Smarter Money Fund

Date: July 2022

Investment Rating Report

Investment Rating: SUPERIOR
Product Complexity: RELATIVELY SIMPLE PRODUCT

Fund Details

Investment Manager:
Coolabah Capital Investments (Retail) Pty. Limited

Investment Structure:
Open-ended Australian unit trust

Wholesale/Retail: Both

Category: Cash

Investment Style: Enhanced cash/short-term fixed interest

Inception: 17 February 2012

Management Fee: Investment management fee of 0.41% p.a. plus 0.25% administration fee (Assisted Investor Class)

Performance Fee: 20.5% of the excess return above the RBA cash rate + 1.00% p.a. after all management fees, administration fees, and other fund costs

Distribution: Quarterly

Responsible Manager/Entity: Equity Trustees Limited

Investment Objective: Targets returns that outperform the RBA cash rate by 1.0% p.a. to 2.0% p.a. after fees, over a rolling 12-month period.

Performance to July 2022

Period Ending 31/7/22	Gross Return (Assist)	Net Return (Assist)	RBA Cash Rate	Net Excess Return
1 mth%	0.28	0.23	0.10	0.13
3 mth %	-0.41	-0.58	0.18	-0.75
6 mth %	-0.44	-0.76	0.19	-0.95
1 yr %	-0.62	-1.27	0.21	-1.48
3 yrs % pa	1.28	0.48	0.28	0.20
5 yrs % pa	2.14	1.31	0.75	0.56
10 yrs % pa	3.61	2.72	1.51	1.21
Inception	3.80	2.90	1.61	1.29

Source: Coolabah Capital Investments Pty Limited.

Review Summary

The Smarter Money Fund (the Fund) is an actively managed, low-duration, enhanced-cash investment solution that targets returns of 1.0% p.a. to 2.0% p.a. (net of fees) in excess of the RBA cash rate, over a rolling 12-month period. The Fund is managed by Coolabah Capital Investments (CCI), a boutique fixed-interest specialty manager. The following are key differentiators of CCI's approach:

- The strategy is very active and opportunistic; it is designed to exploit bond valuation mispricing rather than interest rate duration, credit or illiquidity beta. Typically, the Fund has a very low interest-rate risk, an investment-grade credit risk, a weighted average portfolio MSCI ESG rating of 'A' and high levels of liquidity.
- The combination of top-down and bottom-up quantitative, fundamental and technical analysis enables the manager to generate differentiated market insights, adapt to market conditions and position the portfolio accordingly.
- The investment team is relatively large, with significant resources devoted to price discovery.

CCI has recorded negative excess yield in the year ending July 2022, with recovery only taking place over the month of July. The performance reflects the global shifts in inflation and asset pricing over the period, with major changes in credit spreads and interest rates. While CCI correctly predicted much of the asset pricing shifts and held close to record-low exposures to credit spreads and interest rate risk, the portfolio has been impacted.

Investment Rating & Foresight Complexity Indicator

A **SUPERIOR rating** indicates the highest level of confidence that the Fund can deliver a risk-adjusted return in line with its investment objectives. The investment manager's support for this strategy is very well resourced and continues to be enhanced.

Designation as a **RELATIVELY SIMPLE** product indicates that the investment manager will seek to outperform their chosen mainstream market sector. The strategies used to outperform may include the use of very liquid derivatives such as index futures. While these funds are still expected to move fairly closely in line with mainstream markets there may be periods where they outperform or underperform the benchmark index.

Fund Details

FUND NAME	SMARTER MONEY FUND
Dominant Strategy	The Smarter Money Fund seeks to actively exploit mispricing's in cash and bond markets to generate returns that exceed the RBA cash by 1.0%-2.0% p.a. after all fees. The aim is to maintain an average 'A' credit rating and near-zero interest rate duration risk.
Fund Type	Enhanced cash/short-term fixed interest
Investment Manager	Coolabah Capital Investments (Retail) Pty. Limited
Sub-Investment Manager	Coolabah Capital Institutional Investments Pty. Ltd.
Trustee/RE	Equity Trustees Limited
KEY FEATURES	
Fund Inception	17 February 2012
Domicile	Sydney, Australia
Legal Form	Registered open-ended Australian unit trust
APIR Codes	Assisted Investor Class: CRE0014AU, Fund: SMF01, Institutional Class A: CRE0015AU, Base Fee Class: ETL6313AU
Geographic Mandate	Global credit with a focus on Australian issuers, hedged to Australian dollars
Open	Yes
Management and Administration Fee	0.66% p.a. - 0.41% p.a. investment management fee plus 0.25% p.a. administration fee. (Assisted Investor Class)
Performance Fee	20.5% of excess returns above the RBA cash rate + 1.00% p.a. after all management fees, administration fees, and other fund costs. Paid monthly in arrears.
High Water Mark	Cumulative monthly return of the Fund, incl. distributions and before performance fees. No performance fees are payable until any accrued losses from prior periods have been made up.
Distributions	Quarterly on 30 June, 30 September, 31 December, 31 March
FUM	AU$553.89 million as at 31 July 2022
Minimum Subscription	AU$1,000
Subsequent Subscription	AU$1,000 (or $100 per month for a regular savings plan)
Entry Fee	No
Exit Fee	0.025% exit spread paid to unitholders in the trust
Fund Term	Open-ended
Reporting	Online 24/7, monthly reports, quarterly/annual distribution and tax statements
Redemptions	Daily
PRIMARY CONTACT	
Name and Title	Gary Walsh, Head of Asset Origination
Email Address	gary.walsh@coolabahcapital.com
Telephone Number	1300 901 711
Website	www.coolabahcapital.com

Investment Profile

BACKGROUND

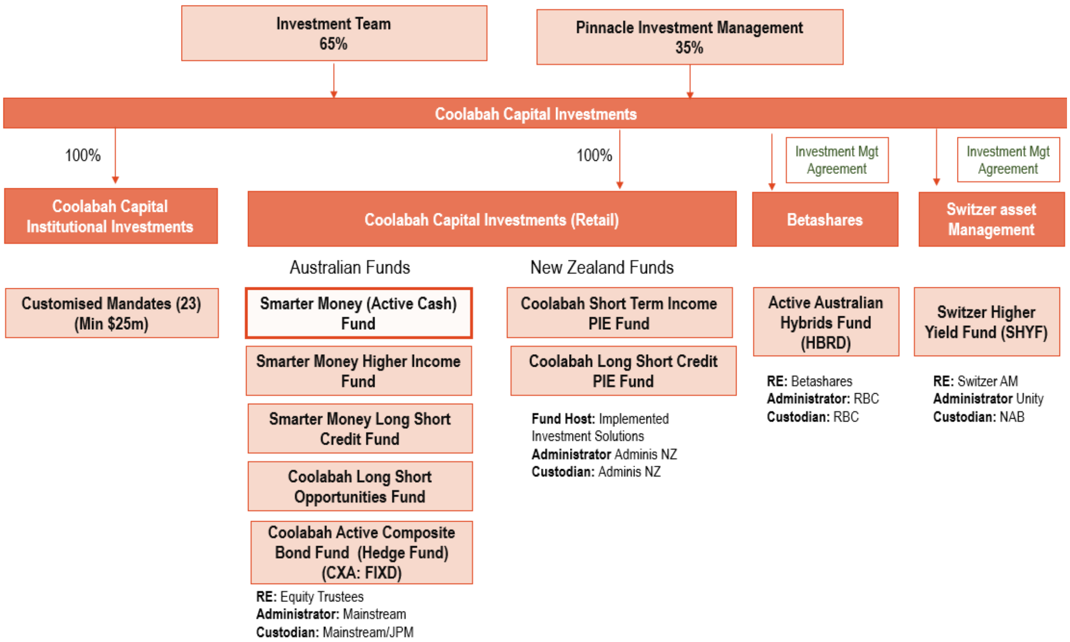
Coolabah Capital Investments Pty. Ltd. (CCI) is 65% owned by its investment team and 35% owned by the Pinnacle Investment Management Group Limited (ASX: PNI), an Australia-based multi-affiliate investment firm. CCIR is a wholly owned subsidiary of CCI and was established to offer investors fixed-income products with a low volatility profile.

CCI's team currently comprises 33 staff members: 6 senior portfolio managers; 4 portfolio management, analysis and support staff; 6 credit analysts; and 4 data science team members. The staff collectively have decades of fixed-interest trading, quantitative and credit-research experience. CCI's investment team and their families have invested approximately $10M-$20M of their own capital into CCI's strategies, which provides for a strong alignment of interests. Profits have been re-invested in the business, mainly in additional staff, systems, and technology.

In 2020, CCI opened a London office, in addition to 2 Sydney offices and a Melbourne office. The manager intends to continue expanding overseas and believes that its overall FUM capacity across all the strategies is between $15BN to $20BN. Pinnacle, which has offices in London and New York, is leading CCI's overseas expansion and is exploring the best structures for offering the manager's capabilities in overseas markets.

Equity Trustees Limited (EQT) is the Responsible Entity for the Smarter Money Fund and appointed CCIR (previously known as Smarter Money Investments) as the investment manager. CCIR outsources all fund management responsibilities to its related entity, Coolabah Capital Institutional Investments Pty. Ltd. (CCII), via a sub-investment management agreement. CCII is also a wholly owned subsidiary of CCI.

FUND MANAGEMENT STRUCTURE



OBJECTIVE

The Smarter Money Fund targets returns in excess of the RBA cash rate plus 1.0%-2.0% p.a. after fees and usual expenses, over a rolling 12-month period. The Fund has a conservative investment approach with a focus on actively exploiting mispricing's in cash and bond markets to generate daily liquidity returns with an average 'A' credit rating and near-zero interest rate duration risk.

This strategy aims to produce returns in excess of its benchmark while maintaining the characteristics of low volatility (<1% p.a.), high liquidity and minimal capital loss through interest rate and/or credit risk.

FUNDS UNDER MANAGEMENT

As of July 2022, the Smarter Money Fund has funds under management (FUM) of $553.89M. CCI has FUM of approximately $6.76 billion for a predominantly institutional client base. There are around 34 portfolios, including retail funds, listed funds and separately managed mandates. According to the manager, all the strategies use the same underlying 'alpha' engine, with each strategy's portfolio being driven by its specific risk parameters.

INVESTMENT UNIVERSE

The Fund is permitted to invest in bonds, such as government and semi-government bonds, bank and corporate bonds and asset-backed securities, including residential-mortgage-backed securities, issued in Australian dollars or in G10 currencies hedged to Australian dollars. It is also permitted to invest in cash and cash-equivalent securities, exchange-traded derivatives and over-the-counter derivatives for risk management purposes.

The Fund can invest in the following:

Physical assets (issued in or hedged to AUD)	Derivatives
▪ Cash, TDs, and cash equivalents	▪ Interest-rate derivatives
▪ Government and semi-government bonds	▪ Credit derivatives such as credit default swaps
▪ Senior and subordinated debt securities	▪ Foreign exchange derivatives
▪ Asset-backed securities	
▪ Residential mortgage-backed securities	
▪ ASX-listed AUD ADI deposit ETFs	
▪ Foreign denominated debt issued in G10 currencies hedged to Australian Dollars	

Derivatives are used to hedge interest-rate, credit and macro-economic risks. Short derivative positions must be backed by matched physical assets. Long derivative positions must be matched by cash equivalents. Only purchases are permitted unless used for hedging.

The objective is to invest in relatively low-risk and liquid investments, primarily senior and subordinated debt and government bond securities, and derivatives predominantly issued by Australian entities domestically and overseas. The aim is for the majority of the portfolio to be invested in liquid quality debt securities . The Fund can invest in bonds issued by foreign companies, so long as the currency risk is hedged; however, the investment manager envisions this to be a minor part of the portfolio. While not strictly reinforced through the strategy's risk management limits, the manager has a bias towards oligopolies and monopolies aiming to exploit explicit or implicit government guarantees.

NOTE ON MANAGER SIZE / MARKET PARTICIPATION

Due to CCI's size and trading strategy, it is one of the most active traders of Australian credit globally. Its growth in AUM has allowed it to expand its information flow, broker agreements (~60 brokers) and ISDA and GMRA agreements. The advantage of this market presence is CCI's ability to negotiate new-issue interest rates and terms, secure favourable deal allocations (e.g., Green bonds) and easily trade derivatives and repurchase agreements.

In addition, CCI devotes considerable resources to analysing the Australian financial regulatory environment, the major issuers and the main factors affecting interest and credit movements, including ESG factors. CCI is open and transparent in sharing its analysis.

In particular, CCI is increasingly using its analysis to interact with major market participants in what they describe as an 'activist' role. This 'activism' is important in the realisation of fair value and assists CCI's asset allocation and trading strategies.

Investment Philosophy

The manager's philosophy is grounded in active management and the belief that a detailed, research-driven approach to selecting and managing fixed-interest securities can generate alpha. In addition, CCI believes that dynamic portfolio weighting between cash and credit, using a bottom-up and top-down valuation framework, can add considerable value and reduce volatility.

Specifically, the manager cites the following characteristics of the domestic fixed-income market that create opportunities to add value through an active approach:

- The Australian fixed interest market is highly inefficient as most Australian investment-grade fixed-income is traded over the counter; hence there is no mandated price discovery/disclosure through Austraclear. This results in highly opaque/inefficient asset pricing, which is compounded by a large number of passive fixed-income styles in the market.
- In their view, most fixed-income managers are passive, buy-and-hold investors, focused on yield, neglecting total returns and inadequately emphasising top-down/bottom-up valuation models.
- CCI believes that exposure to long-term interest rate duration risk is the biggest source of capital risk in fixed income. They don't think that anyone can accurately forecast GDP growth or interest rate changes beyond 6-12 months.

Investment Strategy

CCI differentiates itself from typical fixed-interest strategies such as index management and buy-and-hold by being active and opportunistic across the whole portfolio through security selection and asset allocation. It is designed to exploit bond valuation mispricing rather than interest rate duration, credit or Illiquidity beta. Typically, the Fund has very low interest-rate risk, investment-grade credit risk and high levels of liquidity.

CCI aims to generate risk-adjusted returns predominantly through identifying mispriced bonds (predominantly floating). They value securities on a bottom-up and top-down basis using a mix of quantitative and qualitative models and technical analyses to find assets that are mispriced, and which can deliver capital gains when they normalise or mean-revert over and above their yield. The manager has a total return focus which means it will not hold over-valued assets for the sake of income.

One of the key ways that Coolabah supports this alpha generation strategy is its well-resourced macro-economic strategy, including financial modelling of COVID, war predictor and key RBA/government policy moves. Coolabah has been very successful in predicting market and security price movements.

The investment manager actively selects high-quality cash and floating-rate assets with the goal of maximising investors' risk-adjusted returns. The target objectives include a portfolio duration (exposure to interest rate changes) of less than 3 months, target weighted-average credit quality equivalent to S&P A- to A+ (investment-grade credit risk), and portfolios that can liquidate 90%-100% of the assets within t+3 days during normal conditions, and within t+5 days during crises.

The targeted weighting for investment-grade debt securities is 80% of the portfolio, with a minimum of 10% in cash and cash equivalents. While this is the target, the Smarter Money Fund will dynamically allocate assets between cash and bonds and is able to go to 100% cash or cash equivalents. There have been periods when the cash weight has been as low as 10% or as high as 80%.

Investment Process

CCI's investment process is singularly focused on identifying mispricing's in liquid, generally investment-grade, credit securities (i.e., in long-only portfolios and securities paying excess spread after adjusting for risk betas) that have a high probability of normalising or reverting back to CCI's modelled fair-value target, which will thereby render capital appreciation to augment the income paid by those securities.

CCI uses both top-down and bottom-up analysis as well as qualitative and quantitative valuation analysis. They have created 30 to 40 proprietary quantitative systems/valuation models that can interface directly with Bloomberg. Essentially, the qualitative/quantitative models estimate 'fair value' credit spreads, adjusted for all bond risk factors (rating, maturity, liquidity, default risk, capital stack position, etc.). As credit spreads normalise/mean-revert, CCI generates capital gains on top of interest paid on the bond.

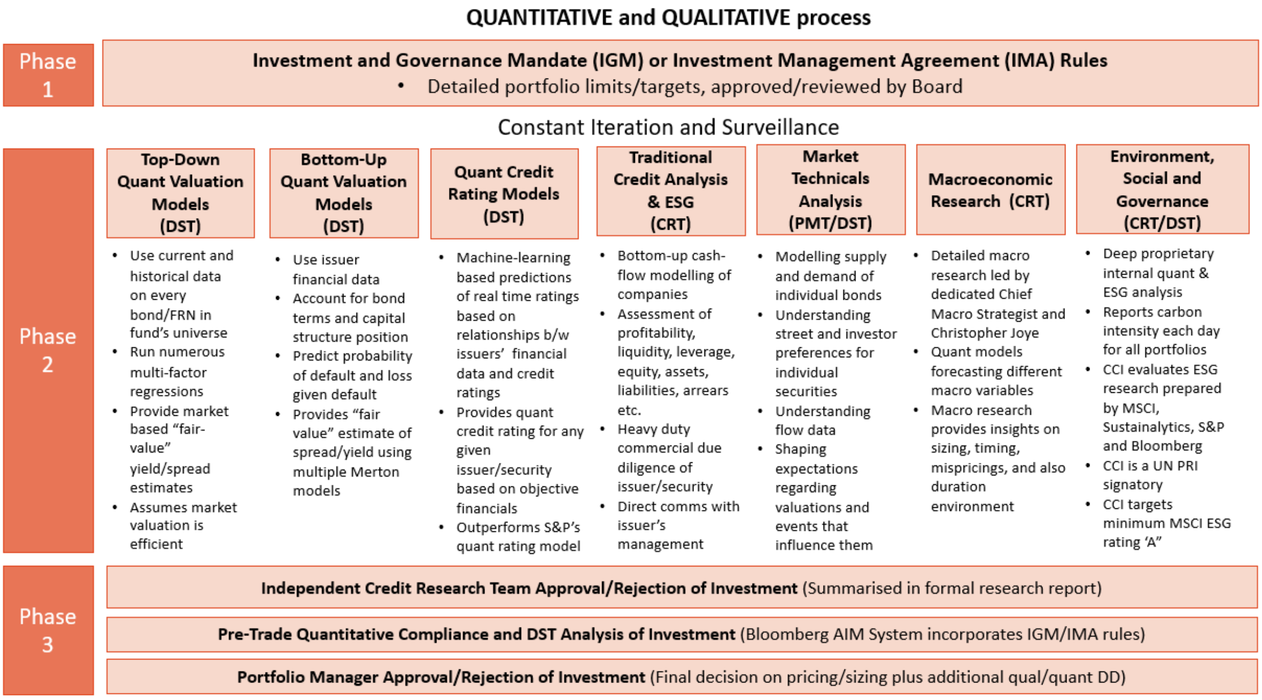
The manager attributes the majority of value added (75%) to quantitative and qualitative fundamental valuation analysis.

Factor	Contribution
Quantitative and Qualitative Fundamental Valuation	~75%
Supply/Demand Technicals	~12.5%
Macro-Market Sentiment (Behavioural)	~12.5%

The investment process is multi-dimensional and consists of 3 key phases:

- The Investment and Governance Mandate (IGM) determines if an asset can be acquired by the Fund or if an existing asset can be retained in the Fund.
- Potential investments are subject to both traditional credit analysis (formalised in a report) and a range of quantitative valuation and credit assessment processes.
- The investment undergoes compliance-and-risk testing, and the portfolio managers accept/reject and, where appropriate, finalise the pricing/sizing of the investment.

The processes and the models are refined on a continuous basis. For example, the quantitative credit-rating model has been enhanced by adding a machine-learning-based predictions model. The manager has always been active in price discovery as well as opportunistic on the Australian (buy-side) market-making.



Source: Coolabah

BOTTOM-UP VALUATION

CCI undertakes rigorous bottom-up quantitative asset valuations to price assets based on (a) the issuer's financial characteristics, (b) the asset's capital structure position, and (c) statistical estimates of the probability of default, the loss given default, and hence expected loss in light of (a) and (b). These bottom-up models include several different state-of-the-art 'Merton' methods utilising option pricing technology (used by the RBA as a tool for monitoring real-time credit risk), and parametric and non-parametric expected-loss models, including techniques that utilise decades of rating-agency data on defaults and recovery rates.

RATINGS ANALYSIS

CCI calculates its own ratings for credit securities. As an example, CCI estimates future default probabilities for the major banks over a 3-year horizon, recalculated daily. They have mapped these default probabilities onto implied credit ratings based on global historical defaults within different S&P ratings since 1920.

TOP-DOWN VALUATION

CCI has also developed multi-factor, top-down, regression-based valuation models that assume current market prices are correct to price assets based on their individual characteristics: credit rating, maturity, liquidity, capital structure position, industry sector, and the terms of the security in question. These top-down statistical valuation models have very high explanatory power and are used to identify day-to-day anomalies in secondary asset pricing and to inform CCI about the expected valuations of new primary issues.

RESPONSIBLE INVESTING

CCI considers that environment, social and governance (ESG) factors are crucial inputs into its investment process and have potentially profound consequences for the performance of our investments, including, most notably, downside risks but also upside mispricing potential in terms of the value of those assets.

Nuanced ESG factors are often overlooked by the market and credit rating agencies when assessing the creditworthiness and valuations of fixed-income securities. CCI continues to be deeply engaged with its target companies and relevant regulators and government stakeholders, dynamically evaluating the status of different ESG factors and seeking to understand their future path. It is essential for CCI to be able to identify and monetise alpha-generating opportunities. ESG is, therefore, a core part of their quantitative and qualitative due diligence and wider investment process.

CCI is cognisant of several benchmarks for assessing ESG issues and is a signatory of the UN-endorsed Principles for Responsible Investment (PRI). CCI actively monitor the development of such principles and their adoption by rating agencies and regulators. CCI also perform deep proprietary research on ESG factors and has published academic research exploring and quantifying the alpha and beta benefits from ESG inputs across different asset classes and countries.

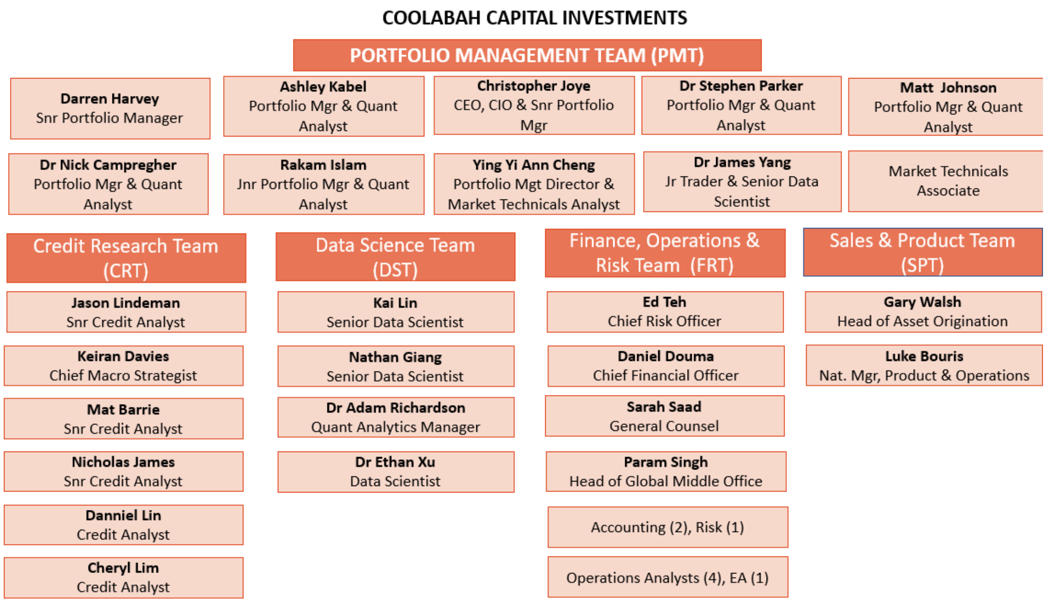
In addition to performing proprietary internal analysis, CCI evaluates ESG research prepared by industry-leading external providers such as MSCI, Sustainalytics, S&P and Bloomberg when assessing a company's resilience to long-term, industry-material ESG risks. Insights provided by these experts assist CCI in identifying risks and opportunities that may not be captured by conventional financial analysis. Furthermore, CCI compiles the MSCI ESG risk rating for each of their exposures and targets a minimum weighted average portfolio MSCI ESG rating of 'A' to help ensure that their portfolios are not exposed to unexpected shocks. Portfolio ESG ratings are reported monthly to investors. The Smarter Money Fund has a weighted average portfolio MSCI ESG rating of "A".

Investment Team

The CCI team has continued to expand over the past year. There are now 33 staff members, including 6 (senior) portfolio managers, 4 portfolio management analysis and support staff, 6 credit analysts and 4 data science team members. This includes the London office, which is led by Dr Nick Campregher, a senior Portfolio Manager and Quant Analyst.

CCI's investment team is large and very well resourced compared to many of its peers, reflecting the highly active and quantitatively complex nature of CCI's investment strategies. The CCI team is managed by Christopher Joye, who is both Chief Investment Officer and Senior Portfolio Manager.

Christopher Joye approves all material OTC trades (one portfolio manager focuses on executing the ASX book on an intra-day basis within agreed delegations), with the other portfolio managers having more limited responsibility, subject to pre-agreed delegations. Hence, there is a high level of key man risk in the implementation of the strategy.



PORTFOLIO MANAGERS

Team Member	Role	Experience
Christopher Joye	CEO, CIO and Senior Portfolio Manager	Christopher is a financial economist and funds management professional and has led the portfolio management team since its inception. His prior experience includes Goldman Sachs (mergers and acquisitions); the RBA in special projects; and he established the quantitative research group Rismark, which also managed asset-backed securities.
Ashley Kabel	Portfolio Manager and Quant Analyst	Ashley joined CCI in 2017. She was the Director of Quantitative Strategies at The Cambridge Strategy in London between 2012 and 2016, and prior to that, she was an investment analyst with PM responsibilities covering FX, equities and fixed income
Darren Harvey	Senior Portfolio Manager	Darren has over 20 years of experience in fixed-income markets, including 10 years at Deutsche Bank in Sydney as a Director of Fixed Income and Head of Option Trading. He also worked in London as a Director in Deutsche Bank's proprietary investment team, focusing on fixed income strategies.
Matt Johnson	Portfolio Manager and Quant Analyst	Matt's prior career was mainly at UBS where he was a Managing Director and the Global Head of Rates Strategy. Other roles at UBS included the Head of AUD/NZD Rates Strategy in Sydney and the head of the Asia Pacific Knowledge Network in Singapore.
Dr Stephen Parker	Portfolio Manager and Quant Analyst	Before joining CCI in 2016, Dr Parker was a futures trader at Star Beta, focussing on Australian and US government bonds and the formulation of quantitative trading strategies and risk management models for these markets.
Dr Nick Campregher	Portfolio Manager and Quant Analyst	Based in London, Nick helps lead Coolabah's offshore trading, investments, execution, and research processes. His previous roles included Senior Trader in the Credit Exotics and Complex Structured Products group at UBS in London between 2013 and 2019, structured credit trader (UBS), and risk management consulting (d-fine Ltd. and Standard Bank).

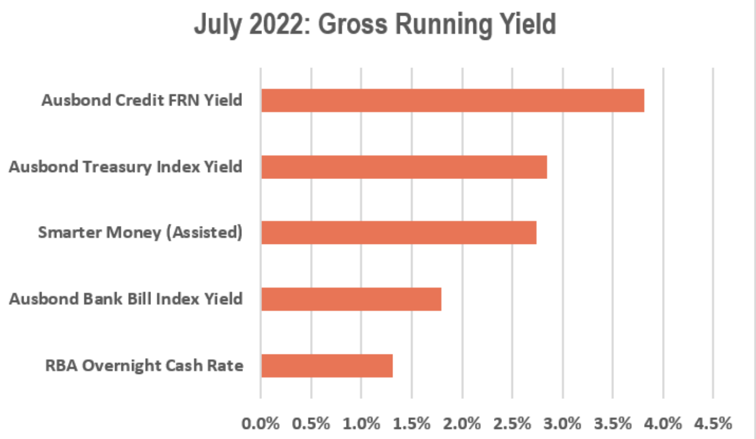
CREDIT / QUANT / RISK / TECHNICAL ANALYSTS

Team Member	Role	Experience

Ed Teh	Chief Risk Officer and Senior Credit Analyst	Ed's expertise is in local and international fixed income, bond insurance and corporate lending.
Jason Lindeman	Head of Credit Research	Jason's prior experience involved credit analysis, credit trading and portfolio management in Australia and London.
Kieran Davies	Chief Macro Strategist	Kieran was the Chief Markets Economist for NAB and Chief Economist - Australia and New Zealand - for Barclays Bank and ABN Amro Bank/RBS. He also worked as Principal Adviser to the Commonwealth Treasury on the macroeconomy and budget policy.
Mathew Barrie	Credit Analyst	Mathew was an Assistant Manager in corporate finance with BDO and an Undergraduate Engineer at Winslow Civil Constructors.
Ying Yi Ann Cheng	Portfolio Management Director and Market Technical Analyst	Ying specialised in macro-hedge-fund sales at Citibank in London and Sydney and institutional fixed-income sales at RBC.
Kai Lin	Senior Data Scientist and CTO	Kai was a Data Scientist at CBA, building machine learning models.
Nathan Giang	Senior Data Scientist	Nathan worked at Macquarie as a Senior Analyst within the Risk Management Group's Quantitative Applications Division.
Dr James Yang	Senior Data Scientist	James was a Quantitative Analyst at Enterprise Risk Analytics (Westpac Group).
Dr Adam Richardson	Quant Analytics Manager	Adam completed his PhD in risk-based optimisation and AI and worked for 5 years as the Head of R&D at Logistical Risk Management.

Performance

CCI has recorded negative excess yield in the one-year period ending July 2022, with recovery only taking place over the latter part of July 2022. This performance reflects the global shifts in inflation and asset pricing that have taken place from late 2021, with significant changes in credit spreads and interest rates. While CCI correctly predicted much of the asset pricing shifts, held close to record-low exposures to credit spreads and interest rate risk, and is well positioned for gradual market normalisation, the portfolio has been impacted. The portfolio, as at end July 2022, has a running yield of 2.74%.



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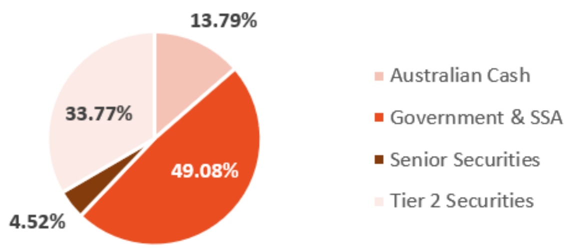
Smarter Money Portfolio Composition
31 July 2022



Source: Coolabah Capital Investments.

PORTFOLIO SNAPSHOT

Portfolio: July 2022			
Net Monthly Returns > RBA Cash Rate	79%	**Modified Interest Rate Duration**	<0.1 years
Portfolio Weight to Cash Securities	13.8%	**Permitted Gearing**	No
Portfolio Weight to Bonds	87.4%	**1-Year Average Portfolio Weight to Cash**	24.3%
Average Portfolio Credit Rating	A+	**Cash Securities and RBA Repo-Eligible debt**	63.5%
Portfolio MSCI ESG Rating	A	**Portfolio Weight to ABS/RMBS**	0%
Number of Cash Securities	10	**Net Annual Volatility (Since Inception)**	0.54% p.a.
Number of Notes and Bonds	68	**Net Sharpe Ratio (Since Inception)**	2.40x
Net Running Yield	2.74%		

Source: Coolabah Capital Investments.

Compliance and Risk Management

The Responsible Entity has the primary legal responsibility for monitoring the investment manager's compliance with the Fund's PDS and IGM. The Responsibility Entity has a Compliance Committee and a dedicated Compliance Manager. The Responsible Entity has appointed Mainstream Fund Services Pty. Ltd. as the administrator for the Fund, responsible for processing investment applications, unit registry, distributions and redemptions, anti-money-laundering monitoring, investor reporting, and investor services. The Fund's assets and unit prices are also independently valued on a daily basis by the fund administrator, using the industry standard administration system, HiPortfolio.

The Fund's assets are held on behalf of the Fund's investors by Mainstream Fund Services Pty. Ltd. As at the date of this report, CCI is insured by Chubb Insurance Australia Limited and includes professional Indemnity insurance ($5 million), directors and officers' insurance ($2 million), and crime insurance ($5 million). There is also a $2 million cyber security policy in place.

CCI RISK GOVERNANCE

CCI has 2 dedicated compliance managers: Chief Risk Officer, Ed Teh, who is based in Sydney, and Shretan Dholakia, based in the London office. CCI's Investment Committee and Risk and Compliance Committee also monitor compliance. The Investment Committee comprises Darren Harvey (Chair), Melda Donnelly (Independent), Chris Joye (CIO) and Robert Henricks (Independent). The Risk and Compliance Committee comprises experienced Super Fund Director, Melda Donnelly (Chair), former Super Fund Director, Robert Henricks (independent committee member) and James McNally (risk/compliance expert). The Committee meets monthly.

Detailed compliance procedures are in place, which include notification of significant events or breaches to the Compliance Committee and the Board, notification requirements, compliance reviews and audit requirements.

CCI RISK MANAGEMENT SYSTEMS

In 2017, CCI transitioned to the Bloomberg Asset and Investment Manager (AIM) system, which is an industrial-scale, fixed-income order management, portfolio management, compliance, middle-office and back-office asset management system used by over 800 institutions globally. This system represents a significant ongoing cost, but it allows CCI to manage upwards of 20 portfolios using global multi-asset strategies. CCI's Bloomberg AIM system enables the following analytics:

- Live portfolio revaluations and portfolio weights intra-day
- A dashboard view of individual portfolio exposures by security type, issuer and sector
- Pre-trade investment compliance across a large number of mandate rules
- Pre- and post-trade portfolio analytics, including modified duration, spread duration and credit rating distributions

AIM provides real-time position management and portfolio analysis, enabling managers to compare the portfolio to a benchmark, and allowing traders and risk managers to view aggregate risk metrics. CCI's core quantitative valuation models directly interface with Bloomberg and are automatically updated daily.

MIDDLE/BACK-OFFICE

CCI's internal middle office, including a dedicated CFO and an operations analyst, uses Visual Basic to automate settlement processing. CCI's retail funds' accounting, unit registry, tax, general fund administration and back-office services are outsourced to Mainstream Fund Services, a Sydney-based ASX-listed global fund administrator with operations in 8 countries. Mainstream Fund Services uses the HiPort system for unit pricing and portfolio valuations.

CCI outsources all Responsible Entity services to Equity Trustees Limited, as well as its own independent compliance systems, and custody to Mainstream Fund Services.

CCI uses the CompliSpace enterprise-wide risk management, compliance and governance system. CompliSpace services over 600 clients in Australia, including numerous large institutional fund managers. They have offices in Sydney, Melbourne and Perth and staff in Adelaide and Canberra.

Transparency & Reporting

The Coolabah Capital website provides Fund details, documentation, performance, technical papers and – for researchers – detailed company structure and business management.

CCI provides:

- monthly summary performance and strategy reports via email or in the public section of the website;
- monthly portfolio composition files for institutional clients (via email or in a password-protected section of the website); and
- monthly detailed historical performance files for institutional clients (available in the password-protected section of the website.)

THIRD-PARTY & SERVICE ADVISORS

Fund Administrator	Mainstream Fund Services Pty. Ltd.
AFSL Licensee	Coolabah Capital Institutional Investments Pty. Ltd.
Trustee Services	Equity Trustees Limited
Compliance Services	CompliSpace
Legal Advisor	Corrs Chambers Westgarth
Accounting, Fee and Distribution Calculation	Mainstream Fund Services Pty. Ltd.
Taxation Advisor	EY Australia
Auditor	EY Australia

Insurance Provider	Chubb Insurance Australia Limited (investment manager policy), Dual Australia Pty. Ltd. (cyber security policy) and Asteron Life (key-man insurance)
Fund Research	Data sources: Bloomberg, FT Interactive, Yieldbroker and S&P Capital IQ
IT Services	Sapphire IT Services
Portfolio Software	Bloomberg AIM System

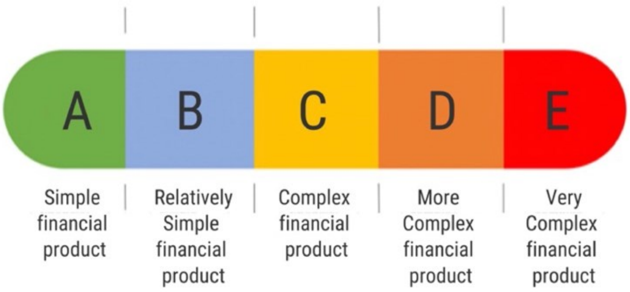
Investment Rating Scale

The Foresight Analytics' Analytics investment rating is an opinion on how well we believe a fund will perform against a range of risks.

Rating	Definition
Superior	Indicates the highest level of confidence that the fund can deliver a risk-adjusted return in line with the investment objectives of the fund.
Very Strong	Indicates a very strong conviction that the fund can deliver a risk-adjusted return line with the investment objective of the fund.
Strong	Indicates a strong conviction that the fund can deliver a risk-adjusted return in line with the investment objective of the fund.
Competent	Indicates that the fund may deliver a return in line with the fund's relevant benchmark.
Weak	Indicates a view that the fund is unlikely to deliver a return in line with the investment objective of the fund and or meet the return of its benchmark.

Foresight Complexity Indicator

Foresight Complexity Indicator (PCI) highlights the complexity of an investment by its terms and conditions' structure and transparency that may affect the investor's return.



Investment Rating & Foresight Complexity Methodology

Foresight Analytics and Ratings' methodology for its investment rating and research can be downloaded from its website.

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