AUSTRALIAN

RESEARCH

INDEPENDENT INVESTMENT RESEARCH

PIMCO Global Income Opportunities Trust (Proposed ASX Code: PMX)

Research Report

14 March 2022

INDEPENDENT
INVESTMENT RESEARCH

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The research process includes the following protocols to ensure independence is maintained at all times:

1) The research process has complete editorial independence from the company and this is included in the contract with the company;
2) Our analyst has independence from the firm's management, as in, management/ sales team cannot influence the research in any way;
3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms.
5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

For more information regarding our services please refer to our website www.independentresearch.com.au.

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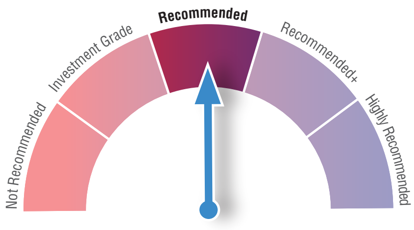
PIMCO Global Income Opportunities Trust (Proposed ASX Code: PMX)

Note: This report is based on information provided by the Investment Manager and in the Product Disclosure Statement lodged with ASIC dated 14 March 2022.

Rating



Key Investment Information

Proposed ASX Code	PMX
Responsible Entity	PIMCO Australia Management Limited
Investment Manager	PIMCO Australia Pty Limited
Investment Structure	Listed Investment Trust (LIT)
Offer Price per Unit ($)	2.00
Pro Form NAV ($)	2.01#
Units on Issue if Offer Fully Subscribed/Oversubscription Facility fully subscribed (m)	250/350
Market Cap if Offer Fully Subscribed/Oversubscription Facility fully subscribed ($m)	502.5/703.5
Target Distribution	4.75%-5.75%p.a. (net of fees and expenses)*
Distribution Frequency	Monthly
FX Hedging	90%-110% hedged to AUD
Fees:	
Responsible Entity Fee (p.a)**	1.24% (incl. GST and net of RITC)
Performance Fee	na

#See Product Overview Section.
*With effect from the time that all, or substantially all, of the Offer Proceeds are deployed, which is expected to occur within three months of the Allotment Date.
**The Manager will be paid fees by the RE out of its own resources.

Offer Timetable

Lodgement of Prospectus	14 March 2022
Broker Firm Offer and General Offer Opens	29 March 2022
Brokers Firm Offer and General Offer Closes	1 April 2022
Settlement date	13 April 2022
Allotment Date	14 April 2022
Commencement of Trading on a Normal Settlement Basis	21 April 2022

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 PIMCO Global Income Opportunities Trust (proposed ASX code: PMX) (the "Trust") is a newly created managed investment scheme that is seeking to list on the ASX. The Trust is seeking to raise up to $502.5m (up to $703.5m with oversubscriptions), through the issue of up to 250m units (up to 350m units with oversubscriptions) at $2.00 per unit. The Responsible Entity (RE) of the Trust is PIMCO Australia Management Limited who has appointed PIMCO Australia Pty Limited as the Manager of the Trust (the "Manager"). Both the RE and the Manager are wholly owned subsidiaries of Pacific Investment Management Company LLC ("PIMCO"). The Trust will be managed according to a flexible multi-sector global credit mandate which may include government and government related debt, corporate debt, mortgage-related and other credit securities of varying maturities. The Trust may invest in both investment grade and sub-investment grade debt instruments. The weighted average credit rating of the portfolio is expected to be investment grade at the time of the Offer based on the Model Portfolio. Given the lower risk aspirations of the Trust, we expect there to be a meaningful exposure to investment grade securities throughout the life of the Trust. PIMCO has a long track record of managing listed closed-ended funds with PIMCO having issued and managing the portfolios of 22 listed closed-ended funds globally. Closed-ended funds provide the ability to take advantage of less liquid credit securities, in which exposure can be restricted in open-ended funds due to the requirement for liquidity. The investment strategy seeks to generate an attractive risk-adjusted return from a range of securities with a regular monthly income. The Trust is targeting a distribution yield of 4.75%-5.75%p.a.,net of fees and expenses.

INVESTOR SUITABILITY

An investment in the Trust is a suitable for those investors seeking access to a highly diversified, dynamically managed portfolio of credit securities. One of the key features and appealing aspects of the Trust is the flexible mandate, allowing for investors to benefit from the expertise of the PIMCO team in managing a fixed income portfolio with limited constraints. The closed-ended listed structure is a positive for both investors and the Manager; investors are provided liquidity while the Manager can implement the strategy without needing to manage the portfolio to meet redemption requirements, which is of importance if there is a mismatch between the liquidity of the underlying securities and the redemption facilities. The underlying securities of the Trust will be predominantly publicly traded and therefore the portfolio will experience NAV volatility. While the Trust will seek to generate lower volatility than broader equity markets the Trust will likely experience periods of heightened volatility, particularly during periods of market shocks. The listed closed-ended multi-sector funds managed by PIMCO have highlighted this outcome with the funds typically experiencing a lower drawdown during normal market conditions but experienced heightened volatility, more in line with equity-like volatility, during periods such as the GFC and COVID-19. Investors should note that the portfolio is expected to incorporate leverage which has the potential to improve returns however may also magnify losses.

RECOMMENDATION

Independent Investment Research (IIR) has assigned the PIMCO Global Income Opportunities Trust (Proposed ASX Code: PMX) a **Recommended** rating. The Trust provides retail investors exposure to a global multi--sector portfolio of debt instruments managed by the one of the largest fixed income managers in the world and access to PIMCO's comprehensive and proven investment process which is deployed by a stable and experienced investment team. The global multi-sector mandate is unique to the domestic fixed income listed investment trust market and the target distribution yield is competitive given the expected investment grade exposure over the life of the Trust. While the Manager has issued and currently manages a number of LIT's globally, the Trust will be the first listed trust offered in the domestic market and as such is exposed to the execution risks associated with new and first time in market vehicles. The Manager anticipates it will take up to 3 months to deploy the capital raised via the Offer. In the event the deployment of capital takes longer than anticipated, this may adversely impact returns to investors.

SWOT

Strengths

- The Manager draws on one of the deepest and highly qualified teams in the industry, consisting of 290+ portfolio managers and 85+ credit research analysts. PIMCO manages approximately US$850+b in credit and income strategies, which fall along the full spectrum in terms of risk and return. Despite that, the fundamental approach for each income strategy is the same, where there is an emphasis on a diversified portfolio of best ideas across the global credit opportunity set.
- PIMCO is one of the world's largest fixed income investment managers, with US$2.2 trillion of assets under management and over 930 investment professionals globally. With dedicated sector and regional investment specialists in multiple offices around the world, PIMCO's depth and reach allows efficient and effective access to all major global fixed interest markets.
- The portfolio will be highly diversified with over 400 securities in the Model Portfolio. Further to this the portfolio will predominantly invest directly in the underlying securities as opposed to indirectly through funds, providing the Manger with greater levels of flexibility with regards to the underlying securities and portfolio management and has no conflicting investor interests.
- The Manager has a flexible mandate which will provide them the ability to allocate to markets and sectors which they believe will provide them with the best risk-adjusted returns to achieve the target returns of the Trust.
- The LIT structure provides an opportunity for the Manager to invest in illiquid securities without the need to manage the portfolio for redemptions. This allows investors to take full advantage of the Trust's investment objective.
- PIMCO has been managing money for Australian clients for over 25 years and has an established team on the ground.

Weaknesses

- The Trust is newly established and has no track record. While the Trust will be issued and managed by subsidiaries of PIMCO, a manager with a long and successful track record in managing fixed income portfolios, this is the first listed trust offered in the Australian market and as such investors are exposed to the risks associated with new products.
- The portfolio will invest in securities with limited liquidity with the Manager potentially not being able to exit the securities/loans in a timely manner in the event of a change in market conditions.
- The management fee (while all inclusive) is at the upper-end of the spectrum for fixed income LITs.

Opportunities

- The Trust provides access to a diversified portfolio of debt securities that are not typically readily available to retail investors.
- The Trust offers investors secondary market liquidity to a portfolio of securities with limited liquidity.

Threats

- The Responsible Entity (RE) and the Manager are related parties, both being subsidiaries of the PIMCO Group. While there are compliance policies in place to reduce conflicts of interest we note there are no independent directors on the Board of the RE, presenting an opportunity for conflicts of interest between the RE and the best interest of unitholders in the Trust.
- The Manager may leverage the portfolio up to 33.33% of the gross asset value of the Trust. While leverage may improve returns it can also magnify losses. During the initial deployment of capital raised from the Offer, it is anticipated that leverage will be close to the maximum threshold. As such, any losses incurred during the initial months of the Trust will likely be exacerbated.
- Given the global nature of the portfolio of securities, the Trust will be exposed to foreign currency risk. The Manager will seek to maintain an AUD currency exposure of 90%-110%. An exposure above 100% to AUD means the Trust has an overweight position to AUD, whereas an exposure of less than 100% means an underweight position to

the AUD. In the event the foreign currency exposure moves in a different direction than anticipated this may have an adverse impact on the Australian dollar returns.

- The Manager may utilise derivatives (both long and short positions) for investment or risk management purposes. The use of derivatives entails counterparty risk. In addition to this, the Manager may engage in short selling, which entails increased levels of risk when compared to long positions.
- LIT's may trade at a premium or discount to the unit price, which can present both a threat and an opportunity. Trading at a discount to NAV may present opportunities for investors to acquire units at a discounted value and generate additional capital return and yield if the discount is narrowed, however, if the units trade at a discount to NAV for a prolonged period of time investors may not be able to realise the full value of the investment. In the event the Trust trades at a premium, this provides an opportunity for investors to realise a value greater than the value of the investment, however, premiums will weigh on the distribution yield of the Trust for post-IPO investors. The RE has stipulated that it will utilise a unit buy back program to actively manage the discount in the event the Trust trades at a discount to NAV of 5% or more.

PRODUCT OVERVIEW

The PIMCO Global Income Opportunities Trust (proposed ASX code: PMX) is a newly created managed investment scheme that is seeking to list on the ASX. The Trust is seeking to raise up to $502.5m (up to $703.5m with oversubscriptions), through the issue of up to 250m units (up to 350m units with oversubscriptions) at $2.00 per unit. The Responsible Entity (RE) of the Trust is PIMCO Australia Management Limited who has appointed PIMCO Australia Pty Limited as the Manager of the Trust (the "Manager"), a wholly owned subsidiary of Pacific Investment Management Company LLC ("PIMCO").

The pro forma NAV of the Trust will be $2.01. The additional $0.01 on top of the Offer Price is the amount that the Manager has agreed to contribute under the Offer and represents the upfront costs of the Offer. The upfront costs are expected to amount to approximately 1.66%-2.12% of the Offer Proceeds ($8.3m - $10.6m assuming the Offer is fully subscribed). In the event a PIMCO Group entity is removed by unitholders as RE within 10 years of listing, the Manager will be refunded the costs of the Offer from the assets of the Trust.

The Trust seeks to provide attractive risk-adjusted returns and regular monthly distributions by investing predominantly in a diversified portfolio of globally sourced fixed interest securities, which may include government and government related debt, corporate debt, mortgage-related and other credit securities. The Trust will adopt a multi-sector approach with investments spanning investment grade and sub-investment grade debt instruments.

The Trust has a flexible mandate with broad investment guidelines (see Investment Process section below for details). The guideline limits are intentionally broad and consistent with the dynamic multi-sector investment strategy designed to identify and implement investments in the sectors and regions where the Manager identifies the most attractive risk-return opportunities across the full economic and credit cycle.

The portfolio will be dynamically managed based on the Manager's view of the most attractive risk-return opportunities and according to the economic and credit cycle. As such, the Trust is well placed to represent a 'perpetual' investment vehicle across all market environments.

The Trust is expected to typically have an average portfolio duration of 0 to 8 years. While the Trust is expected to trade within this duration band there are no limits on the maturity or duration of any individual security in which the Trust can invest and therefore the duration has the potential to be greater than 8 years. The Trust's duration strategy may entail maintaining a "negative average portfolio duration" from time to time, which would potentially benefit the portfolio in an environment of rising market interest rates but would generally adversely impact the portfolio in an environment of falling or neutral market interest rates.

Consistent with PIMCO's fundamental top-down, bottom up approach for its multi-sector credit strategies, the Manager will have an emphasis on a diversified portfolio of best ideas across the global credit opportunity set. Reflecting this emphasis on diversification, the portfolio is expected to be highly diversified with in excess of 400 securities.

The Manager may apply leverage to the portfolio in order to increase the return from investments. The maximum level of permitted leverage will be 33.3% of the gross asset value (GAV) of the Trust. During the period of deployment of the capital raised from the Offer, the Manager expects leverage will be close to the maximum threshold. The Manager expects leverage to remain at approximately 30% over the life of the Trust.

The Trust will have direct foreign currency exposure given the global mandate. The Manager will seek to hedge the Trust's foreign currency exposure to maintain exposure to the Australian dollar (AUD) of 90%-110%.

The Trust will predominantly invest directly in the underlying securities in the portfolio however has the ability to invest indirectly via PIMCO funds or securities. The Trust is permitted to invest no more than 5% of NAV in any one PIMCO fund or security and no more than 20% of the Trust's NAV in PIMCO funds or securities in total.

The Trust has a target distribution yield of 4.75%- 5.75%p.a., net of fees and expenses. Distributions are expected to be paid on a monthly basis. The capital raised from the Offer is expected to be deployed within three months from the completion of the Offer. It is anticipated that distributions will be made monthly after deployment of the Offer proceeds has occurred.

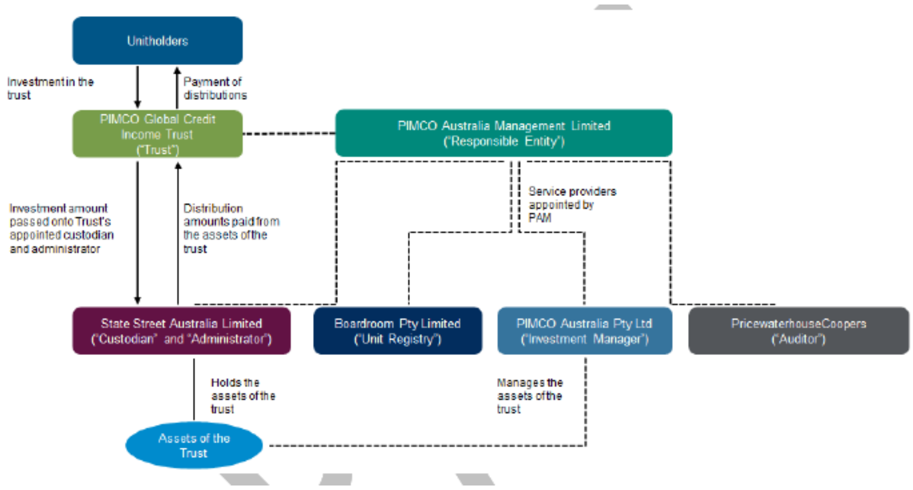
The proceeds of the Offer will be invested in high-grade, short-term securities, credit-linked trust certificates or high yield securities index futures contracts or similar derivatives instruments while the capital is being deployed. This is designed to provide investors exposure to the securities and markets in which the Manager intends to invest while the Manager is deploying the capital.

The Trust will pay the RE a fee of 1.24%p.a. of the NAV of the Trust (inclusive of GST and net of any RITC). The management fee will be paid out of the RE's resources and not out of the assets of the Trust. The RE will pay the ordinary expenses of the Trust from the annual fee, including the management fee, custodian fees, administration and audit fees and other ordinary expenses of the Trust, however the fee paid to the RE will not cover indirect costs and transactional and operational costs. There are no performance fees.

To the extent that the Manager invests in PIMCO funds or securities, the fee accrued at the Trust level will be reduced on a pro-rata basis to ensure there is no additional fees paid by the Trust (ie. the Trust will not incur double fees).

The RE has stipulated that they will give consideration to a unit buy back in the event the Trust trades at a discount to NAV. The RE will consider a buy back in the event the Trust trades at a discount of 5% or greater for a period of at least 10 trading days. The RE intends to seek approval before listing so that it is eligible to buy back up to 10% of the units on issue in the first 12-months immediately following the listing. The RE will only look to engage in a buy back after the first distribution has been made by the Trust.

PMX Structure



RESPONSIBLE ENTITY & INVESTMENT MANAGER

PIMCO Australia Management Limited is the Responsible Entity of the Trust who have appointed PIMCO Australia Pty Limited as the Manager of the Trust. Both the RE and the Manager form part of the PIMCO Group, which is comprised of Pacific Investment Management Company LLC (PIMCO) and its subsidiaries. The PIMCO Group are majority owned by Allianz SE, a European based multinational insurance and financial services holding company and a publicly traded company on the German stock exchange.

PIMCO was established in Newport Beach, California in 1971 and now has offices across the globe and over 3,100 employees, including 930+ investment professionals, 290+ Portfolio Managers and 85+ global credit analysts.

PIMCO has a significant breadth of resources across its income and alternatives mandates with US$2.2 trillion of fixed income AUM, including US$339b AUM in dedicated credit mandates and US$456b in dedicated income mandates. PIMCO's size gives it a competitive advantage over smaller players in the market.

PIMCO offers and manages both open-ended and closed-ended structures. PIMCO has 27 closed-ended funds globally with US$20.5b AUM, 22 of which are listed.

There are dedicated experts in each sub segment of the fixed income markets, with each income mandate managed by a group of the most senior portfolio managers of the firm which select trade ideas from the dedicated experts to form a diversified portfolio of best ideas.

PIMCO is best known as a traditional public debt investment manager, managing daily liquid mutual funds or institutional separate accounts. Less known however is PIMCO also has a very large alternative fund business. In addition with its closed-ended investment vehicles, this range of mandates means PIMCO is looking to invest across the entire liquidity and risk-return spectrum, providing it an edge in terms of assessing the risk of return across that liquidity spectrum relative to many other managers.

As an investment firm, PIMCO has tended to only issue a new fund when it believes there is an investment opportunity based on an investment edge, where a solution is not currently being provided in the marketplace, and when its thinks the timing is right. In context of the Trust this relates to firstly the opportunity for enhanced yield in a low interest rate environment. Secondly, it saw an opportunity for a broader, more flexible mandate than the more sector focused LITs currently in the Australian marketplace.

There are four directors on the Board of the RE. There is no independent representation on the Board. While there are no independent directors we note that the PIMCO Group more broadly has a conflicts of interest policy in place and three of the five Compliance Committee members are independent of PIMCO.

Board of the RE

Name	Position	Experience
Alejandro Eduardu Kersman	Managing Director, Head of Asia Pacific	Mr. Kersman is a managing director and head of PIMCO in Asia-Pacific. Based in Hong Kong, he is responsible for setting strategic direction for the region and leading a team of professionals to deliver investment solutions and service to Asia-Pacific clients. He is also an elected member of the firm's managing director selection committee. Mr. Kersman was previously head of strategic accounts for PIMCO's U.S. global wealth management business and before that, the head of PIMCO Latin America. Prior to joining PIMCO in 2005, Mr. Kersman worked at BBVA's pension fund in Argentina, where he focused on product and business development. He has 21 years of investment and financial services experience and holds an MBA from Harvard Business School and a J.D. degree from the University of Buenos Aires, Argentina.
Brendan David Rodda	Executive Vice President, Account Manager and Head of Business Management, Australia	Mr. Rodda is an executive vice president in the Sydney office. He is head of business management and head of distribution for global wealth management in Australia. Prior to joining PIMCO in 2015, he was responsible for strategic account management in his role as associate director at on behalf of Macquarie Investment Management. Previously, he held a variety of account management roles with NabInvest Capital Partners in Sydney and Brisbane and Challenger Asset Management across Queensland and New South Wales. He was also a financial planner with Westpac Financial Planning and Astute Wealth. He has 20 years of investment experience and holds a bachelor of commerce degree in financial planning and investments from Griffith University and a diploma in financial planning from the Securities Institute of Australia, and he is RG 146 qualified.

Name	Position	Experience
David Frederick Erdonmez	Senior Vice President, Account Manager	Mr. Erdonmez is a senior vice president and head of the research, consultants, and product group in the Sydney office. Prior to joining PIMCO in 2015, he was chief executive officer of Lonsec Research. Previously, he was general manager of managed funds research at Lonsec Research, and prior to this, he was head of fixed interest managed funds research at Standard & Poor's Information Services. Earlier in his career, he held a variety of fixed income analytical roles at J.P. Morgan London and was a money market dealer at JBWere Capital Markets. He has 28 years of investment experience and holds a master's degree in applied finance from Macquarie University, a diploma in financial markets from the Securities Institute of Australia, and a graduate diploma in applied finance and investment from FINSIA, and he is RG 146 qualified.
Vishalakshi Mangala Ananthanarayanan	Managing Director, Haad of Business Management for EMEA & APAC	Ms. Ananthanarayanan is a managing director responsible for overseeing the business management functions in PIMCO's EMEA and Asia-Pacific offices. She was previously responsible for building out the enterprise risk function across Europe as well as driving strategic initiatives across the EMEA region. Before that, she was an account manager, focusing on institutional clients in the Middle East and Africa. Prior to joining PIMCO in 2006, she was in the assurance and business advisory services group at PricewaterhouseCoopers. She has 19 years of investment experience and holds a master's degree from the London Business School. She earned her undergraduate degree at Osmania University and is also a chartered accountant.

The Investment Management Agreement (IMA) will continue until terminated by the Responsible Entity or the Manager. Either party can terminate the IMA on 3 months' notice at any time, or immediately by notice on occurrence of certain "cause" events. The Responsible Entity is required to terminate the IMA if, after 5 years from the Listing date, Unitholders pass a resolution requiring the Responsible Entity to do so.

Investment Team

The portfolio of the Trust will be managed by a team of six. The team is highly experienced, proven and stable with an average tenure at PIMCO of 17.6 years. While the Portfolio Management team for the Trust are directly responsible for the allocation to the underlying securities in the portfolio, the inputs are a result of the PIMCO team as a whole.

The PIMCO investment team structure is based on 14 teams with 290+ dedicated sector specialists portfolio managers covering the global income spectrum. These sector specialist teams are further supported by over 85 credit research analysts. When a sector specialist team has a trade idea, the idea is circulated to all portfolio managers. The portfolio managers are then responsible for selecting the best ideas from the various asset classes globally to create a diversified portfolio consistent with each particular investment strategy.

In addition to sector specialists and credit analysts, the sector specialist portfolio managers also work closely with the Risk Management group to ensure that each portfolio is managed in line with appropriate risk measures.

The Portfolio Management team of the Trust are detailed below.

PMX Portfolio Management Team

Name	Position	Industry Experience (years)	Tenure with PIMCO (years)
Dan Ivascyn	Group CIO, Managing Director Income, Credit Hedge Fund and Mortgage Opportunistic Strategies	30	23
Alfred Murata	Managing Director Income-Oriented, Multi-Sector Credit, Opportunistic and Securitised Strategies	22	20
Robert Mead	Managing Director, Co-Head of Asia Pacific Portfolio Management	32	18
Adam Bowe	Executive Vice President and Portfolio Manager	20	10
Jing Yang	Executive Vice President Residential Mortgage, Structured Products, StocksPLUS	16	14
Giang Bui	Executive Vice President Securitised Debt, CLOs, ABS, Structure Products	22	21

- **Daniel J. Ivascyn, Managing Director, Group Chief Investment Officer:** Mr. Ivascyn is Group Chief Investment Officer and a managing director in the Newport Beach office. He is lead portfolio manager for the firm's income strategies and credit hedge fund and mortgage opportunistic strategies. He is a member of PIMCO's Executive Committee and a member of the Investment Committee. Morningstar named him Fixed-Income Fund Manager of the Year (U.S.) for 2013, and he was inducted into the Fixed Income Analysts Society Hall of Fame in 2019. Prior to joining PIMCO in 1998, he worked at Bear Stearns in the asset-backed securities group, as well as T. Rowe Price and Fidelity Investments. He has 30 years of investment experience and holds an MBA in analytic finance from the University of Chicago Graduate School of Business and a bachelor's degree in economics from Occidental College.
- **Alfred T. Murata, Managing Director, Portfolio Manager:** Mr. Murata is a managing director and portfolio manager in the Newport Beach office, managing income-oriented, multi-sector credit, opportunistic and securitised strategies. Morningstar named him Fixed-Income Fund Manager of the Year (U.S.) for 2013. Prior to joining PIMCO in 2001, he researched and implemented exotic equity and interest rate derivatives at Nikko Financial Technologies. He has 22 years of investment experience and holds a Ph.D. in engineering-economic systems and operations research from Stanford University. He also earned a J.D. from Stanford Law School and is a member of the State Bar of California.
- **Robert Mead, Managing Director, Co-Head of Asia Pacific Portfolio Management:** Mr. Mead is a managing director in the Sydney office, head of Australia, and co-head of Asia-Pacific portfolio management. Previously, he was an executive vice president of the PIMCO Group, based between Munich and London. Prior to joining PIMCO in 2003, he was a managing director and head of European fixed income at Citigroup Asset Management based between London and New York. He has 32 years of investment experience and holds an undergraduate degree from University of Technology, Sydney, and a graduate diploma in applied finance and investments from the Securities Institute of Australia.
- **Adam Bowe, Executive Vice President , Portfolio Manager:** Mr. Bowe is an executive vice president and portfolio manager in the Sydney office. He is a permanent member of the Asia-Pacific portfolio committee and has previously served as chair. Prior to joining PIMCO in 2011, he was responsible for global macro research and trading at Tudor Investment Corporation. He was also previously a director and portfolio manager at UBS Global Asset Management and at Queensland Investment Corporation. He has 20 years of investment experience and holds a master's degree in quantitative finance from University of Technology, Sydney. He also earned a Bachelor of Commerce, First Class Honours and a Bachelor of Economics from the University of Queensland.
- **Jing Yang, Executive Vice President, Portfolio Manager:** Ms. Yang is an executive vice president and a portfolio manager in the Newport Beach office. She focuses on residential mortgage-related investments and other opportunities in structured products and is a member of the StocksPLUS portfolio management team. Prior to joining PIMCO in 2006, she worked in home equity loan structuring at Morgan Stanley in New York. She has 16 years of investment experience and holds both a Ph.D. in ecology and evolution with a focus on bioinformatics and a master's degree in statistics from the University of Chicago.
- **Giang Bui, Executive Vice President, Portfolio Manager:** Ms. Bui is an executive vice president in the Newport Beach office and a portfolio manager and trader of securitised debt instruments, focusing on collateralised loan obligations (CLOs), asset-backed collateralised debt obligations, and off-the-run sectors within structured products. Ms Bui joined PIMCO in 2000 and was previously a member of the bank loan portfolio management team, responsible for bank loan investments and the management of PIMCO-issued CLOs. She has 22 years of investment experience and holds an MBA from the Anderson School of Management at the University of California, Los Angeles and an undergraduate degree from the University of California, San Diego.

INVESTMENT PROCESS

Investment Philosophy

PIMCO's broad investment philosophy for its income mandates is summed up in its articulation of adopting a 'bend but do not break' approach to the management of its portfolios. It seeks to achieve this through flexible mandates, diversification, and focusing on assets with a resilient profile under a variety of economic conditions.

Flexibility and diversification results in having many different drivers of returns, and has been integral to the multi-sector income strategies' success over the years. With the combination of both investment strategy attributes, PIMCO can seek to achieve the objectives of each particular strategy even if one particular asset class does not perform well in a given year. That is especially important in an uncertain market environment.

Investment Process

PIMCO's investment process starts with an annual Secular Forum at which PIMCO investment professionals discuss the global economic and financial markets outlook. The goal of this Forum is to look beyond the current business cycle and determine how secular forces will play out over the next three to five years. In addition to the Secular Forum, PIMCO holds Cyclical Forums three times a year to evaluate growth and inflation expectations over the next 6-12 months.

Following the Secular and Cyclical forums, PIMCO's portfolio managers meet for a Strategy Week to discuss how the firm's economic outlook would impact each sector of the financial markets and to identify what are the most attractive risk-adjusted investment opportunities across different scenarios. Based on these discussions, PIMCO's Investment Committee then sets targets across key risk factors (interest rate risk, credit risk, currency risk, etc.) that are then adjusted on an ongoing basis as new market information becomes available.

The portfolio management team leverages PIMCO's top down macroeconomic process to set the Trust's exposures across key risk factors. The team also leverages PIMCO's global resources to source the best income-producing investment ideas globally as well as PIMCO's analytics team to stress test the portfolio under different scenarios. This combination of top-down and bottom-up approach, enables the portfolio management team to build a portfolio with diverse sources of yield and overall risk exposures that are in line with PIMCO's overall views of the global economy and the markets.

The Manager will employ an active approach to allocation among sectors based on, among other things, market conditions, valuation assessments, economic outlook, market trends and other economic factors.

With PIMCO's macroeconomic analysis as the basis for top-down investment decisions, including geographic and credit sector emphasis, the Manager will focus on seeking attractive risk-adjusted returns across multiple credit sectors. The Manager may choose to focus on particular countries or regions, asset classes, industries and sectors to the exclusion of others at any time and from time to time based on market conditions and other factors.

The relative value assessment within credit sectors will draw on PIMCO's regional and sector specialist expertise. Once the Trust's top-down, portfolio positioning decisions have been made as described above, the Manager will select particular investments for the Trust by employing a bottom-up, credit approach which is driven by fundamental research within each sector represented in the Trust, with a focus on identifying securities and other instruments with solid or improving fundamentals.

With respect to the credit research process, There are five common criteria that each analyst will focus on: 1) business model, 2) financial analysis, 3) structure, 4) relative value and 5) ESG. The specific metrics and financial ratios will vary based on the industry and, as a result, the format of reporting the analysis will also vary. In addition, emphasis on the factors listed above will also depend on the industry, however, the general criteria applied to the analysis is consistent across the global credit research team.

PIMCO's credit research framework focuses on business and financial risk at the issuer level, as well as security specific risk related to the structure of the issue and the underlying legal terms. With respect to business risk, PIMCO evaluates the overall industry dynamics, the company's competitive position within the industry, the effectiveness of the business plan and the quality of management and their ability to execute on the business plan. In terms of financial risk, PIMCO evaluates a variety of financial ratios measuring leverage, cash flow, interest coverage and liquidity.

Each PIMCO credit analyst typically covers one to three industries depending on industry size and complexity. Credit analysts maintain research coverage of a broad range of credits, with an emphasis on independent, original research. Internal credit ratings and opinions are communicated to portfolio managers who make relative value decisions.

Credit research is typically focused on identifying issuers with improving credit profiles and prospects for rating upgrades and, therefore, greater capital appreciation potential. In addition, a prerequisite to evaluating an issuer is access to management. PIMCO has strong access to senior management across industries within the corporate bond space. This helps afford PIMCO a direct dialogue with those whose decisions either contribute to or detract from the credit worthiness of potential investments for the firm's portfolios.

PIMCO separates the credit analysis process from the relative value decision. Credit analysts are responsible for pure credit analysis and concentrate on corporate financial analysis, industry research, and investment opportunities. Credit analysts at PIMCO spend the majority of their time talking to company management and industry specialists as part of their independent research. Portfolio managers, on the other hand, focus on relative value decisions, portfolio management, and trading. As such, they spend more of their time on portfolio maintenance, negotiated transactions with intermediaries, gathering market intelligence and assessing relative values of bonds in the issuers that the analysts find attractive. Importantly, credit research and portfolio management maintain ongoing dialogue to ensure information sharing regarding what each side is seeing in financial markets.

Portfolios are constructed as a result of a thorough analysis of price relative to credit risk by the analyst and the portfolio manager. The analysts are charged with thinking like portfolio managers and proactively propose trade ideas to the portfolio managers. At the same time, the portfolio managers are focused on managing the risk profile of each portfolio, and will ask the analysts for thoughts on specific credits or industries. The portfolio manager ultimately makes buy/sell decisions based on input from the credit research team. Finally, the portfolio manager will rebalance the portfolio to conform to general risk parameters such as interest rate positioning, credit quality, liquidity and industry risk through coordination with the other teams mentioned above in the portfolio process.

Risk Management

Risk management is a key part of the portfolio management process at PIMCO. The portfolio management team constantly reviews risk factor exposures (e.g. duration and spread) at the portfolio level to ensure they remain balanced. The portfolio management team works with the Portfolio Risk Management team to rigorously evaluate ex-ante volatility estimates and stress scenarios in order to properly calibrate overall portfolio exposures and liquidity levels according to PIMCO's outlook.

PIMCO believes that investing opportunistically in non-traditional securities and sectors not contained in the benchmark enables the firm to enhance portfolio returns as well as reduce risk through diversification. That is, if PIMCO finds a market that it likes or a specific situation that offers superior value, it will invest.

PIMCO manages portfolios in a dynamic fashion, taking into account current market conditions and changes in the global investment landscape. Given the strategy's benchmark agnostic approach, PIMCO does not actively measure risk against a benchmark to evaluate portfolio risk and performance. Instead, the focus on the strategy's standard deviation (volatility) when evaluating performance. PIMCO strives to achieve a mid-single digit annual performance target before fees and mid-to-high single digit annualised volatility target over a three to five year market cycle.

Portfolio Construction

The Manager has a flexible mandate as is highlighted by the sector investment limitations tabled below. This is designed to allow the Manager the ability to allocate capital to achieve the target returns of the Trust in all market environments.

In addition to the below tabled guidelines, the average portfolio duration of the Trust will typically vary from 0 to 8 years based on the Manager's forecast for interest rates. The Manager will seek to hedge the foreign currency exposure of the Trust to maintain an AUD exposure of 90%-110%.

Investment Sector Limitations	
Category	**Guideline Limits**
Developed government related	0%-100%
Investment grade credit	0%-100%
High yield corporate bonds	0%-50%
Bank capital and preferred securities	0%-30% (0%-10% in equity securities)
Bank Loans	0%-50%
Emerging market exposure	0%-30%
Mortgage Credit	0%-100%
Agency mortgage-backed securities	0%-100%
ABS/Securitised Credit	0%-100%

PORTFOLIO COMPOSITION

The Trust is newly created and as such does not have an established portfolio. The Manager has created a Model Portfolio, which represents the expected deployment of the capital raised through the Offer. We note that the portfolio is actively managed and therefore the actual portfolio may differ to the Model Portfolio.

The Trust will provide exposure to a highly diversified portfolio of multi-sector global credit securities. The Model Portfolio currently comprises 434 securities with varying maturities, credit risk and interest rate exposure (fixed vs. floating). The portfolio will predominantly invest in direct securities, however has the ability to invest indirectly through funds to gains access to securities. The risk associated with any single security is limited with an average security weighting of 0.25%.

Model Portfolio Summary (as at 2 March 2022)	
Number of Holdings	434
Expected Yield to Worst	5.43%
Weighted Average Duration	3 years
Average Credit Quality	Investment Grade (BBB-)
Maximum Security Weighting	3.97%
Average Security Weighting	0.25%
Fixed Rate Exposure	61%
Floating Rate Exposure	39%
Gross Leverage	29%

The Model Portfolio is primarily allocated to Residential Mortgage Credit and Corporate Credit with these two sectors accounting for 73% of the Model Portfolio. The types of exposure within these sectors is diversified.

The largest allocation is to Residential Mortgage Credit which comprises Agency Mortgage Backed Securities (MBS), Non-Agency MBS and Other MBS. The MBS exposure is predominantly allocated to Agency MBS (25%). Agency MBS are issued by government and government-related agencies and represent a high quality part of the portfolio with an average credit rating of AAA. The Agency MBS are not high yielding but provide downside protection and liquidity. The portfolio has an allocation to Non-Agency MBS (18%), which are issued by private entities and are not government guaranteed. The borrowers of the underlying mortgages typically cannot meet the Agency standards and therefore Non-Agency MBS typically have a greater level of credit risk. This is reflected in the sub investment grade average credit rating for this category of investments. We note that the allocation between Agency and Non-Agency and Other MBS will likely vary significantly over time based on the economic environment and views of the Manager.

Corporate Credit accounts for the second largest sector allocation in the portfolio with a 30% allocation. The securities in this sector have an average credit rating of sub-investment grade with the Manager seeking to generate increased returns by taking on additional levels of risk in this sector. Within this sector, the portfolio is weighted to High Yield and Bank Loans (also known as leveraged loans) securities with these two segments representing 15% and 12% of the portfolio, respectively. The High Yield and Bank Loan securities in the portfolio have a relatively short duration when compared to the Investment Grade exposure which has a weighted average duration of 10.3 years and is therefore exposed to high levels of interest rate risk.

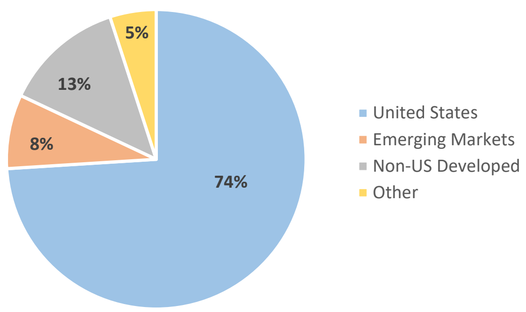
The Model Portfolio has a 12% allocation to Commercial Real Estate Credit. We note that this refers to commercial MBS which are securities backed by mortgages on commercial properties rather than residential real estate, as opposed to direct commercial real estate lending.

Model Portfolio Sector Allocation (as at 2 March 2022)

Sector	Portfolio Weighting	Number of Securities	Weighted Average Duration (years)	Weighted Average Credit Rating
Commercial Real Estate Credit	12%	68	0.8	BB-
Residential Mortgage Credit:				
Non-Agency MBS	18%	78	2.3	B+
Agency MBS	25%	57	-3.3	AAA
Other MBS	1%	28	-10.4	AAA
Corporate Credit:				
IG Credit	1%	9	10.3	BBB-
HY Credit	15%	83	3.1	B-
Bank Loan	12%	54	0.5	B
Bank Capital	2%	11	11.6	BB+
Structured Credit/Speciality Finance:				
ABS	1%	6	1.3	CC+
CLO/CDO	6%	14	1.8	CC
Emerging Market	7%	41	4.5	B-

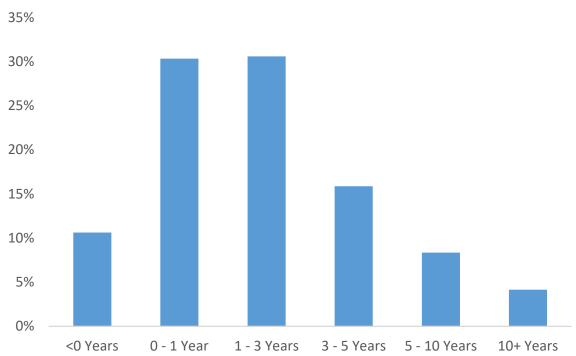
From a geographical perspective, the Model Portfolio is predominantly exposed to the US as detailed below. The allocation to Emerging Markets is above the typical allocation with the Manager taking advantage of some opportunistic positions that have been identified.

Model Portfolio Regional Allocation



The Model Portfolio has a weighted average duration of 3 years. As is shown in the below chart, 72% of the Model Portfolio has a duration of 3 years or less with 13% of the portfolio having a duration of 5+ years. The average portfolio duration of the Trust will typically vary from 0-8 years.

Model Portfolio Duration Profile



PERFORMANCE ANALYTICS

As a newly formed Trust, PMX has no performance history. However, as noted above, PIMCO has a long track record of managing a range of fixed income portfolios, both through open-ended and closed-ended structures. PIMCO currently has 27 closed-ended funds on offer (22 of which are listed) with US$20.5b AUM. Of these closed-ended funds, 10 are listed with a multi-sector mandate, tabled below. The listed multi-sector funds are the most relevant comparable investment strategies and structures for the Trust, although we note that these funds typically incorporate a higher level of risk with objectives to generate a higher level of income. We note, PIMCO Dynamic Credit and Mortgage Income Fund (PCI) and PIMCO Income Opportunity Fund (PKO) merged with PIMCO Dynamic Income Fund (PDI), with the merger completed 10 December 2021.

Listed Multi-Sector Closed-Ended Funds

Fund	Ticker	AUM (US$m)*	Inception Date
PCM Fund, Inc.	NYSE: PCM	203.9	2 September 1993
PIMCO Corporate & Income Opportunity Fund	NYSE: PTY	3,269.5	27 December 2002
PIMCO Corporate & Income Strategy Fund	NYSE: PCN	1,087.6	21 December 2001
PIMCO High Income Fund	NYSE: PHK	1,350.2	30 April 2003
PIMCO Income Strategy Fund	NYSE: PFL	609.6	29 August 2003
PIMCO Income Strategy Fund II	NYSE: PFN	1,188.7	29 October 2004
PIMCO Dynamic Credit and Mortgage Income Fund**	NYSE: PCI	5,765.0	31 January 2013
PIMCO Dynamic Income Fund	NYSE: PDI	3,235.7	30 May 2012
PIMCO Dynamic Income Opportunities Fund	NYSE: PDO	4,361.0	29 January 2001
PIMCO Income Opportunity Fund**	NYSE: PKO	887.6	12 September 2007

*As at 31 October 2021.
**A merger of PCI and PKO with PDI was completed 10 December 2021.

The below table highlights the differences to some of the key sector allocations of the PMX Model Portfolio and the US listed closed-ended multi-sector funds. Unlike the Model Portfolio, the Residential Mortgage Backed Security allocation of the US funds is typically lower and are predominantly exposed to the higher risk Non-Agency MBS. This compares to the Model Portfolio which is currently more exposed to the lower risk Agency MBS. The US funds also have a significantly greater allocation to high yield corporate bonds.

Portfolio Comparison Listed Multi-Sector Closed-Ended Funds (as at 30 November 2021)

Fund	Residential MBS			Commercial MBS	Investment Grade Credit	High Yield Credit	Emerging Market	Non-US Developed
	Total	Agency	Non-Agency					
PMX*	**43.9%**	**24.9%**	**18.0%**	**12.0%**	**1.1%**	**14.5%**	**7.5%**	**13.0%**
PCM	39.9%	1.7%	38.3%	6.4%	5.6%	35.6%	0.0%	0.0%
PTY	14.3%	0.8%	13.5%	0.6%	9.5%	41.4%	9.5%	11.8%
PCN	14.3%	0.9%	13.5%	0.7%	10.1%	37.6%	8.8%	12.5%
PHK	12.0%	1.1%	10.9%	0.7%	8.9%	31.4%	9.3%	12.3%
PFL	10.9%	0.9%	10.0%	0.6%	11.4%	35.6%	8.3%	13.5%
PFN	12.4%	0.9%	11.5%	0.5%	11.4%	37.0%	9.0%	11.9%
PCI	9.6%	1.1%	8.6%	4.3%	3.8%	26.1%	10.5%	11.9%
PDI	30.9%	0.8%	30.1%	3.8%	4.1%	26.7%	10.0%	11.8%
PDO	14.1%	1.1%	13.0%	16.7%	2.2%	31.2%	11.6%	13.3%
PKO	7.7%	0.5%	7.3%	6.7%	5.6%	31.7%	12.3%	11.1%

*Based on the Model Portfolio as at 2 March 2022.

The listed multi-sector funds were all trading at premiums to NAV as at 30 November 2021 with all funds trading at a premium to NAV on average over the three years to 30 November 2021. This highlights the strong demand for the funds in the US market.

Yield & Premium/Discount of PIMCO Listed Multi-Sector Funds (as at 30 November 2021)				
Fund	**Trailing 12-month Distribution Yield (based on Share Price)**	**Trailing 12-month Distribution Yield (based on NAV)**	**Premium/ Discount**	**3 year Average Premium/ Discount**
PCM Fund, Inc.	8.6%	10.3%	19.8%	13.7%
PIMCO Corporate & Income Opportunity Fund	8.7%	11.0%	27.1%	26.5%
PIMCO Corporate & Income Strategy Fund	7.6%	9.6%	27.0%	22.2%
PIMCO High Income Fund	9.6%	10.1%	5.4%	17.4%
PIMCO Income Strategy Fund	9.9%	10.3%	4.8%	8.5%
PIMCO Income Strategy Fund II	9.7%	10.4%	6.5%	7.6%
PIMCO Dynamic Credit and Mortgage Income Fund	11.0%	11.4%	4.2%	4.9%
PIMCO Dynamic Income Fund	11.4%	11.9%	4.6%	12.1%
PIMCO Dynamic Income Opportunities Fund	5.3%	5.4%	3.3%	4.3%
PIMCO Income Opportunity Fund	10.3%	10.8%	4.5%	8.7%

Source: PIMCO/IIR

The funds have generally performed well on a total return basis over their history, as tabled below. While the funds have all generated positive total returns to 30 November 2021, there have been periods of negative returns and significant drawdowns. While the data is not included in this report, all of the above tabled funds rank in the top quartile of their category on a five year total return basis according to Lipper.

We note that the below tabled funds have a higher degree of risk with increased levels of leverage used and as such do not represent the returns that PMX is expected to generate. PMX is expected to have a lower risk/return profile than the below tabled funds.

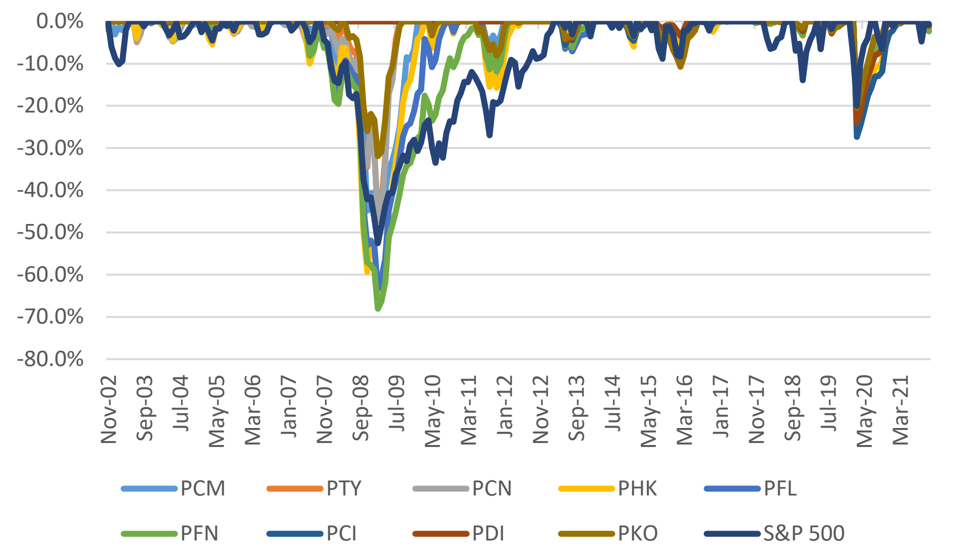
As is highlighted below, there will be NAV volatility as the Trust invests the portfolio in publicly traded securities which will experience volatility based on the market value on any given day. There have been some periods of significant drawdowns for some of the funds. The drawdowns were at their largest during 2008 and 2009 as a result of the GFC.

NAV Performance Metrics PIMCO Listed Multi-Sector Funds (as at 30 November 2021)						
Fund	**1 year**	**3 year (p.a.)**	**5 year (p.a.)**	**Since Inception (p.a.)**	**Volatility Since Inception (p.a.)**	**Max. Drawdown**
PCM	10.3%	8.3%	9.8%	7.0%	10.4%	-47.0%
PTY	12.5%	11.8%	12.5%	13.5%	15.3%	-46.5%
PCN	11.2%	9.9%	10.0%	11.5%	14.8%	-47.2%
PHK	11.3%	9.6%	11.0%	11.2%	19.1%	-66.6%
PFL	8.9%	9.5%	9.6%	7.7%	15.7%	-63.4%
PFN	8.0%	8.8%	9.3%	6.9%	16.7%	-68.1%
PCI	11.6%	6.3%	9.4%	8.5%	11.2%	-27.4%
PDI	10.8%	6.9%	9.9%	13.2%	10.0%	-23.9%
PDO	3.4%*	na	na	na	4.5%	-3.0%
PKO	9.6%	9.0%	10.5%	11.3%	11.4%	-31.9%
Lipper General Bond Funds Median	13.5%	7.8%	7.1%	na	na	na
Lipper Global Income Funds Median	8.8%	6.2%	4.0%	na	na	na

*PDO has an inception date of January 2021 and therefore the return represents a period less than 12-months.

One of the objectives of the Trust is to provide lower volatility and reduced downside risk to the broader equity market. The below chart shows the drawdowns of the listed multi-sector funds since November 2002 (except for PDO given its short history). We have included the S&P500 Index drawdowns to represent the equity market. During most periods, the funds have experienced lower drawdowns than the market, with the exception of 2008 where a number of funds experienced greater drawdowns than the market. The funds also all experienced a greater drawdown then the market during the market shock in March 2020 from COVID-19, with the funds NAV's not recovering as quickly as the market.

PIMCO Listed Multi-Sector Fund Drawdowns



PEER COMPARISON

There are currently 8 fixed income LITs on the ASX all of which offer a unique offering. PMX will offer a differing investment exposure again with the flexible global multi-sector mandate. In terms of direct comparables, Perpetual Credit Income Trust (ASX: PCI) would be the most comparable from an investment strategy perspective given the diversified sector approach of the trust. A key difference being that while PCI has the mandate to invest globally, the preference is to focus on Australian issuers.

PMX's strategy is expected to be towards the lower-end of the risk spectrum with an emphasis on higher quality and lower leverage, when compared to other PIMCO global multi-sector closed-ended funds. When compared to other ASX-listed fixed income LITs, we view PMX to sit around the mid level of the risk spectrum given the exposure to investment and sub-investment grade securities. The target distribution yield of the Trust is attractive when compared to the other global fixed income LITs given the weighted average exposure to investment grade securities.

ASX Fixed Income LITs

LIT Name	ASX Ticker	Market Cap, $m (as at 31 January 2022)	Underlying Investments	Credit Quality	Distribution Yield (as at 31 January 2022)	Distribution Frequency	Target Distribution (p.a)
MCP Master Income Trust	MXT	1,601.3	Private Credit	Investment Grade & Sub-Investment Grade	4.18%	Monthly	RBA Cash Rate + 3.25%
NB Global Corporate Income Trust	NBI	810.4	Corporate High Yield Bonds	Sub-Investment Grade	5.67%	Monthly	4.80%
KKR Credit Income Fund	KKC	825.1	Corporate High Yield Bonds, traded loans and Private Credit	Sub-Investment Grade	4.48%	Monthly	4%-6%
Partners Group Global Income Fund	PGG	521.4	Private Credit	Sub-Investment Grade	4.69%	Monthly	RBA Cash Rate + 4%
Gryphon Capital Income Trust	GCI	500.9	RMBS & ABS	Investment Grade & Sub-Investment Grade	4.53%	Monthly	RBA Cash Rate + 3.5%
Qualitas Real Estate Income Fund	QRI	596.2	CRE debt	Senior & Mezz debt	5.66%	Monthly	RBA Cash Rate + 5.0%-6.5%
Perpetual Credit Income Trust	PCI	426.7	Diversified	Investment Grade & Sub-Investment Grade	3.55%	Monthly	RBA Cash Rate + 3.25%

ASX Fixed Income LITs							
LIT Name	**ASX Ticker**	**Market Cap, $m (as at 31 January 2022)**	**Underlying Investments**	**Credit Quality**	**Distribution Yield (as at 31 January 2022)**	**Distribution Frequency**	**Target Distribution (p.a)**
MCP Income Opportunities Trust	MOT	464.7	Private Credit	Sub-Investment Grade	6.02%	Monthly	7.00%
PIMCO Global Income Opportunities Trust	**PMX**	**502.5***	**Multi-sector Credit**	**Investment Grade & Sub-investment Grade**	**na**	**Monthly**	**4.75%-5.75%**

*Based on the maximum subscription amount.

From a fee perspective, PMX's management fees are at the upper-end of the spectrum. We note that the management fee below represents the annual fee paid to the RE by the Trust. The Manager will be paid by the RE based on an agreement between the two parties and not out of the assets of the Trust. The fee will be justified in the event the Trust meets the target distribution yield and the Trust trades around the NAV of the Trust.

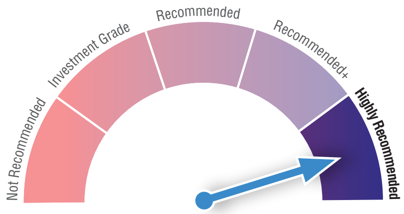
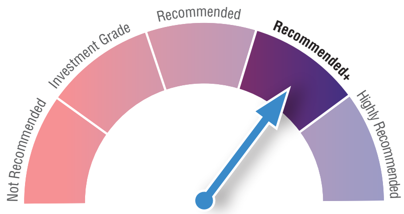
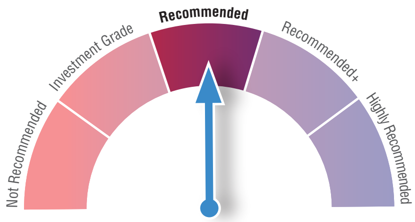
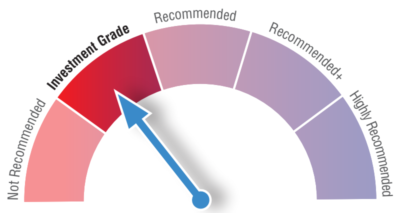
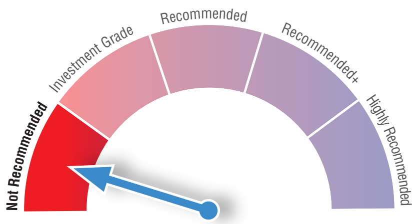
ASX Fixed Income LIT Fee Comparison					
LIT Name	**ASX Ticker**	**Management Fee**	**Performance Fee**	**Performance Fee Hurdle**	**MER (%)[1]**
Metrics Master Income Trust	MXT	0.60%	na[2]	na[2]	0.33%
NB Global Corporate Income Trust	NBI	0.85%	na	na	0.80%
KKR Credit Income Fund	KKC	0.90%	5.13%	RBA Cash Rate +4% p.a subject to High Water Mark	1.47%[3]
Partners Group Global Income Fund	PGG	1.00%	na[4]	na	1.11%
Gryphon Capital Income Trust	GCI	0.72%	na	na	0.89%
Qualitas Real Estate Income Fund	QRI	1.54%	20.50%	8.0% p.a	1.64%
Perpetual Credit Income Trust	PCI	0.72%	na	na	0.94%
Metrics Income Opportunities Trust	MOT	1.03%	15.38%	RBA Cash Rate +6% p.a	1.40%
PIMCO Global Income Opportunities Trust	**PMX**	**1.24%[5]**	**na**	**na**	**1.42%[6]**

1. Reflects the total expenses/total assets of Trust's as reported in the FY21 Accounts.
2. SPDF II and REDF are eligible for performance fees of 15% of the outperformance of the target returns for the respective funds.
3. Excludes borrowing facility costs.
4. The Manager is entitled to a performance fee of 10% of returns over the hurdle rate of RBA Cash Rate + 6% on the Special Situations Strategy. The Special Situations Strategy has a target portfolio allocation of 0%-25%.
5. The management fee reflects the annual fee paid to the RE and includes administrative costs. The Manager will be paid by the RE and not out of the assets of the Trust.
6. Includes indirect cost estimate of 0.18%p.a.

APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd "IIR" rating system

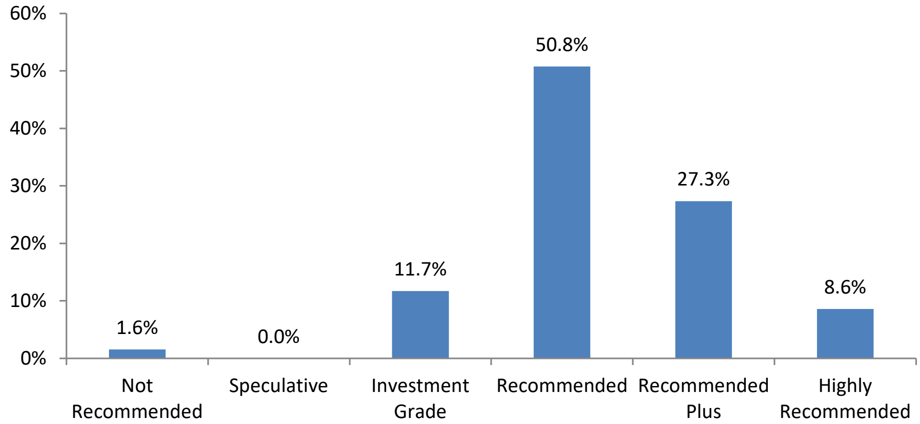
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction;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