



Product Review

Cromwell Phoenix Property Securities Fund

ISSUE DATE 30-03-2022

About this Review

ASSET CLASS REVIEWED	PROPERTY AND INFRASTRUCTURE
SECTOR REVIEWED	AUSTRALIAN LISTED PROPERTY
TOTAL FUNDS RATED	15

About this Fund

ASIC RG240 CLASSIFIED	NO
FUND REVIEWED	CROMWELL PHOENIX PROPERTY SECURITIES FUND
APIR CODE	CRM0008AU
PDS OBJECTIVE	TOTAL RETURN (AFTER FEES) IN EXCESS OF THE S&P/ASX 300 A-REIT ACCUMULATION INDEX OVER ROLLING THREE-YEAR PERIODS WHILE DELIVERING LOWER TOTAL RISK (AS MEASURED BY THE VOLATILITY OF RETURNS) OVER THIS PERIOD.
INTERNAL OBJECTIVE	OUTPERFORM (AFTER FEES) BENCHMARK BY 3% P.A. OVER ROLLING FIVE-YEAR PERIODS
STATED RISK OBJECTIVE	TOTAL RISK BELOW THE BENCHMARK (MEASURED BY STANDARD DEVIATION OF RETURNS)
DISTRIBUTION FREQUENCY	QUARTERLY
FUND SIZE	\$291M (DECEMBER 2021)
FUND INCEPTION	16-04-2008
MANAGEMENT COSTS	0.95% P.A.
RESPONSIBLE ENTITY	CROMWELL FUNDS MANAGEMENT LIMITED

About the Fund Manager

FUND MANAGER	PHOENIX PORTFOLIOS
OWNERSHIP	45% CROMWELL PROPERTY GROUP / 55% INVESTMENT STAFF
ASSETS MANAGED IN THIS SECTOR	\$387M (DECEMBER 2021)
YEARS MANAGING THIS ASSET CLASS	15

Investment Team

PORTFOLIO MANAGER	STUART CARTLEDGE
INVESTMENT TEAM SIZE	3
INVESTMENT TEAM TURNOVER	LOW
STRUCTURE / LOCATION	MELBOURNE

Investment process

BENCHMARK	S&P/ASX 300 A-REIT ACCUMULATION INDEX
STYLE	VALUE
MARKET CAPITALISATION BIAS	SMALL
TYPICAL STOCK NUMBERS	20-40
TYPICAL TRACKING ERROR	3-4% P.A.
STOCK LIMITS	MAXIMUM 20%
SECTOR LIMITS	NOT APPLIED
GLOBAL PROPERTY SECURITIES LIMIT	20%
CASH LIMIT	20%

Fund rating history

MARCH 2022	HIGHLY RECOMMENDED
MARCH 2021	HIGHLY RECOMMENDED
MARCH 2020	HIGHLY RECOMMENDED

What this Rating means

The 'Highly Recommended' rating indicates that Lonsec has very strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered a preferred entry point to this asset class or strategy.

Strengths

- High quality investment team seeking property and 'property like' stock opportunities across the market spectrum.
- Logical and proven investment process which is based on rigorous fundamental research.
- Boutique structure and staff equity ownership provides a strong alignment of interests between the investment team and investors.
- Strong relative performance outcomes over the market cycle.

Weaknesses

- Despite a reduction in management cost to 0.95% p.a., the overall fee load is still above the Lonsec A-REITs peer group average.
- While delivering returns superior to the peer median, the Fund has not achieved its internal performance objective in the three years to 31 December 2021.

Fund Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK		●	
CAPITAL VOLATILITY			●
SECURITY LIQUIDITY RISK		●	
SECURITY CONCENTRATION RISK		●	

Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the financial product's asset class and the risks relative to other financial products in the relevant Lonsec sector universe.

BIometrics

Aggregated risks

	1	2	3	4	5	6	7
STD RISK MEASURE						●	

A Standard Risk Measure score of 6 equates to a Risk Label of 'High' and an estimated number of negative annual returns over any 20 year period of 4 to less than 6. This is a measure of expected frequency (not magnitude) of capital losses, calculated in accordance with ASFA/FSC guidelines.

	LOW	MODERATE	HIGH
RISK TO INCOME		●	

Features and benefits

	LOW	MODERATE	HIGH
COMPLEXITY		●	
ESG			●

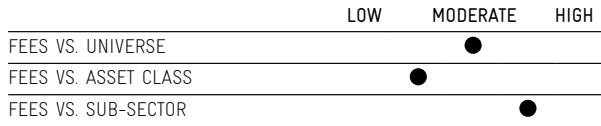
We strongly recommend that potential investors read the product disclosure statement Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer, and disclosure at the end of this document. This report supersedes all prior reports.

ANALYST: BALRAJ SOKHI | APPROVED BY: KEVIN PROSSER

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Fee profile



Fee BIOMETRICS are a function of expected total fee as a percentage of expected total return.

What is this Fund?

- The Cromwell Phoenix Property Securities Fund ('the Fund') is an Australian property securities fund managed by Phoenix Portfolios ('Manager'). The Fund seeks to generate returns 3% p.a. (after fees) above the S&P/ASX 300 A-REIT Accumulation Index ('Benchmark') over rolling three-year periods with lower total risk (as measured by the standard deviation of returns) than the Benchmark.
- The Manager aims to invest in a diverse portfolio of property and 'property-like' securities that possess understandable business models, good governance practices, and that are trading below the Manager's assessment of intrinsic value. Lonsec would broadly characterise the Fund's style as having a mild 'value' bias.
- Lonsec believes the Manager's listed property strategy is differentiated from peers by its relatively low capacity limit and its 'benchmark unaware' approach to portfolio construction. The Fund is likely to contain significant active positions versus peers, including meaningful positions in off-benchmark smaller capitalisation stocks.
- Investors should note that the Fund's investment universe includes infrastructure stocks, property development companies, and preference shares. In addition, the mandate includes the provision to hold up to 20% of the portfolio in cash. The Fund can also invest up to 20% in offshore listed vehicles. That said, the Fund is generally expected to be fully invested in ASX listed securities.
- The Fund typically holds around **20-40 stocks** and **portfolio turnover** is expected to be in line with the Lonsec peer average of around 30-40% p.a. Over the year to September 2021 turnover averaged 32%, which was in line with the previous year. As at December 2021, the Fund held 39 stocks; within the stipulated 20-40 range.
- The **Active Share** of the Fund averaged 60% over the year to September 2021. Active Share refers to the level to which the Fund's stock holdings differ from the Benchmark. This figure is high compared to peers and reflects the 'benchmark unaware' portfolio construction approach adopted by the Manager and broader investment spectrum considered.
- As per the PDS dated 16 December 2021, the estimated fee structure/disclosure for the Fund is a management cost of 0.95% p.a., comprising a base management fee of 0.82% p.a.; an annual administration cost of 0.10% p.a. (capped at 0.14% p.a.); plus indirect costs of investing through interposed vehicles.
- Lonsec notes the Fund's overall fee load is one of the highest in the Lonsec A-REIT peer group. The higher fee load is considered reflective of the Fund's more benchmark unaware approach, lower

capacity limit, and broader investment universe. Net transaction costs are costs incurred in managing the fund (including explicit and implicit costs of buying and selling assets, the cost of hedging/protection strategies and/or when there are applications or redemptions of fund units by investors) that are not covered by the buy/sell spread. The net transactional and operational costs in excess of those recouped from the buy/sell spread amounts to 0.01% p.a. The Fund's buy/sell spread is 0.20% (round-trip). These costs are reflected in the unit price of the Fund and are borne by investors, but they are not paid to the Responsible Entity or the Manager. Please refer to the Fund's PDS for further details.

Using this Fund

This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.

- Lonsec notes that the Manager has produced a Target Market Determination (TMD) which forms part of the Responsible Entity's Design and Distribution Obligations for the Fund. Lonsec has collected the TMD that has been provided by the Manager and notes that this should be referred to for further details on the Target Market Summary, Description of Target Market and Review Triggers.
- While the Fund will seek to invest in companies that deliver reliable long-term cash flows, it is also subject to equity market risk. This means movements (both positive and negative) in the share prices of the underlying securities in the portfolio will affect the Fund's returns. Investors should therefore be aware that the Fund may experience periods of negative returns and that there is a risk of potential capital loss being incurred on their investment.
- As a 'long' only Australian property securities product, the Fund would form part of the growth component of a balanced portfolio. The Fund is suitable for medium and high risk profile investors with a 5+ year investment time horizon.
- Lonsec notes that in general, Australian listed property funds tend to exhibit relatively high levels of concentration risk, reflecting the concentrated nature of the benchmark. That said, Lonsec notes the Manager's 'benchmark unaware' investment approach mitigates this risk to some extent.
- The Manager has the ability to take significant active positions away from the A-REIT index. Investors should therefore be aware that the Fund has the potential to deliver returns that deviate materially from the benchmark.

Suggested Lonsec risk profile suitability



For guidance on appropriate asset allocations and risk profiles, refer to the latest Lonsec Strategic Asset Allocation Review and Risk Profile Definitions on our website.

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Changes Since Previous Lonsec Review

- Corporate: Launch of a Global Opportunities Fund which focuses on Global securities including closed end funds, holding companies and REITs trading at discounts to their readily assessable NAVs. The strategy will be managed by Jordan Lipson.
- Fees: Reduction in management cost from 1.03% p.a. to 0.95% p.a.

Lonsec Opinion of this Fund

People and resources

- The Fund is managed by a high quality team of three investment professionals. The team is led by **Stuart Cartledge**, who has over 30 years of industry experience and was previously Head of Property Securities at Citigroup Asset Management. Cartledge has sound knowledge of the Australian listed property sector, and he is currently considered one of the stronger portfolio managers in Lonsec's A-REIT universe.
- Cartledge is supported by Research Analyst **Richard Fakhry**. Fakhry also acts as Portfolio Manager of the Cromwell Phoenix Opportunities Fund; an Australian equities micro cap strategy. Lonsec believes Fakhry's micro cap research may over time enhance the coverage and contribution to investor returns from the small cap property spectrum. Lonsec views Fakhry to be a savvy and diligent investor and believes his stock ideas (particularly in the small cap space) to be a significant driver of the Fund's outperformance of the Benchmark and peer median over the current market cycle.
- Cartledge and Fakhry share a strong working relationship, forming the core of this stable team since 2009 which has helped to ensure consistency and continuity of the investment process.
- **Jordan Lipson** joined the investment team as a Research Analyst in 2016, having previously worked as a Portfolio Analyst at Advance Asset Management / BT Investment Solutions. Despite having relatively limited experience in property securities analysis, Lipson's quantitative background makes him well suited to the Manager's stock modelling focus. Whilst cognisant of his junior tenure, Lonsec has been impressed by Lipson's passion, his valid insights on portfolio investments and detailed knowledge of the investment process. Lipson appears to be well integrated with the team culture and provides capable support to Cartledge and Fakhry.
- Lonsec highlights that Lipson has been given the reins of the recently launched Global Opportunities Fund as part of his career development, however this will detract somewhat from the time he currently dedicates to the Fund under review. Lonsec will observe the impact of these additional responsibilities in future reviews.
- Key person risk in Cartledge and Fakhry is high given the small team size and their experience in portfolio management and listed property securities investing. However, risk of Cartledge and Fakhry departing is considerably mitigated by their equity stakes in Phoenix Portfolios (45% Cartledge; 10% Fakhry) and personal investments in the strategy. These measures promote a strong alignment of

interest between both Cartledge and Fakhry, and investors. The Manager has advised that Lipson has been placed on the Phoenix share register as part of his long-term incentives, which will further strengthen this alignment.

Research and portfolio construction

- The Manager's investment process is largely based on stock specific, 'bottom-up' research, which takes a medium to long-term time horizon. All stocks are analysed using a standard qualitative and quantitative template allowing for effective comparison across the investment universe.
- Lonsec believes the Manager's fundamental research to be thorough and disciplined, with a wide coverage across the capitalisation spectrum. In particular, the team has a strong focus on agency risk and corporate governance.
- In addition to its own fundamental research, the investment team is able to leverage the direct property insights provided by the Cromwell Property Group, which Lonsec considers to be a slight competitive advantage.
- Portfolio construction is logical and relatively transparent, with active positions being largely driven by stock valuations. The Manager will also consider stock liquidity when deciding portfolio weights. Lonsec considers this to be important, particularly given the Fund's ability to take relatively large positions in some small and less liquid companies.
- The Manager adopts a relatively high conviction, 'benchmark unaware' approach to management of the Fund. Lonsec believes this 'best ideas' conviction to be a positive feature of the Fund.
- Cartledge is ultimately accountable for all stock selection decisions within the Fund which is an attractive feature of the process.
- The Manager's investment universe is considered by Lonsec to be broader compared to peers. The Fund's portfolio is likely to include companies classified outside of the 'Real Estate' GICS classification. Such holdings are deemed by the Manager to exhibit 'property like' income generating characteristics or own attractive land and properties as part of their normal operations. As a general rule, 50% of a stock's value needs to be in properties for it to be considered within the Manager's investment universe.

ESG Integration

- At the overall corporate level Lonsec views the Manager's overall ESG framework as in-line with peers. The Manager has an articulated commitment to their integration of ESG within their investment process with evidence of clear public positioning. The ESG policy, proxy voting policy and engagement policy are freely available on the firm's website.
- The level of disclosure with respect to the proxy voting policy and voting outcomes is in-line with peers supported by a robust proxy voting framework. However, reporting on voting outcomes does not provide the depth or disclosure of leading peers. While the engagement policy outlines the engagement process, no reporting on engagement outcomes is publicly available.

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- There is extensive evidence of ESG integration within the research elements of the investment process. Elements of ESG are visible within the valuation processes with light integration within the portfolio monitoring process. Overall ESG integration within the investment process is in-line with peers.
- The lead PM demonstrated an ability to engage on broad ESG topics and the Manager had a systematic approach to track engagement outcomes. The Manager had a well-structured approach to the collection and use of ESG specific data, including the use of a proprietary data collection model.
- Overall, on a peer relative basis, Lonsec considers the level of ESG integration within this fund to be 'Moderate'.

Risk management

- Given the Manager does not manage the portfolio to within a Tracking Error range or maximum value, Lonsec considers risk management for the Fund to be embedded in the research and portfolio construction process; namely the team's focus on identifying companies that are understandable, have strong corporate governance and have sustainable cash flows.
- At a portfolio level, the 20% maximum holding in any one stock ensures a reasonable level of diversification. At the time of Lonsec's review, the Fund's portfolio constituted 43 stocks; a higher number compared to peers.
- In keeping with the Fund's broader investment mandate, the Manager does not employ explicit benchmark-relative sector or stock limits. Exposures are monitored by Cartledge and Fakhry to ensure that no unintended bets are taken. Whilst having no defined benchmark-relative portfolio controls, the intuitive approach to risk management has proven to be efficient in shaping a historically conservative risk profile.
- The Fund is typically fully invested but has the ability to hold up to 20% in cash. The Manager would only have significant cash holdings if valuation levels were extreme and cash represented the most attractive investment alternative.
- The Fund is not permitted to hold a position in Cromwell Property Group. Whilst marginally limiting the Manager's investment universe, Lonsec believes it to be a prudent measure in that it helps avoid any appearance of a conflict of interest.

Funds Under Management

- As at 31 December 2021, \$387m was invested in the strategy. This is slightly more than last year (\$355m). The amount of FUM is significantly lower than the Funds stated capacity limit, of 0.5% of the Benchmark (circa \$800m.)
- The capacity limit is the lowest in the peer group. This can be an advantage over peers who manage larger amounts of FUM as it allows the Manager to take larger positions in smaller names.
- Total capacity differs from manager to manager due to variances in investment styles, biases and trading strategies. Lonsec's general view is that greater FUM makes it more difficult to trade in and out of stock positions without material market impact (particularly in smaller stocks). However, there are

some inherent advantages in having a large fund including: greater access to management; priority access to deal flow; and bigger dedicated team sizes. Thus, Lonsec carefully weighs up a fund's investment style and objectives when considering the issue of capacity.

Performance

- The Fund has an above-average long-term performance track record, materially outperforming the Benchmark (S&P/ASX 300 A-REIT Accumulation Index) by 1.2% p.a. and the Lonsec excess return peer group median of -0.5% p.a. over the last ten years (all figures after fees and to 31 December 2021).
- However, the Fund fell short of achieving its internal performance objective (outperform the benchmark after fees by 3% p.a. over rolling three-year periods) delivering excess returns of -1.0% p.a. after fees. In recent years, the Manager has either not held or held very little Goodman Group, despite it being the largest stock in the benchmark. This is a rarity in the sector and highlights the Manager's benchmark unaware approach.
- Over the one-year period to 31 December 2021 (all figures net of fees), the Fund returned 26.5%, underperforming the benchmark by -0.6% but above the Lonsec peer group median of 25.3%. **Top contributors** to performance were overweight positions in Sunland Group, APN, Charter Hall and URW; and a zero weight to Goodman Group. **Top detractors** were an overweight position in Lendlease; and underweights in Scentre and Stockland.

Overall

- Lonsec has maintained the Fund's '**Highly Recommended**' rating. Lonsec believes the Fund benefits from a strong and disciplined investment approach, managed by an astute investment team. Lonsec retains conviction that the team can continue to implement an effective 'benchmark-unaware' strategy that differentiates itself from the wider A-REIT peer group and achieve its relatively ambitious outperformance target over the full investment cycle.
- That said, the management cost is towards the higher end of the peer group. Furthermore, while the Fund has delivered returns superior to the peer median, the internal performance objective has not been achieved over the three years to 31 December 2021.

People and Resources

Corporate overview

The underlying investment manager, Phoenix Portfolios is an Australian based boutique investment management firm established in 2006. The company is owned by Portfolio Manager Stuart Cartledge (45%), Richard Fakhry (10%), and the ASX listed Cromwell Property Group (45%).

The Responsible Entity of the Fund is Cromwell Funds Management Ltd, which is a fully owned subsidiary of Cromwell Property Group. Cromwell Property Group is both a property trust and funds manager and is a stapled security listed on the ASX (ASX: CMW).

The company researches, analyses and invests in property, infrastructure and other property related securities. Phoenix Portfolios has outsourced all non-

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investment functions to specialist providers, enabling the investment team to focus solely on investment activities.

Phoenix Portfolios benefits from the support of the broader Cromwell Property Group in areas such as marketing and distribution, investment strategy and legal and compliance.

Size and experience

NAME	POSITION	EXPERIENCE	
		INDUSTRY /	FIRM
STUART CARTLEDGE	PORTFOLIO MANAGER	34 /	15
RICHARD FAKHRY	ANALYST	19 /	13
JORDAN LIPSON	ANALYST	8 /	5

The three members of the investment team are responsible for stock research. Cartledge is dedicated solely to the listed property securities research and analysis and is directly accountable for the overall portfolio. Fakhry's efforts are estimated to be split 50:50 between listed property securities and micro-caps. Lipson's role is predominately focused on listed property securities research coverage (80%).

Contributions to the research process are also made by the broader Cromwell Property Group, which has reasonable insights into direct property markets. Cromwell Property Group's sales and marketing staff are also able to provide guidance on the property funds management industry in Australia. This is important given the high percentage of A-REIT earnings that are derived from funds management activities.

Research Approach

Overview

INVESTMENT UNIVERSE	APPROXIMATELY 75 STOCKS
RESEARCH INPUTS	COMPANY MEETINGS AND FINANCIAL REPORTS, PROPERTY INSPECTIONS, MACROECONOMIC INPUTS, DIRECT REAL ESTATE RESEARCH, INDUSTRY CONTACTS
TOP-DOWN	10%
BOTTOM-UP	90%
BROKER RESEARCH	MODERATE

Valuation

The Manager uses a Dividend Discount Model (DDM) as the primary valuation metric. The discount rate used in the DDM is based on the Capital Asset Pricing Model (CAPM) and is a function of the Australian 10-year government bond yield, a market risk premium and each stock's beta.

A 'Sum of the Parts' (SOTP) calculation is utilised as a secondary valuation metric and provides a cross check to the DDM. The SOTP calculation sums the following components:

- Trust Assets – valued based on an adjustment to the book values of investment property and co-investment stakes.
- Corporation – EBITDA multiples are applied to corporate earnings forecasts on a divisional basis.

Both valuation frameworks provide flexibility to carry out 'what if' type analysis using a variety of valuation and multiple adjustments.

Portfolio Construction

Overview

FUND BENCHMARK	S&P/ASX 300 A-REIT ACCUMULATION INDEX
RETURN OBJECTIVE	RETURN ABOVE BENCHMARK AFTER FEES OVER THREE-YEAR PERIODS
RETURN OBJECTIVE (INTERNAL)	OUTPERFORM (AFTER FEES) BENCHMARK BY 3% P.A. OVER ROLLING FIVE-YEAR PERIODS
RISK OBJECTIVE	TOTAL RISK BELOW BENCHMARK (MEASURED BY STANDARD DEVIATION OF RETURNS)
INVESTMENT STYLE	VALUE
MARKET CAPITALISATION BIAS	SMALL
EXPECTED PORTFOLIO TURNOVER	30% P.A.
OBSERVED ACTIVE SHARE	60% (DECEMBER 2021)
% OF PORTFOLIO IN TOP 10 HOLDINGS	64% (DECEMBER 2021)

Stock specific risk, agency score, corporate activity, earnings revision, portfolio construction guidelines, and the stock valuations are used to devise the stock ratings.

Portfolio construction is heavily skewed towards stocks with the most attractive valuations, although liquidity is also a major consideration when deciding portfolio weights. Some of the other factors that will impact on portfolio positions include transaction costs and corporate activity.

Short-term momentum signals are also used to assist with the timing of buying and selling stocks. These signals include price momentum and earnings revisions.

Cartledge is ultimately accountable for all stock selection decisions within the Fund.

Risk Management

Risk limits

SEPARATE RISK MONITORING TEAM	NO
TYPICAL NUMBER OF STOCKS	20-40
MAXIMUM STOCK POSITION	20%
STOCK / SECTOR LIMITS	NOT APPLIED
TRACKING ERROR	NOT TARGETED (EXPECTED TO BE 3-4% P.A.)
MINIMUM MARKET CAPITALISATION	NOT APPLIED
GLOBAL PROPERTY SECURITIES LIMIT	20%
CASH LIMIT	20%

Portfolio risk is managed primarily through fundamental stock research and monitoring individual stock holdings for changes to price, fundamental research views, or portfolio management considerations such as stock and property sub-sector (i.e. retail, office, industrial) concentrations.

The Fund currently only invests in vehicles listed on the Australian Stock Exchange and cash and does not invest in unlisted securities. Being 'benchmark unaware', the Fund does not have any limit on its allocation to non-Benchmark stocks.

The Fund can invest up to 20% in offshore listed vehicles, although the Manager is not researching global stocks at present. The Manager has indicated to Lonsec that investors would be given notice of any intention to invest in global stocks.

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Risk monitoring

Compliance risk is monitored by both the compliance department within Cromwell Funds Management and Link Fund Solutions. The investment team also make use of Bloomberg's portfolio tool for quantitative risk assessments.

Risks

An investment in the Fund carries a number of standard investment risks associated with investment markets. These include performance, liquidity, counterparty, market and tax risks. These and other risks are outlined in the PDS and should be read in full and understood by potential investors. Lonsec considers the following to be the major risks:

Equity market

Investments in equity markets are subject to numerous factors which may have an impact on the performance of an investment (both positive and negative). Unexpected changes in economic, technological, structural, regulatory or political conditions can have an impact on the returns of all investments within a particular market.

Derivatives

The Manager has scope to implement various derivative strategies with the objective of mitigating equity market risks. Lonsec does not expect this to be a widely adopted strategy and will generally be restricted to using futures as a method of investing residual cash balances. Derivatives cannot be used to leverage the Fund.

Foreign exchange risk

Returns from any investment in the Fund may be eroded or enhanced due to the effects of movements in the AUD relative to the local currencies of any global real estate securities that may be held by the Fund.

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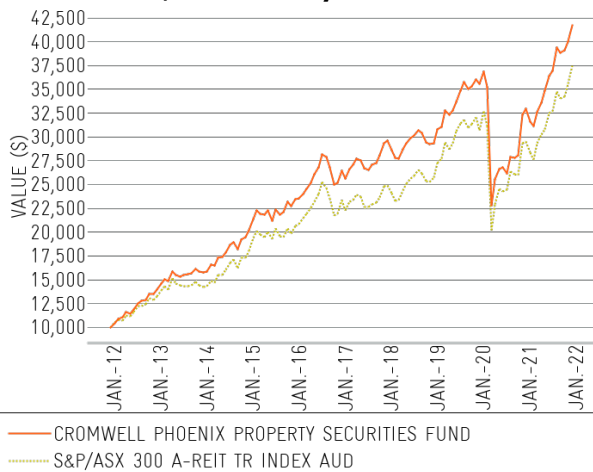
Quantitative Performance Analysis - annualised after-fee % returns (at 31-12-2021)

Performance metrics

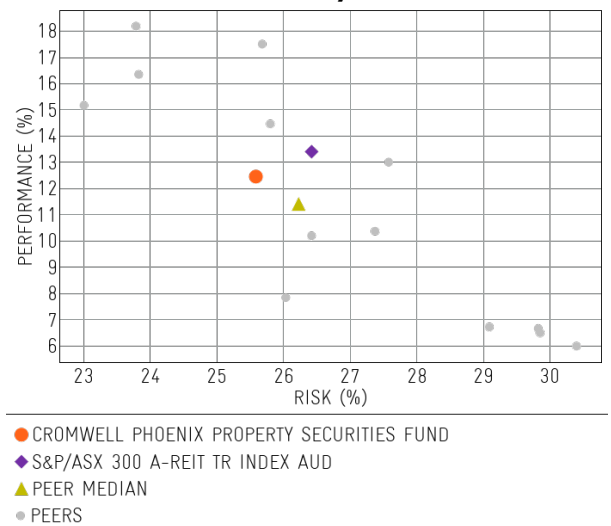
	1 YR		3 YR		5 YR		10 YR	
	FUND	PEER MEDIAN	FUND	PEER MEDIAN	FUND	PEER MEDIAN	FUND	PEER MEDIAN
PERFORMANCE (% PA)	26.47	25.31	12.46	11.42	9.52	7.83	15.36	13.64
STANDARD DEVIATION (% PA)	10.90	11.24	25.58	26.23	20.40	21.07	16.16	17.11
EXCESS RETURN (% PA)	-0.55	-1.72	-0.95	-1.79	-0.38	-2.07	1.23	-0.48
OUTPERFORMANCE RATIO (% PA)	50.00	41.67	47.22	48.61	43.33	43.33	47.50	45.83
WORST DRAWDOWN (%)	-5.69	-4.81	-38.12	-39.19	-38.12	-39.19	-38.12	-39.19
TIME TO RECOVERY (MTHS)	2	1	16	19	16	19	16	19
SHARPE RATIO	2.43	2.16	0.46	0.41	0.41	0.30	0.83	0.67
INFORMATION RATIO	-0.15	-0.69	-0.20	-0.48	-0.09	-0.71	0.33	-0.17
TRACKING ERROR (% PA)	3.72	3.00	4.86	4.20	4.11	3.62	3.70	3.30

PRODUCT: CROMWELL PHOENIX PROPERTY SECURITIES FUND
 LONSEC PEER GROUP: PROPERTY AND INFRASTRUCTURE - AUSTRALIAN LISTED PROPERTY
 PRODUCT BENCHMARK: S&P/ASX 300 A-REIT TR INDEX AUD
 CASH BENCHMARK: BLOOMBERG AUSBOND BANK BILL INDEX AUD
 TIME TO RECOVERY: NR - NOT RECOVERED, DASH - NO DRAWDOWN DURING PERIOD

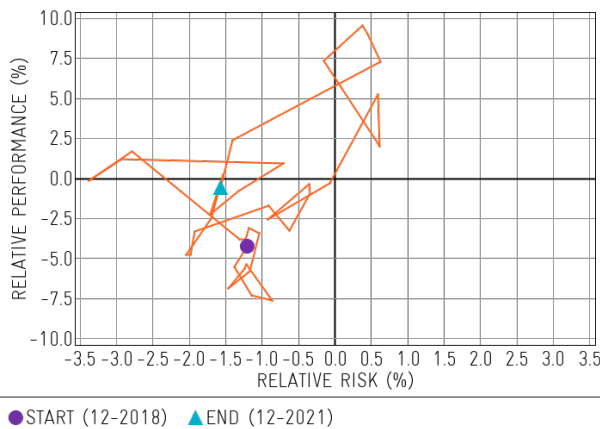
Growth of \$10,000 over 10 years



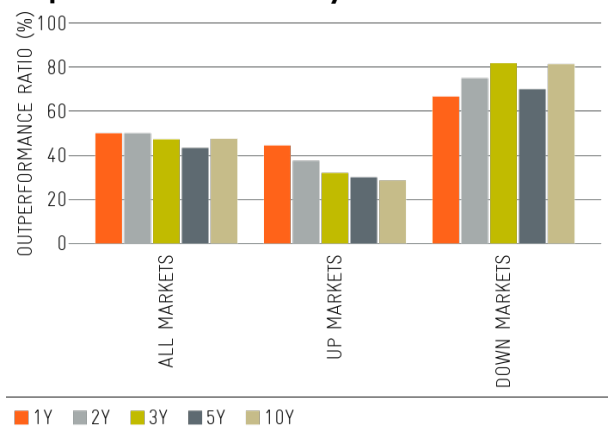
Risk-return chart over three years



Snail trail



Outperformance consistency



Cromwell Phoenix Property Securities Fund

Glossary

Total return 'Top line' actual return, after fees

Excess return Return in excess of the benchmark return

Standard deviation Volatility of monthly Absolute Returns

Tracking error Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns)

Sharpe ratio Absolute reward for absolute risk taken (outperformance of the risk free return (Bank Bills) / Standard Deviation)

Information ratio Relative reward for relative risk taken (Excess Returns / Tracking Error)

Worst drawdown The worst cumulative loss ('peak to trough') experienced over the period assessed

Time to recovery The number of months taken to recover the Worst Drawdown

Snail Trail A trailing 12-month relative performance and relative risk measurement over the benchmark. The trail is generated using a 12-month rolling window over the specified period

About Lonsec

Lonsec Research Pty Ltd (Lonsec) is an investment research house with specialist areas of expertise, that was originally established in 1994 and the current entity was registered on 23 June 2011. From 1 July 2011, Lonsec became a fully owned subsidiary of Lonsec Fiscal Holdings Pty Ltd, a privately owned entity with a multi-brand strategy of providing leading financial services research and investment execution. Lonsec believes that professional financial advisers need informed opinions on the best investment strategies and financial products to provide real value for their clients. To meet this need, Lonsec has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of managed fund products.

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