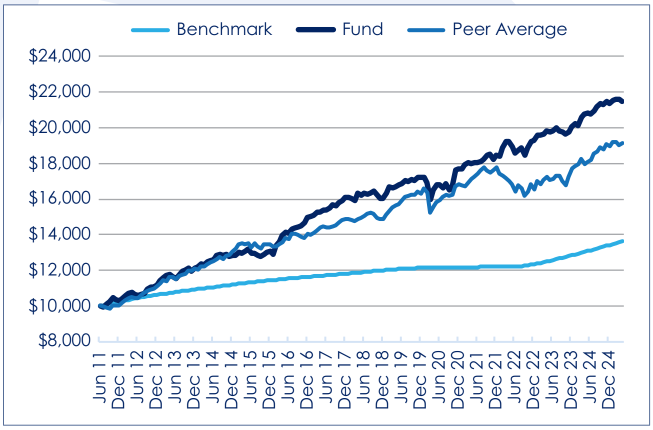
Rolling Excess Returns



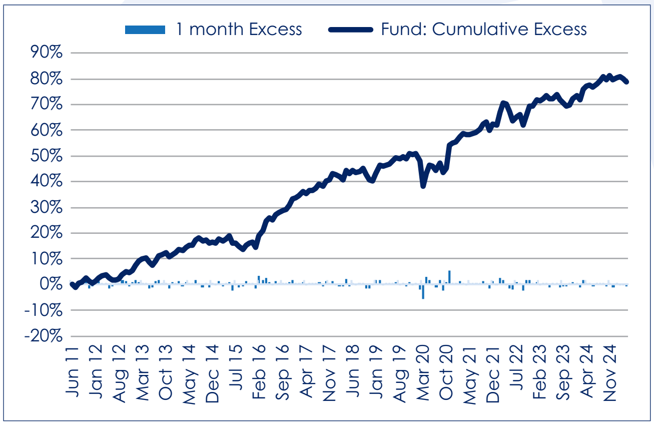
Rolling Correlation



Growth of $10,000

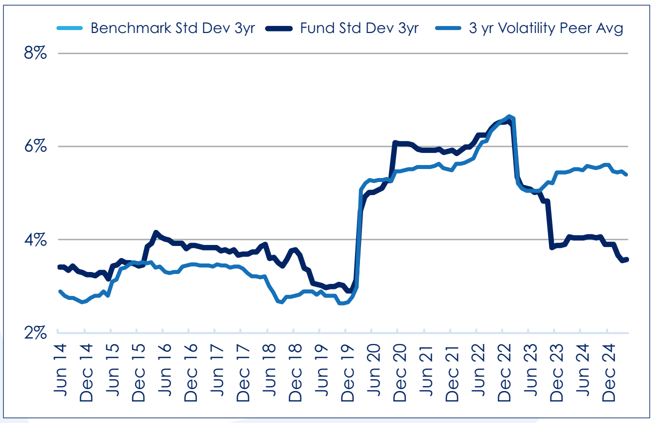


Cumulative Excess Returns

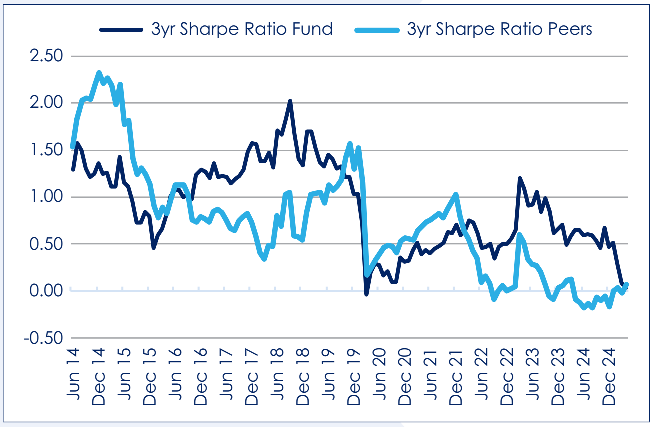


Return and Risk

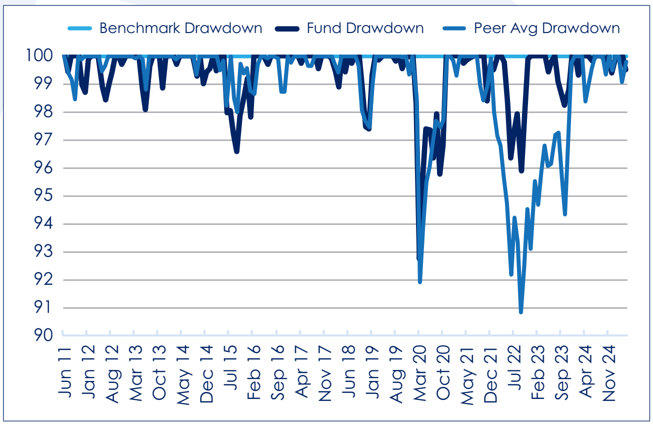
Rolling Volatility



Rolling Sharpe Ratio



Drawdowns



Drawdown

A drawdown tracks the path of the Fund's accumulated NAV (with dividends reinvested). It is measured over the period of a peak-to-trough decline and the subsequent recovery back to that previous peak level. The total return over that entire period is, of course, zero. The metric of interest, the drawdown itself, is quoted as the percentage change between the peak and the trough over that period. Funds typically have multiple drawdowns of varying size and length over their lifetime. The table above shows how many drawdowns have occurred and their average peak-to-trough size.

Alpha

SQM defines **Alpha** as the excess return compared to the Benchmark and is calculated as

Alpha = Fund Return – Benchmark Return

A General Note on Distributions for Managed Funds

The Responsible Entity of a Managed Fund will provide for a regular schedule of distributions, such as monthly/quarterly/semi-annual or annual. This is subject to the Fund having a sufficient distributable income. The official total distributable income available to pay to investors is determined for the period of that Fund's financial year. By distributing the net taxable income of the Fund to investors each year, a Fund itself should not be liable for tax on its net earnings.

If a Fund makes distributions more frequently than once over the financial year, those distributions will be based on estimates of the distributable income for that distribution period. The final total amount of distributable income available for passing on to investors can only be calculated after the close of the financial year, based on the Fund's taxable income for that year.

If the total distributions a Fund pays out exceed total taxable income for that particular financial year, the excess amount may be treated as a return of capital rather than income. This will possibly have tax implications for the investor.

Due to the considerations outlined above, there may be periods in which no distributions are made, or a Fund may make additional distributions.

A Fund's ability to distribute income is determined by the performance of the Fund and general market conditions. Accordingly, there is no guarantee that a Fund will make a distribution in any distribution period.

Total Cost Ratio (TCR)

Managed Investment Schemes: The TCR for Managed Investment Schemes, Exchange Traded Products, and Investment Bond funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, and the impact of dollar-based fees.

Superannuation funds: The TCR for Superannuation and Pension funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, Administration Fees and Costs, the impact of dollar-based fees and a deduction of Super OTC Derivative Costs.

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