



Robeco Global DM Conservative Equities Fund (AUD Unhedged)

This report has been prepared for financial advisers only



Superior

April 2020

INTRODUCTION

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

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

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Report Date: 2 April 2020

| Star Rating * | Description | Definition | Investment Grading |
|---------------------|-------------------------|---|-----------------------|
| 4½ stars and above | Outstanding | Highly suitable for inclusion on APLs <i>SQM Research believes the Fund has considerable potential to outperform over the medium-to-long term. Past returns have typically been quite strong. Product disclosure statement (PDS) compliance processes are of a high-calibre. There are no corporate governance concerns. Management is extremely experienced, highly skilled and has access to significant resources.</i> | High Investment grade |
| 4¼ stars | Superior | Suitable for inclusion on most APLs <i>SQM Research considers the Fund has substantial potential to outperform over the medium-to-long term. Past returns have tended to be strong. PDS compliance processes are high-quality. There are no material corporate governance concerns. Management is of a very high calibre.</i> | High Investment grade |
| 4 stars | Superior | Suitable for inclusion on most APLs <i>In SQM Research's view, the Fund has an appreciable potential to outperform over the medium-to-long term. Historical performance has tended to be meaningful. PDS compliance processes are strong. There are very little to no corporate governance concerns. Management is of a high calibre.</i> | High Investment grade |
| 3¾ stars | Favourable | Consider for APL inclusion <i>SQM Research concludes the Fund has a moderate potential to outperform over the medium-to-long term. Past performance has tended to be reasonable. Management is experienced and displays investment-grade quality. There are no corporate governance concerns, or they are of a minor nature.</i> | Approved |
| 3½ stars | Acceptable | Consider for APL inclusion <i>In SQM Research's view, the potential for future outperformance in the medium-to-long term is somewhat uncertain. Historical performance has tended to be modest or patchy. Management is generally experienced and capable. SQM Research has identified weaknesses which need addressing in order to improve confidence in the Manager.</i> | Low Investment grade |
| 3¼ stars | Caution Required | Not suitable for most APLs <i>In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is very uncertain. Historical returns have tended to be disappointing or materially below expectations. PDS compliance processes are potential substandard. There are possible corporate governance concerns. Management quality is not of investment-grade standard.</i> | Unapproved |
| 3 stars | Strong Caution Required | Not suitable for most APLs <i>In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is unlikely. Historical performance has tended to be unacceptable. There may be some material corporate governance concerns. SQM Research has a number of concerns regarding management.</i> | Unapproved |
| Below 3 stars | Avoid or redeem | Not suitable for most APL inclusion | Unapproved |
| Event-driven Rating | | Definition | |
| Hold | | <i>Rating is suspended until SQM Research receives further information. A rating is typically put on hold for a period of two days to four weeks.</i> | |
| Withdrawn | | <i>Rating no longer applies. Significant issues have arisen since the last report date. Investors should consider avoiding or redeeming units in the fund.</i> | |

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

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SQM Rating 
Superior. Suitable for inclusion on most APLs.

| Fund Description | |
|---|--|
| APIR: ETL3856AU | Robeco Global DM Conservative Equities Fund (AUD Unhedged) |
| APIR: ETL1206AU | Robeco Global DM Conservative Equities Fund (AUD Hedged) |
| Asset Class | Equities |
| Management and Service Providers | |
| Fund Manager | Robeco Institutional Asset Management |
| Responsible Entity | Equity Trustees Limited |
| Custodian | JP Morgan Australia |
| Fund Information | |
| Fund Inception Date | 15 Feb 2017 and 5 Feb 2018 |
| Fund Size | Hedged units: \$38.6 mill UnHedged units: \$143.1 mill (at Jan-2020) |
| Return Objective (as per PDS) | Deliver equity returns at a substantial lower downside risk than that of the MSCI World Index/MSCI World Index Hedged, NR, AUD ("Reference Index"). |
| Internal Return Objective | As above |
| Risk Level (per PDS) | High |
| Internal Risk Objective | As above |
| Benchmark | MSCI World Index Hedged / MSCI World Index UnHedged |
| Number of stocks/positions | 191 (at July 2019) |
| Fund Leverage | None |
| Turnover | 25.00% |
| Top 10 Holdings Weight | 11.99% |
| Investment Information | |
| Minimum Application | AUD 10,000 |
| Redemption Policy | Daily |
| Distribution Frequency | Semi-Annual |
| Investment Horizon (per PDS) | 5-7 years |
| Currency Hedging Policy | AUD Hedge is managed within a 95% -105% bandwidth on total portfolio level. For Unhedged units the currency exposure investment decision is separated from the stock selection decision. Currency hedging is implemented via FX-Forwards. |
| Management Fee | Maximum Management Fee 0.65% |
| ICR – latest | 0.65% (unhedged) and 0.28% - pro rata (hedged) as at June 2018 |
| Buy Spread | 0.13% |
| Sell Spread | 0.09% |
| Performance Fee Rate | Nil |

Fund Summary

NOTE: The Fund has two variants – hedged and unhedged. This report refers to the hedged variant by name, but applies also to the unhedged version.

Description

The **Robeco Global DM Conservative Equities Fund** is an open-ended unlisted registered managed investment scheme which invests in low-volatile stocks in developed markets, with the aim to achieve returns at a distinctly lower level of downside risk. The fund aims to capture the low-risk anomaly, demonstrated through research by Robeco, showing that low-risk and low-beta stocks can produce returns higher than those according to the Capital Asset Pricing Model. Robeco uses its quantitative stock ranking model with a unique portfolio-construction algorithm and a set of risk controls to achieve a long-term full cycle performance equal to or greater than the equity market with substantially lower risk. The fund is invested in equities of companies that mainly operate in mature economies.

Fund Rating

The two Fund variants have achieved the following ratings:

| ETL1206AU: Robeco Global DM Conservative Equities Fund (AUD Hedged) | | | |
|---|-------------|-------------------------------------|-----------------------|
| Star Rating | Description | Definition | Investment Grading |
| 4.25 stars | Superior | Suitable for inclusion on most APLs | High Investment Grade |

| ETL3856AU: Robeco Global DM Conservative Equities Fund (AUD UnHedged) | | | |
|---|-------------|-------------------------------------|-----------------------|
| Star Rating | Description | Definition | Investment Grading |
| 4.25 stars | Superior | Suitable for inclusion on most APLs | High Investment Grade |

SQM Research's Review & Key Observations

1. People and Resources

About the Manager

The day to day investment management of the fund is handled by a related corporate body of Robeco Hong Kong Limited: Robeco Institutional Asset Management B.V. (aka Robeco). Robeco is a global asset manager, headquartered in Rotterdam, the Netherlands. Robeco offers a mix of investment solutions within a broad range of strategies to institutional and private investors

worldwide. As of June 2019, Robeco had AUD 298 billion in assets under management, 71% of which were institutional. Founded in the Netherlands in 1929, Robeco is a subsidiary of RGNV (Robeco Groep N.V.). RGNV is fully owned by ORIX Corporation. Robeco employs 890 people at 15 offices worldwide.

In 2016, RGNV separated its activities into a financial holding company and six independent asset managers: Robeco, Boston Partners, Harbor Capital Advisors, Transtrend, RobecoSAM and CanaraRobeco. This structure created a clear distinction between the activities of the holding company and its subsidiaries. In the same year, ORIX became 100% owner of RGNV by acquiring the 9.99% holding in RGNV from Rabobank.

Investment Team

Robeco's Conservative Equities strategies are managed by an experienced team of investment professionals, consisting of six portfolio managers within an organisation which is fully committed to quantitative investing.

The Quantitative Research Department is responsible for the stock selection models and portfolio construction algorithm that are the bedrock of the Fund. The quantitative researchers support the Portfolio Managers by designing, implementing and maintaining forecasting models, risk management tools, currency and derivatives strategies. Research staff run an ongoing program to develop further enhancements to these tools. A committee consisting of senior portfolio managers and researchers formally approves enhancements to the models and the research agenda. The Research Department provides regular updates on the stock selection model's quantitative rankings to the Quant Equity Portfolio Management team.

The portfolio managers are responsible for portfolio implementation and trading. The firm promotes active cooperation between researchers and portfolio managers and they are held individually accountable for the success of the investment strategies.

While the process is quantitative and mechanical in nature, there is sensible human oversight provided by both the portfolio management team and the quantitative research team. This means that algorithms are scrutinised for reliability, consistency, practicality and logic. There is significant collaboration between these teams in both theoretical research and practical implementation of algorithms.

The Head of Conservative Equities and Portfolio Manager is Pim van Vliet, while Arlette van Ditshuizen,

Maarten Polfliet, Jan Sytze Mosselaar, Arnoud Klep and Yaowei Xu make up the remaining portfolio managers of Robeco Conservative Equities.

SQM views **key person risk as low**.

2. Investment Process and Philosophy

Investable Universe

The investment universe is based on the S&P Broad Market Index and MSCI indices. It excludes dual listings and stocks with data issues and applies a liquidity screening based on a minimum average trading volume of €2 million and a minimum market cap of €500 million. This results in a total investable universe of 4,000 stocks for Global Conservative Equities.

Process / Philosophy / Style

Robeco's investment philosophy is based on the conviction that financial markets are not fully efficient and that they have the expertise and resources to identify and exploit the resulting anomalies for the benefit of clients. Robeco uses active management to take advantage of selected factor premiums and apply a disciplined investment process with the aim to achieve long-term risk-adjusted outperformance.

Robeco's quantitative investment strategies are based on the following beliefs:

- **Evidence-based research:** Robeco uses extensive empirical testing over longer periods and in different markets to research ideas that come from academic literature, internal discussions or client meetings.
- **Economic Rationale:** Robeco enhances generic quantitative factors to aim to better understand the economic drivers behind factor premiums.
- **Prudent Investing:** Robeco has developed a proprietary portfolio-construction algorithm to help them understand the reasons for each portfolio position and transaction. Environmental, social and governance (ESG) factors are integrated into the investment strategy as investors and society are increasingly beginning to consider these factors.

Risk Management

The risk management function relies on three independent sources of oversight:

1. **Portfolio Managers** and line management own and manage risks. They are responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis.

1. **Risk Management and Compliance Departments.** Both functions support line management by building and monitoring controls. They focus on significant risks, i.e. risks that impede achieving business objectives, including those agreed with clients. Both Risk Management and Compliance have reporting lines to the Executive Committee that are independent of the Investments function.

1. **Internal Audit** provides assurance on the effectiveness of governance, risk management and internal control.

3. Portfolio Characteristics

Portfolio Turnover

Robeco's quantitative rules-based investment approach results in more stable portfolio weights and lower turnover. On average stocks are in the portfolio for four years, resulting in an annual turnover of around 25%. Transaction costs and market slippage are monitored closely and managed carefully.

Liquidity

Liquidity risk is mitigated by applying a liquidity screen in the determination of the investable universe and by comparing the positioning of portfolios to trading volumes and market capitalisation. It is assumed that 20% of the average daily trading volume can be liquidated daily without significant market impact.

Robeco monitors and manages the two main types of liquidity risk; market liquidity risk and funding liquidity risk. Market liquidity risk is the risk that assets cannot be liquidated at a reasonable price. Funding liquidity risk is the risk that client redemptions cannot be fulfilled.

- Market Liquidity - Risk Management creates a daily report on market liquidity risk by comparing the positioning of the portfolios to trading volumes and market capitalisation.
- Funding liquidity - is monitored by analysing client profiles and periodic reports on the client base.

Leverage

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

4. Performance & Risk

Return Objective & Performance

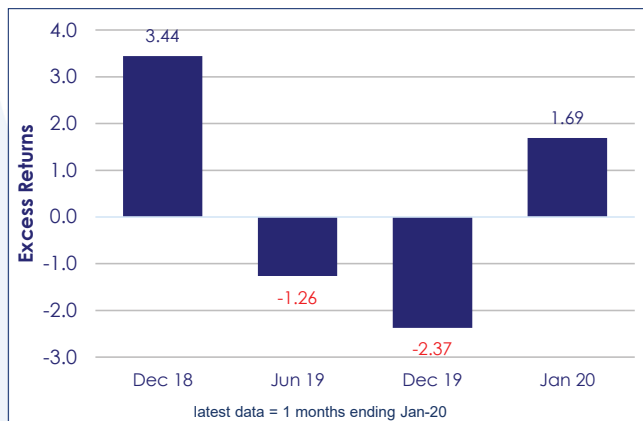
The return objective stated in the PDS is that the Fund aims to "deliver equity returns at a substantially lower

downside risk than that of MSCI World Index, net dividends reinvested, in AUD Hedged."

The Fund's benchmark, as stated in the PDS, is the MSCI World TR Index hedged to AUD.

Over the twelve months to Jan-2020, the Fund returned 17.44% (after fees) compared to 18.10% for the benchmark. This is an underperformance of -0.65%

Fund Excess Returns %: Half-yearly (net of fees)



Length of Track Record

The Australian domiciled Robeco DM Conservative Equities Fund has a short history of 1.9 years (or 23 months). This means that any observations and analysis of returns will have very modest statistical meaning. SQM Research notes that returns, volatility and other risk measures can be "noisy" and less reliable when quantified using a small sample size of observations.

Risk Objective

The Fund's PDS states that the risk level of the Fund is "High."

The Fund's **volatility** (standard deviation of monthly returns) over the **year to Jan-2020** was 5.98% compared to a peer average of 10.94% and 10.50% for the benchmark.

Drawdown Experience

| | Drawdown Size (peak-to-trough) | | |
|---------|--------------------------------|--------|--------|
| | Fund | Bench | Peers |
| Average | -3.70% | -5.39% | -5.19% |
| Number | 4 | 4 | 4 |

Drawdowns have on **average** been materially better than the benchmark and the peer average.

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

5. Other Features

Fees

| Fees and Costs | Fund | Peer Avg |
|---------------------------|-------|----------|
| Management Fee (% p.a.) | 0.65% | 0.83% |
| Expense Recovery (% p.a.) | Nil | - |
| Performance Fee (%) | Nil | 5.00% |
| Buy Spread (%) | 0.13% | 0.15% |
| Sell Spread (%) | 0.09% | 0.15% |

Management Fee

- Expressed as a percentage rate per annum of the Fund's Net Asset Value ("NAV")
- Calculated daily and paid monthly
- including GST and impact of RITC (Reduced Input Tax Credit)

Performance Fee

The Fund does not charge a performance fee.

Governance

The Board of Directors of the Responsible Entity, Equity Trustees (EQT) consists of **six independent directors (including the Chairman)** from a total of **seven** members. SQM Research prefers the inclusion of independent members on the Board of Directors – it is a meaningful way to enhance governance oversight. EQT's Compliance Committee Charter requires that the Committee shall comprise at least three members **all of whom (including the Chairman) are independent non-executive directors** of EQT, with a quorum of two members required to attend a meeting. SQM Research views independence in a RE oversight body such as the Compliance Committee as a strong and favourable factor in Fund governance.

FUM (Funds Under Management) / Capacity

The Fund is approximately \$38.6 mill (Hedged units) and \$143.1 mill (UnHedged units) at Jan-2020.

Robeco Global DM Conservative Equities Fund (AUD Hedged)

| Fund Performance to 31 January 2020 (% p.a.) | | | | | | | |
|--|---------|---------|---------|--------|--------|--------|-----------|
| Total Return | 1-Month | 3-Month | 6-Month | 1-Year | 3-Year | 5-Year | Inception |
| Fund ¹ | 1.42 | 4.32 | 6.40 | 17.44 | n/a | n/a | 8.72 |
| Benchmark ² | -0.27 | 5.14 | 7.24 | 18.10 | n/a | n/a | 8.52 |
| Peer Average | -0.82 | 4.77 | 6.35 | 16.11 | n/a | n/a | 7.68 |
| Alpha | 1.69 | -0.82 | -0.84 | -0.65 | n/a | n/a | 0.20 |

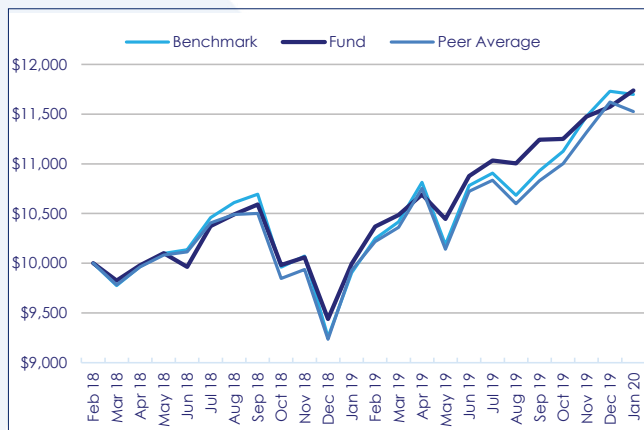
1. Assumes dividend reinvestment. Returns one year and longer are annualised. Return history starts Mar-2018
 2. Benchmark: MSCI World Hdg NR AUD

Robeco Global DM Conservative Equities Fund (AUD UnHedged)

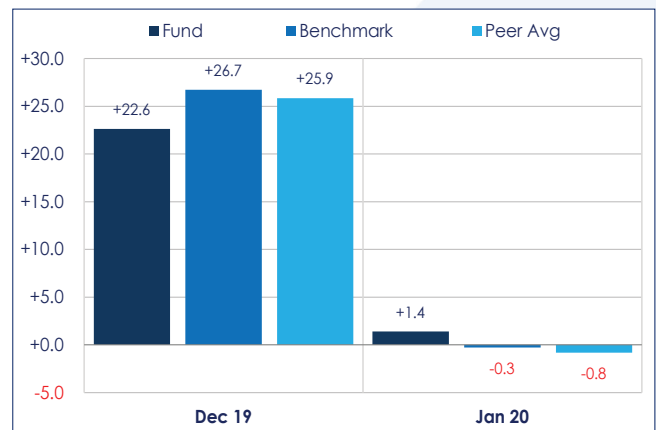
| Fund Performance to 31 January 2020 (% p.a.) | | | | | | | |
|--|---------|---------|---------|--------|--------|--------|-----------|
| Total Return | 1-Month | 3-Month | 6-Month | 1-Year | 3-Year | 5-Year | Inception |
| Fund ¹ | 5.97 | 7.43 | 9.94 | 26.85 | n/a | n/a | 14.50 |
| Benchmark ² | 3.13 | 6.85 | 9.38 | 23.79 | n/a | n/a | 13.62 |
| Peer Average | 4.37 | 8.29 | 11.13 | 28.23 | n/a | n/a | 16.01 |
| Alpha | 1.60 | -0.86 | -1.19 | -1.38 | n/a | n/a | -1.51 |

1. Assumes dividend reinvestment. Returns one year and longer are annualised. Return history starts Mar-2017
 2. Benchmark: MSCI World TR AUD

Growth of \$10,000



Annual Returns



Strengths of the Fund

- An extensive accumulation of experience and knowledge regarding quantitative factor investing as applied to the real world, backed by advanced academic research.
- The fund's strategy enables it to achieve positive excess returns in declining equity market conditions over the long term
- Employs a deep and highly qualified team of portfolio managers and quantitative researchers focused solely on quantitative factor investing (with six PMs specifically dedicated to low-volatility strategies)
- A wealth of global resources applied to the process, given the firm's reach in terms of staff and IT infrastructure



- The style has low turnover, and close attention is paid to managing inflows/outflows, aiming to minimise transaction costs and slippage
- Strong risk management processes and explicit inclusion of ESG factors in stock selection.
- A very competitive fee structure
- Low key person risk

Weaknesses of the Fund

- The low-volatility philosophy may produce negative alpha in bull markets.
- Recent performance has been soft and lower than expectations

Other Considerations

- Risk reporting and performance measurement tools are sophisticated and detailed
- Ongoing commitment to extensive research and development to monitor, maintain and enhance the quantitative algorithms underlying the process.

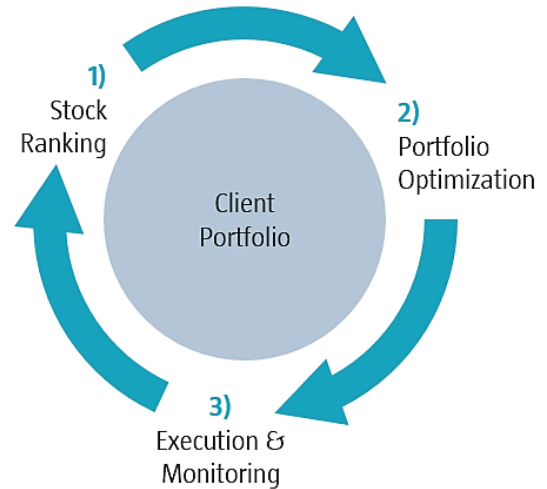
Key Changes since the Last Review

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

Investment Process Diagram

Monthly rebalancing process to obtain highest possible model exposure

- 1) Stock ranking**
 - > Proprietary quantitative stock selection model
 - > Qualitative review on stock rankings
- 2) Portfolio optimization**
 - > Robeco portfolio construction algorithm
 - > Determine most efficient instruments
 - > Check proposed trades
- 3) Execution and Monitoring**
 - > Order execution by global trading desks
 - > Continuous monitoring of portfolio
 - > Portfolio rebalancing aligned with cash flows



Process Description

Universe

Investable Universe The investment universe is based on the S&P Broad Market Index and MSCI indices. It excludes dual listings and stocks with data issues and involves a liquidity screening based on a minimum average trading volume of €2 million and a minimum market cap of €500 million. This results in a total investable universe of 4,000 stocks for Global Conservative Equities.

Investment Process

Top-down or bottom-up The investment approach is a pure bottom-up quantitative low-volatility approach.

Research and Portfolio Construction Process **Idea Generation**
 Investment ideas from the investable universe are generated by Robeco's Conservative Equities stock-ranking model. The model has been developed in a joint effort by the Robeco Quantitative Research Department and Quantitative Equities team. The two key objectives are to firstly reduce risk by using a combination of statistical low-risk factors and proprietary distress factors and secondly to enhance returns by adding customized valuation and momentum factors to the model.

Stock Selection
 The factors used in our Conservative Equities stock-ranking model include:

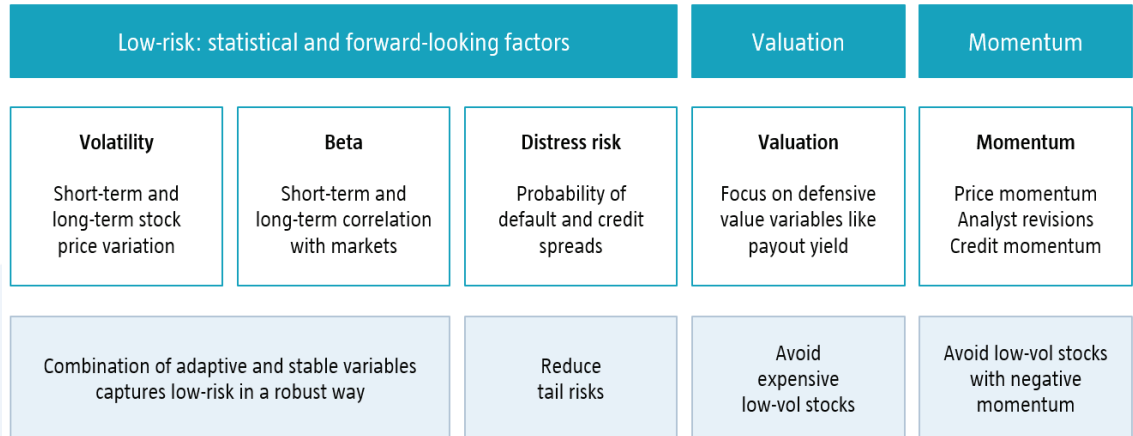
- Low-risk factors to capture the low-risk anomaly
 - o Statistical risk factors to exploit risk-seeking behaviour by market participants. The Fund uses volatility and beta to select low-risk stocks. Using a combination of short and longer term statistical risk variables adds to the robustness of this risk measure.
 - o Distress risk factors to avoid tail risk. An important risk dimension would be omitted if the process were to only rely on historical statistical risk factors. For example, the negative impact of leverage is picked up by distress risk factors but not by volatility or beta. The main impact of taking distress factor risk into account is smaller drawdowns than those of a statistical low-volatility strategy.

Investment Process

Research and Portfolio Construction Process
...continued

- Return factors to enhance the risk-return profile. Adding return factors such as valuation and momentum to a low volatility strategy results in a robust improvement of Sharpe ratios across regions, countries, sectors and sample periods. Additional benefits include better upside-capture and smaller relative drawdowns than generic low-volatility strategies.

The figure below summarises the factors in the stock-ranking model.



The stock selection model produces a ranking for all stocks in the investable universe by combining their scores on the different factors. The impact of outliers is limited by capping the factor scores. Then all the stocks are ranked from most attractive to least attractive. The ranking is carried out for regions, countries and sectors. The top 20% contain the most attractive stocks, the bottom 20% the least attractive stocks. In general, the Fund buys stocks that rank in the top 20% of the list and sell stocks that drop into the bottom 40-50% of the list, or if another stock with a much higher ranking can be bought instead.

As an example to illustrate this process. If a stock is in the bottom 50%, but not yet at the hard-sell level of the bottom 40%, if there is a stock that is a full 50% higher ranked (e.g. 56% rank vs. 5% rank) then the algorithm can sell the lower ranked stock and use the proceeds to purchase a stock that is at least ranking 50% higher.

In the case of cash inflows, the Fund buys top-ranked stocks rather than investing proportionally over existing stocks in the portfolio. Wherever there are cash outflows, the Fund sells bottom-ranked stocks. This process means that cash flows are used efficiently to obtain better exposure to the quantitative ranking, which leads to lower turnover and can improve performance.

ESG factors are integrated into the portfolio construction by ensuring that the weighted sustainability score of the portfolio is at least as high as the index. If the portfolio generated by the stock selection model scores below average on sustainability, the portfolio construction tool will include stocks that improve the sustainability profile. Companies with a higher sustainability score have a higher chance of ending up in the portfolio. This provides a positive ESG screen for stocks.

Portfolio Construction

The portfolio-construction process is disciplined and transparent with continuous monitoring and control by the portfolio managers. It is based entirely on the ranking generated by the quantitative stock-ranking model. The aim is to preserve the model's unique risk-return characteristics as much as possible while limiting turnover and constraining risk.

Investment Process

Research and Portfolio Construction Process ...continued

A proprietary portfolio construction algorithm uses rankings from the stock selection model to create an "optimal" portfolio. The algorithm's objective is to skew the portfolio to the highest ranked stocks with low expected risk and attractive upside potential. Top-ranked stocks have an initial target weight of 60 bps, depending on liquidity and market cap of the stock. Large, liquid names will have a larger portfolio weight. Individual stocks have a maximum portfolio weight of 2% at rebalancing, which reduces stock-specific risk.

The region, country, sector, industry group and single stock weights are all subject to strict concentration limits to ensure sufficient diversification. The tool ensures that at rebalancing date portfolio weights are within these ex-ante concentration limits. At the same time, portfolio turnover is contained by only selling stocks that fall into the bottom 40% of the ranking, or if another stock with a much higher ranking can be bought instead. In the long run, this leads to lower transaction costs and higher returns.

Sell Discipline

In general, the fund buys stocks that rank in the top 20% of the list and sell stocks that drop into the bottom 40% of the list, or if another stock with a much higher ranking can be bought instead.

As an example to illustrate this process. If a stock is in the bottom 50%, but not yet at the hard-sell level of the bottom 40%, if there is a stock that is a full 50% higher ranked (e.g. 56% rank vs. 5% rank) then the algorithm can sell the lower ranked stock and use the proceeds to purchase a stock that is at least ranking 50% higher.

Risk Management

Three teams support the overall risk-management framework:

1. The entire investment process, including the model portfolio and the investment constraints, are monitored daily by the Conservative Equities team. Each team member is assigned coverage of specific areas, including:
 - Position monitoring (daily)
 - Corporate actions (daily)
 - FX exposure (daily)
 - The plausibility of large position changes (weekly)
 - Checks on data quality (weekly)
 - Feasibility of proposed trades (before trading)
2. The Risk Management department performs an independent monitoring function, overseeing market and liquidity risks and applying stress tests.
3. The Compliance department is responsible for monitoring client restrictions and guidelines and for overseeing the market exposure and concentration limits.

Concentration Limit

Concentration and position limits have been specified to enforce a measure of diversification while preventing excessive constraints. This ensures that concentrations in regions, countries, sectors and industry groups are monitored:

- For regions, countries, sectors and industry groups 10% deviation from the MSCI market index weight is allowed.
- The maximum percentage that can be invested in a single stock is 2%.
- A maximum of 20% can be invested outside the MSCI market index.

Concentration limits are monitored by the portfolio management team and Compliance.

Investment Process

Research and Portfolio Construction Process ...continued

Value-at-Risk

Robeco's Risk Management department monitors the absolute risk of the portfolio compared to the reference index: 'Vol ratio'. The ratio limit for the Conservative Equities strategy is set at 100% of the MSCI index.

Stress Tests

A regular market risk measure such as VaR fails to capture the tail risk of return distributions adequately. Stress tests are performed to analyse portfolio behaviour under extreme market events. The Risk Management team applies sensitivity scenarios using standardised shocks to risk factors (yield curve shifts, credit spread shifts, equity bust/boom, strong/weak Euro). The primary risk model used is RiskMetrics.

Liquidity Risk

The focus is on two types of liquidity risk: market liquidity risk and funding liquidity risk. Market liquidity risk is the risk that assets cannot be liquidated at a reasonable price. Funding liquidity risk is the risk that client redemptions cannot be fulfilled.

- For equity portfolios, Risk Management creates a daily report on market liquidity risk by comparing the positioning of the portfolios to trading volumes and market capitalisation.
- Funding liquidity risk is monitored by analysing client profiles and periodic reports on the client base.

Exception Reports

These reports are generated from the team's portfolio database to identify events that are outside of what is considered a normal range, for instance, because of market movements. Examples include active share and pending mergers and acquisitions. The portfolio managers discuss these reports within the team.

Human Overview

All trades and positions are monitored and checked by a member of the investment team and verified by another member of the team (four-eyes principle). The objective of this human overview is to reduce risk.

Trading/Implementation

Trade Execution and Allocation

Robeco's dedicated Global Equity Trading desk consists of 10 seasoned professionals, who average more than 15 years of industry experience. The traders are dedicated to equities.

The Equity Trading desk has local presence in the Asian, European and American time zones. Orders are segmented on region, liquidity and size.

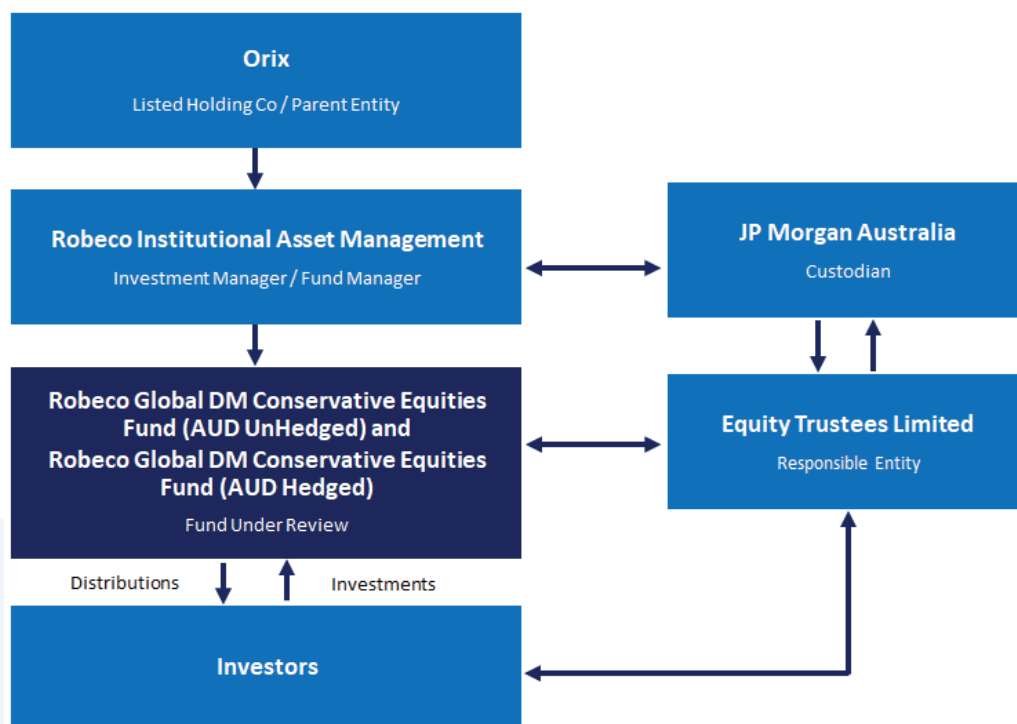
The Trading Desk provides best execution by obtaining the best net price given liquidity characteristics, market conditions and the portfolio manager's reasoning behind the investment decision. Pre- and post-trade analysis is part of Robeco's transparent and repetitive trading process.

Executions and partial executions (price and quantity) of trades are communicated by the broker-dealer through FIX, e-mail or telephone as soon as the trade has been executed (or at the end of the trading day at the latest). Then, the trader enters the executions in Charles River. This allows other traders and the portfolio manager to monitor the progress made by the trader with an order, whether the order has been filed, and at what time its execution was communicated. In case of partial executions, the trader confirms the outstanding balance of the order with the broker-dealer on the following day to prevent misunderstanding and/or to amend instructions.

Trading/Implementation**Hedging and Derivatives**

Robeco Global DM Conservative Equities Fund (AUD Hedged) is a hedged share class. In the applicable guidelines for a 100% hedge target, there is a deviation of (+/-) 5% on the base currency AUD. This means that AUD hedge is managed within a 95% - 105% bandwidth on a total portfolio level. For non-base currencies (i.e. all currencies except the AUD), the limit is set on 0.50% of the total NAV.

Key Counterparties



Parent Company

Robeco is a subsidiary of RGNV (Robeco Groep N.V.), which is the centre of asset management expertise for ORIX Corporation, Robeco Group's owner based in Tokyo, Japan. ORIX Corporation is a diversified financial services provider and Japan's largest leasing company. It is headquartered in Tokyo and provides diversified financial services on a global scale, including asset management, leasing, lending, rentals, real estate, life insurance, banking, environmental and energy businesses. ORIX Corporation is listed on the Tokyo Stock Exchange with a market capitalisation of approximately USD 21.57 billion and over 30,000 employees.

Robeco is a financially healthy and profitable company. Robeco is a subsidiary of RGNV (Robeco Groep N.V.). RGNV is fully owned by ORIX Corporation.

Investment Manager / Fund Manager

Robeco Institutional Asset Management B.V. is responsible for the day to day management of the DM Conservative Equities Fund and is a related corporate body of Robeco Hong Kong Limited. As Robeco's European asset management arm, RIAM offers a broad range of equity and fixed income investments to a wide range of clients. It also includes Robeco's competence centres for pension-related investments, structured products, asset allocation, economic research

and quantitative research. As of June 2019, Robeco had AUD 298 billion in assets under management, 71% of which were institutional. The firm has clients in 54 countries, a heritage of over 85 years, and over 890 people employed at 15 offices worldwide.

Responsible Entity

Equity Trustees (EQT) is a financial services company headquartered in Melbourne. Established in 1888 and listed on the Australian Securities Exchange (ASX) in 1985, EQT provides a range of products and services to a diverse client base including fund managers, managed funds, superannuation funds, and financial planning. Equity Trustees acts as Responsible Entity or Trustee for over 80 major Australian and international investment managers.

The Board of Directors of the Responsible Entity (RE) consists of **seven** directors, **six** of whom are independent, including the Chairman.

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

The Equity Trustees Board Charter (May-2018) mandates that the Board adhere to the following principles:

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

Management Risk

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

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

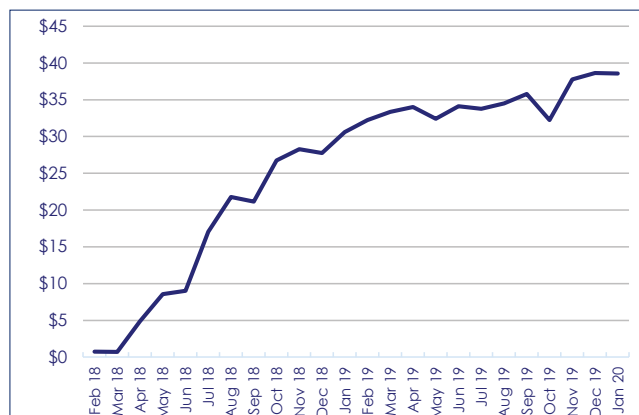
Funds under Management (FUM)

The Fund is approximately \$38.6 million in size at Dec-2019.

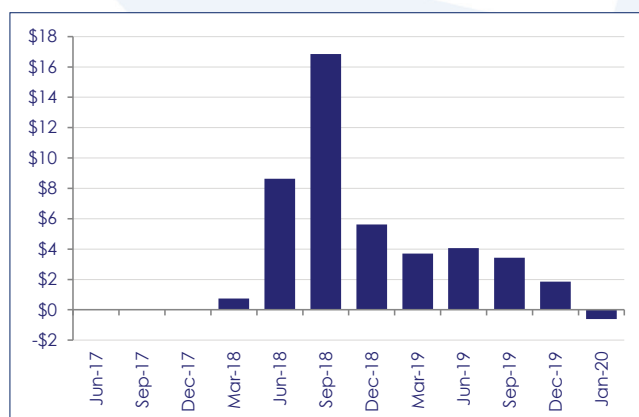
| Date | FUM | Net Flows \$m * |
|--------|--------|-----------------|
| Mar-18 | \$0.7 | \$0.75 |
| Jun-18 | \$9.0 | \$8.63 |
| Sep-18 | \$21.1 | \$16.84 |
| Dec-18 | \$27.7 | \$5.62 |
| Mar-19 | \$33.4 | \$3.71 |
| Jun-19 | \$34.1 | \$4.06 |
| Sep-19 | \$35.8 | \$3.43 |
| Dec-19 | \$38.6 | \$1.85 |

* estimated

FUM for Fund Under Review (\$mil)



Quarterly Net Flows (\$million)



Distributions

Distributions occur on a semi-annual basis, subject to the availability of distributable income. In a scenario where the Fund's realised losses and expenses exceed income in a distribution period, the Fund may elect not to make a distribution during that time.

| Distribution Date | Distribution CPU | Unit Price \$ | Distribution % |
|-------------------|------------------|---------------|----------------|
| Jun-18 | 2.34 | \$0.993 | 2.36 |
| Dec-18 | 0.79 | \$0.926 | 0.85 |
| Jun-19 | 1.43 | \$1.028 | 1.39 |
| Dec-19 | 0.58 | \$1.080 | 0.54 |

A General Note on Distributions for Managed Funds

The Responsible Entity of a Managed Fund will provide for a regular schedule of distributions, such as monthly/quarterly/semi-annual or annual. This is subject to the Fund having sufficient distributable income. The official total distributable income available to pay to investors

is determined or the period of that Fund's financial year. By distributing the net taxable income of the Fund to investors each year, a Fund itself should not be liable for tax on its net earnings.

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

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

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

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

| Key Investment Staff | | | | |
|------------------------|---|----------------|----------------------|--------------------------|
| Name | Responsibility/Position | Location | Years at Firm | Years in Industry |
| Pim van Vliet | Head of Conservative Equities & Portfolio Manager | Rotterdam | 14.0 | 19.0 |
| Arlette van Ditshuizen | Portfolio Manager Conservative Equities | Rotterdam | 22.0 | 22.0 |
| Maarten Polfliet | Portfolio Manager Conservative Equities | Rotterdam | 14.0 | 20.0 |
| Jan Sytze Mosselaar | Portfolio Manager Conservative Equities | Rotterdam | 15.0 | 15.0 |
| Arnoud Klep | Portfolio Manager Conservative Equities | Rotterdam | 18.0 | 18.0 |
| Yaowei Xu | Portfolio Manager Conservative Equities & Core Quant | Rotterdam | 5.0 | 15.0 |
| Wilma de Groot | Head of Core Quant Equities & Portfolio Manager | Rotterdam | 18.0 | 18.0 |
| Tim Dröge | Portfolio Manager Core Quant | Rotterdam | 19.0 | 20.0 |
| Machiel Zwanenburg | Portfolio Manager Core Quant | Rotterdam | 20.0 | 20.0 |
| Jan de Koning | Portfolio Manager Core Quant | Rotterdam | 4.0 | 14.0 |
| Han van der Boon | Portfolio Manager Core Quant | Rotterdam | 21.9 | 21.9 |
| Thijs van der Valk | Portfolio Manager Core Quant | Rotterdam | 0.3 | 13.0 |
| Joop Huij | Head of Factor Investing Equities & PM, Head of Factor Index Research | Rotterdam | 12.0 | 17.0 |
| Simon Lansdorp | Portfolio Manager Factor Investing Equities | Rotterdam | 10.0 | 11.0 |
| Daniel Haesen | Portfolio Manager Factor Investing Equities | Rotterdam | 16.0 | 16.0 |
| Viorel Roscovan | Portfolio Manager Factor Investing Equities | Rotterdam | 4.0 | 15.0 |
| Georgi Kyosev | Factor Index Equity Research | Rotterdam | 6.0 | 8.0 |
| Jean-Paul van Brakel | Factor Index Equity Research | Rotterdam | 2.7 | 2.7 |
| David Blitz | Head of Quant Research | Rotterdam | 24.0 | 24.0 |
| Weili Zhou | Selection Research | Rotterdam | 13.0 | 17.0 |
| Bart van der Grient | Selection Research | Rotterdam | 12.0 | 12.0 |
| Matthias Hanauer | Selection Research | Rotterdam | 5.0 | 10.0 |
| Laurens Swinkels | Selection Research | Rotterdam | 3.0 | 20.0 |
| Milan Vidojevic | Selection Research | Rotterdam | 5.0 | 5.0 |
| Iman Honarvar | Selection Research | Rotterdam | 2.0 | 7.0 |
| Kristina Ūsaitė | Selection Research | Rotterdam | 2.6 | 8.0 |
| Jornt Beetstra | Selection Research | Rotterdam | 21.0 | 21.0 |
| Rob van Bommel | Head of Client Portfolio Management Quantitative Equities team | Rotterdam | 29.0 | 29.0 |
| Frank Wirds | Asia-Pacific | Hong Kong | 13.0 | 13.0 |
| Bernhard Breloer | Germany/ Switzerland | Germany | 5.0 | 10.0 |
| Tom Naaijken | Asia-Pacific | Hong Kong | 18.0 | 22.0 |
| Rob Radelaar | North America | Rotterdam | 3.0 | 27.0 |
| Robbert Wijgerse | Co-Head of Portfolio Engineering & Trading Equity team | Rotterdam | 18.0 | 18.0 |
| Jacob Buitelaar | Co-Head of Portfolio Engineering & Trading Equity team | Rotterdam | 2.0 | 13.0 |
| Edwin Scheffers | Equity Trader | Rotterdam | 10.0 | 22.0 |
| Dennis Grashoff | Equity Trader | Rotterdam | 29.0 | 29.0 |
| Michel de Pater | Equity Trader | Rotterdam | 38.0 | 38.0 |
| Bastiaan Berendsen | Equity Trader | Rotterdam | 13.0 | 13.0 |
| Kendall Tse | Equity Trader | Hong Kong | 10.0 | 14.0 |
| Serene Tan | Equity Trader | Hong Kong | 0.8 | 5.0 |
| Tamara Botteldooren | Equity Trader | Boston | 15.0 | 22.0 |
| Jules Boletis | Equity Trader | Rotterdam | 0.1 | 13.0 |
| | | Average | 12.2 | 16.6 |
| | | Count | Years at Firm | Years in Industry |
| | Portfolio Manager | 15 | 13.9 | 17.3 |
| | Research | 12 | 8.4 | 12.5 |
| | Trader | 10 | 13.6 | 18.7 |

Investment Team

Robeco's Conservative Equities strategies are managed by an experienced team of investment professionals within an organisation that is fully committed to quantitative investing. It brings together the portfolio managers dedicated solely to quantitative equity strategies and quantitative researchers focusing on research and model development.

The portfolio managers utilise a team approach, whereby all the investment professionals work together to implement the model outcome in the portfolio, monitor positions and risk exposure. Pim van Vliet, Arlette van Ditshuizen, Jan Sytze Mosselaar, Arnoud Klep, Maarten Polfliet and Yaowei Xu are the portfolio managers of Robeco's Conservative Equities strategies. Pim Van Vliet acts as the head of the Conservative Equities team.

In the management of quantitative equity portfolios, the portfolio managers benefit from the expertise of Robeco's Quantitative Research Department. This department is responsible for the development and

enhancement of quantitative models and tools, which are at the heart of the quantitative equity product line. The Quantitative Research department consists of 22 researchers, of which 12 have a focus on equity selection and factor investing.

The Quantitative Equities team includes four dedicated client portfolio managers who conduct product presentations and reviews to clients and prospects. The team has access to Robeco-wide expertise and resources from dedicated Risk Management, Trading, Compliance, Performance Management and Client Servicing departments. For Client Servicing, they are supported by colleagues in regional offices in Australia and Hong Kong. This enables the portfolio managers to focus on their investment responsibilities.

While the process is quantitative and mechanical in nature, there is sensible human oversight provided by both the portfolio management team and the quantitative research team.

Meeting Schedule

The table below shows regular meetings that form an essential part of the overall process.

| Meeting | Agenda / Issues | Frequency | Participants |
|--|---|-----------|--|
| Monday morning team meeting | Managerial overview of resource allocation and priority setting | Weekly | Portfolio management team |
| Quant equities team meeting | Managerial, organisational updates, research and operations | Weekly | Quant equities PMs |
| Quant equities PM meeting | Investments, knowledge sharing on systems and investment and implementation process | Weekly | Representatives of quant equities |
| Portfolio analysis meeting | Investments, topical, in-depth portfolio analysis, review existing holdings against current market | Weekly | Portfolio management team |
| Human overview meeting | Investments, discuss and document stock-specific human override decisions, such as related to M&A | Weekly | Representatives of Quant Equities PMs & Equity Portfolio Implementation team |
| Research update | Researchers discuss their current projects, hypotheses and progress | Weekly | Quant researchers |
| Research seminar | Presentation of interim or final results of research projects by | Weekly | Quant researchers |
| Quant Equities PM & Research update meeting | Provide an update on the progress of research projects | Bi-weekly | Representatives of Quant equities PMs & researchers |
| Quant Equity Models & Strategies Committee | Approval and recommendation of all research projects | 6 weeks | Head of Quant Research, Senior team of Quantitative Equities teams & Head of Investments |
| Monthly investment meeting | Investments, knowledge sharing and discussion on the outlook for the market and economic trends | Monthly | Equity and fixed income investment professionals |
| Risk Management Committee | Risk management, monitoring of statistical market risks and scenario stress tests, liquidity, counterparty risk | Quarterly | Representatives of equity teams |

SQM Research believes the practice of constant communication and the broad-based inclusion of team members in decision-making is a vital ingredient to the success of the process. Interactive peer review and collaboration across a tightly knit group of experienced investors will likely make the best use of their combined intellectual property and shared history.

Staffing Changes

| Departures | | | |
|------------|------------------|--------------------------------------|--|
| Date | Name | Responsibility | Reason for Departure |
| Jan-2019 | Michael Strating | Portfolio manager (Core Quant) | Left to pursue other job opportunities. |
| Jan-2019 | Geogory Taieb | Client Portfolio Manager | Left to pursue other job opportunities. |
| July 2018 | Joris Blonk | Quantitative Researcher | Internal transfer. Was generalist selection researcher; now fully focused on credits |
| July 2018 | Mark Voermans | Portfolio manager (Factor Investing) | Left to pursue other job opportunities. |
| May 2017 | Dennis Karstanje | Quantitative Researcher | External opportunity outside finance |
| Mar-2017 | Willem Jellema | Portfolio Manager (Factor Investing) | Internal transfer to Portfolio Engineering and Trading team |

| Additions / Hires | | | |
|-------------------|----------------------|---|---|
| Date | Name | New Responsibility | Previous Position / Employer |
| Apr-2019 | Vioel Roscovan | Portfolio Manager (factor investing) | Robeco, Internal transfer from factor index research |
| Apr-2019 | Thijs van de Valk | Portfolio Manager (Core Quant Equities team) | Transtrend |
| Dec-2018 | Han van de Boon | Portfolio Manager (Core Quant Equities team) | Robeco, Internal transfer from Portfolio Information Management |
| Nov-2018 | Jean-Paul van Brakel | Researcher (Factor Index Research team) | None |
| Apr-2018 | Jan de Koning | Portfolio Manager (Core Quant equities) | Robeco; Internal transfer from quantitative CPM |
| Apr-2018 | Gregory Taieb | Client Portfolio Manager (France) | State Street Global Advisors |
| Apr-2018 | Yaowei Xu | Portfolio Manager (Conservative Equities and Core Quant Equities) | Robeco; Internal Transfer from fundamental EM team. |
| Mar-2018 | Daniel Haesen | Portfolio Manager (factor investing) | Robeco; Internal transfer from quant allocation research |
| Jan-2018 | Rob Radelaar | Client Portfolio Manager | Robeco; Internal transfer from fundamental CPM |
| Nov-2017 | Iman Honarvar | Quantitative Researcher (selection) | None |
| Sep-2016 | Mark Voermans | Portfolio Manager (Factor Investing) | APG Asset Management |
| Sep-2016 | Laurens Swinkels | Quantitative Researcher (selection) | Norges Bank |

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

Key Investment Staff

Pim van Vliet: Head of Conservative Equities

Mr Vliet is the Head of the Conservative Equities team, responsible for Robeco's Low-volatility strategy 'Conservative Equities'. He is also Co-Head of Quant Allocation. He has published in the Journal of Banking and Finance, Management Science, the Journal of Portfolio Management and other academic journals. Mr Vliet is a guest lecturer at several universities and advocates low-volatility investing at international seminars. He is the author of numerous academic research papers and a book on low-volatility investing and joined Robeco in 2005 as a Researcher with responsibility for asset allocation research. He became Portfolio Manager in 2010. Mr Vliet holds a PhD and a Master's cum laude in Financial and Business Economics from Erasmus University Rotterdam.

Arlette van Ditshuizen: Portfolio Manager

Ms Ditshuizen is Portfolio Manager within the Conservative Equities team. Since 2007, her primary focus is Robeco's Low-volatility strategy Conservative Equities. Previously she was Risk Manager with Robeco for two years and held a position as Portfolio Manager and Head of Derivatives Structures with Robeco for six years. Ms Ditshuizen started her career in 1997 at Robeco. She holds a Master's in Econometrics from Erasmus University Rotterdam.

Maarten Polfliet: Portfolio Manager

Mr Polfliet is Portfolio Manager within the Conservative Equities team. Until March 2017, his responsibilities were Robeco's Quant Value strategy and Low-Volatility strategy, 'Conservative Equities'. Since then, he is fully dedicated to the Conservative Equities strategy. Previously, he was a Client Portfolio Manager within quantitative equities at Robeco. From 2002, he worked at Bank Insinger de Beaufort as a Portfolio Manager for its Dutch Equity Fund, until he joined Robeco in 2005. He started his career as a Portfolio Manager for private and institutional clients at SNS Bank Nederland in 1999. Mr Polfliet has a Master's in Financial Economics from Tilburg University and a Master's in Financial Analysis from the University of Amsterdam.

Jan Sytze Mosselaar: Portfolio Manager

Mr Mosselaar is Portfolio Manager within the Conservative Equities team. His responsibility is Robeco's Low-volatility strategy 'Conservative Equities'. He started his career in 2004 at Robeco and worked for ten years as a Portfolio Manager in the Robeco Asset Allocation

department, managing multi-asset allocation funds, quant allocation funds and fiduciary pension mandates. He was part of Robeco's Asset Allocation Committee. Mr Mosselaar holds a Master's in Business Economics with a specialisation in Finance & Investments from the University of Groningen. He is a CFA charterholder.

Arnoud Klep: Portfolio Manager

Mr Klep is Portfolio Manager within the Conservative Equities team. His responsibility is Robeco's Low-volatility strategy 'Conservative Equities'. One of his areas of expertise is sustainability integration within quantitative equities. Previously, he was Head of Structured Investments with Robeco, managing various quantitative investment strategies. He started his career in the Robeco Quantitative Research department in 2001. Mr Klep holds a Master's in Econometrics from Tilburg University.

Yaowei Xu: Portfolio Manager

Ms Xu is Portfolio Manager Quantitative Equities with a focus on emerging markets and Chinese market strategies. Previously, she was part of the Robeco fundamental Emerging Markets team. Before joining Robeco in 2014, she was Portfolio Manager long/short Asia Pacific at Pelargos Capital. She started her investment career in 2004 at ABN AMRO Asset Management as a Portfolio Risk Manager. She holds a Master's in Financial Management from Nyenrode Business University.

Remuneration and Incentives

Robeco investment professionals receive a market-based compensation package comprised of:

- Base salary
- Variable compensation

Base salary

Employees receive a fixed compensation of which the level depends on education level, experience and remuneration for comparable jobs in the market. Specific temporary allowances may be granted for a maximum of three to five years:

- Strategic capability allowance to retain key investment professionals in strategic product capabilities
- Market-driven scarcity allowance in tight labour markets
- New business market allowance to set up activities in new countries or markets

The granting of temporary allowance is solely role-based and is not related to the performance of the employee or the firm.

Variable Compensation

Variable compensation serves as a performance-driven remuneration component. It is based on the following factors:

- Achievement on business objectives. For investment professionals, these typically include risk-adjusted returns over one, three and five years.
- Business conduct and professional behaviour, which includes acting in the best interest of the client and appropriate risk-taking.
- Financial results of the company as measured by EBIT.
- Robeco applies a total compensation approach. The award of overall compensation is assessed against local market remuneration practices for specific functions.

Variable compensation awarded to regular staff exceeding the value of EUR 50k is subject to a deferral scheme. 60% of the total variable compensation is paid in cash in year one, the remaining 40% are deferred equally over the next three years and converted into 'Robeco Cash Appreciation Rights' (R-CARs), the value of which reflects the financial results of the firm. The Robeco remuneration policy meets all legal requirements, including prudential remuneration rules from the AIFMD and UCITS.

SQM Research believes remuneration in the form of firm equity and client-focused performance bonuses act as strong incentives for optimising staff engagement, retention and productivity. The intention (and SQM believes, the effect) is to align staff performance with client and shareholder objectives. It focuses on the customers' needs and medium to long-term results.

| Fees and Costs | Fund | Peer Avg |
|------------------------------------|-------------|----------|
| Management Fee (% p.a.) | 0.65% | 0.83% |
| Expense Recovery (% p.a.) | Nil | - |
| Performance Fee (%) | Nil | 5.00% |
| Indirect Cost Ratio ICR (% p.a.) | 0.65% | 0.91% |
| ICR Date: 30-Jun-19 | | |
| Buy Spread (%) | 0.13% | 0.15% |
| Sell Spread (%) | 0.09% | 0.15% |
| Other Features | Fund | Peer Avg |
| Redemptions | Daily | - |
| Distributions | Semi-Annual | - |
| Minimum Investment | \$10,000 | \$80,467 |
| 1-year Investment: Round Trip Cost | 0.87% | 1.13% |

Buy/Sell Spread

This spread represents the difference between the application price and the withdrawal price of the Fund, a reflection of transaction costs relating to the underlying assets.

Ongoing Fees

The management fee includes GST and is net of any applicable Reduced Input Tax Credits (RITC).

The management fee is calculated daily and paid to the Manager monthly.

Performance Fees

The Fund does not charge a performance fee.

Overall Fees

1-year Investment: Round Trip Cost.

If held and redeemed within 12 months, total costs would amount to **0.87%** of investment in the Fund.

This figure includes the management fee, expense recovery (when disclosed) and the buy/sell spread. It does **not** consider rebates or negotiations or any potential **performance fee**.

SQM Research observes that the Fund management fee is 0.65% p.a., which is 18.0 basis points lower than the peer group average of 0.83% p.a.

| Risk/Return Data to 31 January 2020 | | | | | | | |
|-------------------------------------|---------|---------|---------|--------|--------|--------|-----------|
| Total Return | 1-Month | 3-Month | 6-Month | 1-Year | 3-Year | 5-Year | Inception |
| Fund ¹ | 1.42 | 4.32 | 6.40 | 17.44 | n/a | n/a | 8.72 |
| Benchmark ² | -0.27 | 5.14 | 7.24 | 18.10 | n/a | n/a | 8.52 |
| Peer Average | -0.82 | 4.77 | 6.35 | 16.11 | n/a | n/a | 7.68 |
| Alpha | 1.69 | -0.82 | -0.84 | -0.65 | n/a | n/a | 0.20 |

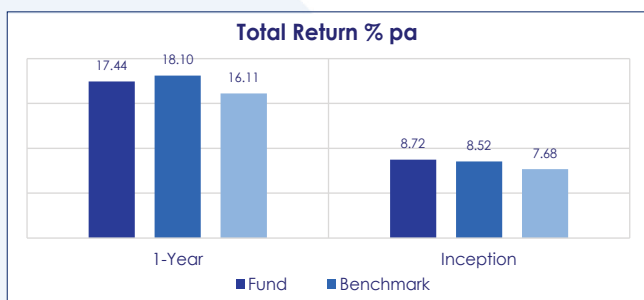
| Metrics | 1-Year | 3-Year | 5-Year | Inception |
|--|--------|--------|--------|-----------|
| Tracking Error (% p.a.) - Fund | 5.82 | n/a | n/a | 4.79 |
| Tracking Error (% p.a.) - Peer Average | 3.58 | n/a | n/a | 3.81 |
| Information Ratio - Fund | -0.11 | n/a | n/a | 0.04 |
| Information Ratio - Peer Average | -0.72 | n/a | n/a | -0.19 |
| Sharpe Ratio - Fund | 2.68 | n/a | n/a | 0.72 |
| Sharpe Ratio - Peer Average | 1.42 | n/a | n/a | 0.50 |
| Volatility - Fund (% p.a.) | 5.98 | n/a | n/a | 9.83 |
| Volatility - Peer Average (% p.a.) | 10.94 | n/a | n/a | 12.76 |
| Volatility - Benchmark (% p.a.) | 10.50 | n/a | n/a | 12.79 |
| Beta based on stated Benchmark | 0.51 | n/a | n/a | 0.73 |

1. Assumes dividend reinvestment. Returns one year and longer are annualised. Return history starts Mar-18
 2. Benchmark: MSCI World Hdg NR AUD

Quantitative Insight¹

Note: Unless otherwise stated, all return and risk data reported in this section are **after-fees** and for periods **ending Jan-2020**.

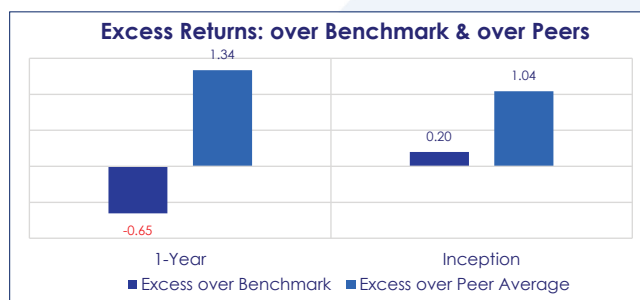
Returns



The Fund has displayed soft performance across most periods (particularly one year) when compared with benchmark and mixed results when compared with peers.

The **return outcomes** as described above are below the PDS objective and are moderately below SQM's expectations for the Fund relative to its fee level and volatility.

Excess Returns (Alpha)

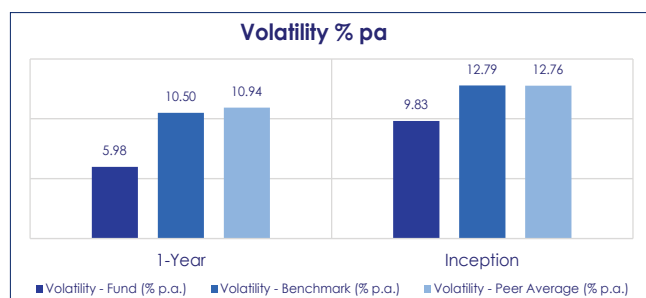


Robeco states that factors affecting low to negative alpha include the normal pattern of their conservative strategy underperforming in strong bull markets, along with the low-volatility factor being muted by the strength of growth and momentum, which have dominated market movements for some time.

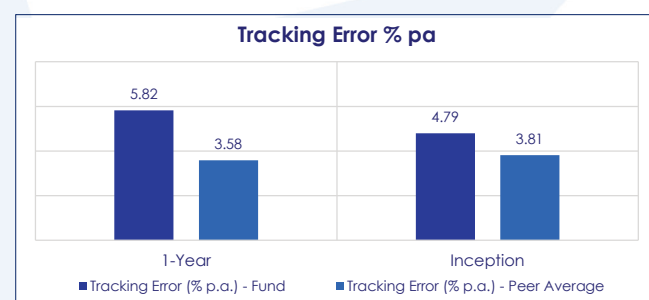
1. Note: Sharpe and Information Ratios are not reliable comparison tools in periods where both the Fund and its peers/benchmark record a negative result

QUANTITATIVE ANALYSIS

Risk



The Fund's **volatility** (standard deviation of monthly returns) has tended to be materially lower than the benchmark and peers. This is clearly the desired result of Robeco's low volatility strategy.



The Fund's **tracking error** (standard deviation of monthly excess returns) has tended to be moderately higher than peers.

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

Drawdowns

| Drawdown Summary | | | |
|--------------------------------|---------|---------|---------|
| Drawdown Size (peak-to-trough) | | | |
| | Fund | Bench | Peers |
| Average | -3.70% | -5.39% | -5.19% |
| Number | 4 | 4 | 4 |
| Best | -0.25% | -2.71% | -2.89% |
| Worst | -10.88% | -13.45% | -12.34% |
| Length of Drawdown (in months) | | | |
| | Fund | Bench | Peers |
| Average | 3.3 | 4.0 | 4.3 |

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

Drawdowns have **on average** been materially better than the benchmark and than the peer average. This is to be expected given the low volatility nature of the strategy - it is a design feature of the process.

Snail Trail

The snail trail chart and tables below show the combination of the Fund's rolling 3-year excess returns and rolling 3-year excess volatility.

There are **12** observations in total.

The two tables below display the distribution of these observations and their overall frequency across the risk/return quadrants.

| Snail Trail Distribution | | | |
|--------------------------|---------------|-------------|---------------|
| Frequency | Lo-Vol | Hi-Vol | Total |
| Hi-Return | 9 | 0 | 9 |
| Lo-Return | 3 | 0 | 3 |
| Total | 12 | 0 | 12 |
| % of Total | Lo-Vol | Hi-Vol | Total |
| Hi-Return | 75.0% | 0.0% | 75.0% |
| Lo-Return | 25.0% | 0.0% | 25.0% |
| Total | 100.0% | 0.0% | 100.0% |

12 rolling 1-year observations

In assessing a snail trail it is important to note the following:

Q1 upper left-hand quadrant - higher return than the Fund's market index with lower volatility (less risk). This is the optimal position.

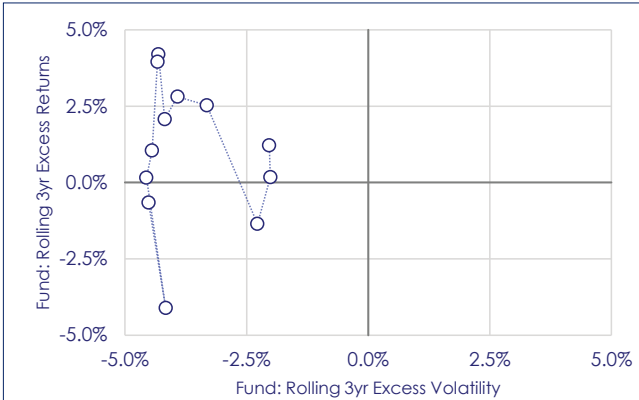
Q2 upper right-hand quadrant - higher return than the Fund's market index with higher volatility (more risk). This can often be a desirable position depending on the attractiveness of the Sharpe ratios produced in this zone. It is important to note that in the case of inflation or cash-style benchmarks, the Q1 top left-hand quadrant is unachievable as it is not possible to deliver lower volatility than what is virtually zero for the benchmark. In such cases, the Q2 zone is the optimal position.

Q3 lower left-hand quadrant - lower return than the Fund's market index with lower volatility (less risk). Less than ideal, and Sharpe ratios can assist in assessing the risk/return trade-off in this zone.

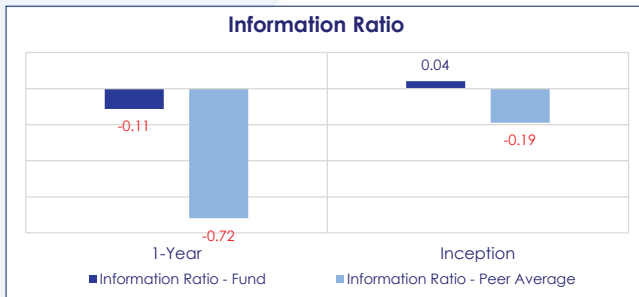
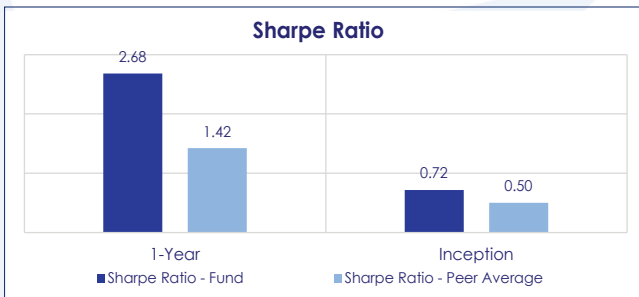
Q4 lower right-hand quadrant - lower return than the Fund's market index with higher volatility (more risk). The least desirable outcome.

Consistency

The more "bunched together" the cluster of dots, the more consistent is the performance. A second indicator of consistency is the trail's nomadic nature. Trails that roam across multiple quadrants over time are indicating **low consistency** in the Fund's risk return profile. The quadrant that **contains the bulk** of the Fund's snail trail is likely to be more representative of the Fund's risk/return characteristics and identity.



Risk-Adjusted Returns



The Fund's risk-adjusted returns (as measured by Sharpe and Information ratios) have been better than the peer average.

Correlation of Fund to Asset Classes

| | Market | Jan-17 3 years | Mar-18 Inception |
|--|---------------|-------------------|---------------------|
| Bloomberg AusBond Composite 0+Y TR AUD | Aust Bonds | no data | -16.16% |
| S&P/ASX 300 TR | Aust Stocks | no data | 62.48% |
| BBgBarc Global Aggregate TR Hdg AUD | Global Bonds | no data | -12.23% |
| MSCI World Ex Australia NR AUD | Global Stocks | no data | 82.40% |

There is a moderate correlation of the Fund's returns with the S&P ASX300 index and to global equities, considering this is a fully invested equity portfolio.

Tail Risk

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

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

Extreme Market Returns vs Fund Return Same Month
Index: S&P/ASX 300 TR From: Mar-18 to Jan-20

| Rank | Date | Market | Fund | Difference |
|---------------|--------|----------------|----------------|---------------|
| 1 | Oct-18 | -6.16% | -5.76% | 0.39% |
| 2 | Mar-18 | -3.73% | -1.75% | 1.98% |
| 3 | Aug-19 | -2.27% | -0.25% | 2.02% |
| 4 | Nov-18 | -2.18% | 0.77% | 2.95% |
| 5 | Dec-19 | -2.02% | 0.85% | 2.88% |
| 6 | Sep-18 | -1.19% | 0.95% | 2.15% |
| 7 | Oct-19 | -0.38% | 0.08% | 0.45% |
| 8 | Dec-18 | -0.23% | -6.16% | -5.93% |
| TOTALS | | -18.15% | -11.27% | +6.89% |

| | | No. of Months |
|--------------------|---------------|-------------------|
| Correlation | +34.7% | Positive Return 4 |
| Capture | +62.1% | Outperform 7 |

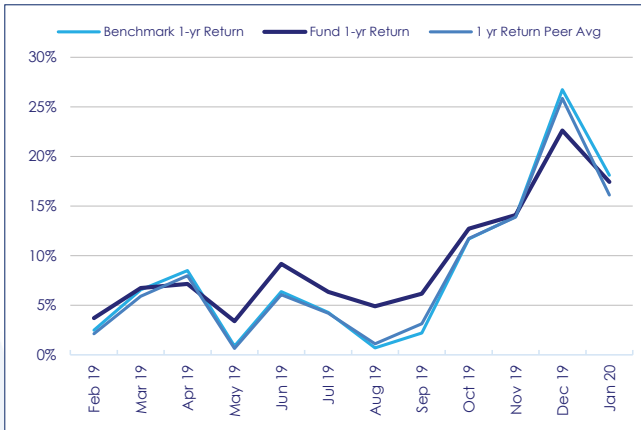
Tail Risk Observations:

- The correlation of the Fund's returns to the ASX300 returns over the span of tail risk equity market extremes is 34.7%.
- The Fund posted 4 positive returns compared to the 8 negative returns of the Australian stock market.
- The sum of returns over those 8 months was -18.2% for the ASX 300 and -11.3% for the Fund, a difference of 6.9%

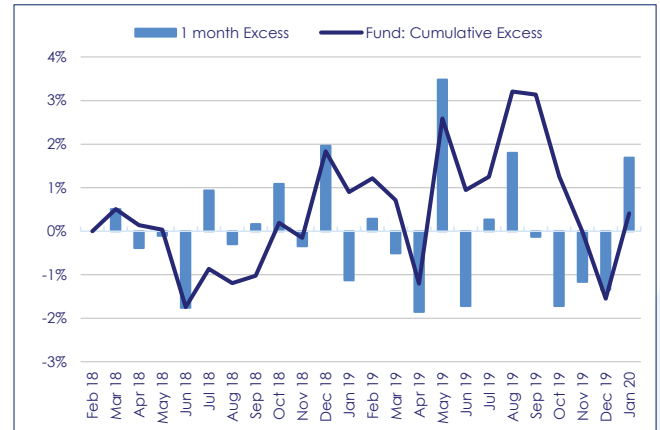
These figures point to moderate **defensive characteristics** of the Fund in the face of extreme Australian equity tail risk.

Return and Risk

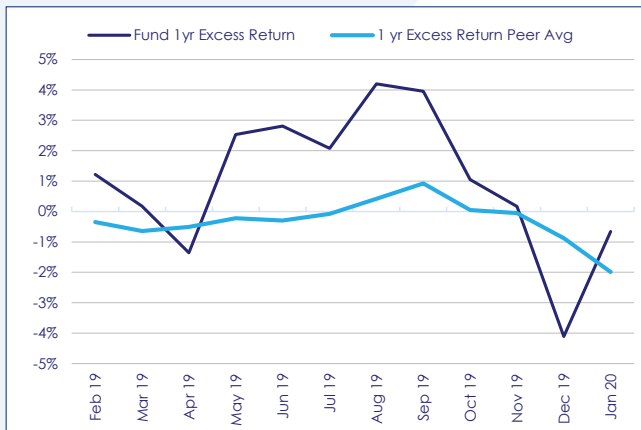
Rolling Returns



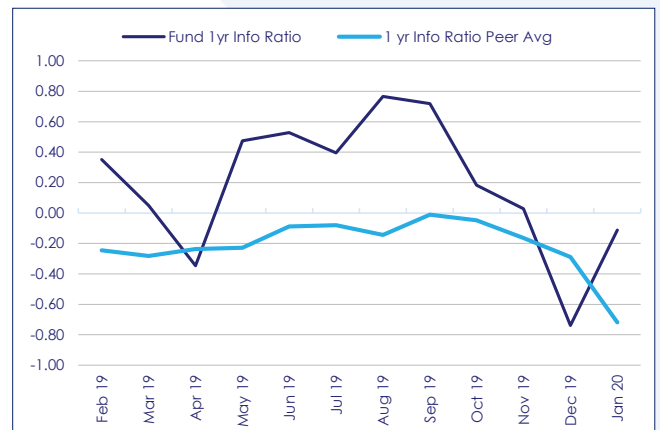
Cumulative Excess Returns



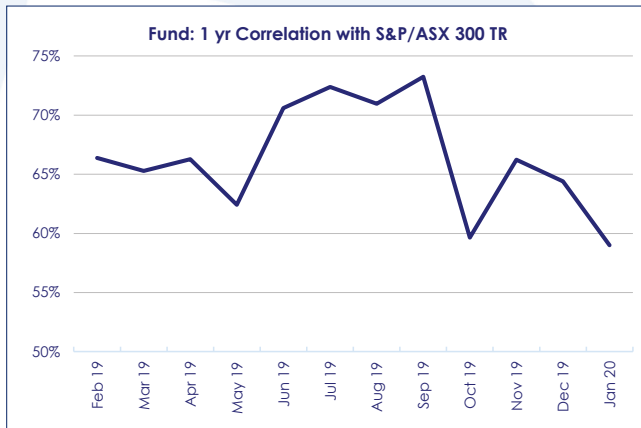
Rolling Excess Returns



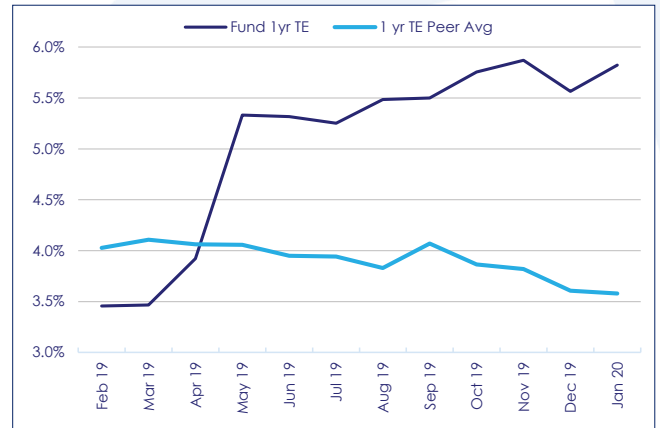
Rolling Information Ratio



Rolling Correlation to Benchmark

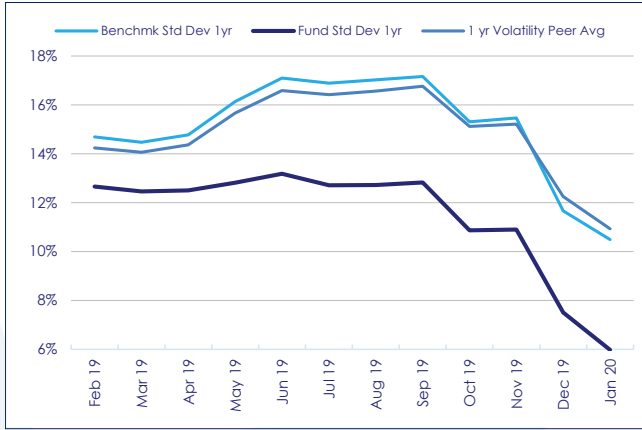


Rolling Tracking Error

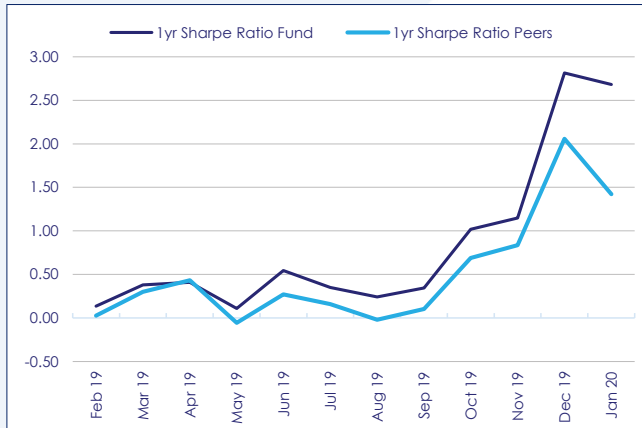


Return and Risk

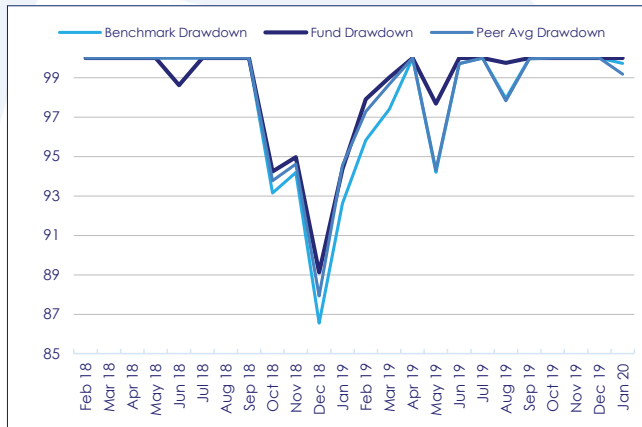
Rolling Volatility



Rolling Sharpe Ratio



Drawdowns



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

| Fund Constraints | Permitted Range or Limit |
|--|--|
| Maximum exposure to a single stock/company | Maximum of 2% |
| Maximum exposure to a single sector | 10% deviation from the MSCI World Index weight |
| Maximum exposure to a single country | 10% deviation from the MSCI World Index weight |
| Maximum exposure to a geographic region | 10% deviation from the MSCI World Index weight |
| Limit for Holdings Not in Benchmark | 20% |

The Fund's history of asset allocation, sector, country weights and other portfolio metrics are detailed below:

Fund Allocations over Time

Mar-2018 to Jul-2019

| Equity Sector | Average Weight | Max Weight | Min Weight | as at Jul-19 |
|------------------------|----------------|------------|------------|--------------|
| Financials | 21.1% | 25.0% | 18.4% | 20.1% |
| Information Technology | 9.3% | 12.2% | 7.4% | 7.8% |
| Health Care | 5.4% | 6.7% | 3.9% | 5.7% |
| Consumer Discretionary | 9.9% | 10.8% | 8.9% | 10.7% |
| Consumer Staples | 9.5% | 12.8% | 6.3% | 12.8% |
| Energy | 2.4% | 3.6% | 1.1% | 1.1% |
| Materials | 3.3% | 6.9% | 1.0% | 1.0% |
| Industrials | 13.6% | 16.1% | 11.2% | 11.2% |
| Communication Services | 5.3% | 6.5% | 3.4% | 6.3% |
| Utilities | 8.8% | 10.0% | 7.2% | 9.9% |
| Real Estate | 9.7% | 12.1% | 5.8% | 12.0% |
| Cash | 1.6% | 3.4% | 0.8% | 1.3% |
| Financials | 21.1% | 25.0% | 18.4% | 20.1% |

| Geographic | Average Weight | Max Weight | Min Weight | as at Jul-19 |
|--------------|----------------|------------|------------|--------------|
| Australia | 8.2% | 9.1% | 7.4% | 8.7% |
| USA | 52.5% | 53.8% | 50.1% | 53.8% |
| Japan | 6.7% | 9.1% | 5.1% | 5.1% |
| UK | 4.0% | 5.0% | 3.7% | 3.7% |
| France | 0.3% | 1.0% | 0.2% | 0.2% |
| Germany | 0.5% | 1.2% | 0.1% | 0.3% |
| Other Europe | 11.4% | 12.8% | 10.6% | 11.8% |
| Other Asia | 4.5% | 5.7% | 3.6% | 4.5% |
| Other | 11.8% | 13.6% | 8.3% | 11.9% |

| Currency | Average Weight | Max Weight | Min Weight | as at Jul-19 |
|--------------|----------------|------------|------------|--------------|
| AUD | 8.2% | 9.1% | 7.4% | 8.7% |
| USD | 52.6% | 53.8% | 50.1% | 53.8% |
| EUR | 3.8% | 4.7% | 3.0% | 3.6% |
| GBP | 4.0% | 5.0% | 3.7% | 3.7% |
| CHF | 4.0% | 4.7% | 3.1% | 4.7% |
| Other Europe | 4.5% | 5.4% | 4.0% | 4.0% |
| JPY | 6.7% | 9.1% | 5.1% | 5.1% |
| Other Asia | 4.4% | 5.1% | 3.6% | 4.5% |
| Other | 11.7% | 13.6% | 8.3% | 11.9% |

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