



Qualitative Fund Research

Fiducian India Fund

November 2018

About the Manager

Fiducian Group Limited (the Manager, Fiducian) was founded in 1996, as an independent financial services and funds management company. Fiducian aim to deliver great investment returns and superb client service. The Manager has provided a brief profile available [here](#).

Fiducian uses its internal [Fiducian Manage the Manager System](#) to apply a carefully structured research process to the selection of funds and other products, who are assessed as being able to achieve consistently good performance over time without taking excessive risks.

Fiducian believe that integrity, trust and expertise are the cornerstones of the organisation, that clients can hold the Manager accountable for, in building client wealth. The Manager details its corporate philosophy [here](#) and corporate governance frameworks are available [here](#).

Fiducian has a long history of contributing to the community which is detailed [here](#). FundSource Ltd

views corporate citizenship and governance frameworks as extremely important foundations of a clients' experience.

Fiducian have instigated research on two funds:

- [Fiducian India Fund](#)
- Fiducian Technology Fund

The India Fund is directly managed by a team of two, who form a part of a total investment team comprising four. For the number and type of funds being managed is high compared to Australian peers. This is somewhat mitigated as the Manager employs advisory funds or a Fund of Fund approach. The Manager does not provide individual bios for the team.

Using this Fund

This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

The Fiducian Indian Fund ("the Fund") provides investors with exposure to a long only, regional equities portfolio, focused on listed companies in India. The Fund should generally sit with in the growth component of a balanced fund. Due to the regional, country specific focus of the Fund is considered appropriate for higher risk profile investors with a minimum investment time horizon of five years and as part of a well-diversified global equities portfolio.

The Fund is subject to equity market risk and movements (both positive and negative) in the prices of the underlying securities comprising the portfolio. Investors should therefore be aware that the Fund may experience periods of negative returns and that there is a risk of potential capital loss being incurred on their investment. Investors

should be mindful that global equity funds can have exposure to emerging markets, which may include India, either directly or via cash flows.

The fund intends to be fully invested, however, cash can range from 0%-25%. Over time emerging markets indices have produced higher returns than developed countries, with higher volatility. This also applies with small companies, versus large companies. Both the regional and market capitalisation effect are present in India and, as India develops, there is potential for significant growth. Importantly demographic and socio-economic drivers across emerging economies are different and should be considered when choosing to invest in a specific country. The Fund is unhedged from and AUD and NZD perspective.

The Fund is an Australian Unit Trust (AUT). The Fund may pay a distribution, which will generally be very small. Dividends from companies held in the portfolio is reflected in the Fund's unit price.

Question	What the Manager says	What FundSource think						
<p>What are the Manager's assets under management - in total and in this Fund?</p>	<p>\$2 billion in total assets under management (Fiducian Funds) and \$73.6 million for the Fund as at end-September 2018.</p> <p><i>As at 30 September 2018:</i></p> <table border="0"> <tr> <td>India Fund:</td> <td>\$ 73.6M</td> </tr> <tr> <td>Technology Fund:</td> <td>\$105.2M</td> </tr> <tr> <td>Total FUM:</td> <td>\$ 2.0B</td> </tr> </table>	India Fund:	\$ 73.6M	Technology Fund:	\$105.2M	Total FUM:	\$ 2.0B	<p>The Fiducian Group is a financial services specialist providing financial planning, funds management, investment platform, information technology and accounting services, which listed on the ASX in 2000.</p> <p>The India Fund is a Fiducian Specialist Fund providing access to a specific investment strategy. The Fiducian India Fund was established in September 2007. The Fund has a low level of FUM, at \$73.6 million, however, FundSource notes that the Fund's FUM includes \$12.0 million inter-funding from other Fiducian funds.</p> <p>FundSource notes the Manager has been growing due a combination of organic growth, acquisitions and partnerships.</p>
India Fund:	\$ 73.6M							
Technology Fund:	\$105.2M							
Total FUM:	\$ 2.0B							
<p>Who is accountable for managing the Fund, and how long has the investment team worked together?</p>	<p>The Investment Team includes the Investment Manager, Conrad Burge and Dr Wai Chen. The two have been working together at Fiducian for 19 years.</p> <p>Other members of the team include Managing Director, Indy Singh, who chairs the Asset Allocation Strategy Team, and Jai Singh, Head of Special Projects, is a member of the Strategy Team.</p>	<p>Burge has been the Fund's Portfolio Manager (PM) since the Fund's inception. Burge joined the Manager in 1999, and has over 39 years' experience in financial services. Burge has been supported by Chen, who also commenced with Fiducian at the same time as Burge. Chen's tenure at Fiducian represents his industry experience. The Fund relies heavily on Fiducian Managing Director, Indy Singh, who navigates the on ground due diligence. Jai Singh provides project based support for Burge and Chen, particularly around validation of financial, compliance, and administration frameworks used by the underlying managers.</p> <p>While the team is small, underlying manager selection is the key to developing the portfolios for the investment team, rather than security selection across asset classes, which is outsourced to the underlying manager on the ground in India. The Manager is considered a pioneer in multi-manager country specific investing in Australia. FundSource notes that the investment team is responsible for determining the asset portfolio weight of each underlying manager as well.</p> <p>The investment team produce recommendations for consideration by the Investment Committee. FundSource highlights that the Investment team of four, is comprised of two non-Investment team members, and is viewed as an important support mechanism to the investment team. The Investment Committee considers and approves the investment team recommendations, for any changes to underlying fund managers, which are also ratified by the Fiducian Board. The Investment Committee also provides counsel and guidance to the investment team.</p> <p>Trade implementation, operations, client services and compliance functions are all separated from the investment management functions. This ensures appropriate attention is being given to the operational aspects of investing, and</p>						

		assists in keeping the investment personnel focused.
What objective is the Manager trying to achieve?	<p>The Fiducian India Fund aims to provide investors with the opportunity to invest in a well-diversified range of companies listed on Indian stock exchanges. The Fund is expected to be volatile over short-term periods but could be expected to provide investors with a strong platform for growth over the longer-term. The objective of the fund is to outperform the benchmark, the Bombay Stock Exchange 100 Index (BSE 100) in \$A after fees, over rolling five-year periods.</p>	<p>The Manager seeks to generate outperformance by applying a style neutral approach, which can tilt to a growth bias, depending on the weighting applied to each underlying manager. While the Fund looks to outperform an index, the Manager considers the fund to be benchmark unaware. This is reflected in the Fund's tracking error and potentially in the Fund's sector allocation, compared to its performance benchmark. Due to the country specific focus of the Fund, FundSource believes investors should take in to consideration that diversified global equity portfolios may include exposure to emerging markets, including India through a limited number of securities. FundSource considers this Fund as a satellite fund, providing wide exposure to the Indian share market, and could be considered a part of a well-diversified global equities portfolio.</p> <p>The Fund's historical performance, compared to the BSE100 benchmark has been strong. The FE Analytics NZMI Equity Regional sector consists of 29 single country funds. Compared to these 29 peers the Fund has performed strongly over the longer term. Short term performance is volatile compared to sector peers. FundSource notes that there are only three Indian funds in this FE Analytics sector.</p> <p>The Funds' performance is available on the Manager's website. Further historical performance data is available on the Disclose website and FundSource website.</p>
What does the Manager invest your money into?	<p>The Fund invests in a well-diversified range of companies listed on Indian stock exchanges across the large-cap, mid-cap and small-cap sectors of the market. The Fund uses, as advisers, four specialist Indian equity fund managers to invest in high growth companies across all industry sectors.</p>	<p>Diversification is a key foundation on which the Manager's investment philosophy is built. The Fund invests in Indian listed companies, ranging from small to large cap, based on recommended portfolios provided by four underlying managers, SBI Funds Management, Sundarum Funds Management, HDFC Funds Management, and the 2017 addition, Tata Asset Management. Each fund manager offers funds that are highly rated by Lipper, Morningstar and Forbes through their offices in India. The portfolios are reviewed by Burge and Chen, who look at aspects such as liquidity, position size and stock commonality. The Fund is likely to approximate each underlying manager's portfolio, rather than replicate it.</p> <p>The Fund is suitable for investors who are looking to add a country specific allocation in a diversified global equities portfolio. The Fund looks to maximise the investor's potential return by including companies across the market capitalisation spectrum, and not limiting the style bias across the portfolio, via the underlying managers.</p>

		<p>The Manager has the ability to meaningfully express its views in the portfolio. Position size, tracking error and the weight to each underlying manager are three key areas in which the Manager makes active decisions. Sector limits and single security limits are outsourced to external fund advisers, and documented in tier contracts.</p>
<p>What are the inherent risks imbedded in the Fund?</p>	<p>The inherent risks embedded in the Fund include country risk, market risk, currency risk, regulatory risk and company specific risks.</p> <p>Inherent risks are managed by developing, maintaining and implementing a Risk Management Framework (RMF). The RMF identifies risks associate with achieving strategic objectives and business operations. The RMF includes a Risk Management Strategy, a Risk Appetite Statement, a Risk Register, a designated Risk Management Function and a Quality Control Assurance Program.</p> <p>Risk Workshops are conducted with each Business Unit Head on a quarterly basis. During these workshops, the risk controls, the inherent risk ratings, residual risk ratings, risk tolerances and risk appetite are discussed. Amendments are made to the risk register to keep the risk register current. In addition, any emerging risks are also discussed. Risk Workshops are also conducted with the Investment Committee, the Audit, Risk and Compliance Committee (ARCC) and the Board.</p> <p>Each Risk Owner also review risks on our risk and compliance system (TICKIT). This is where the risk owners confirm that the risk controls remain effective to mitigate the risks and that the risk ratings are appropriate.</p> <p>The Chief Risk Officer conducts Quality Control Assurance where evidence is sighted to verify that the controls are operating effectively.</p> <p>The Chief Risk Officer monitors and reports risk activities to an independent ARCC who oversees compliance with the RMF.</p> <p>Compliance of RMF is targeted towards ISO 31000 – International Risk Management Standard.</p> <p>The Three Lines of Defence Model is fully operational which details essential roles and duties of staff, Risk Function and Internal Audit to implement an effective RMF</p>	<p>The Manager is aware of the broad range of risks, as documented in the Product Disclosure Statement (PDS). The Manager is mindful of these risks when constructing and managing the Fund. FundSource notes that the Investment Committee does not manage or interfere with the day to day decisions of the portfolio, these rest solely with the Portfolio Manager and investment team. However, the Investment Committee has oversight of the portfolio positioning and securities invested in.</p> <p>Mitigating risk can be achieved by consistency in the decision making process; and portfolio construction. Risk mitigation is checked and reported to the Audit Risk and Compliance Committee, buy the Chief Risk Officer. The investment team applies initial quantitative screening, manager ranking, and qualitative screening to arrive at a recommendation, which is then considered by the Investment Committee, and ultimately the Fiducian Board, prior to changes being made. FundSource believes this process is applied across all Fiducian funds. FundSource believes this positively contributes to Fiducian’s governance and compliance functions.</p> <p>FundSource highlights the Manager takes a long term view, and to date, has not removed an underlying manager, and added two new managers since the Fund's inception. With such low turnover, FundSource does not believe the Manager’s process negatively affects the Fund, but rather highlights the Manager’s considered approach to selecting underlying managers, risk management, investment governance and operational controls.</p>
<p>Why does the Manager believe the future prices of the Fund's investments will vary?</p>	<p>The future prices of the Fund's investments are expected to vary in line with earnings growth, which in turn, on a macro-economic scale, are expected to vary in</p>	<p>The Manager’s screening processes, combined with the Investment Committee and Board oversight provides the basis for a consistent decision making process.</p>

	<p>line with economic growth over time. The Indian economy is forecast to remain a high-growth economy for the foreseeable future.</p>	<p>Consistent processes are seen as critical to understanding how each underlying manager invests, style and market capitalisation biases, and how they can be combined.</p> <p>The Funds allocation to each underlying manager is based around a tactical allocation (TAA) decision. The TAA decision is based around the Manager's macro view, both globally, specifically India, and views on the business cycle. The Fund can tilt its allocation to an individual underlying manager significantly, potentially introducing style and market capitalisation bias. FundSource views the Investment Committee and Board oversight as being an important feature, assisting the small investment team in considering the intended and unintended risks of asset allocation decisions.</p> <p>The Fund incorporates a governance statement in its manager selection process that reflects the Fiducian Group views, expectations, and approach to meeting shareholder interests. FundSource believes that alignment in corporate governance beliefs is an important consideration when selecting external fund managers. However, FundSource recognises that balancing corporate governance considerations and performance and risk characteristics can be difficult, and impact the external manager process.</p>
<p>Why does the Manager believe you should give them your money rather than to someone else or to an inexpensive index fund?</p>	<p>The Fund has out-performed its benchmark since inception over 9 years ago. Over the 9 years to end-January 2017, the Fund out-performed the benchmark by over 7% per annum and out-performed the benchmark by 10% per annum over the 5 years to end-January 2017. This Fund is unique in Australia as the only India fund that employs four underlying managers with investment diversified across large cap, mid-cap and small cap sectors as well as across industry sectors.</p>	<p>While Fund performance and risk characteristics are important factors for an investor to consider, marrying them with Manager tenure, processes and oversight is considered prudent.</p> <p>This Fund is one of three Australian Unit Trusts that focuses on Indian domiciled companies that New Zealand investors can choose from. Two Funds use local selected investment advisers, the remaining fund employs an in-house Indian equity team based in Hong Kong. Each approach has its positives and negatives. FundSource notes that Fiducian has a long history of investing in India, using a multi-manager approach.</p> <p>The Manager provides investors with an opportunity to gain exposure to listed Indian companies, ranging from small to large cap and across industry sector that can potentially have a bias to the growth investment style and small to mid-cap companies. Of the 19 funds in the FE Analytics AMI Equity Asia Pacific Single Country sector, only eight funds have a track record longer than two years, the Fiducian Indian Fund being one of those funds, but with a track record of outperformance.</p>

		<p>FundSource believe that due to the volatility of Indian companies, and the potential difficulties in investing directly across the market, on ground expertise and tenure in the market are very important factors. The Manager fulfils both these requirements. FundSource highlights that compared to the FE Analytics sector peer funds, India has performed strongly compared to Japan, China, Hong Kong, Singapore and Taiwan country specific funds. This Fund has been the number one ranked India fund since inception, at the time of writing.</p> <p>The Fund's performance is available on the Managers website, via the Monthly report. The Manager's performance is expressed on a net of fees basis. FundSource notes that the Funds benchmark does not consider fees and tax in its reporting. Further historical performance data is available on the Disclose website and via the FundSource website.</p>
<p>How does the Manager decide to buy or sell investments?</p>	<p>Security selection decisions are based on the advice of the four underlying fund managers, which are in turn based on their own investment principles and philosophies. Each underlying manager is required to comply with exposure ranges between large, mid and small cap securities, as documents in their respective investment advisory agreements.</p>	<p>The Manager has essentially outsourced the security selection to four underlying fund managers, SBI Funds Management for large cap securities, Sundaram Funds Management for mid and small caps, HDFC Funds Management and Tata Asset Management cover the full market with an ability to allocate between large, mid and small cap sectors. While securities selection may show similarities to some of the funds issued by the underlying manager, the mutual funds are not fully replicated. The underlying managers provide the recommended portfolio to Fiducian, who through their process determine which securities they want to buy or sell for this Fund.</p> <p>Once the investment team has ratified the trades, the trades are directly implemented in Australia via Indian brokers. This process is administered by the Fiducian Group Chief Financial Officer, Rahul Guha, separating the trading function form the investment team. FundSource views this as best practice from an investment governance perspective. Securities are then held by Citibank Custody, the sub custodian for National Australia Bank.</p> <p>The Fund is a tax paying fund in India. This mitigates any foreign investor tax issues. FundSource notes that taxation policy can be subject to change, however, considers this relatively small, but crucial, detail differentiates this from Fund peers, and provides greater taxation transparency.</p> <p>Historically the Fund has held significant exposures, greater than 50%, to a single underlying manager, skewing the portfolio outcomes to that underlying manager's style and market capitalisation bias. The 2017 appointment of Tata Asset Management was a conscious decision by Fiducian to diversify its underlying managers, and outsource some of the</p>

		tactical asset allocations decisions across large, mid and small caps.
Has the CIO/ PM personally invested in the Fund? If so, paying the same fees as other investors?	All staff members, including investment personnel, pay the same fees as other investors.	<p>FundSource believes that 'eating your own pudding' should be an aspect a potential investor consider, when deciding to invest in any financial product.</p> <p>Investing in funds alongside investors aligns the interests of investment personnel with those of the investors, when investment personnel are significantly invested in a fund they are managing, and at the same fees.</p> <p>The Manager believes the investment team has sufficient alignment with investors by investing via funds. FundSource notes that it would prefer to see investment personnel significantly invested in the funds they manage, enhancing the alignment with investors.</p>
How much latitude does the Manager have to deviate from the weightings of the Benchmark portfolio?	<p>Managers have individual stock and sector limits but otherwise are benchmark unaware in their stock selection processes.</p> <p>Tracking Error ≤7% Cash Allocation: 0% to 25% Indian Shares: 75% to 100% Single Stock Limit: Soft Sector Limits: na Unlisted Companies na</p>	<p>FundSource considers the Manager's scope for this fund to be broad, this is underpinned by the broad range of securities held, ranging between 60-120 in the portfolio. With two underlying managers having a mid-cap focus, FundSource expects the implemented portfolio to differ from the Funds' performance benchmark the S&P BSE 100. With this in mind FundSource expects the small and mid-cap companies to provide a strong backdrop for the Fund to significantly outperform its performance benchmark.</p> <p>The Fund's model allocations are set at a monthly and quarterly meeting, tactical asset allocation is set at monthly and quarterly meetings, with implementation carried out by UBS, as the custodian which holds all securities in safe keeping. Cash flow is also considered in the model allocation process, with rebalancing being deferred until cash has accumulated to ~AU\$1 million. Fund performance may or may not benefit from allowing cash to accrue.</p> <p>The Manager does not hedge currency risk in the Fund from an AUD or NZD perspective. Therefore, currency movements are highly likely to impact the Fund performance.</p>
On what basis does the Manager believe the fees they charge are justified?	The investment management fee is 1.54% per annum. This is in line with the marketplace and there is no performance fee.	<p>FundSource believes the Manager is transparent from a fees perspective, noting the administration and underlying manager fees are disclosed in the Product Disclosure Statement (PDS), and via the Disclose website.</p> <p>FundSource observes that the management fee at 1.54% is significantly higher than the 19 FE Analytics AMI Asia Pacific Single Country sector peer average of 0.98%. Only three of the FE Analytics sector funds are focused on India, this Fund has the highest management fee of</p>

		<p>the three. FundSource highlights that a peer fund charges a performance fee.</p> <p>FundSource believes there is scope for the Manager to review and reduce the Fund's fee, however, does accept that the Fund fee comes with tax certainty and has not hampered outperformance compared to peer funds.</p>
<p>How would you describe the quality of your organisational and investment governance processes?</p>	<p>The Internal Audit Report on the Investment Governance Framework (IGF) prepared by KPMG and issued on 20 June 2016, states that 'the control framework in place to support IGF compliance is in line with that of peer organisations. The report further notes that 'based on KPMG's benchmarking criteria, FSS (Fiducian Superannuation Service) have a sustainable and mature IGF'. External audit is prepared PWC.</p>	<p>The Manager has a very strong governance framework, starting with appointing a non-executive independent chair to the Parent Board. This extends to a clearly articulated governance statement, and Board established committees and policies, by which investors can hold the Board accountable.</p> <p>From an investment perspective, the Manager has strong governance frameworks and separation of duties, with investment decisions requiring several stages of sign-off prior to decisions being implemented. The execution of trades is handled separately, by non-investment personnel. This is encapsulated in the Managers GS007 report, briefly quoted by the Manager.</p> <p>FundSource notes that all underlying managers are formally reviewed bi-annually by the Investment team and reported to the Investment Committee.</p> <p>The Manager outsources some functions, and regularly reviews each provider throughout the year, for example quarterly or half yearly. FundSource highlights that the Fund's administrator and custodian functions are considered to be material relationships and the Manager reviews these key functions via a regular annual review.</p>
<p>Is there alignment of interests through; ownership of the Manager, and remuneration of the investment team?</p>	<p>Fiducian Group Ltd (FGL) is incorporated and listed on the ASX. Base remuneration of the investment team is intended to be in line with the marketplace, while moderate bonuses may be paid in line with any out-performance of the Fiducian Funds.</p>	<p>FundSource observes that to preserve capital and generate a long-term positive return for investors, the Manager must remain operational. The Fiducian Group commenced operations in 1996, and listed on the ASX in 2000. The company has a market capitalisation of approximately AU\$130 million.</p> <p>FundSource notes that Founder and Managing Director Inderjit (Indy) Singh holds a significant proportion of shares on issue, circa 35% either directly or through related entities. Shares may be owned by other staff, including the investment team, the quantum of staff ownership is not known, but is unlikely to be considered material.</p> <p>FundSource views base salaries to be in line with the market, and short term cash incentives are modest, based on the current Annual Report Director Remuneration Report.</p>

Conclusion and Rating

The Fund provides an investor with a unique opportunity to gain exposure to Indian listed companies, by leveraging the skills of four underlying Indian domiciled fund managers. Fiducian overlays and select ideas from the four underlying fund manager portfolios. The Manager is looking to ensure the Fiducian India Fund is not negatively impacted by unintended market capitalisation bias, large exposure to any one sector or individual company, or underlying manager.

The Fund can hold between 60-120 companies, and the Manager expects this to remain around the midpoint of the range. FundSource notes that the Manager has cautiously added to the number of underlying fund managers, with the latest inclusion being implemented in 2017. FundSource highlights that the Manager has not replaced an underlying fund manager since the Funds inception. Rather, the allocation to each underlying fund manager has varied. This reflects Fiducian's macro and fundamental views on the aspects such as, the economy, investment style market capitalisation preference, through the market cycle.

Key and critical to FundSource's conviction in the manager is, despite being an ASX listed company, the founder and Managing Director, Indy Singh, retains a significant personal investment in the parent entity.

FundSource observes the small internal investment team has strong industry experience and long manager tenure but Portfolio Manager, Burge, presents some key person risk. FundSource believes the Manager should consider expanding the team, with a view to future succession planning. Importantly, the interests of the investment team and key management personnel are strongly aligned to those of the investor, via the investment team's shareholding in the company and their investment in the Manager's Funds. FundSource believes Fiducian staff pay the same fees as investors.

The Fund's fees are higher than the average basic management fee charged in the sector. FundSource believes there is sufficient scope for the Manager to review the fees charged. However, FundSource notes that the Fund is an Indian tax paying fund, which adds to the cost of operating the fund, while providing tax certainty to investors.

Due to the focused nature of the Fund, investors should determine if their risk appetite can accept a specific investment strategy based around a single, non-domestic, country.

FundSource Rating: **AA**

Fund ratings are current as at the date of publication of this report. FundSource reserve the right to review and update fund ratings from time to time.

Research Factor Weighting

Research Process Category	Model Factor Weight	Analyst Average Score
Corporate & Investment Governance	15%	4.25 / 5
Investment Philosophy & Process	20%	4.40 / 5
People	25%	4.00 / 5
Portfolio Construction & Implementation	15%	3.83 / 5
Risk Management	15%	4.00 / 5
Investment Fees	10%	2.71 / 5
Overall Average Score.		3.96 / 5

FundSource Rating Guide

The qualitative rating of a fund is a function of the FundSource Research Factor Weighting process, which is built around the six core qualitative research process categories. The weighted scores result in an overall score, out of five, which is then matched to the following rating:



AAA: Highly Recommended

Funds that have superior average scores in all six underlying qualitative factors. This recognises aspects about the Manager and Fund in question that includes, but is not limited to, significantly experienced and stable senior personnel, a sound track record over a full market cycle, a clearly defined investment philosophy and process, and a portfolio consistent with that philosophy and process. The management company will also have established effective controls to maintain that philosophy.

AA: Recommended

Funds that have strong average scores in all six underlying qualitative factors. This recognises aspects about the Manager and Fund in question that includes, but is not limited to, experienced and stable personnel, a sound track record over a full market cycle, a clearly defined investment philosophy and process, and a portfolio consistent with that philosophy and process. The management philosophy must be coherent and consistent with existing portfolios and processes.

A: Investment Grade

Funds that have good average scores in all six underlying qualitative factors. This recognises aspects about the Manager and Fund in question that includes, but is not limited to, experienced personnel, a sound track record a defined investment philosophy and process, and a portfolio consistent with that philosophy and process.

FW: Fund Watch

There has been a material change with either the manager, this may include, but is not limited to, departures, new hires, process changes, changes to the investment philosophy. This is considered to be an interim measure, to enable further investigation, re-evaluation and an appropriate course of action to be determined.

S: Sell

This category covers previously recommended funds that are no longer recommended because of some material change. Removal from recommended status might be for a variety of reasons such as a fundamental change in the fund management company or in the manager's investment strategy, or because a fund did not meet its original expectations. The implications for ongoing service are that the fund should be reviewed on an individual client basis to ensure it still matches their original investment objective.

NR: Not Rated – Screened/ Not Rated

Funds in the Not Rated – Screened category have provided information and/or FundSource has conducted an initial analysis of the fund, but has chosen not to provide a recommendation at this stage. FOR Not Rated funds the manager may have provided information, but no review meeting has been conducted

Disclaimers, Disclosures and Warnings

FundSource Limited notes that the information in this report must be read in conjunction with the warning and disclaimer below. This report supersedes all prior reports.

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