AUSTRALIAN
RESEARCH
INDEPENDENT INVESTMENT RESEARCH

Barrow Hanley Global Share Fund (Managed Fund)

(ASX: GLOB)

Initiation of Coverage

25 April 2023

INDEPENDENT
INVESTMENT RESEARCH

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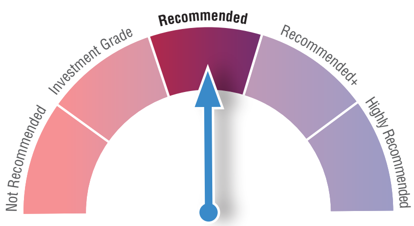
Contents

Barrow Hanley Global Share Fund (Managed Fund) (ASX: GLOB)

Note: This report is based on information provided by the Manager as at December 2022.

Rating



Key Investment Information (as at 31 March 2023)	
ASX Code	GLOB
Market Price ($)	4.21
NAV ($)	4.25
Units on Issue (m)	5.52
Assets Under Management ($m)	23.25
Listing Date	6 June 2022
Responsible Entity	Perpetual Investment Management Limited (PIML)
Investment Manager	Barrow, Hanley, Mewhinnery & Strauss, LLC
Investment Structure	Exchange Traded Managed Fund (ETMF)
Distribution Frequency	Semi-annual
Benchmark Index	MSCI World Net Total Return Index, AUD
Fees:	
Management Fee (p.a)	0.99%
Performance Fee	na

Key Exposure	
Underlying Exposure	Portfolio of typically 50 to 70 global stocks with stock selections based on a value focused investment approach.
FX Exposure	The Fund will have direct foreign currency exposure. As such, movements in the Australian dollar value compared to the relevant currencies will impact the value of the Fund for investors. Foreign exchange exposure is typically unhedged.

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.

PRODUCT SUMMARY

The Barrow Hanley Global Share Fund (Managed Fund) (ASX: GLOB), (the "Fund" or "GLOB") is a recently established Exchange Traded Managed Fund (ETMF) and represents the quoted class of units of the Barrow Hanley Global Share Fund (previously the Perpetual Global Share Fund), which was established in August 2014. The Fund is managed by Barrow, Hanley, Mewhinney & Strauss, LLC ("Barrow Hanley" or the "Manager"). Barrow Hanley is a Dallas based asset manager that is a global investment specialist with a focus on value investing. Barrow Hanley was appointed as the Manager of the strategy in September 2020 after Perpetual and Barrow Hanley entered into a strategic partnership. Prior to the appointment of Barrow Hanley, the Barrow Hanley Global Share Fund was managed by Perpetual Investment Management Limited (PIML). GLOB listed in June 2022 and therefore has a limited track record as a listed vehicle.

The Manager has a bottom-up, fundamental, value based investment approach with the Manager seeking to construct a long only portfolio of 50 to 70 stocks that participates in up markets and provides protection in down markets. The Fund seeks to be largely invested at all times with a maximum cash allocation of 5% at any given time. The portfolio construction will be a result of stock selection with the portfolio potentially varying materially on a sector and regional/country allocation compared to the respective weightings of the benchmark index. The Fund has a dual objective: (1) provide long-term capital growth through an investment in quality global shares; and (2) outperform the MSCI World Net Total Return Index (AUD), before fees and taxes, over rolling three-year periods.

Given the Fund is structured as an ETMF, the RE has appointed a market maker to undertake the market making duties on their behalf to provide liquidity for unitholders. The Fund will pay a management fee of 0.99%p.a. No performance fees are applicable to the Fund.

INVESTOR SUITABILITY

The Fund has been designed for investors seeking exposure to an all cap, global, value focused mandate with a medium-to-long term investment horizon. The Fund provides investors exposure to a portfolio that offers a different return profile to the benchmark index which is evidenced by the moderate tracking error of the Barrow Hanley Global Value Equity strategy ("Barrow Hanley GVE strategy") over the long-term. Given the global mandate, the Fund will have exposure to foreign exchange risk. The foreign exchange exposure is typically unhedged and therefore movements in the Australian dollar compared to other currencies will impact the performance of the Fund. The Fund expects to pay distributions on a semi-annual basis. Distributions will reflect the income received and realised capital gains in any given year and as such will be volatile. The trust structure acts a pass through vehicle and as such, during periods of strong performance, investors may be required to pay increased capital gains taxes. Investors should be fully aware of the potential tax implications of an investment in the Fund prior to investing. Further to this, given the global nature of the investments, franking levels will be low, if any. GLOB provides access to the strategy with no minimum investment amount requirements, other than minimum investment requirements of the broker or online trading platform, thereby providing the ability of investors to continue to contribute if they wish to build a position over time with a market maker providing liquidity if they seek to exit.

RECOMMENDATION

Independent Investment Research (IIR) has assigned the Barrow Hanley Global Share Fund (Managed Fund) (ASX: GLOB) a **Recommended** rating. GLOB provides exposure to the Barrow Hanley Global Value Equity strategy, a traditional value strategy, which has a track record dating back to January 2011. GLOB's portfolio is managed in a disciplined manner by an experienced investment team. The Manager invests in both cyclical and defensive style value stocks and as such can participate in risk-on and risk-off environments. The portfolio will be tilted to where the best value is identified. The strategy has delivered on its objective of providing long-term capital growth, however has not delivered on its objective of outperforming the benchmark index over rolling three-year periods. We note that value stocks have significantly underperformed growth stocks in recent years, which has contributed to the strategy not achieving its objective. When compared to global value stocks, the strategy has consistently outperformed over rolling three-year periods.

SWOT

Strengths

- The Manager has a long history with the Manager applying a consistent value based approach across all it's equity strategies. The Manager is well resourced with an experienced and stable investment team and a robust investment process. The Manager has been investing in global (non-US) markets since 2006.
- The portfolio management team for the strategy comprises four portfolio managers, which provides for succession planning and coverage in the event the Lead Portfolio Manager exits the team.
- The strategy has a minimum market capitalisation of $1 billion to ensure there is sufficient liquidity in positions. Liquidity is important in open-ended vehicles to meet redemption requests.
- There is significant capacity left in the Barrow Hanley GVE strategy with the strategy having a total AUM of US$7.4 billion as at 31 December 2022. The Manager believes the strategy has a capacity of at least US$25 billion.
- ETMFs are required to appoint a market maker to provide liquidity for the Fund. This should mean that the market price does not trade at a substantial premium or discount to the NAV at any point in time.
- ETMFs provide high levels of transparency for investors when compared to closed-ended listed vehicles with the RE disclosing the full portfolio on a quarterly basis (with a two month lag) and the iNAV, which is the intraday NAV. The iNAV is published on the RE's website (www.perpetual.com.au) and provides the value of the portfolio in real-time (with a slight delay). As such, investors have access to the value of the portfolio at any given time throughout the trading day.
- There are no minimum investment amounts outside of minimum amounts required by an investor's stock broker or online trading platform.

Weaknesses

- The Manager seeks to compile a portfolio of value stocks that participates in up markets and provides protection in down markets. While the Barrow Hanley GVE strategy has participated in up markets, the strategy has not consistently delivered on its objective to provide protection in down markets.
- The Barrow Hanley GVE strategy has not achieved the objective of outperforming the benchmark index on a rolling three-year basis with the strategy outperforming in just 44.0% of periods since inception. We note that the last decade has provided many challenges for value focused managers with value stocks underperforming the benchmark index on a rolling three-year basis in all but three periods over the life of the Barrow Hanley GVE strategy.
- The Barrow Hanley GVE strategy has consistently experienced greater levels of volatility than the benchmark index and the MSCI World Value Net Total Return Index, AUD. This has seen the Barrow Hanley GVE strategy underperform the benchmark index on a risk-adjusted basis over the long-term. When compared to value stocks, the higher absolute return generated by the Barrow Hanley GVE strategy has offset the heightened volatility with the Barrow Hanley GVE strategy providing better risk-adjusted returns than value stocks.
- Given the trust structure of the Fund, distributions will be volatile, with distributions dependent on the income received by the portfolio and the realised capital gains in any given year.

Opportunities

- GLOB provides investors the opportunity to access the Barrow Hanley Global Share Fund through a listed vehicle. Historically, the Fund has only been accessible through an unlisted trust. The listed vehicle provides the benefit of being able to buy and sell units throughout the trading day, as opposed to an unlisted fund where an application is made to the Responsible Entity and the unit price/NAV is determined at the end of the business day.
- GLOB provides access to a value focused, global equity strategy that has historically provided a differentiated return profile to the broader global market and has outperformed the MSCI World Value Net Total Return Index, AUD, before fees and taxes.

- Exposure to both cyclical and defensive value stocks provides the Fund the ability to participate in both risk-on and risk-off environments, compared to those funds that are focused on one style versus the other. The tilt to defensive style stocks has contributed to the outperformance of the strategy over the 12 months to 31 December 2022.

Threats

- The Fund is typically unhedged and therefore returns will be impacted by movements in currency against the Australian dollar, both positively and negatively.
- Given the small size of the Fund there is a concentrated unitholder base, which can increase the risks associated with a single unitholder redeeming their investment. The RE and Manager are actively seeking to grow and diversify the unitholder base to reduce this risk.
- The AUM of the Manager has declined substantially in recent years due to a variety of reasons. Continued decline in AUM may result in a reduction in the resources of the Manager which may ultimately impact the ability of the Manager to deliver the investment objectives of the Fund.
- Given the Trust structure, during periods of strong performance, investors may be required to pay heightened levels of capital gains tax. Investors may have to exit some of their position to pay the tax bill.

PRODUCT OVERVIEW

The Barrow Hanley Global Share Fund (Managed Fund) (ASX: GLOB), (the "Fund" or "GLOB") is a recently established Exchange Traded Managed Fund (ETMF) and represents the quoted class of units of the Barrow Hanley Global Share Fund (previously the Perpetual Global Share Fund), which was established in August 2014. GLOB listed in June 2022 and at 31 March 2023 had 5.5m units on issue with assets under management (AUM) of $23.25m.

ETMFs are required to appoint a market maker, which provides liquidity to unitholders. This provides the benefit of the ETMF trading around its NAV and not at a substantial discount or premium to the NAV. The Responsible Entity, Perpetual Investment Management Limited (PIML), will act as the market maker for the Fund. PIML has appointed Citigroup Global Markets Australia Pty Ltd to act as its execution agent on behalf of PIML. The RE pays the execution agent a fixed fee for its services and the Fund pays a fee for each transaction the execution agent makes.

The Fund is managed by Barrow, Hanley, Mewhinney & Strauss, LLC ("Barrow Hanley" or the "Manager"). Barrow Hanley is a Dallas based asset manager that is a global investment specialist with a focus on value investing. Barrow Hanley was appointed as the Manager of the Barrow Hanley Global Share Fund in September 2020 after Perpetual and Barrow Hanley entered into a strategic partnership. Prior to the appointment of Barrow Hanley as the manager of the strategy, the strategy was managed by PIML.

Since taking over the management of the Barrow Hanley Global Share Fund, the Manager has implemented the Barrow Hanley Global Value Equity strategy (the "Barrow Hanley GVE strategy"), which was established in January 2011. While both PIML and Barrow Hanley employ a value focused investment approach, the change in Manager has resulted in a change in the exposure of the portfolio, with the portfolio being more diversified and having a higher level of exposure to the market, with lower cash holdings under Barrow Hanley.

The Manager has a bottom-up, fundamental, value based investment approach with the Manager seeking to construct a portfolio of 50 to 70 stocks that participates in up markets and provides protection in down markets.

The Fund has a dual objective: (1) provide long-term capital growth through an investment in quality global shares; and (2) outperform the MSCI World Net Total Return Index (AUD), before fees and taxes, over rolling three-year periods. The Barrow Hanley GVE strategy has achieved the first objective of providing capital growth over the long-term, however has not achieved the second objective of outperforming the benchmark index over rolling three-year periods. Since inception, the strategy has outperformed the benchmark index in just 44.0% of rolling three year periods, before fees and taxes. We note that there have been a number of challenges for value managers over the past decade and if compared to global value stocks, the strategy has consistently outperformed over rolling three-year periods.

The Barrow Hanley GVE strategy is a long only strategy and has an all cap mandate and therefore can invest in stocks of all sizes. To ensure there is sufficient liquidity in the underlying positions, the Manager invests in stocks with a market capitalisation of greater than $1 billion. The strategy has some other investment limitations that seek to ensure there is a satisfactory level of diversification, including a maximum weighting of 5% to an individual position. There are also some broad based sector and geographic limitations to ensure a level of risk management and diversification while still providing the Manager flexibility to deliver on their investment objectives.

The Fund seeks to be largely invested at all times with a maximum cash allocation of 5% at any given time. The portfolio construction will be a result of stock selection with the portfolio potentially varying materially on a sector and regional/country allocation compared to the respective weightings of the benchmark index.

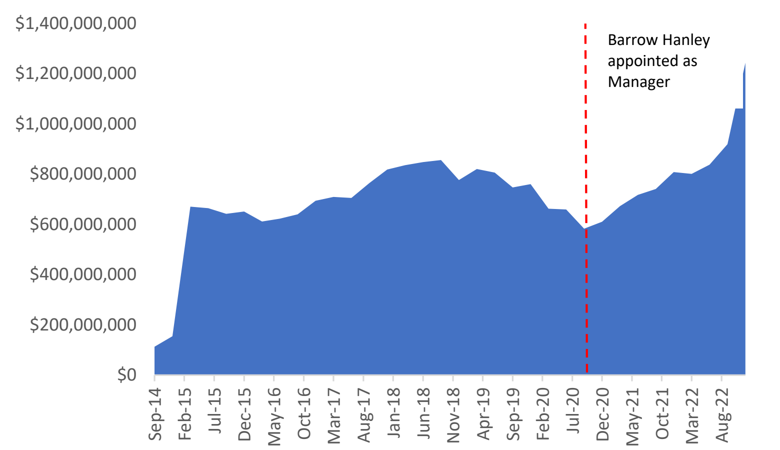
Based on the historical performance metrics of the Barrow Hanley GVE strategy, the Fund will provide a differentiated return profile to the benchmark index. Over the long-term, the Barrow Hanley GVE strategy has had a moderate tracking error compared to the benchmark index. While the portfolio is not managed to achieve a certain tracking error, the Manager expects the tracking error to be between 3% and 6% over the long-term.

The Fund will pay a semi-annual distribution with the distribution reflecting the income received and realised capital gains of the Fund in any given year. As such, distributions will be volatile and given the global nature of the mandate, distributions are expected to have little to no franking credits attached.

The Fund will pay a management fee of 0.99%p.a. of the gross assets of the Fund. No performance fees are applicable to the Fund.

Barrow Hanley Global Share Fund FUM

Barrow Hanley Global Share Fund FUM ($AUD)



RESPONSIBLE ENTITY & INVESTMENT MANAGER

Responsible Entity

Perpetual Investment Management Limited (PIML) is the Responsible Entity and issuer of the Fund. PIML is a wholly owned subsidiary of Perpetual Limited, an ASX-listed diversified financial services company, with 1,228 staff worldwide and a market cap of $2.5b as at 31 March 2023. PIML through Perpetual Asset Management Australia (PAMA) and Perpetual Asset Management International (PAMI) had AUD$90.5 billion AUM as at 30 June 2022. PAMA has 25+ specialist investment strategies across a range of asset classes and more than 36 investment professionals based in Australia. PAMI has 31+ specialist investment strategies which are delivered through Trillium Assets Management and Barrow Hanley.

Investment Manager

Barrow Hanley was appointed as the investment manager of the Barrow Hanley Global Share Fund in September 2020 following a strategic partnership with Perpetual Limited. Under the partnership, Barrow Hanley is 75% owned by Perpetual and 25% owned by Barrow Hanley employees.

Barrow Hanley is a global specialist focused on value investing based in Dallas, Texas. Barrow Hanley was founded in 1979 and provides investment solutions across a range of equity and fixed income asset classes. As at 31 December 2022, Barrow Hanley had US$62.7 billion AUM, US$53.7 billion in equity strategies and US$9.0 billion in fixed income strategies. We note that AUM has been in decline since December 2014 with AUM declining 60% since the high in December 2014. The Manager attributes the decline to the market environment which has favoured passive approaches combined with changes to client mandates and the strategic partner for the business, which resulted in some withdrawals. The Manager still has a significant amount of AUM, however continued declines may have an impact on the resources available to the portfolio management team.

The Manager's flagship fund is the US Large Cap Value strategy which has a track record dating back to the establishment of the Manager. At 31 December 2022, the flagship strategy had the largest AUM at US$14.4 billion.

The Global Value Equity strategy that GLOB is exposed to was established in late 2010 and the strategy had a total of US$7.4 billion AUM as at 31 December 2022.

Barrow Hanley Investment Strategies (as at 31 December 2022)

Name of Strategy	Inception	AUM (US$)	Name of Strategy	Inception	AUM (US$)
Equity Strategies			**Fixed Income Strategies**		
Large Cap Value	1979	14.4 billion	High Quality Core	1984	1.7 billion
Small Cap Value	1996	1.7 billion	Intermediate	1984	156.0 million
Mid Cap Value	1999	425.8 million	Short	1984	640.3 million
Dividend Focused Value	2000	2.0 billion	Long Credit	1990	1.7 billion
Diversified Large Cap Value	2000	7.4 billion	Investment Grade Credit	1993	70.5 million
Non-U.S. Value	2006	2.2 billion	Core	1998	566.0 million
Global Value Equity	2010	7.4 billion	High Yield	2002	222.1 million
Emerging Markets Equity	2012	1.2 billion	TIPS	2002	18.6 million
All Country World ex-U.S. Value	2014	1.3 million	Intermediate Credit	2004	651.1 million
U.S. ESG Value	2017	9.6 million	Extended Duration	2007	22.0 million
Concentrated Emerging Markets ESG	2017	25.3 million	Long Government Credit	2007	40.3 million
Concentrated U.S. Opportunities	2019	66.1 million	Enhanced Intermediate Credit	2014	148.3 million
Global ESG Value	2022	611.8 million	Bank Loan	2018	128.5 million

Investment Team

There are four Portfolio Manager's (PM's) that comprise the portfolio management team of the Barrow Hanley GVE strategy. The portfolio management team are led by the Lead Portfolio Manager, Brad Kinklaar. While the research and portfolio construction process are collaborative, the final decision lies with the Lead PM. The portfolio management team have an average of over 25 years experience and have an average tenure with the Manager of 13 years. Having a team of PM's provides for succession planning in addition to collaboration.

The portfolio management team is supported by a team of over 30 equity investment professionals, who are responsible for undertaking the research on potential investment candidates as well as monitoring and modelling the companies in which they are responsible for to determine whether an investment should be included or remain in the portfolio.

While there has been some churn in the analyst ranks, the team has been stable with an average tenure with the Manager of 9 years. The team has been highly stable in the senior ranks, with an average tenure with the Manager of 15 years. The team is highly experienced with an average industry experience of over 20 years across the team.

Portfolio Management Team

Name	Position	Years at Manager	Industry Experience (years)
Brad Kinkelaar	Lead Portfolio Manager	4	26
Cory Martin	Portfolio Manager	23	32
David Ganucheau	Portfolio Manager/Analyst	18	26
TJ Carter	Portfolio Manager/Analyst	8	19

- **Brad Kinkelaar - Lead Portfolio Manager:** Brad joined Barrow Hanley four years ago and is the newest recruit to the Manager in the portfolio management team. Brad has over 26 years of industry experience. Prior to joining Barrow Hanley, Brad served as an equity portfolio manager and head of dividend strategies at Pacific Investment Management Company (PIMCO). During his investment career, Mr. Kinkelaar has served as a managing director and equity portfolio manager at Thornburg Investment Management and as an equity analyst at State Farm Insurance Companies.
- **Cory Martin - Portfolio Manager:** Corey is the CEO of Barrow Hanley and a Portfolio Manager. Corey has been with the Manager for 23 years, spending most of his 32 year investment career at the Manager. During his tenure at Barrow Hanley, Corey has been instrumental in the creation, development, and implementation of the Non-U.S. Value, Global Value, and Emerging Markets Equity strategies. In 2017, Mr. Martin was named Barrow Hanley's Executive Director and in 2019 he was named Chief Executive Officer and is responsible for the day-to-day management of the firm. Prior to joining Barrow Hanley, Mr. Martin served as a vice president at Templeton Investment Counsel, Inc. in Fort Lauderdale, Florida.
- **David Ganucheau - Portfolio Manager/Analyst:** David has 26 years experience in the investment industry and has been with Barrow Hanley for 18 years. Prior to joining Barrow Hanley, David worked at Clover Partners, LP, where he served on the management team for several funds, including a financial sector fund. Prior to his tenure at Clover Partners, David served as securities analyst at GSB Investment Management, where he began his career in the investment management industry.
- **TJ Carter - Portfolio Manager/Analyst:** TJ has 19 years experience in the investment industry and has been with Barrow Hanley 8 years. Prior to joining Barrow Hanley, TJ worked as Kingstown Capital Management, where he served as an analyst. TJ also held analyst positions at Outpoint Capital Management and Highland Capital Management. TJ began his career at Deloitte & Touche, LLP.

INVESTMENT PROCESS

Investment Philosophy

Barrow Hanley is a traditional value manager that aims to create portfolios that participate in up markets while protecting capital in down markets. The Manager seeks to identify quality companies that are temporarily undervalued for reasons that the Manager can understand and believe will improve over time. The Manager seeks to invest in the cheapest stocks that exhibit the following characteristics:

- Strong balance sheets;
- Good and sustainable dividend yields; and
- Stable to improving operating fundamentals.

As a value investor, the Manager has a medium-to-long term investment horizon and is seeking to invest in quality businesses. The Manager defines quality businesses as those that generally have the following characteristics:

- Above average operating margins;
- Above average return on equity;
- Earnings per share growth that is similar to the market; and
- Balance sheets that are generally better than the market.

The Manager seeks to build a portfolio comprised of high conviction, idiosyncratic stocks that have an asymmetric risk/reward profile. This can be achieved with a portfolio in which the downside is protected by the cheap valuation, supported by a sustainable dividend yield, bolstered by a reasonable balance sheet and with upside catalysts over the medium-term that can be identified. The Manager seeks to construct a portfolio that in aggregate reflect the Manager's value characteristics, being:

- Price/earnings ratios at or below the market;
- Price/book ratios at or below the market;
- Enterprise value/free cash flow ratios at or below the market;
- Enterprise values/sales ratios at or below the market; and

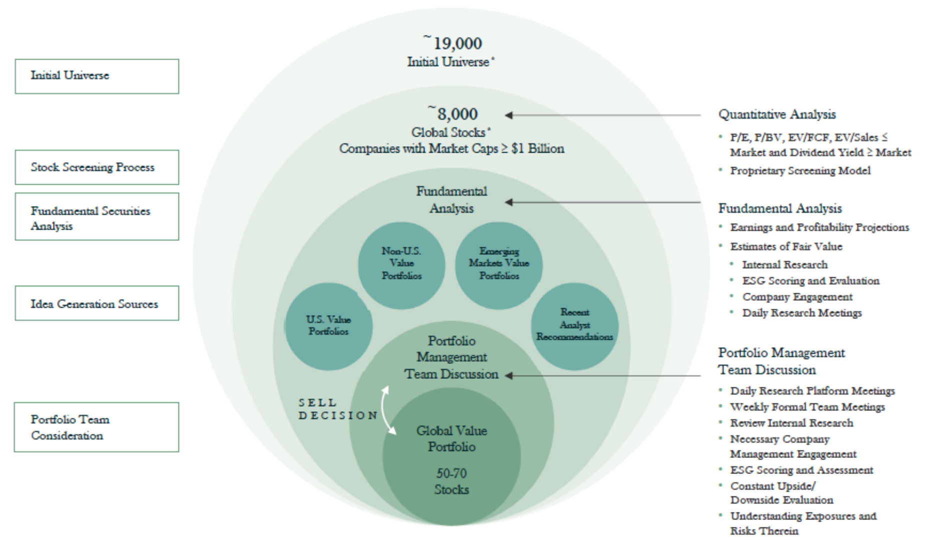
- Dividend yields at or above the market.

While the Manager is aware of macro-economic forces, the Manager does not attempt to time the market or rotate in and out of broad market sectors or regions as they believe that it is difficult to add incremental value on a consistent basis by employing that methodology.

Investment Process

The investment process includes both quantitative and qualitative analysis. The mandate is an all cap, global mandate and therefore has a large investment universe to evaluate. The investment process can be broken down into three broad steps: (1) Screening Process/ Quantitative Analytics; (2) Fundamental/Qualitative Analysis; and (3) Portfolio Construction. An overview of the investment process is provided in the below graphic followed by further details regarding the process.

Investment Process Overview



(1) Screening Process/Quantitative Analysis

The first step in the investment process is to do an initial screen of the investment universe. The Fund has an all cap, global mandate and therefore has an investment universe of more than 5,500 stocks. The Manager screens for stocks with a market capitalisation of greater than USD$1 billion and have a sufficient liquidity profile.

The Manager ranks stocks using a proprietary, quantitative screening model that identifies companies with a favourable combination of the following valuation characteristics: price/ earnings, price/book, enterprise value/free cash flow, and enterprise value/sales ratios at or below the market and dividend yields at or above the market. In addition to valuation factors, the screen also measures certain fundamental change factors to identify those companies that are experiencing, or are likely to experience, positive changes in key operating fundamentals that inevitably support positive changes in valuation and mitigate falling into value traps.

The quantitative screening process results in a list of companies that receive the highest ranking (approximately 600 companies) which are placed on the Global Security Guidance List for further analysis. The Global Security Guidance List is reviewed on a weekly basis.

(2) Fundamental Analysis/Qualitative Analysis

The Manager is searching for quality companies that are temporarily undervalued for reasons that can be identified and understood, where the company management has a clear strategy to increase shareholder value, and where there is downside protection from the permanent loss of capital.

Global sector analysts and Portfolio Managers use the Global Security Guidance List combined with industry specific screens to identify opportunities for further due diligence. Once identified as a potential investment candidate, an individual security will undergo a rigorous process of analysis, including an assessment of the company's valuation, as well as an evaluation for prospective improvement in the company's operating fundamentals.

The responsible analyst will conduct detailed research on the company. As part of the analysis, analysts will seek to identify six key items:

- Why is the company trading below the Manager's assessment of intrinsic value?
- Is the reason for the discount temporary or permanent?
- Does the company management have a clear strategy that will increase shareholder value?
- Do multiple upside drivers exist?
- Is there downside protection if company fundamentals fail to improve?
- How do ESG considerations impact the Manager's valuation?

During the research process, the responsible analyst works closely with other members of the investment team to answer and assess these questions. The team will also meet with company management, suppliers, competitors, etc. to gain a fuller understanding of the operating environment and the ability for the company to recover and generate long-term value. The analyst will utilise all relevant information gathered from all these sources to establish an estimate of intrinsic value for the company's stock including best and worst case scenarios.

ESG is an integral part of the analysis. While Barrow Hanley utilises ESG research and rankings from third party providers, the Manager analyses all relevant ESG inputs and reaches conclusions on an independent basis. The Manager scores companies based on proprietary ESG scoring system which is determined by:

- 45% Barrow Hanley ESG score;
- 40% third party ESG score; and
- 15% disclosure score.

The ESG score is used as an input into the analysis of a company with the assessment of ESG risks a key component of the analysis.

After the in-depth fundamental review and assessment of intrinsic value, if the analyst determines that the stock meets the investment criteria and offers a compelling risk/reward opportunity, they will establish a formal "Buy" rank on the stock and propose a Fair Value Price Target.

Portfolio Manager's work with the research analysts to construct a portfolio that represents the Manager's best ideas (subject to portfolio constraints). Analysts are responsible for monitoring and maintaining the models for the companies they are responsible for.

(3) Portfolio Construction

The portfolio will typically comprise 50 to 70 stocks and will be driven by individual stock selection. While the macro-economic environment has an impact on the Manager's valuation and outlook for a company, the Manager does not seek to attempt to implement macro-economic bets from a top down perspective. The portfolio is driven by the best ideas based on fundamental bottom-up analysis, subject to portfolio construction limitations.

The position sizes for stocks will be based on the determined risk/reward characteristics of individual stocks. No more than 5% of the portfolio, at market value, will be invested in any one security at a given time. The Manager will take profits on stocks that increase above this level in the portfolio.

Sector and country weightings are a result of the stock selection process with high level limitations regarding the regional allocations (tabled below). As such, the portfolio may vary meaningfully to the respective benchmark weightings. The portfolio will be invested primarily in companies incorporated in developed markets, however up to 20% of the portfolio may be invested in companies incorporated in emerging markets.

The Manager has a medium-to-long term view on investments which is required to get the full benefits of value investing. As such the portfolio has a low level of turnover with turnover of 25% to 50% per annum. The Manager seeks to be largely invested at all times with no more than 5% cash at any given time.

The Manager seeks to create a portfolio of stocks with attractive asymmetrical risk/reward profiles to enable the portfolio to participate in the upside while providing downside protection The Manager constantly assesses the risk/return asymmetry of each investment with the goal of creating a portfolio that participates in up-markets while protecting capital in down-markets.

When constructing the portfolio, the Manager uses a number of quantitative metrics to assist with the risk management of the portfolio including:

- Correlation of holdings;
- Analysis of over/under weight allocation compared to the benchmark index;
- Historical short and medium term performance characteristics;
- Barra Risk Model analysis;
- ESG rankings; and
- Scenario risk analysis.

Stocks may be sold for a number of reasons including:

1) The share price reaches the Barrow Hanley's estimate of 'fair value'. Depending on the individual stock assessment;

2) The Manager may begin to trim one name with less favourable dynamics and use that capital toward a candidate with a better risk/reward profile. This will account for managing the opportunity cost of capital;

3) A stock may be sold if it is determined that the company's fundamentals are deteriorating, or if there is a new stock that can upgrade the portfolio. The sell decision is initiated by the portfolio managers with input from the analysts to confirm that the original "buy" thesis is materially impaired.

Investment Guidelines	
Number of Stocks	Typically 50 to 70.
Maximum Position Size	Maximum 5% of the portfolio to a single position at the time of investment.
Country Limits	Ex-US: Maximum 25% allocated ex-US
	US: +/- 50% relative to benchmark index
Regional Limits	Maximum 20% allocation to Emerging Markets
Sector Limits	Maximum 40% allocated to a single sector.
Minimum Market Cap	Minimum market cap of $1b (USD) at the time of acquisition.
Cash Limits	Maximum 5% cash holding.

Independent Portfolio Risk Review

The Manager has an independent risk committee to challenge portfolio management teams on intended risks versus unintended risks. The risk committee comprises four professionals who are separate and independent from the equity portfolio management teams.

The objective of the risk committee is to test for adherence to the investment philosophy and style to ensure portfolio managers are delivering portfolio's that reflect their mandate. The risk committee undertakes a range of portfolio analytics to assess the risk, including:

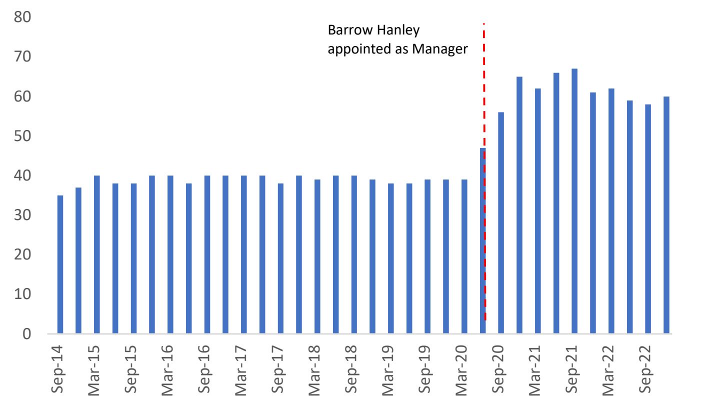
- Correlation analysis to ascertain the concentration of risks;
- Highlight key factor exposure and the risks to portfolio returns; and
- Adhoc scenario analysis to determine the potential impacts on the portfolio from a range of market environments.

The risk committee meets on a quarterly basis and feedback provided is advisory with decisions regarding the positioning of the portfolio the responsibility of the portfolio management teams.

PORTFOLIO POSITIONING

The number of stocks in the portfolio will typically range from 50 to 70. As shown below the level of diversification in the portfolio has increased under the management of Barrow Hanley. Under the previous management the number of portfolio holdings ranged from 35 to 47. Under the management of Barrow Hanley, the portfolio has comprised on average, 62 stocks.

Number of Stocks in the Barrow Hanley Global Share Fund Portfolio (Quarterly holdings from 30 September 2014 to 31 December 2022)



Source: PIML

The Manager takes conviction positions in stocks that meet it's investment criteria. This is highlighted by the top 10 holdings as at 31 December 2022 tabled below, which accounted for 28.1% of the portfolio. This compares to the benchmark weighting of 1.9%.

GLOB Top 10 Holdings (as at 31 December 2022)

Company Name	Ticker	GLOB Portfolio	Benchmark	Active Weight
Merck & Co., Inc.	MRK.NYS	4.18%	0.56%	+3.62%
Air Products and Chemicals, Inc.	APD.NYS	3.36%	0.14%	+3.23%
Oracle Corporation	ORCL.NYS	3.19%	0.26%	+2.93%
BAE Systems plc	BA.LSE	2.98%	0.06%	+2.91%
Seven & I Holdings Co., Ltd.	3382.TSE	2.93%	0.06%	+2.86%
National Grid plc	NGG.NYS	2.58%	0.09%	+2.50%
Comcast Corporation Class A	CMCSA.NAS	2.37%	0.31%	+2.06%
Enbridge Inc.	ENB.NYS	2.27%	0.16%	+2.11%
Fidelity National Information Services, Inc.	FIS.NYS	2.14%	0.08%	+2.06%
Allianz SE	ALV.DE	2.12%	0.18%	+1.94%
		28.12%	**1.90%**	

GLOB provides exposure to a portfolio diversified by sector. While there are some broad sector portfolio limitations (no more than 40% of the portfolio allocated to a single sector), the sector allocations are driven by stock selection.

GLOB Sector Allocation (as at 31 December 2022)

Sector	GLOB Portfolio	Benchmark	Active Weight
Communication Services	5.35%	6.37%	-1.02%
Consumer Discretionary	10.25%	9.99%	+0.26%
Consumer Staples	11.37%	7.91%	+3.46%
Energy	6.38%	5.66%	+0.72%
Financials Ex A-Reits	13.90%	14.32%	-0.42%
Health Care	12.22%	14.55%	-2.33%
Industrials	14.93%	10.68%	+4.25%
Information Technology	7.93%	20.17%	-12.24%
Materials	8.38%	4.48%	+3.90%
Real Estate	1.84%	2.67%	-0.83%
Utilities	3.32%	3.20%	+0.12%
Cash	4.13%	0.00%	+4.13%

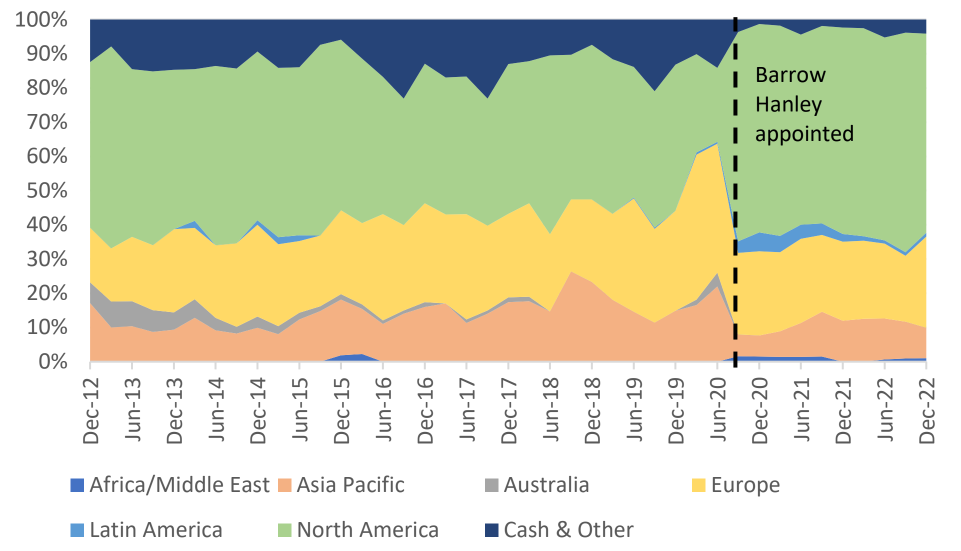
The largest regional allocation in the portfolio is typically North America, which is to be expected given North America makes up the large majority of the benchmark index. While North America was the largest regional allocation at 31 December 2022, the allocation was underweight when compared to the benchmark index. The largest overweight regional allocation at December-end was to Europe.

GLOB Geographic Allocation (as at 31 December 2022)

Sector	GLOB Portfolio	Benchmark	Active Weight
Africa/Middle East	1.0%	0.2%	+0.8%
Asia Pacific	8.9%	7.6%	+1.3%
Australia	0.0%	2.3%	-2.3%
Europe	26.7%	18.6%	+8.1%
Latin America	1.1%	0.0%	+1.1%
North America	58.2%	71.3%	-13.1%
Cash & Other	4.1%	na	+4.1%

The below shows the historical quarterly geographic exposure of the Barrow Hanley Global Share Fund. It is evident from the graphic that exposure to North America increased significantly when Barrow Hanley took over the management of the portfolio in September 2020. In the June quarter leading into the change of manager, exposure to North America was at its lowest point in history with a 21.7% allocation. This represented a significant underweight position when compared to the benchmark in which North America represented 61.3%. There is significant flexibility in the investment guidelines with respect to the exposure to the US with the portfolio able to be +/-50% of the benchmark index weighting.

Historical Geographic Exposure of Barrow Hanley Global Share Fund

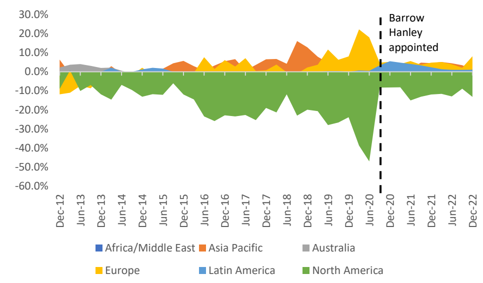


Source: PIML

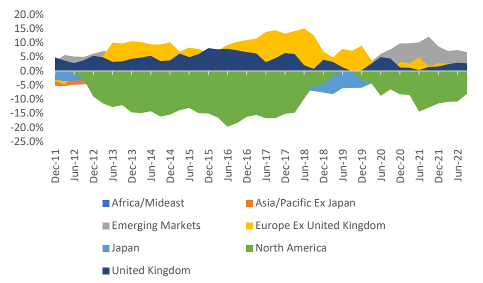
The below charts show the historical excess regional allocation compared to the benchmark for the Barrow Hanley Global Share Fund and the Barrow Hanley GVE strategy. The charts highlight that under both strategies, the regional allocations vary substantially from the respective benchmark weightings. Historically, these variations have not been as great in the Barrow Hanley GVE strategy as has historically been the case for the Barrow Hanley Global Share Fund, as is highlighted by the Barrow Hanley Global Share Fund below from September 2020. This is driven to some extent by the increased number of positions in the portfolio under the management of Barrow Hanley.

Historical Excess Regional Allocation to Benchmark

Barrow Hanley Global Share Fund

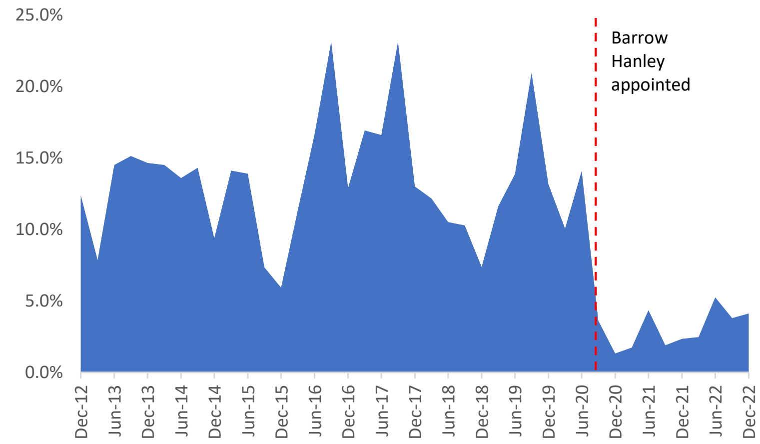


Barrow Hanley Global Value Equity Strategy



A significant difference in the portfolio under the management of Barrow Hanley is the cash position in the portfolio. Barrow Hanley seeks to be largely invested in the market at all times with a maximum cash position of 5%. Prior to Barrow Hanley being appointed as Manager, the cash position was typically much higher with the cash position ranging from 5.9% to 23.1%. The cash position of the Barrow Hanley Global Share Fund prior to Barrow Hanley being appointed is one of the contributors to the differences in the historical performance of the two strategies.

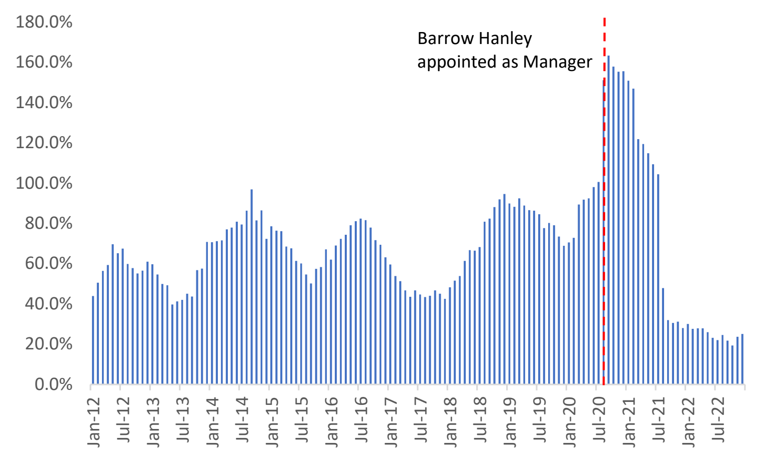
Historical Cash Holdings Barrow Hanley Global Share Fund



Source: PIML

Under the management of Barrow Hanley, the portfolio is expected to have much lower turnover than historically. The below chart shows that directly after being appointed there was significant turnover of the portfolio as Barrow Hanley implemented their strategy. Since that point, the portfolio turnover has been substantially lower than under the previous manager.

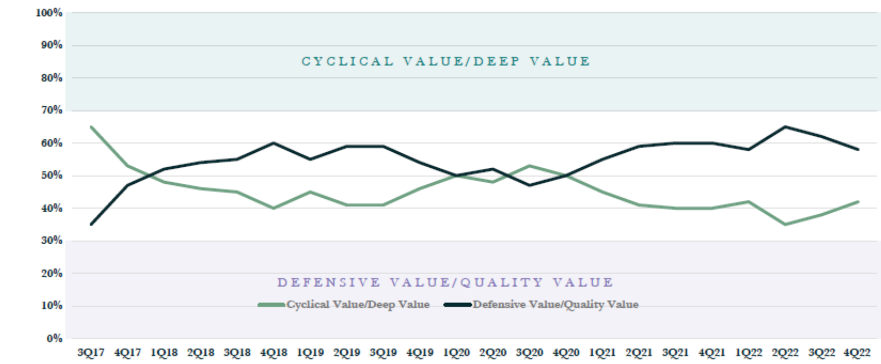
Barrow Hanley Global Share Fund Annual Turnover



Source: PIML

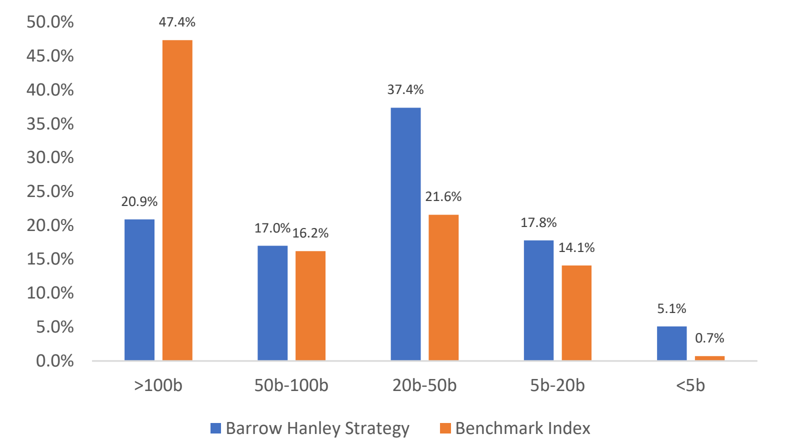
The Manager does not favour deep value or cyclical stocks within the value universe, which allows for the Manager to participate in both risk-on and risk-off environments. The below chart shows the quarterly exposure of the portfolio to cyclical value stocks and defensive value stocks. Sectors that are typically considered cyclical are Financials, Energy, Materials and Industrials. Defensive sectors include Utilities, Real Estate, Consumer Staples, Health Care and Telecommunications. This approach can provide benefits throughout the cycle to investors when compared to those managers that have a focus on one or the other, which can lead to periods of out-and-under performance. This approach has allowed for the portfolio to participate in up markets, however higher levels of exposure to cyclical stocks during certain periods has resulted in heightened drawdowns.

Value Cyclical vs. Defensive Value Exposure



The Fund has an all cap mandate and therefore the Manager can invest in stocks of all sizes. The below chart shows the market cap distribution of the portfolio as at 31 December 2022. The Barrow Hanley GVE strategy provides a differentiated profile to the benchmark index with the benchmark index heavily weighted to mega cap stocks (>$100b). The portfolio of the Barrow Hanley GVE strategy is weighted more towards companies with market caps of $50b or less, with 77.3% of the portfolio allocated to stocks with market caps of $50b or less as at 31 December 2022.

Market Cap Distribution of Barrow Hanley GVE Strategy (as at 31 December 2022)



Source: PIML

PERFORMANCE ANALYTICS

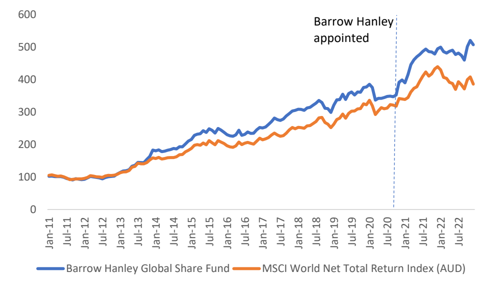
GLOB commenced trading on the ASX on 14 June 2022 and therefore has a limited trading history. As mentioned above, GLOB is the quoted class of the Barrow Hanley Global Share Fund which has a track record dating back to August 2014. Given GLOB provides exposure to the Barrow Hanley Global Share Fund strategy we look at the performance of the strategy since inception. Prior to the Class A units in the Fund, the Manager ran an internal class of units since January 2011. The performance data prior to August 2014 reflects the performance of the internal class of units.

In September 2020, Barrow Hanley took over the management of the portfolio, implementing the Barrow Hanley GVE strategy, which has a track record dating back to January 2011. As such, we also look at the historical performance of the Barrow Hanley GVE strategy to provide the historical performance of the strategy that GLOB is exposed to. Given GLOB investors are exposed to the Barrow Hanley GVE strategy, this is the most relevant strategy when analysing historical performance.

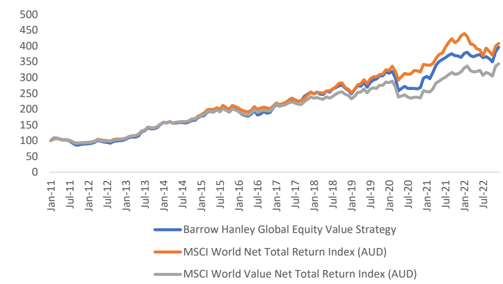
The Barrow Hanley Global Share Fund has outperformed the benchmark (MSCI World Net Total Return Index, AUD) over its history, while the Barrow Hanley GVE strategy has marginally underperformed the benchmark since its establishment in January 2011. In recent years value stocks have underperformed growth stocks and have lagged the market, which is highlighted by the MSCI World Value Net Total Return Index, AUD, in the Barrow Hanley GVE strategy chart below. We note that while the Barrow Hanley GVE strategy has underperformed the benchmark, it has outperformed value stocks.

Indexed Gross Performance

Barrow Hanley Global Share Fund



Barrow Hanley Global Value Equity Strategy



Source: PIML

The below table shows the performance metrics of the Barrow Hanley Global Share Fund strategy and the Barrow Hanley GVE strategy since January 2011 to 31 December 2022 compared to the benchmark index (MSCI World Net Total Return Index, AUD). Given the dislocation in growth vs. value stocks globally, we have provided the performance metrics of the MSCI World Value Net Total Return Index, AUD. All performance figure are gross of fees.

Barrow Hanley has been the Manager of the Barrow Hanley Global Share Fund since September 2020 and therefore has over two years as Manager of the portfolio. As such, the Barrow Hanley Global Share Fund and the Barrow Hanley GVE strategy have the same returns over the 12-month period to 31 December 2022. We will be focusing on the long-term performance of the Barrow Hanley GVE strategy, given that is the most relevant for GLOB investors.

The Barrow Hanley GVE strategy outperformed the benchmark over the 12-months to 31 December 2022, with the strategy generating a positive return, compared to the benchmark which declined heavily. The strategy also significantly outperformed on a risk-adjusted basis with the portfolio experiencing lower volatility than the benchmark index. This was driven by a combination of the outperformance of value stocks more broadly and the tilt towards defensive value stocks. Since inception, the Barrow Hanley GVE strategy has marginally underperformed the benchmark index on an absolute basis, with the performance being impacted by the underperformance of value stocks in recent years.

Over the medium-and-long term the Barrow Hanley GVE strategy has consistently experienced greater volatility than both the benchmark index and the value stocks. The heightened volatility is attributed to the periods where the portfolio is tilted towards cyclical value stocks, which tend to experience greater levels of volatility compared to defensive stocks, combined with the overweight exposure to mid and small cap stocks when compared to the benchmark.

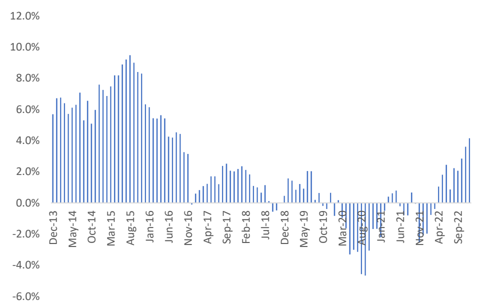
The Barrow Hanley GVE strategy has provided a differentiated return profile to the benchmark index as is highlighted by the moderate to high tracking error. The tracking error in the short-to-medium term has been higher than the Manager would typically expect with the Manager expecting a tracking error of typically between 3%-6%. However, the portfolio is not managed to deliver a specific tracking error.

Gross Performance Metrics (as at 31 December 2022)	Barrow Hanley Global Share Fund	Barrow Hanley Global Value Equity Strategy	MSCI World Net Total Return Index, AUD	MSCI World Value Net Total Return Index, AUD
Cumulative Total Returns:				
1 year	2.5%	2.5%	-12.2%	0.2%
3 year (p.a.)	10.4%	7.2%	6.2%	5.3%
5 year (p.a.)	10.7%	9.2%	9.2%	7.1%
10 year (p.a.)	16.6%	13.9%	13.6%	11.9%
Since Inception (p.a.)	14.5%	11.9%	11.9%	10.5%
Standard Deviation:				
1 year	12.1%	12.1%	15.0%	14.5%
3 year (p.a.)	13.2%	15.0%	13.5%	14.4%
5 year (p.a.)	12.3%	13.5%	12.3%	12.7%
10 year (p.a.)	11.9%	12.9%	11.4%	11.6%
Since Inception (p.a.)	11.6%	13.0%	11.1%	11.4%
Sharpe Ratio:				
1 year	-0.13	-0.13	-1.08	-0.26
3 year (p.a.)	0.48	0.21	0.16	0.09
5 year (p.a.)	0.54	0.38	0.42	0.24
10 year (p.a.)	1.05	0.76	0.83	0.68
Since Inception (p.a.)	0.90	0.61	0.71	0.57
Tracking Error (compared to the Benchmark Index):				
1 year	8.5%	8.5%	na	na
3 year (p.a.)	8.9%	9.2%	na	na
5 year (p.a.)	7.4%	7.6%	na	na
10 year (p.a.)	6.5%	6.1%	na	na
Since Inception (p.a.)	6.4%	5.9%	na	na

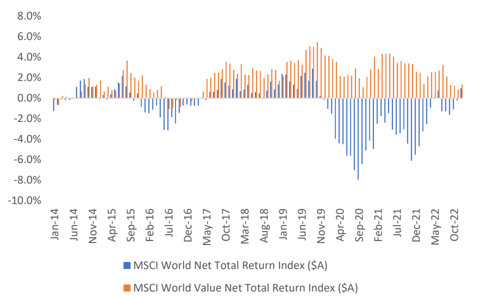
A key investment objective of GLOB is the outperformance of the benchmark, before fees and taxes, over rolling 3-year periods. The Barrow Hanley Global Share Fund has delivered on this investment objective 75.2% of the periods since inception. The Barrow Hanley Global Value Equity strategy however, has only outperformed the benchmark in 44.0% of the periods since inception in January 2011. The underperformance is attributed to a combination of the underperformance of value stocks combined with the portfolio's exposure to cyclical value stocks during certain periods which underperformed the defensive component of the portfolio. We also note the Barrow Hanley GVE strategy is essentially fully exposed to the market, compared to the Barrow Hanley Global Share Fund, which prior to Barrow Hanley being appointed as Manager had periods of large cash holdings. While the Barrow Hanley GVE strategy has underperformed the benchmark index over the period, we do note that when compared to value stocks (the MSCI World Value Net Total Return Index, AUD), the strategy has outperformed in 89.8% of rolling 3-year periods on a gross basis.

Rolling 3-year Excess Returns of Strategies Compared to the Benchmark

Barrow Hanley Global Share Fund

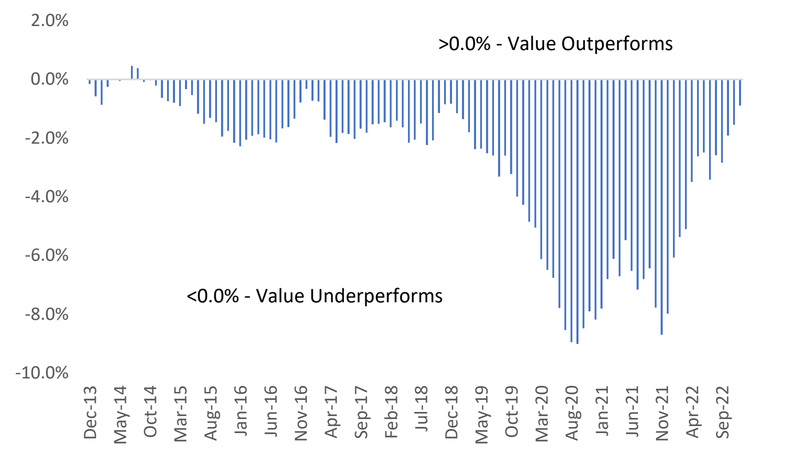


Barrow Hanley Global Value Equity Strategy



While the Barrow Hanley GVE strategy has not achieved its objective of outperforming the benchmark over rolling 3-year periods, we note that the MSCI World Value Net Total Return Index, AUD, has underperformed the benchmark index in all but three periods (or 2.8%) since the inception of the Barrow Hanley GVE strategy, highlighting the difficult environment for value managers over the last decade. The divergence between value and growth stocks is further explored below.

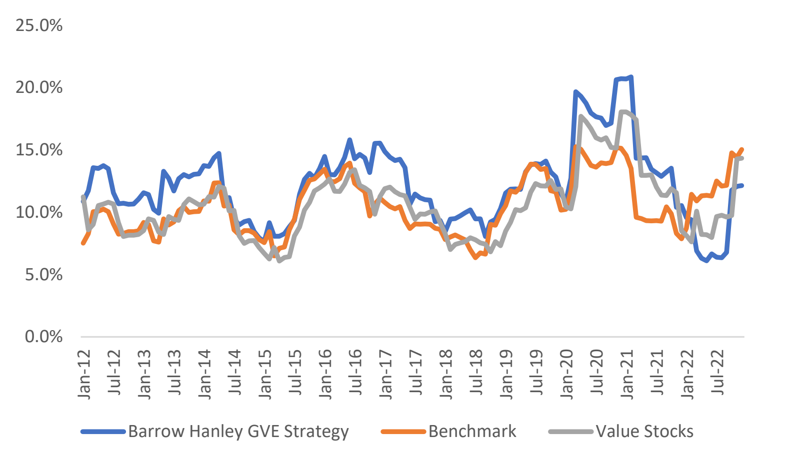
Rolling 3-year Excess Return of Value Stocks Compared to the Benchmark Index



Source: MSCI, IIR.
Note: Value stocks are represented by the MSCI World Value Net Total Return Index, AUD.

The Barrow Hanley GVE strategy has consistently experienced higher levels of volatility than the benchmark index and value stocks more broadly as highlighted in the below chart. The strategy can hold both cyclical and defensive style stocks within the value universe. The heightened level of volatility is typically reflective of periods where the portfolio is skewed to cyclical style stocks. The portfolio has been weighted to defensive style stocks over the last 12-months which has seen the portfolio experience lower levels of volatility than the broader market. Further to this, the portfolio is typically overweight mid-and-small cap stocks when compared to the market. Smaller cap stocks tend to be more volatile than larger cap stocks.

Rolling 12-month Standard Deviation of Barrow Hanley GVE Strategy

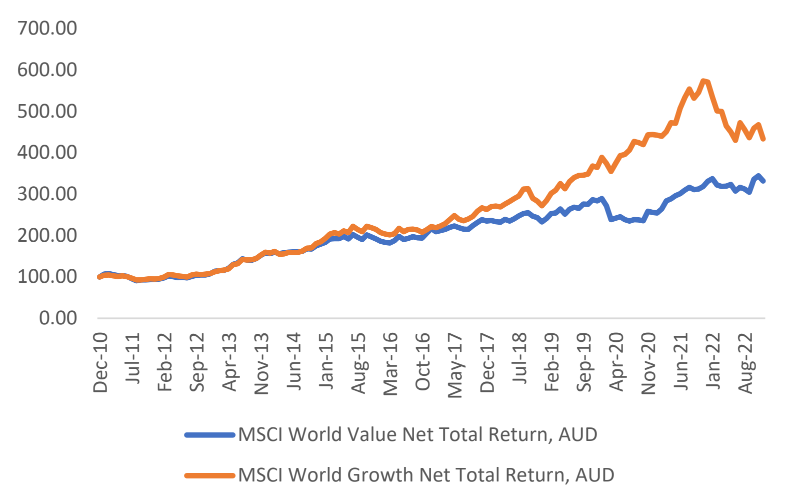


Source: PIML, MSCI, IIR.

Value vs. Growth Stocks

In recent years, value stocks have underperformed growth stocks. This divergence is illustrated in the below chart which shows the indexed performance of the MSCI World Value Net Total Return Index, AUD, and the MSCI World Growth Net Total Return Index, AUD. Growth stocks have been outperforming value stocks since 2016 with the divergence expanding due to the period of record low interest rates post the COVID-19 pandemic. There has been a rotation back to value stocks as the market transitions from a the low interest rate environment to an inflationary environment which has seen rapid interest rate rises across the globe.

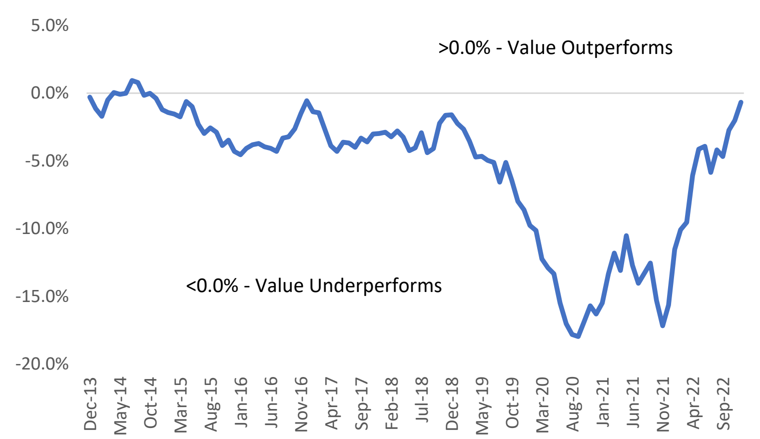
MSCI World Value & Growth Net Total Return Index, AUD



Source: MSCI

The below chart shows the rolling 3-year excess return of the MSCI World Value Net Total Return Index, AUD, compared to the MSCI World Growth Net Total Return Index, AUD, since the inception of the Barrow Hanley GVE strategy to 31 December 2022. The chart highlights the significant underperformance of value stocks in recent years, which has no doubt weighed on the performance of the strategy compared to the benchmark index.

Rolling 3-Year Excess Return of Value vs. Growth Stocks(Since 31 December 2010 to 31 December 2022)



Source: MSCI

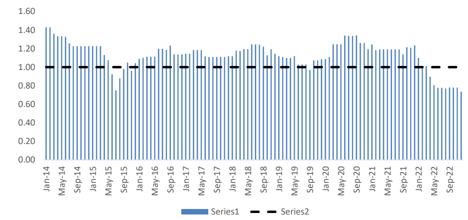
Market Capture Analysis

A key objective of the Manager is to participate in up markets while providing protection in down markets. To determine if the strategy has achieved this objective we provide the rolling up and down market capture analysis below. The analysis is based on the historical performance of the Barrow Hanley GVE strategy, given this is the most relevant for GLOB investors.

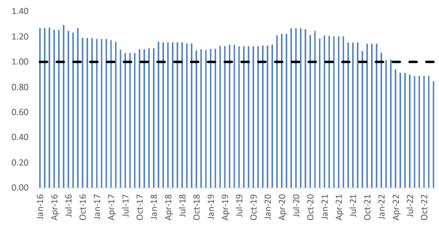
The strategy has participated in up markets, however the Barrow Hanley GVE strategy has not delivered consistent protection in down markets over its history according to the rolling down market capture analysis, with the strategy falling less than the market in down markets in just 11.4% of the periods on a rolling 3-year basis and 7.4% on rolling 5-year periods. The lack of protection in down markets throughout history is attributed to the exposure to the cyclical style stocks, which have increased the drawdown of the portfolio, offsetting the protection provided by the defensive style stocks.

Down Market Capture Analysis

Rolling 3-Year Periods

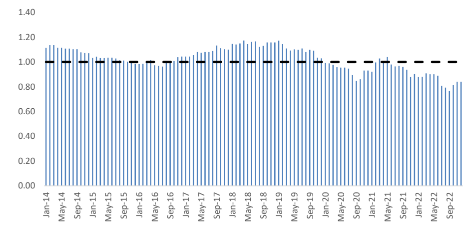


Rolling 5-Year Periods

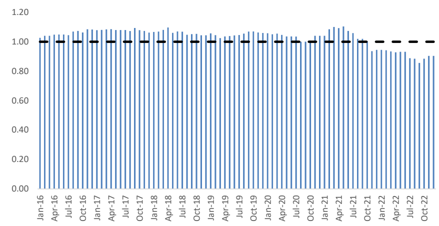


Up Market Capture Analysis

Rolling 3-Year Periods



Rolling 5-Year Periods

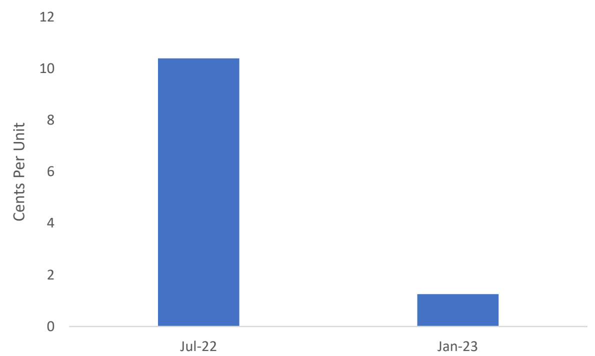


Distributions

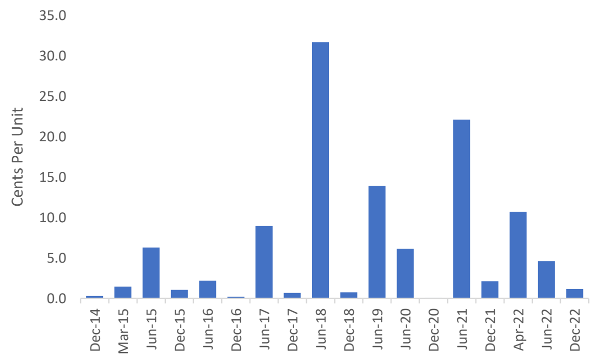
GLOB has paid two distributions to 31 January 2022, as tabled below. Distributions will be paid semi-annually. As mentioned in the above report distributions will reflect the income received and realised capital gains of the Fund in any given year and will therefore be volatile. To highlight this we have also provided the historical distributions of the Barrow Hanley Global Share Fund (class A units) to show the historical volatility in distributions.

Given the global mandate, distributions may include foreign tax income offset credits. A detailed list of credits for distributions is provided in the distribution announcements released by the RE.

GLOB Distributions



Barrow Hanley Global Share Fund Distributions



PEER COMPARISON

The below compares the key features of what IIR considers to be GLOB's peers. All are structured as ETMF's (actively managed ETF's). There are a number of listed vehicles available to investors that have a global, long only mandate with a fundamental bottom-up stock selection process. Not all trusts have a focus on value investing, with some trusts focusing on quality growth stocks and others having a flexible mandate in which the trust can invest in both growth and value stocks.

Peer Group

Name	Ticker	Structure	Exchange	Listing Date	FUM $m)*	Distribution Frequency
Apostle Dundas Global Equity Fund - Class D Units (Managed Fund)	ADEF	ETMF	ASX	Feb-21	9.44	Semi-Annual
Antipodes Global Shares (Quoted Managed Fund)	AGX1	ETMF	ASX	Nov-18	340.79	Annual
Barrow Hanley Global Share Fund (Managed Fund)	**GLOB**	**ETMF**	**ASX**	**Jun-22**	**23.25**	**Semi-Annual**
Loomis Sayles Global Equity Fund (Quoted Managed Fund)	LSGE	ETMF	ASX	Oct-21	36.38	Annual
Magellan Global Fund - Open Class Units (Managed Fund)	MGOC	ETMF	ASX	Dec-20	7,203.81	Semi-Annual
Montaka Global Equities Fund (Managed Fund)	MOGL	ETMF	ASX	Dec-17	61.03	Semi-Annual
Firetrail S3 Global Opportunities Fund (Managed Fund)	S3GO	ETMF	ASX	Oct-22	8.70	Semi-Annual
Vaughan Nelson Global SMID Fund (Quoted Managed Fund)	VNGS	ETMF	ASX	Jun-22	10.35	Annual
Vanguard Global Value Equity Active ETF (Managed Fund)	VVLU	ETMF	ASX	Apr-18	748.02	Quarterly
WCM Quality Global Growth Fund (Quoted Managed Fund)	WCMQ	ETFM	ASX	Sep-18	312.43	Annual
Alphinity Global Equity Fund (Managed Fund)	XALG	ETMF	ASX	Feb-23	372.40	Annual

*As at 31 March 2023.

From a fee perspective, GLOB's annual management fee is at the median of the peer group and is competitive when compared to its peers given no performance fee.

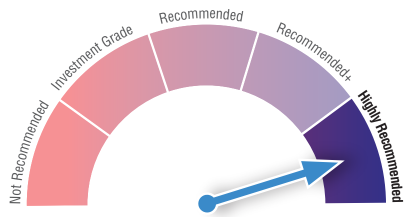
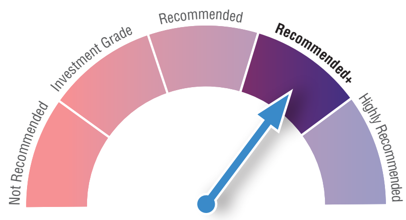
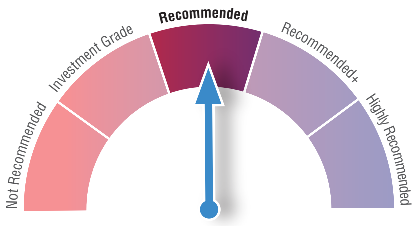
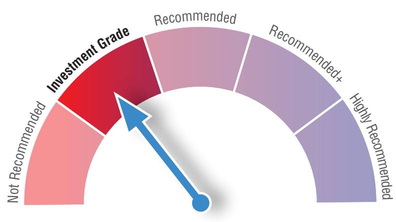
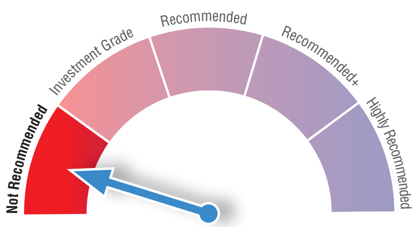
Peer Group Fees

Name	Ticker	Management Fee (p.a.)	Performance Fee	Performance Fee Benchmark
Apostle Dundas Global Equity Fund - Class D Units (Managed Fund)	ADEF	0.90%	0.0%	na
Antipodes Global Shares (Quoted Managed Fund)	AGX1	1.10%	15.0%	MSCI All Country World Net Index, AUD
Barrow Hanley Global Share Fund (Managed Fund)	**GLOB**	**0.99%**	**0.0%**	**na**
Loomis Sayles Global Equity Fund (Quoted Managed Fund)	LSGE	0.99%	0.0%	na
Magellan Global Fund - Open Class Units (Managed Fund)	MGOC	1.35%	10.0%	Higher of the MSCI World Net Total Return Index, AUD or 10-year Australian gov. Bonds
Montaka Global Equities Fund (Managed Fund)	MOGL	1.27%	15.4%	MSCI World Net Total Return Index, AUD
Firetrail S3 Global Opportunities Fund (Managed Fund)	S3GO	0.72%	15.0%	MSCI World Net Total Return Index, AUD
Vaughan Nelson Global SMID Fund (Quoted Managed Fund)	VNGS	1.12%	0.0%	na
Vanguard Global Value Equity Active ETF (Managed Fund)	VVLU	0.29%	0.0%	na
WCM Quality Global Growth Fund (Quoted Managed Fund)	WCMQ	1.35%	10.0%	MSCI All Country World Index ex-Australia, AUD
Alphinity Global Equity Fund (Managed Fund)	XALG	0.75%	10.0%	MSCI World Net Total Return Index, AUD
Average		**0.98%**	**6.9%**	
Median		**0.99%**	**0.10%**	

APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd "IIR" rating system

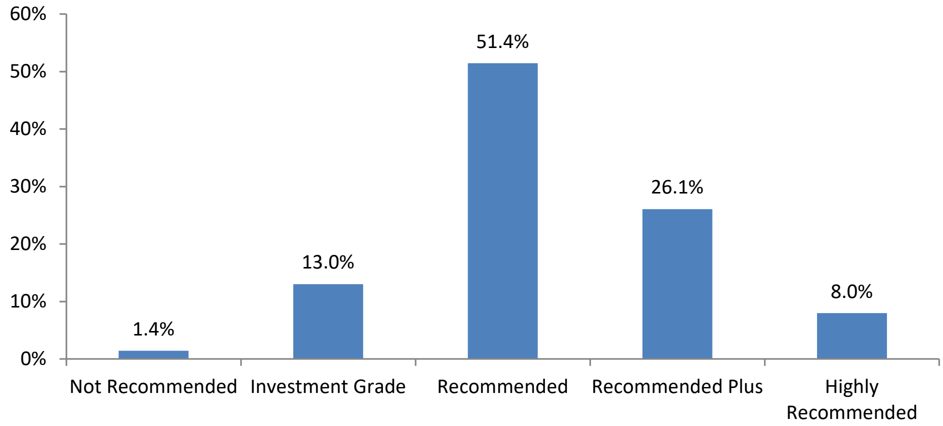
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction;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



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